

Your World. Your Way.

Annual Report 2011

Advanced Info Service
Public Company Limited

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We are entering a new era as technology merges with all aspects of our life.

And while the world changes,
Some things never change,
like AIS, which never stops bringing you
more advanced technology and
service to fulfill your needs.

"AIS: Your World. Your Way."





Living Your Own Style

Cutting-edge communication technology
delivered via a wider range of devices
and more choices of packages
to best suit your own lifestyle.

Reaching Your New Level of Success

The largest wireless network that
enhances your seamless communication nationwide
to lift your boundless freedom.







Experiencing Your New World Every Day

Your life can never be easier
with a greater variety of applications
to serve your every need.



Creating Your Long-Lasting Smile

A myriad of privileges that exclusively meet your needs and create unique experiences just for you in every single day.









Making Your Brighter Future

Strong families are at the heart
of healthy society driving our country
toward sustainable growth.



Corporate Social Responsibility

Throughout 21 years, Advanced Info Service Public Company Limited or AIS values business conduct under good governance and creation of sustainable growth for Thai society as part of the Company's vital missions. Recognizing its responsibility comprising good governance, fairness, responsible for environment, consumers, employees and community.

Good Governance

The Company established Good Governance practice for board members, management and staff (please see details on page 112)

In 2011 AIS reviewed its policy and development plan for Good Governance. Activities and projects to further enhance Good Governance were organized as follows:

- Protection of shareholders' rights and encourage shareholders to exercise their rights under the standard legal practice such as share in operational profit, the buying, selling and transfer of shares, access to sufficient news and information on AIS operations, attend meetings to exercise their voting rights to appoint or transfer directors, determine board remunerations, appoint account auditor, and decide payment for account auditor as well as issues that could affect the Company's operations.
- Provide important and up to date information via website.
- Give opportunity to small shareholders to raise their issues to include in shareholders' agenda 3 months before the end of billing cycle. (1 October – 31 December 2011). This is done by sending documents to the Board via website or e-mail.
- Allow shareholders to study supporting documents prior to the meeting via website at least 30 days before the meeting date.
- Give shareholders opportunity to share their views and ideas as well as ask questions related to meeting agenda or the Company.
- Selection of individual director.
- Establish whistleblower policy, investigation, and information protection programs to ensure effective handling by the management and directors.
- Establish a policy on disclosing company information to stockholders and investors correctly, adequately, punctually, and fairly in compliance with the law and regulations.

This policy will enhance AIS credibility and sincerity among investors.

- Disclosure of information and IR transparency
 - Investors able to gain access to accurate understanding of company information. Organized analyst and investor briefings participated by management representatives where they are able to ask questions directly to the Company executives.
 - AIS gives equal importance to every group of investors both minor and institutional within and outside Thailand. AIS joined 'Opportunity Day' organized by SET every quarter and joined other securities companies at meeting between management on domestic and international Roadshow every year.
 - AIS focuses on disclosing accurate, transparent and complete information through various channels such as SET, website, AIS IR website or e-mail.
 - IR Department is responsible for providing information directly to investors, giving easy communications access such as direct phone calls, conference call in order to avoid incorrect use of information which may affect SET price index. AIS prohibits disclosing information to analysts or investors one month prior to the announcement of financial performance at each quarter during which time the management will avoid giving any financial information to the public. The Company adheres to its principle of providing equal and accurate information to the public.
- Development programs for board members :
 - Orientation course for newly appointed board members
 - IT Briefing for new Board and exchange views on IT and management techniques.

In 2011, AIS was evaluated by the Thai Institute of Directors (IOD) at "Excellence Level" or



for 3 consecutive years.

Responsibility to the Environment

Green Network Friendly to Environment

AIS leader in mobile phone service operator in Thailand who strives to bring convenience, efficiency, and uninterrupted connection to subscribers anywhere and anytime, AIS continues its investment in expanding network coverage for the benefits of everyone nationwide. Besides our concerns on base station location and engineering construction, AIS emphasizes on being Green Network to remain friendly to the environment. We chose natural energy such as biodiesel to substitute petroleum in generating electricity for our telecom base stations. In addition, we install insulations inside switching centers to obtain energy-saving as well as stabilize room temperature. With this method, large-scale airconditioners previously used at base stations can be replaced with high-quality fans. Currently, there are more than 10,000 base stations that have switched to using high-quality fans, accountable to 60 percent of AIS total base stations. This project not only reduces the amount of Chlorofluorocarbons (CFC) in ozone layers, but also saves fuel consumption at each base station by 30 percent.

Disposal of Mobile Phone Battery

The project of recycling mobile phone battery is in its second year. An internationally certified company has been selected to carry out AIS recycling process aimed to protect the environment as well as reduce manufacturing waste. AIS held this campaign to raise awareness of possible dangers from disposing unused batteries improperly. For public safety and the reduction of toxic in the environment, AIS persuaded the public to turn in unused or defected mobile phone batteries regardless of brands or models at any AIS 33 office branches nationwide. CPAC, one of AIS enterprise accounts, took part in this recycle campaign by calling on its employees to discard unused batteries properly for future recycling.

Responsibility for Consumers

AIS has always placed special emphasis on offering high quality network and its coverage in order to ensure communication efficiency. Best services and innovations are continually introduced to fulfill subscribers' needs. Amidst the flood crisis in Q4, 2011, AIS executives and employees collaborated to ensure that base stations are functional as usual.

• Fair practice for consumers

- Offering quality products and services, including new programs and applications to suit various lifestyles both individual and corporate consumers.
- Offering full cycle of customer services during active membership.
- Offering privileges that benefit their daily lives under the symbol "AIS Plus" and "Serenade" by working together with different business partners nationwide.
- Enhancing convenience and simpler contact channels.
- Providing complete and accurate product and service information.
- Offer system which enables AIS to record customer information as well as information on sales promotion in case of on hand request.
- Making sure that staff who has full knowledge of products and services are available at every service center to answer customers inquiries or help provide solutions to problems related to service. AIS organizes regular training programs to ensure effective service rendered to customers.
- Arranging service contracts according to the legal requirements. The contract and conditions must be stated clearly such as service rate, payment, period of service and service cancellations.
- Customer information must not be disclosed without authorization either from the customer or authorized group companies except for information that must be disclosed per legal requirements.

• Customers' health and safety protection

- Construction of signal poles must be safe and in accordance with the engineering standard.

- Evaluating the spread of electrical field from stations which must be in accordance with international standard and construction of the stations in line with the announcement by National Telecom Commission on requirements and measures for safety on human health from the use of communication radio transportation 2006.
- **Signs to display informationon**
 - Coverage of electrical field according to the law providing public information through printed materials regarding electrical magnetic current.
- **Sustainable Consumption**
 - Promoting to collect unused or worn out batteries from consumers and the public for recycling process according to the standard accepted worldwide through project “AIS give back batteries, give back the world”.
- **Service Support and Prevention of Consumer complaints and disputes**
 - Offering new mobile phone in case of break down or faults causing customers inability to use their mobile phone normally within seven days of purchase.
 - Customer relations officer are readily available to take care of customers and answer to questions or inquiries they may have to bring better understanding.
 - Providing public information and advertisement through different media such as television, newspaper and magazine on AIS Call Center, manned by personnel, to provide any possible assistance customers may need.
 - Center to take complaints to provide information or clarification to stop any dispute.
- **Customer Information and Privacy**
 - AIS stores necessary personal information as required by the law and agreed by customers. Post paid customers must apply for service by declaring name, surname and address while the Pre paid customer must be present to identify themselves as customer.
 - E-service is introduced to allow customers to check their personal information.
 - The Company will store customers’ service information going back three months where customers are able to trace.
- The Company has customers’ information protection system such as specify the rights to access information using personal password.
- **Access to necessary service**
 - AIS has a reminding SMS and phone system in case of pending payments.
 - AIS has a mobile vehicle to provide assistance in the areas where help is needed (natural disasters).
- **Provision of information and creating awareness**
 - Providing public information through printed materials on the coverage of electrical magnetic field from the station and safety of radio communications.
 - Setting up of complaint center to help provide possible solutions to problems.
- **Customer Care**
 - AIS took the network based station vehicle into the flooding area to provide the service.
 - Top up into the prepaid card as free of charge for 1 million customers who were in the flooding area worth Baht 30 million, plus other customers who were in the evacuation center and other shelter centers.
 - Expand the period of using and exempt the cut of signal service in the area where it is due for the payment.



Responsibility for Employees

Employment

In 2011 AIS recruited employees for service and technical areas to prepare for future network management and accommodate new technology.

The selection process system focuses on equality and fairness (merit system) with comprehension tests, interviewed by highly experienced committee members, ensuring maximum transparency.

AIS has placed special emphasis on taking care of its employees like family members. Employees are well looked after in area of compensation, privileges and benefits. Employees work in a warm and friendly workplace atmosphere. They are encouraged to share views and experience, senior employees will assist the junior giving advice and support which will in turn create a friendly atmosphere and happiness at workplace.

As a Thai-owned company AIS also recognizes the ability of disabled people, especially those who are deaf or blind. Job opportunities are open for these people according to their knowledge and ability. Currently, these people are working as customer relations at AIS Call Centers.

Managing Benefits

AIS offers benefits and privileges for staff and their families under the Flexi Benefit policy to best meet their needs. The essential ones include:

- Annual health checks
- Nursing room and permanent doctors
- Medical fees, health insurance and life insurance
- Provident Fund with seven percent top up from the Company
- Scholarship for employees' children
- AIS coop
- Gift baskets for visit patients at hospitals
- Wedding gift

- Aids in case of natural disaster such as floods
- Cash support for deceased family members (husband, wife, children)
- Employees are entitled to take leave on birthday or to take care of ailing family members
- Health club for employees



Managing Salary and Compensation

AIS is committed to manage compensation fairly and suitably by pay for person, pay for performance and pay for position, all of which have been appropriately evaluated. AIS conduct research to benchmark with outside and leading companies to further improve its compensation conditions which will allow AIS to compete effectively with those in the same industry. In doing so, experienced individuals and young blood are attracted to work at AIS.

Employee Relations

AIS organize activities among employees and between employees and management, giving them opportunity to express ideas and a chance to enjoy numerous activities that will help create unity and happiness among colleagues at workplace.

In 2011 AIS organized more of these activities to further enhance morals while encouraging greater work ethics among employees, which will in turn expand to company, social and national level.

- **Employee Relations Activities include:**

- “Volunteers for kids” was organized to encourage staff to take part as volunteers to help improve skills and knowledge among Thai youth. Students from underprivileged schools were able to gain out of class experience such as Ancient City, Siam Ocean World, and TK Park Learning Center, etc.



- “Smile on Children’s Day” was organized for disabled children from various homes nationwide. The event is organized every year where staff volunteer to take care of these children, giving them a full day of loving and caring atmosphere.
- Staff party and activities are organized annually to help enhance both personal and professional relations among employees.



- “AIS Sport Day” was an activity encouraging employees to exercise and build good relationship among them through the activity, such as, parade and cheering team and leader competition, playing chair ball, Futsal, and funny sports, etc.



- A get-together AIS Family Day was organized for the management and staff and their family members with many exciting activities.
- Friends Help Friends project in aid of their fellow staff members in case of sickness or natural disaster where cash support can be transferred for immediate assistance.
- Mother’s Day activity where the management and staff join in religious ceremony giving alms to 180 monks, making cash donation to Wat Phrabat Nampu and giving away free Jasmine plants. The event took place in front of Intouch Tower. “Sushi for Mom” was one of the activities on this day where staff members made sushi and brought home for their mom.
- Father’s Day activity where the management and staff join in religious ceremony giving alms to 185 monks, making cash donation to Wat Phrabat Nampu and giving away free Phutaraksa plants.

- Songkran Day activity was organized to maintain the traditional Thai culture and enhance a close relationship between staff and management.



- AIS Gift Fair is usually organized twice a year at Car Park area of Intouch Tower where staff bring a range of products for sale at reasonable price and people are able to buy goods brought for sale directly from large manufacturers at special price. A range of activities including draw prize are organized to help raise fund for those affected by floods.



- One Day Camp for employees' children during school holiday where kids are able to enjoy numerous activities to sharpen their creativity, enhance self expression and awareness of using their time constructively.
- On September 29, AIS officially launched a new logo "AIS : Your World. Your Way." AIS staff for more than 1,500 was gathering together in front of Central World empowered to change new logo to be Human logo and also setting PR Troop espousing this new logo together with mangement all over the country.
- In 2011 AIS marked its 21th year of operations with religious ceremony and activities.

- Staff joined photo competition for different themes including Loi Kratong. The photos used must be thoses taken with their family members.

• Assisting Flood Victims

The Great Flood of 2011 affected almost 2,000 AIS employees. AIS launched extensive assistance programs for flood victims as follows:

- Set up HR 24-hour Hotline. Members of HR Departments at Headquarters as well as regions volunteered to answer calls from general staff seeking immediate help due to flood. The hotline number was 0 2614 0111.
- Cash support. A house purchased and currently resided by AIS employees, employee's parent, or married couple and damaged by the flood was qualified for 25,000-Baht instant cash. A resident of a rental house or apartment damaged by the flood received Baht 10,000. A house owned by employee's parent, despite non-permanent stay, was eligible for Baht 5,000.
- Provided temporary shelters for flood victims near workplace. Others who had difficulty moving into the shelters provided could receive an aid of 800-Baht-per-night from the Company until 10 November 2011. Afterwards, if the employee's residence remained affected by the flood in November and December, and the employee managed to find a temporary shelter, he would be eligible for a financial aid of 6,000-Baht per month.
- Provided over 1,000 additional car parks nearby Headquarters and branches.
- Paid employee salary one week prior to the usual pay day in full amount in the month of October to help flood victims.
- Granted permission to withdraw monthly salary one month in advance for employees who needed funding for home repair caused by the flood.
- Distributed 2,000 bags of survival kits, 750 pieces of life jacket, 5,000 bottles of drinking water, and installed water-purifying machines in every floor of the Head Office located on Phaholyothin Road. Employees were welcome to bring containers to receive drinking water from the machines.

- Provided information update on the flood situation, including water levels in critical areas of Bangkok and other major cities; list of emergency hotlines, apartments and rooms for rent, and evacuation centers; advices on how to save the house from flooding, etc. Such information was accessible through company's intranet, e-mail and SMS.
- Set up a fund 'AIS Donation to Help Employees Affected by the Flood.' Fellow employees who wanted to help flood victims could donate cash by depositing into the fund account. From the opening date of 16 September 2011 until 31 October 2011, the fund raised as much as Baht 140,000 (approx. USD 4,667). This amount was distributed to various flood victims throughout the company, in addition to employee's regular benefits and compensations as indicated by the Company.

Human Resource Development

AIS has always been dedicated to human resource development enhancing better personal skill and brightening their career paths with AIS, making them happy and proud with their successful. In 2011, AIS organized variety of development method as below:

• Management Development

- Executive Coaching to develop their leadership skill and build the next generation leader as Leaders grow Leaders.
- Action Learning. Management gain experience by practicing from the assigned project in addition to the major missions.
- Management Open-Up. A learning activity between managements in the topic of 6 Leadership Styles through the Management Theater.
- Seminars, Trainings, and studying both domestic and international.
- Regional Job Rotation and Executives Trainee. Management will get an opportunity to widen their visions and experiences through variety of works and missions, preparing them to be ready for both management and professional parts.

• Officer Development as per their professional backgrounds

- Engineering Staff
 - Δ Not only training, and seminar as per the latest technologies for their skill development which will be contributed to their professional careers, but also soft skill development, for example, Presentation Skill, the development of Emotional Intelligent, Human Mindfulness, and Discover Your Strength Through Your Style, etc. Staff can take the knowledge contributing to their works, their lives effectively and build their career path related to their professional background. Plus, there are other activities due to this development. The project "Hands on Operation, So Harmony" are supporting the Employee Engagement to be happened in each department. The activities from the projects are from opinions and recommendations from staff and every target truly participate in the activity. The project "Maximizing Team Performance" is enhancing the selected staff's performance by applying the Individual Development Program (IDP).
 - Δ The project "Hands on Operation" enhances the idea of Employee Engagement in operation line. The Focus Group is taking to listen to staff's opinions and set up the working committees which are Attitude Team, Communication Team, Management Method Team, Management Role Team, and Innovation Team creating all-year activities filled with these 5 skills.
 - Δ The project "Maximize Team performance" has been set up for 3 years consecutively in line of operation to lift up staff's performance (Selective) by using Individual Development Program (IDP) focusing on closely follow up the result. The targets leader is able to know the step for IDP systematically covering in all every factor that may effect to staff's performance (knowledge, skill, behavior, and appropriate qualification for their titles). This will help improving the IDP's plans that have been set.
 - Δ Community Relations (CR) Course focuses on operation line and regional service line, ensuring the knowledge and ability in creating community relations strategy due to the installation of AIS phone Athena and community relations activities with people in that area.

- Marketing Staff

- △ Collaborative Orchestra Activity creates the deep understanding between staff. They will learn how to adapt themselves, open to the different, build their confidants, and understand their roles, responsible for driving their team with the result of effectiveness and efficiency.
- △ Human Mindfulness Develop allows the staff to know and understand the principles and self development consciously. They will understand the value of teamwork and happily work together.
- △ The Arts of shopping is arranged for staff to better understand the consumer's behavior, so that they will be able to better analyst the consumers' buying behavior.
- △ Digital Marketing is maintaining the market's trend leader for digital marketing for communication business and increase the knowledge of new trends for Digital Marketing.
- △ Strategic Key Account Management : A Flourishing tool for Business Success enhance the ability of corporate customers' strategy plan. Staff will be able to offer better sale service as they are aware of selling cost. Staff will able to strengthen the Business Solution offering to meet the customers' needs, including managing and relationship creating to corporate clients.
- △ Turn Passion to Success is the course encouraging staff and drive their motive to work happily, including to the highest potential that can be brought out making them work effectively.

- Service and Sale Staff

- △ Develop their skill to gain knowledge about Internet Protocol enhancing to support new technology to customer services.
- △ Customers' care with LIFEe will lift up the service by creating the LIFEe service delivery the excellence service to customer maintaining the service leadership.
- △ Give away the LIFEe human award is the complimentary and thank you to staff who act as good role model in term of working which clearly reflect the LIFEe behavior.

- **The development to the talent group**

- The development as per the roadmap creating to focus on Talent group for faster learning and bringing knowledge to work in major mission and mission that assigned specially. As this, Talent group got a chance to earn experience both direct and indirect.
- Job rotation, international studying and training are offered to develop their works and services for customers.
- Assigned to be the model for self learning and development and share to colleagues, related group creating an inspiration in learning and self development continuously. Not only strengthening the networking relationship, but also making the Talent group to be proud of them.

- **Scholarship**

- AIS has always offered the scholarship to staff enhancing their opportunity to develop their knowledge and ability to be grown up together with the Company. Every year AIS offers 4 scholarships for Master Degree studying in the country and 2 scholarship for studying abroad.

- **Knowledge Management**

- AIS has internal Knowledge Management known as "nokhook". Every staff can share their internal knowledge concretely through this website, CoPs Management as per their professional background, and knowledge sharing through the Social Media.
- Innovation Festival is an exhibition to express the staff's innovations. In addition, AIS also encourage staff to study any interesting exhibition giving them an inspiration and innovative creation.
- Develop nokhook 2.0 system for staff to be able to conveniently get into the knowledge center.

- **The creating of Corporate Culture or Corporate Value**

- Arranging the Corporate culture course as The AIS Way@FASTMOVING.
- Arranging the Collaborative Communication for Synergistic Team course, the learning activity for the Cross Functional line of work, focusing on Collaborative. Teamwork and apply Corporate Culture into the activity.
- Arranging the Innovative Camp, enhancing the staff's innovation.

- **Employee Recognition Program**

- Eureka Awards support the staff's innovation to meet company's strategy management.
- Trainer Hall of Fame is the award dedicated to internal speaker who has outstanding performance.
- The Star Awards dedicates to staff who have outstanding performance in each year.
- MVP Awards (Most Valuable Person) dedicates to staff who continuously share their knowledge to the company, and also promoting the knowledge searching in the nokhook system.

Hygiene and Safety at Work

A Hygiene and Safety at work committee was appointed to work in accordance with the law. The committee comprises representatives from both the management and staff. Another set of committee was separately appointed to supervise each station base at Intouch Tower, AIS Tower, ESV Building, at Paholyothin Center, Paholyothin Place and Cargo.

The Committee is responsible for planning and monitoring works related to safety, hygiene and environment at work place in coordination with other units. Past highlights include:

- Audit safety policy
- Plan and monitor safety operations
- Monthly safety audit and monitor improvements on issues obtained from research
- Increase channel of AIS safety contacts and reports by staff to the Committee for further handling and improvements
- Support fire prevention and organize fire practice on an annual basis

Safety Training

- Training for the Hygiene and Safety at work committee members.
- Training for Safety Officers as well as their Chief Supervisor.

Social Contribution and Community Development

In addition to the Company's commitment to operate professionally in respond to stakeholders, AIS is also dedicated to building strong society and bring happiness to the people in the community through a number of activities as follows:

Sarnrak Project

Sarnrak Project has been launched since 1999 to promote family relations. The project acts as a medium to raise the awareness of how importance of love and support from families. In 2011, the activities organized under this project include:

- A commercial advertising “good society begins at the family”, supporting the idea that family, a smallest group in the society, is the key factor of building a good society. This advertisement won the Best Media Award 2011 for the best advertisement.
- The 12th “AIS Family Walk Rally” participating in donation to Ananda Mahidol Foundation, in the theme of “Sarnrak Luk Tung” at Petchaburi province.



Opportunities and Social Contributions

• Relief

AIS has offered help to people who faces different natural disasters.

- In 2011, AIS gave 13,000 blankets to people in the north and northeastern areas where they were facing the cold weather crisis.
- During the mega flooding, the most serious one in 50 years, many people were badly affected as a result, AIS, with the utmost potential, offered help to the nation by setting up the AIS Call Center as additional channel for Flood Relief Operation Center (FROC). This call center was for people to call for help regarding the flood situation, including free SMS and MMS. Plus, AIS offered a call free and top up free services, brought a network based station vehicle into the affected area ensuring that they can use their mobile phone regularly, installed 3G and Wifi networking together with free mobile to FROC's minor center, enhancing the better work. Moreover, engineering's team was dedicating to take care and protect the network based station in any affected for the users to be able to use mobile phone regular and ensured that signal was available when emergency call is required. AIS also donated Baht 37 million through government and other state departments, provided relief supplies bags and truck for free ride to people along the flooding areas.



- Flooding area affected recovery. After the situation was relieve, AIS volunteers participated in Big Cleaning Day activity with many provinces helping to recover ancient places. In addition, AIS also joined many local offices where it was affected to clean the footpath and the road surface area.



- Industrial recovery to the flooded factories. AIS together with Engineering Faculty, Chulalongkorn University, The Federation of Thai Industries, and Chulalongkorn University Engineering Alumni with the Baht 1 million supporting budget, producing the cleaning solution for industrial motors and machines that got flooded to factories and SMEs.

• Education

- Offered the Universal Service Obligation (USO) AIS together with The National Broadcasting and Telecommunication Commission (NBTC) launched the project of Universal Service Obligation, building the Internet Center for schools, Internet for communities, and install public phone booth to communities and schools in the rural area. This will enhance more opportunity of studying and reduce the gap and more access to the telecommunication service.

- AIS guides to the future graduates AIS arranged the 4th seminar to prepare graduates for jobs or job interviews to the universities' senior students in many areas, for example, Bangkok, Khon Kaen, Nakhon Ratchasima, Chiang Mai, and Songkhla, enhancing the probability of getting the job to the graduates.



- Conservation of water sources from AIS Sarnrak. AIS together with Sufficient Economy Institution organized the 2nd conservation of water sources activity under the AIS Sarnrak, to raise awareness of water conservation for people in the community which in turn will bring sense of togetherness within the community to protect water sources in their areas. In addition, AIS also supported both knowledge and budget to community to establish a sustainable educational center.
- Company Visit
Students and employees from both private and public sectors are welcomes to visit AIS and listen to the briefings on company's operations. The knowledge and information gained from this would be used for further development of their respective organizations and/or establishments.
- Product Development Plan Communication for OTOP product "Nuts". This competition offered a Baht 450,000 scholarship to university students under the project of "1-2-Call! Brandage Award



5th year", including the training for doing the business and scholarships.

- Online Admission Examination Tutoring throughout the country. AIS is the first company of Thailand to arrange this type of activity under the project "Click for Clever by One-2-Call! expose the knowledge to universities.



• Opportunity Provider

- AIS Smile on the Children's Day, Sarnrak for Disabled Kids. To Mark the national Children's Day, AIS brought 500 disabled kids from 12 foster homes to experience and enjoy ranges of activities at Intouch Tower, providing equal social opportunity. In addition, AIS also arranged many of Children's day activities together with other regional state departments.
- AIS Startup Weekend 2011.
This project enhanced the opportunity of developer and Thai owner to step into international world digital and allowed them to experience new things through the participating the international program to Thai designers and also develop new services to users all over Asia region.

• Sports

- AIS renovated six sport grounds in three areas in Bangkok encouraging youth to spend their free time constructively and promoting a healthy Living.
- AIS Regional League, a National League
It is the 2nd year that AIS has supported "AIS Regional League, a national league by cooperating with The Football Association of Thailand. The aim is to develop Thai football league to be more international. The winner received cash prize and free call throughout 2011.

• Others

- AIS Senior Fund The Rajaprajanugroh Foundation Under The Royal Patronage.

Social Role Model

- Production of “Sarnrak Kon Geng Huajai Grang” on every Monday, 15.10-15.35, Channel 5. A documentary television program helps creating role model among Thai youths and commends those who do good things and help their families. AIS gave supporting cash and scholarship to youth who participate in this program since the beginning till the Bachelor Degree. At the present, there are 500 youths in the project and already graduated for 63.
- AIS gave 2.75 million worth of scholarship to youth under the program “Sarnrak Kon Geng Huajai Grang” airs on channel 5 every week.
- Production of CD (Sarnrak) Kon Geng Huajai Grang as part of educational materials to enhance morals. CD was distributed to school nationwide as well as Border Police Patrol School, Office of the National Buddhist and also interested public for 260,000 CDs.
- AIS organized tour for those featured in the Sarnrak Kon Geng Huajai Grang program to meet other students and share their experiences. In 2011, this activity went to Juvenile Training of Chiang Mai.
- Organized the activity “Guides to Sarnrak Graduates to work” 2nd, preparing the graduates from Kon Geng Huajai Grang program before getting into the life of working in terms of job application, job interview, personality development and direction in the working life.
- Organized the activity “Congrats to Kon Geng”, gave away mobile phone, SIM card, and congratulations card on the occasion of Bachelor Degree graduation.



Awareness on Social Contribution

AIS encourage staff to have a spirit of volunteers through all the Company's social contribution activities and the Company support and promote staff to participate in these activities. For example, AIS Smile on the Children's Day that company arranged for disabled kids or “AIS volunteers open the kids' world” to the poverty students to experience the knowledge outside the classroom, the Company promote to staff applying for volunteering in this activity. This is especially when there was a crisis due to the mega flooding during the end of year 2011, AIS encouraged staff to volunteer distributing relief supplies bags to the victims, recovering the flooded areas by supporting for travel expense, food, accommodation, and allowance to the staff, including counted these days to the normal working days. In addition, AIS also established the fund receiving the donation to help these flooding victims and gave to Thai Red Cross for 231,865.94 THB.



Awards 2011

- AIS was voted Best Public Company of the year 2011 by Money and Banking Magazine.
- AIS won the Best Employee of the year from Best Employees in Thailand event by AEON Hewitt and Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- AIS received the award as the company paying the highest dividend for 5 years consecutively (2006-2010) rank as no.1 for Southeast Asia from Alpha Southeast Asia Magazine.
- Advanced MPAY Company Limited, a developer for E-Banking technology service to Standard Chartered (Thai) Public Company Limited received The Asian Banker Technology Implementation Awards 2011 from The Asian Banker, a leading financial magazine from Asia.
- AIS won Thailand Corporate Excellence for Corporate Improvement Excellence and A Decade of Excellence (the Company has been dominated for all the 10 years consecutively) from TMA and Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- AIS was voted for Best CEO, Best CFO, and Best IR awards for the Company in Technology Industrial by the Analysts and Securities Association.
- AIS won the Top Company For Leaders Award for Asia Pacific Region of the year 2011 from Fortune Magazine, RBL group, and AEON Hewitt.
- AIS won the Best Entrepreneur for Social Responsibility Award for Social Contribution to sustainable independent from Enterprise Asia, an NGO supports and develops entrepreneur in Asia. AIS is the first Thai Company to be received this Award.
- An advertisement “good society begins at the family” by Sarnrak Project, the Company’s project that support family institution, won the Best Media Award 2011 for the best advertisement.



Investment Highlight

Leading The Thai Mobile Communication Market

Nationwide Coverage **97%**



For more than two decades, AIS has been the leading provider in Thailand with its reliable nationwide network of over 17,000 base stations

Revenue Market Share **54%**

With absolute commitment to quality in 2010, AIS achieved an increased revenue market share to 54% from 52% last year.



Revenue Growth **14%**

Impressive growth momentum was underpinned by outstanding demand or mobile data, smart device sales, and countrywide voice growth.

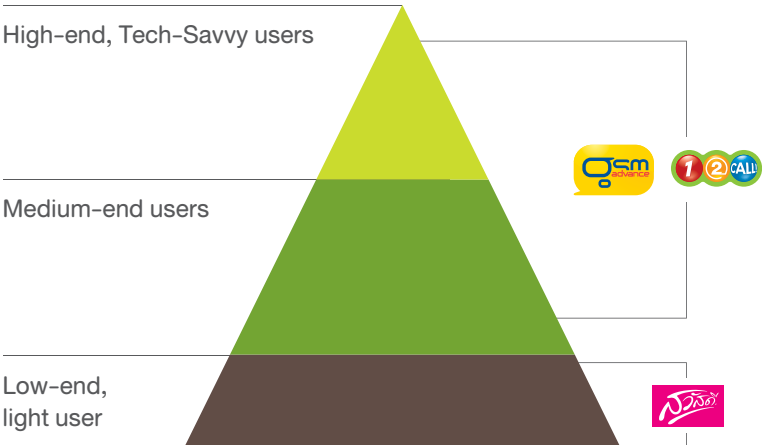
Non-voice revenue
19,736 Million Baht **+31%**

Device sales
13,180 Million Baht **+41%**

Voice revenue
71,429 Million Baht **+8%**

33.5 Million Subscribers

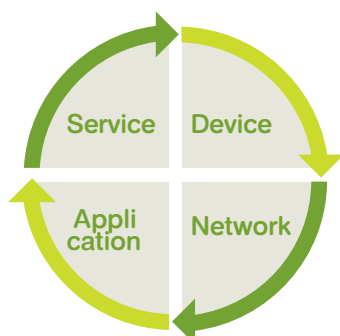
AIS delivered excellent services to a wide range of customers, with a 44% subscriber market share.



Growing with Quality DNAs

Quality DNAs

is the philosophy at heart of AIS growth strategy – our commitment to excellence: Quality DNAs



Device

More than 79 best-in-class smart device models were offered in 2011

Network

A new connection era via **3G** • **Wifi** • **EDGE+**

Application

Tailored applications to match individual and ever-changing lifestyles.

Service

Nearly 700 smartphone experts ready to assist AIS customers



Seamless Network Connectivity

With enhanced data speed and capacity, 3G, WiFi, and EDGE+ provides a seamless data connectivity experience.



- 1.2 million 3G subscribers
- 1,884 base stations in Bangkok and 9 strategic cities.
- Up to 21 Mbps speed



- 70,000 WiFi hotspots
- Up to 6 Mbps speed
- Offload mobile data traffic in high traffic areas.



- Nationwide EDGE+
- Data connection beyond 3G coverage
- +30% download speed up to 296 kbps
- +50% upload speed up to 236 kbps
- Simultaneous voice and data usage.

Mobile Data is The Key Growth Area, Data Traffic Significantly Jumped **100%**

Data service have become the popular choice for our customers for both work and leisure, so, in 2011 we saw exceptional demand and usage for smart devices, mobile internet, and social networking.

9 Million Data Users

More Thai People now connect through mobile internet than ever before

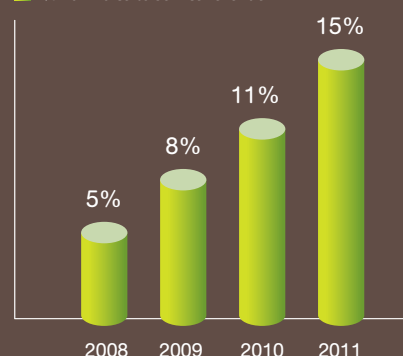
■ Data Users (million)



Growing Importance of Data Services

Non-voice revenue* represented 15% of service revenue

■ %Non-voice to service revenue*



*excluding SMS and ringback tone

Strong Financial Flexibility to Capture Future Growth Potentials

Healthy Free Cash Flow

Healthy FCF was built upon solid revenue growth, maintained cost efficiency, and low capex cycle.

Today with the new advent of the new regulatory body, AIS is now a step closer to the future and is looking forward to the next mobile generation services, increased spectrum capacity with the new license agreement. Therefore, AIS has prepare its financial strength for this new cycle of investment.

Revenue 5-year CAGR

+7%

Capex to sales*

9%

EBITDA 5-year CAGR

+7%

FCF 5-year CAGR

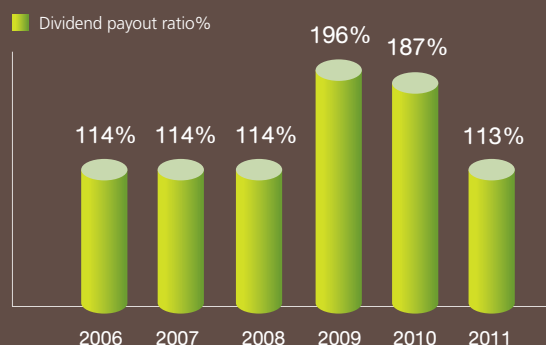
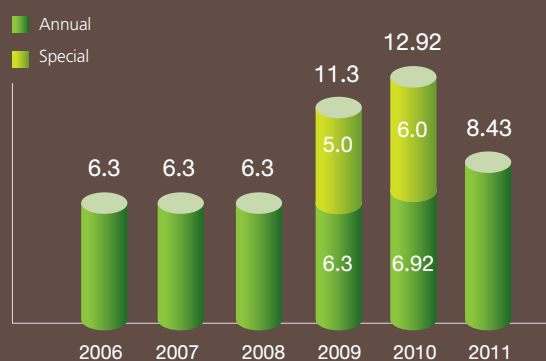
+19%

*5 - year average

Committed Return Dividend Payout to Shareholders **100%**

AIS has a proven track record of generous dividend payouts. Our policy is to pay no less than 100% of net profit.

Dividend payout (Baht per share)



Strong Financial Position

We preserve financial flexibility for future investment opportunities with low gearing. We are confident of debt market support when new investment occurs.



Proposed Capital Discipline

Capital management

We aim to manage our capital structure to be stronger than industry peer and commit to be investment grade rating. This will allow us to retain superior financial flexibility in order to capture future growth prospect. Our financial flexibility means diversified source of capital, ease of funding, and appropriate cost of capital.

In an intermediate term, we view that telecommunications industry in Thailand will face another phase of technology change and hence new investment will be required. Our balance sheet is flexible to prepare the Company for such investment and we aim to leverage on our gearing through debt instrument.

Liquidity surplus

Excess liquidity (defined as any excess cash after working capital and capital expenditures) after investment in new growth areas and any debt/regulatory obligations/restructuring will be returned to shareholders

Dividend Policy

Company aims to pay dividend at least 100% of net profit. Historically, the Company has been paying over 100% during the past four years. In the near future, the industry is going through some structural changes, which will be clearer once the 3G license and, if any, the change in status of the present contracts with TOT/CAT gain more visibility. In the meantime, the Company intends to maintain flexibility to preserve long-term growth potential.

Company aims to pay dividend to shareholders twice a year. The first dividend payment shall be paid as an interim dividend, which will be distributed from the operating results of the first half period of the year, subjected to the Board of Directors resolution and shall be reported to the shareholders at the next shareholders meeting. The second dividend payment shall be paid as an annual dividend, which will be distributed from the operating results of the second half period of the year, subjected to shareholders approval.

Each subsidiary shall consider its dividend payment based upon its operating results, financial conditions, and other factors.

The annual and interim dividend payments could be subjected to change, depending on cash flow and investment plan including any other future obligations of Company and subsidiaries. Such dividend payment shall not exceed the retained earnings in the Company Financial Statement nor adversely affect the Company and subsidiaries ongoing operations.

Historical Dividend in 5 years

HISTORICAL DIVIDEND	2007	2008	2009	2010	2011
Total Dividend Payment (Baht per Share)	6.30	6.30	11.30	12.92	8.43
1. Interim Dividend	3.00	3.00	3.00	3.00	4.17
2. Annual Dividend	3.30	3.30	3.30	3.92	4.26
3. Special Dividend	-	-	5.00	6.00	-
Dividend Payout Ratio	114%	114%	196%	187%	113%

Message from Chairman and CEO



A handwritten signature in black ink, reading "P. Limpaphayom". The signature is fluid and cursive, with a small flourish at the end.

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

Dear shareholders and customers,

We have done very well this year and achieved all our key targets. Revenue growth was significantly up on expectations, while our revenue market share increased as expected. We also introduced our 3G network, an innovative customer focused quality concept and began looking to the future with the new regulator, National Broadcasting and Telecom Commission (NBTC). Today, AIS still remains the largest mobile operator in Thailand, serving more than 33 million subscribers.

First, none of this would have been possible without the outstanding contribution from our staffs. Therefore, I would like to extend a very sincere thank you to everyone in the AIS family for their high performance delivery of top quality services and their continued dedication to our customers. I would also like to thank our invaluable customers for their never-ending belief in AIS. I would also like to thank you, our shareholders, who believe and trust in our professionalism, competency and a shared future. We promise to continue to provide an insightful and superior quality service to you all and promise to return to our shareholders a fair share price performance and dividend.

In 2011, Thailand suffered a natural disaster from flooding. During the crisis, staying in touch became extremely important for people living in the flooded areas, and, at AIS, we realized that it was our responsibility to ensure that people, no matter where they were, could talk to each other and stay connected. Because of our desire to help, AIS offered free air-time to flood victims so they could contact relatives and friends, while also providing emergency teams with free air time to coordinate essential rescue work. Realizing that our customers would worry about paying their bills late, AIS also extended the bill payment period until people could get their lives back to normal. We realized the importance of practical help for people affected by the floods, so AIS executives and staff volunteers went out to support communities in the flooded areas, providing donations of drinking water, ready foods and other essentials. AIS also assisted the government by donating Baht 24 million to help flood victims, setting up a call center and sending staffs to coordinate between people who needed help and the agencies responsible. Less than 1% of AIS's cell sites were affected by the flood because we had prepared and protected our stations in advance. During the crisis, we deployed mobile stations and stand-by teams to stricken areas to help where necessary. We cannot care for others if we do not care for ourselves, so AIS provided a comprehensive flood assistance program for our employees affected by the flood, including financial support, temporary accommodation and special leave, so staff could take good care of themselves and their families.

We also continued our pledge to other AIS' Corporate Social and Responsibility activities, especially with the Sarn Rak program, which supports socially disadvantaged and deprived children, helping them to obtain opportunities for education. We have supported this important initiative for 10 years, and, so far, 63 children have graduated from the Sarn Rak program.

The telecom industry in Thailand is currently in transition, so the mobile business is evolving from traditional voice only services to sophisticated non-voice and data services. Because we realize the increasing importance of non-voice services, we want to develop what we do to maximize this important growth opportunity. In 2011, while we wait for the 2.1 GHz license auction next year, and to prepare for the future and beyond, AIS launched a key initiative; namely, a seamless mobile data network experience, where customers can use 3G-900 MHz in Bangkok and nine other major Thai cities, EDGE technology in other areas or WiFi in high population locations.

We also made a big change to our brand in 2011. AIS rebranded because we wanted to capture the future with a fresh new look and a new way of thinking about who we are and what we do. Consequently, in response to the changing face of the telecom business in Thailand, AIS adopted a new logo and changed its slogan to, Your World. Your Way. Our staffs have also changed and, more than ever, are ready to



develop innovative solutions, always help our customers, provide an insightful service and be highly professional at all times. AIS may have changed the way it looks, but we have not changed our commitment to our customers; in fact, we are even more positive and enthusiastic than ever.

At AIS, we strongly believe that quality is essential in everything we do. Therefore, looking toward the future, in 2011, AIS introduced our Quality DNAs (Quality Device, Network, Application and Service) quality program with the goal of providing even better services and positive customer experiences. With this quality foremost in mind, we are already collaborating with strategic partners and, together, developing a range of exceptional customer solutions. Last year, we successfully launched a choice of smart devices, working with leading global device manufacturers. For example, we pioneered BlackBerry in Thailand, establishing BlackBerry as market leader. AIS is already a key distributor of iPhone and Android devices, and we are working closely with other major handset manufacturers, such as Samsung and Nokia. Network quality is our priority, so AIS established nationwide 3G-900 MHz, EDGE⁺ and WiFi services to provide a seamless mobile data connection network. AIS created and launched many value added services and brand exclusive applications, including “AIS Bookstore” and “AIS Music store” where customers can buy Thai magazines or music online. On the service front, our “Smartphones Expert” staffs are ready and willing to give our customers an ideal experience, while all AIS staffs truly believe that Q-DNAs really delivers what we promise.

AIS believes that because of the increasing need for information by both Thai people and business investors alike, a 3G network and data services are essential to the future development and economic success of Thailand. Late last year, the National Broadcasting and Telecom Commission (NBTC) was established to oversee the development of the telecom industry in Thailand. At present, the NBTC is still formulating its direction and policy, which AIS expects to be announced sometime in 2012. If this happens as expected, the 2.1 GHz auction is likely to be held sometime in the second half of next year. The 2.1 GHz spectrum license will then allow us to continue our operation after the existing 900 MHz contract expires, while creating new growth opportunities from wireless broadband and new value added services.

It is clear that all our hard work paid off in 2011, as I am proud to say that AIS was recognized for our business achievements during 2011 by a variety of organisations. We received Public Company of the Year 2011 award from Money and Banking magazine, Asia Responsible Entrepreneurship award from Enterprise Asia, Top Corporate Brand 2011 award from Chulalongkorn University and Outstanding Investor Relations Award from the Stock Exchange of Thailand, clear evidence of our success, and obvious acknowledgment of the continuing commitment and support from our stakeholders.

We rightly consider that all of our achievements and actions in 2011 effectively echo AIS' commitment to our continued business success. Today, AIS remains firmly on course to deliver a high quality, customer-centered service in the foreseeable and distant future. We believe that, after we acquire the new spectrum license, we will deliver even higher mobile and internet service standards and experiences for the people and country of Thailand. AIS is aiming for the future, a shared future based on even more excellence and even more success. Thank you.

Audit Committee

Report 2011

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 and 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 Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand regulations and best practice guidelines.

The Audit Committee performed its duties and responsibilities independently, as assigned by the Board of Directors, supervising and overseeing the Company's state of affairs, ensuring that the Company's business operations were carried out without any conflict of interest and with adequacy of internal control systems and that management executed their duties with honesty, responsibility and in accordance with Company policies.

The Audit Committee held a total of 12 meetings in the fiscal year 2011 and members attended as follows:

- | | |
|--------------------------------|----------------|
| 1. Mr. Aviruth Wongbuddhapitak | 12 attendances |
| 2. Mrs. Tasanee Manorot | 12 attendances |
| 3. Mr. Surasak Vajasit | 12 attendances |

At the meetings, the Audit Committee discussed and shared opinions with senior management, internal auditors and an external auditor on matters related to the Company's business, which is summarized as follows:

1. The Audit Committee reviewed the Company's quarterly and annual financial statements, as well as the consolidated financial statements for 2011, which had already been reviewed and audited by the external auditor and submitted to the Board of Directors for approval. The Audit 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 that significantly affect them and the adequacy of financial disclosures.

In addition, the Audit Committee considered and acknowledged the external auditor's management letter and proposed audit plan. The Audit Committee also held one exclusive meeting with the external auditor to freely discuss important issues and significant information to prepare the financial statements.

The Audit Committee concluded that the financial reporting process internal control systems were adequate to ensure that the financial statements accurately depicted the Company's financial status and operating results in all material respects. Furthermore, the Audit Committee 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 connected transactions, or transactions that may lead to conflicts of interest to ensure that they were in compliance with the laws, rules and regulations prescribed by the Capital Market Supervisory Board of the Securities and Exchange Commission, Thailand and other regulatory bodies and were reasonable and for the highest benefit of the Company.

The Audit Committee concluded that the aforementioned transactions conducted by Management were fair, without conflict of interest and maximized 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 the Compliance Department, reviewed adherence to the Securities and Exchange Act, respective regulations of the Securities and Exchange Commission, Thailand, the Stock Exchange of Thailand, the Capital Market Supervisory Board and other relevant laws, as well as business commitments with third party agreements.

From the meetings with the Compliance and Legal Departments, the Audit 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 Audit Committee and external auditor fully disclosed all material relevant issues under dispute, which the Management believes that such issues shall turn out to be in the Company's favour.

4. The Audit Committee reviewed 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. In 2011, the Audit Committee reviewed internal audit reports and assessment results on effectiveness of internal controls and risk management systems, based on the COSO-ERM Framework (The Committee of Sponsoring Organisations of the Treadway Commission - Enterprise Risk Management). Furthermore, the Audit Committee visited Company operation sites to gain business process insight and also gave useful recommendations to improve effectiveness of internal control systems. In addition, the Audit Committee evaluated management control systems, financial control systems and compliance control systems, based on guidelines from the office of the Securities and Exchange Commission, Thailand.

No major structural weaknesses or significant errors were discovered in the internal control systems, which were in line with the external auditor's independent evaluation. Consequently, the Audit Committee concluded that internal control systems, including organizational control and environment measure, risk management measure, management control activities, information and communication measure, and monitoring systems, were adequate, sufficient and effective and performed as benchmarked.

5. The Audit Committee conducted a routine quarterly review to ensure that the risk management system had been operating appropriately. At three review meetings, the Chief Executive Officer, representative of the Risk Management Committee, reported the corporate risk management issues, including significant risk factors, disclosed in this Annual Report.
6. The Audit Committee acknowledged the Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy, developed by the Company to encourage good corporate governance.
7. The Audit Committee was responsible for overseeing the Internal Audit Department to ensure that all internal audit activities were performed effectively, efficiently and carried out in a manner most beneficial to the Company and its stakeholders. In doing so, the Audit Committee reviewed its mission statement, scope of work, and those responsibilities, including annual budget, sufficiency of manpower and audit tools, which enhance quality of internal audit to conform to international standards. Furthermore, the Audit Committee approved the revised internal audit charter and audit plan for 2011 and also gave useful recommendations on the development of preventive audit policy and practice. The Audit Committee also reviewed and approved the internal audit plan for 2012, based on the Company's key risk areas. In 2012, the Internal Audit Department will evaluate the effectiveness of key control points and control self-assessment for each process, including the expansion of consulting roles into internal audit functions in internal control, risk assessment, and corporate governance.

The Audit Committee also reviewed internal audit reports and performance, according to key performance indicators, performance of the Chief Audit Executive and quality of internal audit functions. Each department was encouraged to evaluate and give suggestions to the internal auditors. The Audit Committee held one exclusive meeting to freely discuss matters of interest with the Chief Audit Executive.

Furthermore, as suggested by the Audit Committee, to develop the internal audit system to meet international standards, the Board of Directors approved the hiring of an external independent assessor to conduct a quality assessment review on internal audit activity in 2011. The external assessor rated the Internal Audit Office as 'generally conforms' in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The external assessor also stated that the Internal Audit Office had performed remarkably well in relation to qualitative benchmarking against high performing internal audit functions in international companies.

The Committee concluded that the internal audit processes and systems had been performed independently, sufficiently and effectively, and that its annual audit plan was in accordance with the Company's goals and key risk areas. The internal audit performance accomplished its goals. The internal audit process also demonstrated continuous improvement in respect of employee development and conformity with the International Standards for the Professional Practice of Internal Auditing.

8. The Audit Committee submitted its quarterly reports to the Board of Directors and provided useful management performance recommendations, which were subsequently adopted.
9. The Audit Committee revised and assessed the adequacy of the Audit Committee Charter to be consistent with the Corporate Governance Policy, the Notification of The Stock Exchange of Thailand, and the Capital Market Supervisory Board in the matters of qualifications, scopes and duties and the Audit Committee meetings.
10. The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for 2012. This process entailed assessment of the current external auditor for its independence, performance from the year 2011, knowledge, competency, experience in the telecommunications industry, available team support and the competitiveness of the audit fee.

After careful consideration, the Audit Committee concluded that KPMG Phoomchai Audit Ltd. external auditors acted independently, demonstrated a high degree of expert knowledge and professional experience required for the purposes of conducting the Company's external audit, performed with satisfactory result and with a competitive audit fee. The Audit Committee therefore proposed them as the official certified public accountant of the Company for 2012. This recommendation was made to the Board of Directors prior to being presented for approval at the general shareholders meeting.

11. The Audit Committee provided to conduct its performance self-assessment to review composition, authority, independence, meetings, auditing performance, and duties on reviewing and expressing opinions, all of which should benefit the Company on internal control and risk management systems, financial reporting, external audit process of the external auditor, the internal audit system and compliance with applicable regulatory requirements. The self-assessment was due to be benchmarked against guidelines from the Securities and Exchange Commission, Thailand. In 2011, the assessment questionnaire was revised from the information of all relevant parties to be more complete.

In summary, the Audit Committee performed its duties and responsibilities with knowledge, ability, carefulness and sufficient independence. The Audit Committee had full access to all pertinent information from management, employees and associated parties. Furthermore, the Audit Committee gave comments and recommendations which were beneficial to all of the Company's stakeholders.

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 and in pursuit of the Company's performance goals. Furthermore, it concluded that the Company was fully committed to effective Corporate Governance as vital to its business and consequently established concise and appropriate risk management and internal control systems.



Mr. Aviruth Wongbuddhapitak
Chairman of the Audit Committee



Mrs. Tasanee Manerot
Audit Committee member



Mr. Surasak Vajasant
Audit Committee member

Securities Information

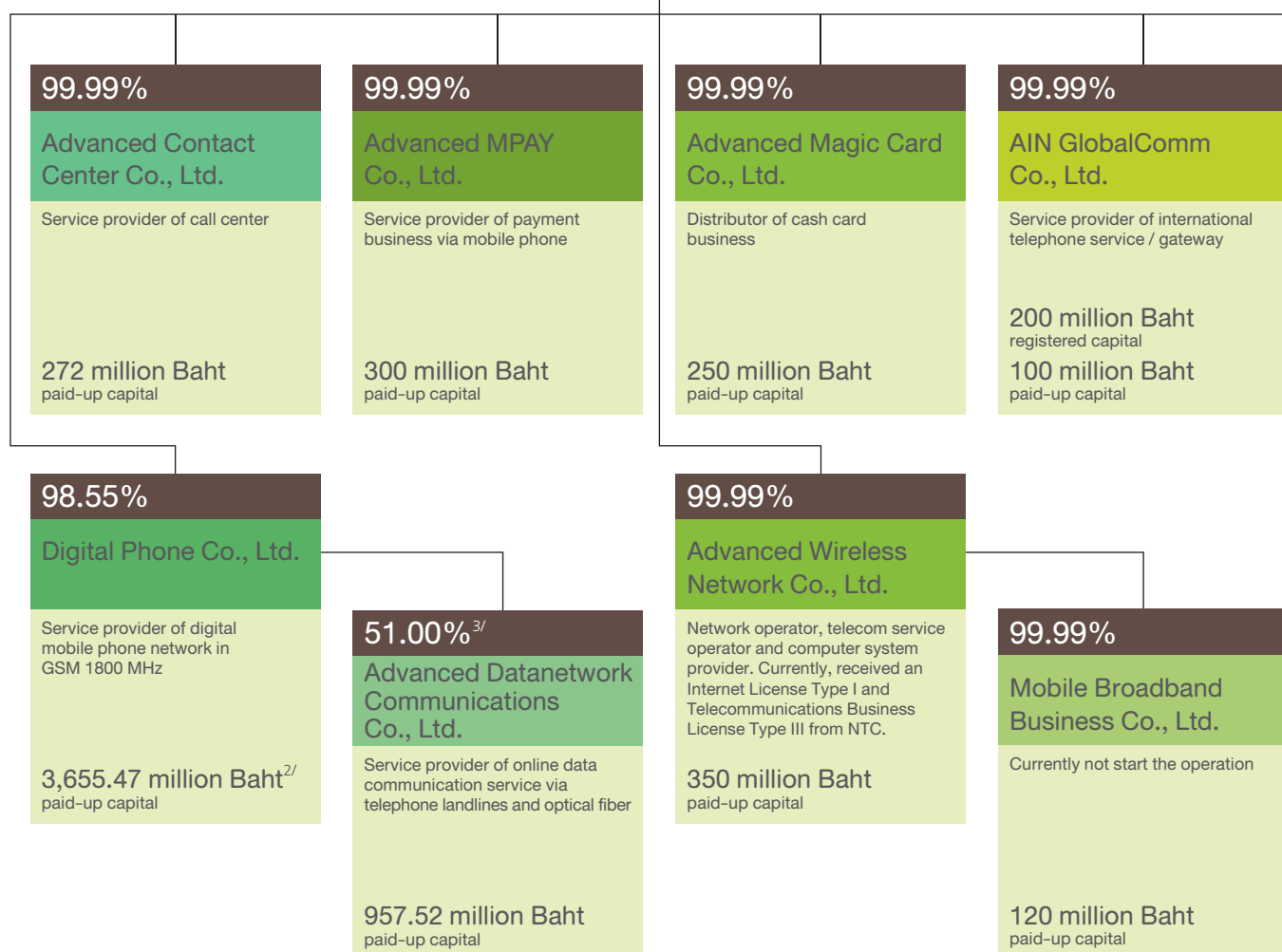
The Company name	: Advanced Info Service Public Company Limited
Symbol for trading	: ADVANC
Registered date on the SET	: 5 November 1991
Market capitalization	: Baht 417,719,893,865 (as of 30 December 2011)
Authorized capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,095,330
Total shareholders	: 19,677 shareholders (as of 19 August 2011)
% Free float	: 36.16% (as of 28 February 2011)
Nature of Businesses	: <ul style="list-style-type: none">• Operate cellular mobile telephone network in the 900 MHz frequency under the digital GSM technology• Provide cellular mobile telephone service in relation to digital GSM network in the 1800 MHz frequency• Import and distribute of handsets accessories• Provide voice and data communication service via telephone and optical fiber• Provide payment business via mobile phone• Distribute of cash card• Call center service• Service provider in connection with international telephone and gateway.• Networks provider and telecommunication service operator
Head office	: 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	: Bor Mor Jor. 0107535000265 (Former Registered No. was Bor Mor Jor. 59)
Website	: www.ais.co.th
Telephone	: (66) 2299 6000
Fax	: (66) 2299 5165

Depository 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 Info Service Plc.

Advanced Info Service Plc.



Service provider of Digital GSM network in the 900 MHz frequency
4,997.46 million Baht Registered Capital and 2,973.10 million Baht Paid-up Capital

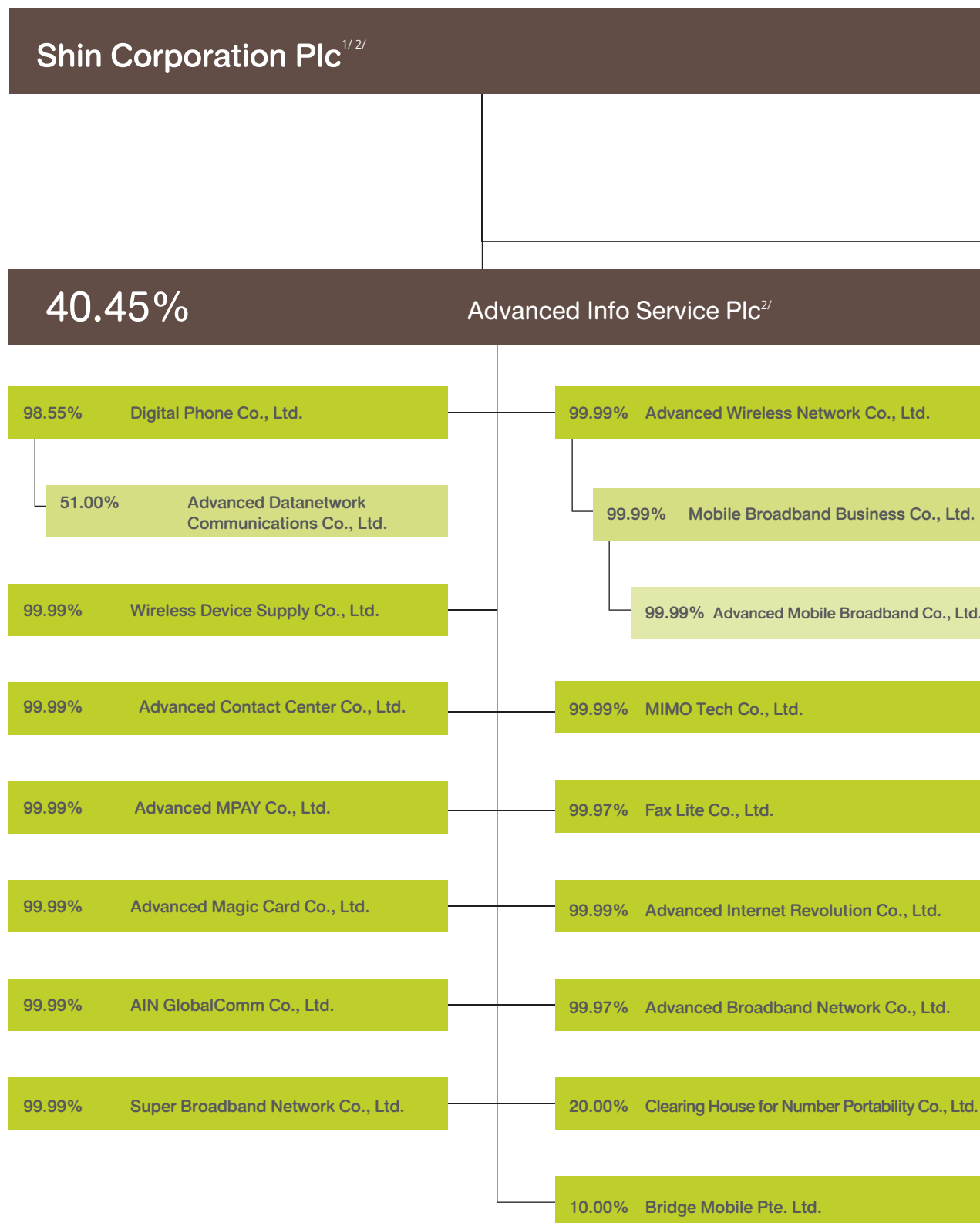


^{1/} Advanced Broadband Network Co., Ltd. registered at Ministry of Commerce on 11 November 2011.

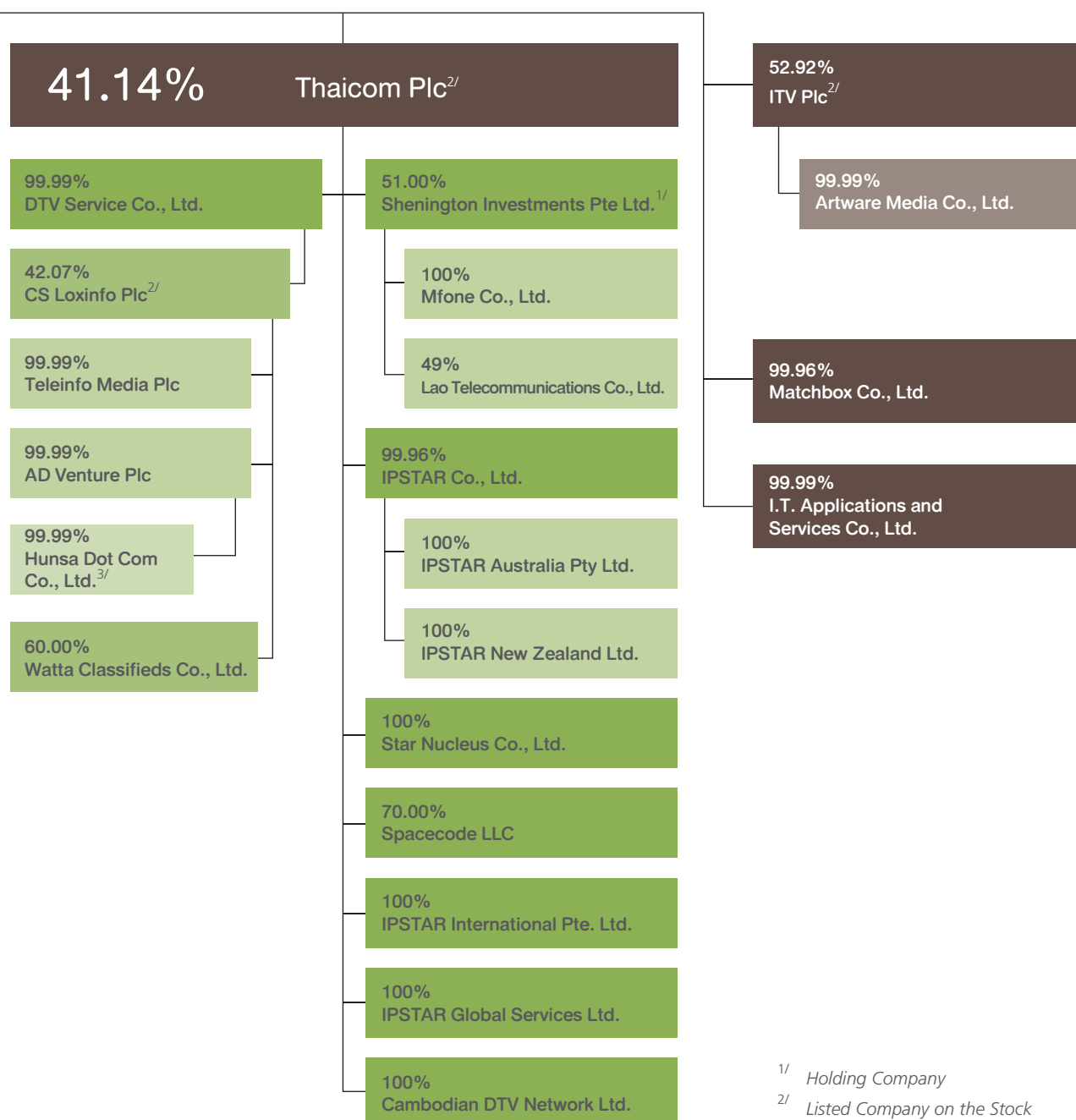
^{2/} Digital Phone Co., Ltd. registered the reduction capital from 1,462,186,168 shares to 365,546,542 shares, at the same par value of Baht 10, with Ministry of Commerce on 6 October 2011.

^{3/} The remaining 49% of shares, holding by person who has not conflict of interest.

Investment Structure of Intouch Group (As of 4 January 2012)



As of 4 January 2012



^{1/} Holding Company

^{2/} Listed Company on the Stock Exchange of Thailand

^{3/} On process of liquidation

Major Shareholders

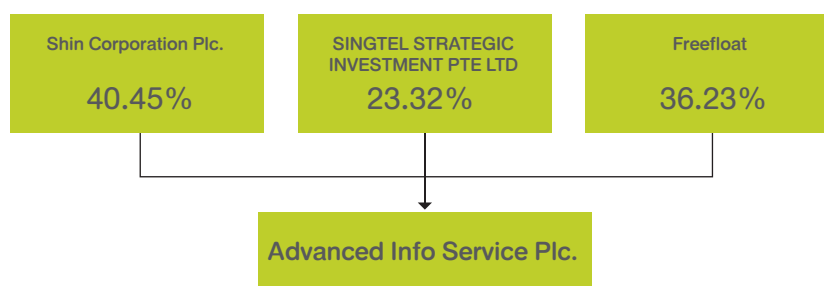
Top ten major shareholders of Advanced Info Service Plc.

as of 19 August 2011 are as follow:

No.	Name	No. of shares held	% of issued share capital
1	SHIN CORPORATION PLC.	1,263,712,000	42.50
2	SINGTEL STRATEGIC INVESTMENTS PTE LTD	632,359,000	21.27
3	THAI NVDR CO.,LTD.	113,179,299	3.81
4	HSBC (SINGAPORE) NOMINEES PTE LTD	83,939,673	2.82
5	BNY MELLON NOMINEES LIMITED	67,886,300	2.28
6	STATE STREET BANK AND TRUST COMPANY	57,275,487	1.93
7	LITLEDOWN NOMINEES LIMITED	47,116,000	1.58
8	STATE STREET BANK EUROPE LIMITED	36,271,743	1.22
9	SOCIAL SECURITY OFFICE (2 CASE)	26,696,400	0.90
10	THE BANK OF NEW YORK (NOMINEES) LIMITED	24,809,724	0.83
Total		2,353,245,626	79.15

Note:

- On 23 December 2011, Shin Corporation Public Company Limited (Intouch), have sold their shares in the Company in the amount of 61,000,000 shares representing about 2.05% of the total shares to Singtel Strategic Investments Pte Ltd (Singtel). As a result of the sale of shares, Intouch now holds 1,202,712,000 shares or 40.45% of the total shares of the Company and Singtel (including Thai Trust Fund and OCBC Nominees) holds 693,359,000 shares or 23.32% of the total shares of the Company.



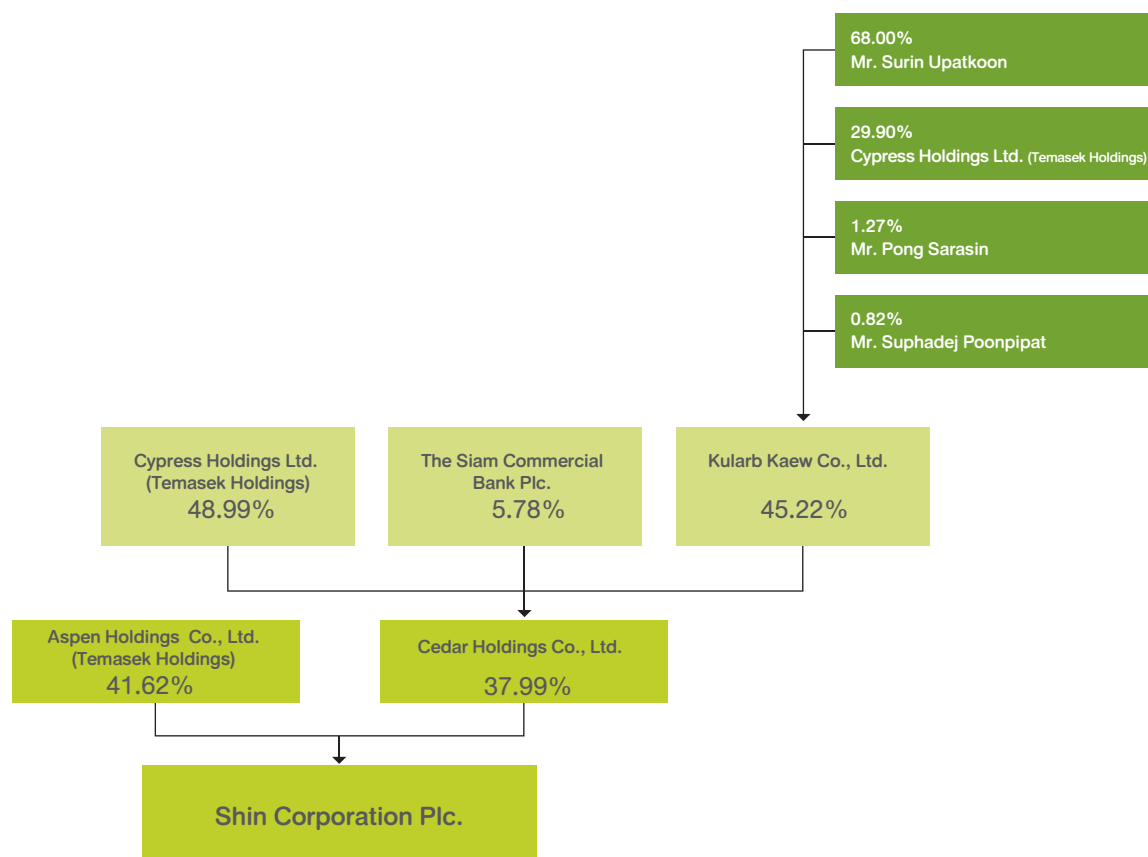
- Major shareholder whose behavior can influence when determining policy or handling operation, is Shin Corporation Plc. Major shareholders of Shin Corporation Plc. as of 26 January 2012 are

No.	Name	No. of shares held	% of issued share capital
1	Aspen Holdings Co., Ltd.*	1,334,354,825	41.62
2	Cedar Holdings Co., Ltd.*	1,218,028,839	37.99

* Aspen is a company incorporated in Thailand and an indirect subsidiary of Temasek Holdings (Pte) Ltd. (Temasek). Aspen is also holds 9,096 shares or 0.00% of paid-up capital of the Company.

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 45.22% and Cypress Holdings Limited (Cypress), an indirect subsidiary of Temasek, holding 48.99% of the shares in Cedar.

As of 26 January 2012, INTOUCH shareholding structure is as follow:



3. SingTel Strategic Investments Pte Ltd holds 21.16% directly, by THAI TRUST FUND 2.15% and OCBE Nominees 0.01% of paid-up capital of the Company.

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 2010/2011 as of 31 May 2011

* Major shareholders of Singapore Telecommunications Limited are

No.	Name	No. of shares held	% of issued share capital
1	Temasek Holdings (Pte) Ltd	8,671,325,982	54.41
2	DBSN Services Pte Ltd	1,566,946,530	9.83

Source: Singapore Telecommunications Limited I Annual Report 2010/2011 as of 31 May 2011

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:

Affiliated Company

as of 31 December 2011

SUBSIDIARIES	BUSINESS	REGISTERED CAPITAL (MILLION SHARE)	PAR VALUE (BAHT PER SHARE)	PAID-UP CAPITAL (MILLION BAHT)	% OF INVESTMENT
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	365.55	10	3,655.47 ^{1/}	98.55
Advanced Datanetwork Communications Company Limited (indirect subsidiary via DPC) 408/157, Phaholyothin Place Tower, 38 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2270 1900 Fax : (66) 2270 1860 Website : www.adc.co.th	Service provider of online data communication service via landlines and optical fiber	95.75	10	957.52	51.00 ^{2/}
Advanced Contact Center Company Limited 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5959	Service provider of call center	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
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
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 Website : www.ain.co.th	Service provider of international telephone service / gateway	2	100	100	99.99

SUBSIDIARIES	BUSINESS	REGISTERED CAPITAL (MILLION SHARE)	PAR VALUE (BAHT PER SHARE)	PAID-UP CAPITAL (MILLION BAHT)	% OF INVESTMENT
Super Broadband Network Company Limited 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2619 8777 Website : www.sbn.co.th	Network operator and a telecom service operator i.e. Service provider of internet (ISP), international & national internet gateway, a voice over IP, and an IP television	3	100	300	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 handsets 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 (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

SUBSIDIARIES	BUSINESS	REGISTERED CAPITAL (MILLION SHARE)	PAR VALUE (BAHT PER SHARE)	PAID-UP CAPITAL (MILLION BAHT)	% OF INVESTMENT
Advanced Mobile Broadband Company Limited (indirect subsidiary via MBB) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok	Currently not start the operation	1	100	100	99.99
Advanced Internet Revolution Company Limited 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5200	Service provider of internet	24	10	240	99.99
MIMO Tech Company Limited 1291/1 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5165	Operate IT, and content aggregator businesses	0.5	100	50	99.99
Fax Lite Company Limited 1291/1 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5165	Operate in acquiring and/or lease building, and related facilities for Telecommunications Business	0.01	100	1	99.97
Advanced Broadband Network Company Limited^{3/} 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai Phayathai, Bangkok	Currently not in operation	0.01	100	1	99.97

JOINT VENTURE	BUSINESS	REGISTERED CAPITAL (MILLION SHARE)	PAR VALUE (BAHT PER SHARE)	PAID-UP CAPITAL (MILLION BAHT)	% OF INVESTMENT
Clearing House for Number Portability Company Limited					
10/97 6 th Floor, The Trendy Project, Soi Sukhumvit 13 (Sangchan), Klongtoey nua, Wattana, Bangkok Tel : (66) 2646 2523 Fax : (66) 2168 7744	Jointly invested, Operate the Information System and the centralized database for the mobile portability service	0.02	100	2	20.00
Bridge Mobile Pte. Ltd.					
750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000 Tel : (65) 6424 6270 Fax : (65) 6745 9453	Jointly invested, provide international roaming service (incorporated in Singapore)	23 ^{4/}	1 USD	USD 23 Million	10.00

^{1/} Digital Phone Company Limited registered the reduction capital from 1,462,186,168 shares to 365,546,542 shares, at the same par value of Baht 10, at Ministry of Commerce on 6 October 2011.

^{2/} The remaining 49% of shares, holding by person who has not conflict of interest.

^{3/} Advanced Broadband Network Company Limited registered at Ministry of Commerce on 11 September 2011.

^{4/} Number of shares includes number of treasury shares in the amount of 1 million shares.

The Board of Directors



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



Mr. Somprasong Boonyachai
Vice-Chairman of the Board of Directors



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



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



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



Mr. Allen Lew Yoong Keong
Director



Mr. Ng Ching-Wah
Director



Mr. Yeo Eng Choon
Director



Mr. Vikrom Sriprataks
Director

The Executive Committee



Mr. Allen Lew Yoong Keong
Chairman of the Executive Committee



Mr. Vikrom Sriprataks
Vice-Chairman of the Executive Committee



Mr. Ng Ching-Wah
Member of Executive Committee



Mrs. Suphajee Suthumpun
Member of Executive Committee



Mr. Kim Siritaweechai
Member of Executive Committee

Management Team



Mr. Allen Lew Yoong Keong
Chairman of the Executive
Committee



Mr. Wichian Mektrakarn
Chief Executive Officer
and (Acting) Chief Marketing Officer



Mr. Vikrom Sriprataks
(Acting) Chief Technology Officer



Mrs. Suwimol Kaewkoon
Chief Customer Officer



Mr. Mark Chong Chin Kok
Chief Operating Officer



**Mr. Pong-amorn
Nimpoonsawat**
Chief Finance Officer

Summary of Profile of The Directors and Management Team



Dr. Paiboon Limpaphayom

Age 70 years

- Chairman of The Board of Directors
- Independent Director

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

- Doctorate Degree in 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 Directors and Independent Director, Advanced Info Service Plc.
2000 - 2005	Director and Executive Director, Thai Military Bank Plc.

Illegal Record in past 10 years

None



Mr. Somprasong Boonyachai

Age 56 years

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

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

- Master Degree in Engineering, Asian Institute of Technology

Related Training Program held by IOD

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

Working Experiences

2010 - Present	Acting-President, Shin Corporation Plc.
2008 - Present	Vice-Chairman of the Board of Directors, Advanced Info Service Plc. Chairman of the Group Executive Committee, Shin Corporation Plc.
2007 - Present	Director, Shin Corporation Plc.
2006 - Present	Director, Thaicom Plc.
2004 - Present	Director, Param 9 Hospital Co., Ltd.
2002 - Present	Member of the Audit Committee and Independent Director, Power Line Engineering Plc.
2009 - 2011	Chairman of the Executive Committee, Thaicom 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

* Includes holding by spouse and minor children



Mr. Aviruth Wongbuddhapitak

Age 63 years

- Director
- Chairman of the Audit Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Master Degree in 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

2010 - Present	Independent Director, S&P Syndicate Plc.
2008 - Present	Advisor, Bureau of the Crown Property
2006 - Present	Chairman of the Audit Committee and Independent 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.
2009 - 2011	Independent Director and Member of the Audit Committee, Thai Military Bank Plc.
2007 - 2009	Chairman of the Board Of Directors, Marble Co., Ltd.
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.

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children



Mrs. Tasanee Manorot

Age 66 years

- Director
- Member of the Audit Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Bachelor Degree in Commerce and Accountancy Chulalongkorn University

Related Training Program held by IOD

- DCP : Director Certification Program Class 32/2003

Working Experiences

2006 - Present	Member of the Audit Committee and Independent Director, 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 Vajazit

Age 58 years

- Director
- Member of the Audit Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Bachelor Degree at laws (Honors), London University
- Barrister-at-law Lincoln's Inn

Related Training Program held by IOD

- DAP : Director Accreditation Program Class 29/2004

Working Experiences

2006 - Present	Member of the Audit Committee and Independent Director, 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. Allen Lew Yoong Keong

Age 56 years

- Director
- Chairman of the Executive Committee

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Master Degree in 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, 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

* Includes holding by spouse and minor children



Mr. Ng Ching-Wah

Age 62 years

- Director
- Member of the Executive Committee

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

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

Related Training Program held by IOD

-

Working Experiences

2011 - Present	Director, China Digital TV Group Holding Ltd.
2008 - Present	Director and Member of the Executive Committee, Advanced Info Service Plc.
2007 - Present	Director, ConvenientPower Hong Kong Independent non-executive Director, Pacific Textiles Holdings Ltd.
2007 - 2010	Non-executive Director, HKC International Holdings Ltd.
2000 - 2007	CEO, CSL (Hong Kong)

Illegal Record in past 10 years

None



Mr. Yeo Eng Choon

Age 57 years

- Director

Share Ratio (%)*

None

Relationship with Management

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 (Regional Operations), 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

* Includes holding by spouse and minor children

* Includes holding by spouse and minor children



Mr. Vikrom Sriprataks

Age 59 years

- Director
- Vice-Chairman of the Executive Committee
- Authorized Director
- (Acting) Chief Technology Officer

Share Ratio (%)* None
Relationship with Management None

Highest Education

- Master Degree in 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.
2002 - Present	(Acting) Chief Technology Officer, Advanced Info Service Plc.
2007 - 2009	Member of the Executive Committee and Chief Executive Officer, Advanced Info Service Plc.
2000 - 2007	President, Digital Phone Co., Ltd.

Illegal Record in past 10 years

None



Mrs. Suphajee Suthumpun¹⁾

Age 47 years

- Member of the Executive Committee

Share Ratio (%)* None
Relationship with Management None

Highest Education

- MBA, International Finance and International Account, Northrop University, California

Related Training Program held by IOD

- DCP: Director Certification Program Class 89/2007

Working Experiences

2012 - Present	Chairman of the Executive Committee, Thaicom Plc.
2011 - Present	Member of the Executive Committee, Advanced Info Service Plc. Chairman of the Executive Committee - Media & New Business, Shin Corporation Plc. Director and Chief Executive Officer, Thaicom Plc. Director and Chairman of Executive Committee, CS LoxInfo Plc.
2011 - 2011	Member of the Executive Committee, Thaicom Plc.
2010 - 2011	General Manager, Global Technology Services, IBM ASEAN
2009 - 2010	Client Advocacy Executive, Chairman's Office, IBM Headquarters
2007 - 2009	Vice President, General Business, IBM ASEAN
2003 - 2004	Country General Manager, IBM Thailand Co., Ltd.

Illegal Record in past 10 years

None

¹⁾ She was appointed as Member of the Executive Committee to replace Mr. Arak Cholatanon as of 4 August 2011.

* Includes holding by spouse and minor children

* Includes holding by spouse and minor children



Mr. Kim Siritaweechai

Age 43 years

- Member of the Executive Committee

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Master Degree in Business Administration, Thammasat University

Related Training Program held by IOD

- DCP: Director Certification Program Class 116/2009

Working Experiences

2011 - Present	Senior Vice President - Portfolio Management, Shin Corporation Plc.
2010 - Present	Member of the Executive Committee, Advanced Info Service Plc.
2008 - 2011	Vice President - Portfolio Management, Shin Corporation Plc.
2007 - 2008	Assistant Vice President - Portfolio Management, Shin Corporation Plc.
2004 - 2007	Assistant Vice President - New Business, Shin Corporation Plc.

Illegal Record in past 10 years

None



Mr. Wichian Mektrakarn

Age 57 years

- Chief Executive Officer
- (Acting) Chief Marketing Officer

Share Ratio (%)*

0.0007

Relationship with Management

None

Highest Education

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

Related Training Program held by IOD

- DCP: Director Certification Program Class 107/2008
- Certification of Leader Program Class 8/2009

Working Experiences

2011 - Present	Member of the Executive Committee, Shin Corporation Plc.
2010 - Present	(Acting) Chief Marketing Officer, Advanced Info Service Plc.
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.
2000 - 2003	Vice President - Engineering, Advanced Info Service Plc.

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

* Includes holding by spouse and minor children



Mrs. Suwimol Kaewkoon

Age 56 years

- Chief Customer Officer

Share Ratio (%)*	0.0074
Relationship with Management	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 the 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



Mr. Mark Chong Chin Kok

Age 48 years

- Chief Operating Officer

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

- Master Degree of Business Administration,
National University of Singapore

Related Training Program held by IOD

- DAP : Director Accreditation Program Class 57/2006

Working Experiences

2010 - Present	Chief Operating Officer, Advanced Info Service Plc.
2008 - 2010	Executive Vice President, Networks, Singapore Telecommunications Ltd.
2003 - 2008	Director and Member of the Executive Committee, CS Loxinfo Plc.
2006 - 2007	Vice President, Global Accounts, Singapore Telecommunications Ltd.
2004 - 2006	Vice President, SingTel Global Offices / Global Account Management, Singapore Telecommunications Ltd.

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

* Includes holding by spouse and minor children



Mr. Pong-amorn Nimpoonsawat

Age 49 years

- Chief Finance Officer

Share Ratio (%)*

None

Relationship with Management

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
- Certification of Leader Program Class 11/2010

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

* Includes holding by spouse and minor children

Directors' Shareholding in the Company and its Subsidiaries of the Year 2011

NAME	ADVANC				AIR		ADC		DPC		ACC		AMP	
	ORDINARY SHARE		DEBENTURE		ORDINARY SHARE		ORDINARY SHARE		ORDINARY SHARE		ORDINARY SHARE		ORDINARY SHARE	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
1. Dr. Paiboon Limpaphayom Chairman of the Board of Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Somprasong Boonyachai Vice-Chairman of the Board of Directors	-	-	2,000	2,000	-	-	-	-	-	-	-	-	-	-
3. Mr. Aviruth Wongbuddhapitak Chairman of the Audit Committee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Mrs. Tasanee Manorot Member of the Audit Committee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mr. Surasak Vajasit Member of the Audit Committee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Mr. Yeo Eng Choon Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Mr. Allen Lew Yoong Keong Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Mr. Ng Ching-Wah Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Mr. Vikrom Sriprataks Director	-	40,000	-	-	-	-	-	-	-	-	-	-	-	-

As of 31 December 2011, the number of ordinary share and debentures includes holding by spouse and minor child.

* registered of its company set-up with the MOC on 11 November 2011.

ABBREVIATION	COMPANY	ABBREVIATION	COMPANY
ABN	Advanced Broadband Network Company Limited	AMP	Advanced MPAY Company Limited
ACC	Advanced Contact Center Company Limited	AWN	Advanced Wireless Network Company Limited
ADC	Advanced Datanetwork Communications Company Limited	DPC	Digital Phone Company Limited
ADVANC	Advanced Info Service Public Company Limited	FXL	Fax Lite Company Limited
AIN	AIN GlobalComm Company Limited	MBB	Mobile Broadband Business Company Limited
AIR	Advanced Internet Revolution Company Limited	MMT	MIMO Tech Company Limited
AMB	Advanced Mobile Broadband Company Limited	SBN	Super Broadband Network Company Limited
AMC	Advanced Magic Card Company Limited	WDS	Wireless Device Supply Company Limited

Key Events in 2011

January

- AIS launched ‘Quality DNAs’ a multi-dimensional marketing campaign that highlights the essence of device, network, application and service. Quality DNAs illustrated AIS continuity to improving network quality and expanding 3G900 network coverage to meet the growth of mobile internet usage in 2011.

February

- One-2-Call! introduced Chat’n Share, a data package enabling prepaid subscribers to chat, e-mail, and share pictures and video in Facebook and YouTube at low prices.



- AIS and Google launched Google Chrome browser for AIS, a plug-and-play application bundled with AIS Aircard to enhance quality and user experience. Faster and easier to access data, select promotions and applications, AIS Aircard also features automatic protection to virus and malware while surfing the net.



March

- At the 2011 Annual General Meeting of Shareholders, a resolution was passed approving a dividend payment for the six-month operations of 2010 (1 July -31 December 2010) at the rate of Baht 3.92 per share. The Company paid the dividend to shareholders on 26 April 2011.



- AIS launched ‘Blue’ application. Users of iPhone can receive updates on money market in real time from the Stock Exchange of Thailand as well as 160 stock exchange markets worldwide.
- AIS in conjunction with SE-ED PLC. developed ‘SE-ED Application’ allowing users to read books and articles on iPhone, iPad, Android mobile phones and tablets using AIS SIM.
- AIN GlobalComm Company Limited and Super Broadband Network Company Limited donated an internet center and public phone booth to Muang Yao Wittaya School, Lampang Province, as part of Universal Service Obligation project (USO) initiated by Office of the National Broadcasting and Telecommunications Commission.



April

- AIS organized a campaign ‘From Quality Promise to Quality DNAs’ as part of AIS promise to deliver service quality to over 31 million subscribers nationwide.
- Advanced MPAY received The Asian Banker Technology Implementation Awards 2011 from The Asian Banker Magazine for its system development in e-banking for Standard Charter Bank (Thailand).
- AIS was ranked one of the top ten largest dividend payers in Southeast Asia for 5 consecutive years (2006-2010) by Alpha Southeast Asia magazine.

May

- AIS was awarded Best Employer of the Year 2011 by AEON Hewitt and Sasin Graduate Institute of Business Administration, Chulalongkorn University.
- AIS introduced new application ‘Always Best Connected’ bundled with AIS Aircard to automatically connect with AIS Wifi, 3G or EDGE+.

June

- AIS was ranked Best Public Companies of the Year 2011 by Money & Banking Magazine as it was among 300 companies having the highest asset in the Stock Exchange of Thailand.
- AIS became the first Thai company to receive Best Entrepreneur Award in Southeast Asia in the category of Social Empowerment. The award was given by Enterprise Asia, a non-profit organization, during the Asia Responsible Entrepreneurship Awards 2011 (AREA) in Singapore.
- AIS launched ‘Serenade Magazine,’ first digital magazine in Southeast Asia published by mobile operator. The public can read and interact with magazine contents on iPad 1, iPad 2, and Android tablets. The application is downloadable at no charge.



July

- AIS in co-ordination with Thai Military Bank PLC offered ‘TMB Beep and Bill,’ an e-service that allows users to pay bills, purchase products and services, and perform bank transactions via mobile phone.



August

- Advanced MPAY introduced ‘mPAY Online’ offering more choices to AIS subscribers to perform a variety of transactions and payment online.
- The Board of Directors at its Meeting No. 5/2011 approved a dividend payment for the first 6 months of operations of 2011 at the rate of Baht 4.17 per share to all shareholders from approximately 2,973.1 million shares or approximately Baht 12,398 million. The Company paid the dividend on 2 September 2011.
- The Company appointed Mrs. Suphajee Suthumpun to be Member of the Executive Committee, effective from 4 August 2011 onwards.

September

- AIS received Corporate Improvement Excellence Award from Thailand Corporate Excellence Awards 2011 organized by Thailand Marketing Association (TMA) and Sasin Graduate Institute of Business Administration, Chulalongkorn University.
- Celebrating 22nd year of legendary services, AIS launched Rebranding campaign featuring new logo and new motto ‘AIS: Your World. Your Way.’ As the leader in wireless communication, AIS has proven to never stop improving ourselves and bringing the best to our customers.



October

- Digital Phone Company Limited (DPC), a 98.55% subsidiary of the Company, has registered the capital reduction with Business Development Department Ministry of Commerce, by reducing its registered capital from 1,462,186,168 shares to 365,546,542 shares, at the same par value of Baht 10. After the capital reduction, the Company continues to hold 98.55% of shares in DPC.
- AIS offered Monitoring System Intelligence to Crime Suppression Division, Royal Thai Police. The MSI features mini video camera installed in police patrol car capable of recording pictures and sound surroundings in real time while the police are patrolling.



November

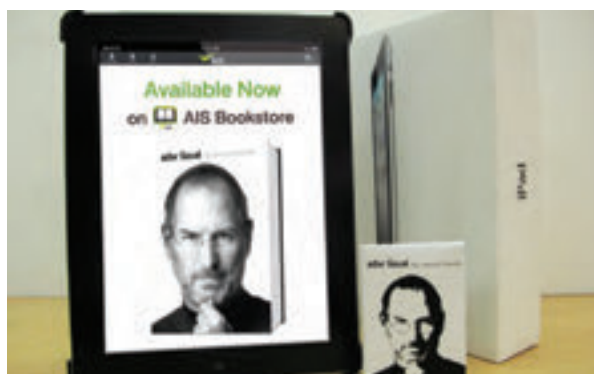
- AIS launched iPad 2, offering data package for both prepaid and postpaid subscribers.
- AIS launched Samsung Galaxy Note, the latest hybrid smart phone that combines best features of smart phone and tablet, topped with best quality 3G network by AIS.



- On 11 November 2011, Advanced Broadband Network Co., Ltd. (ABN) has registered its company with the Ministry of Commerce, with the registered capital of Baht 1 million. ABN is a subsidiary, which the Company holds 99.97% of its shares.

December

- Srang Gun Mai, the latest title of public-spot announcement produced by Sarnrak, received Best PSA Award from Catholic Media Thailand.
- AIS was evaluated by the Thai Institute of Directors (IOD) with the support from the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) at the “Excellent” or  for three consecutive years.
- AIS received “Outstanding Investor Relations Awards” among listed company who has over than Baht 10 billion market capitalization from SET Awards 2011 held by the Stock Exchange of Thailand and Money and Banking Magazine.
- On 23 December 2011, Shin Corporation PLC. (Intouch), a major shareholder of the Company, has sold their shares in the Company in the amount of 61,000,000 shares representing about 2.05% of the total shares to Singtel Strategic Investments Pte. Ltd. (Singtel). As a result of the sale of shares, Intouch now holds 1,202,712,000 shares representing about 40.45% of the total shares of the Company and Singtel (including Thai Trust Fund and OCBC Nominees) holds 693,359,000 shares representing about 23.32% of the total shares of the Company.
- AIS introduced the new design of Nong Oon Jai (company’s mascot) following AIS rebranding campaign with new tagline ‘AIS: Your World. Your Way.’
- Steve Jobs e-book in Thai language became available exclusively on AIS Bookstore.



Business Overview

Advanced Info Service (AIS) is the top Thailand mobile telecommunication company with 54% revenue market share. As of December 2011, the Company registered 33.5 million mobile subscribers, representing 44% subscribers market share. With over 21 years of operation, AIS continues to deliver excellent service to Thai community through superior network covered more than 97% nationwide. In addition to the mobile operator business, AIS also have subsidiary companies which are determined to support the core business operation.

AIS and subsidiaries provide mobile telephone services on 900 MHz and 1800 MHz based on GSM technology.

In 1990, AIS entered into the 25-year BTO contract with TOT Corporation Public Company Limited (TOT) to operate and service of 900 MHz GSM Network. The terms of the agreement required AIS to build and raise capital for investment in the cellular network and transfer the network ownership to the TOT and also entitled to share its revenue from service to the TOT at 30% of postpaid revenue, and 20% of prepaid revenue. We also operate on another frequency at 1800 MHz using GSM network through the subsidiary, Digital Phone Co., Ltd. (DPC). Under a 16-year BTO contract with CAT Telecom Public Company Limited (CAT), started in 1997 and will end in 2013, DPC is required to pay revenue share to CAT, currently at the rate of 30% 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. To serve the customers with the boundless connectivity service, AIS provides international roaming services across 217 countries. We also give a better roaming service and privileges by taking part in Bridge Alliance, a partnership with 11 leading mobile operators in Asia Pacific under the subsidiary, Bridge Mobile Pte. Ltd. (BMB). We also provide an international direct dialing call or IDD service over 240 destinations by dialing prefix 005, 00500 via AIN GlobalComm Co., Ltd. (AIN).

Nowadays, an unceasing technology development has result in changing Thais lifestyle. In 2011, AIS continued to enhance our network capacity, supporting higher need of mobile internet usage and providing seamless connection via 3G, WiFi, and EDGE+. In July 2011, we introduced a new era of mobile internet with over 1,884 base stations of 3G on 900 MHz, covered Bangkok, vicinity, and 9 strategic cities.

Also, by joining hands with a strategic partnership, Jasmine International Plc., over 70,000 WiFi hotspots was launched at speed up to 6 Mbps. Moreover, AIS expanded nationwide coverage of EDGE+ as we witness the benefit for customer after it was upgraded in 2010. EDGE+ technology supports maximum data upload speed of 236 kbps (50% higher than EDGE) and download speed of 296 kbps (30% higher than EDGE) while provides simultaneous voice call and data connection. In addition, AIS established the subsidiary called MIMO Tech Co., Ltd. (MMT) to operate as a data content aggregator or a pool of content and application which will support various services of AIS and other subsidiaries from the growing consumer demand on mobile data. Besides, we have subsidiary companies to serve the built-up demand of internet usage. Advanced Wireless Network Co., Ltd. (AWN) provides telecommunication services, network and computer system services. We also offer data service on a fixed line facility which offered various services e.g. 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 through Super Broadband Network Co., Ltd. (SBN). We also offer a data communication service 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 through Advanced Datanetwork Communications Co., Ltd. (ADC).

We focus to deliver supreme experience and reinforce the relationship with customers.

AIS call center, Advanced Contact Center Co., Ltd. (ACC), is the key differentiation for AIS as its services evolved from simple after-sales and customer service maintenance to an increasingly proactive and customer-oriented approach, including promoting new marketing campaigns and suggesting new products and services to both existing and new customers. Also, we are attentive to the special needs of the disabilities customers. AIS call center developed “iSign”, a webcam service which uses sign language to communicate with hearing-impaired customers. To better serve AIS customer, we also provide customer support via “iCall”, our online webcam call center through chat or VOIP. Social networking i.e. Pantip webboard, Facebook, Twitter. In addition, as we anticipate the growing importance of new technology adoption particularly when more customers move to smart phone, we specifically develop well-train technical-knowledge staffs namely “Device experts” to educate and assist customer in

resolving technical issues. In 2011, 694 device experts we have, increasing 130% YoY, available at AIS shop, AIS Serenade shop, and call center. To expand customer choices, AIS provides “eService”, an online service that allows the customers to manage their account including usage or balance checking, promotion changing, online payment, and online top up. Beyond the eService, AIS developed service for financial transactions via mobile phone. “mPAY” cover many daily-life transactions including bill payment, online shopping, recharge of prepaid phone credit, online game credit refill as well as payment for goods and services. The electronic transaction has become popular as it provides more prompt and convenient service to customers. The Advanced MPAY Co., Ltd. (AMP) received a license from the Bank of Thailand (BOT) to provide payment service based on the electronic cash card under the brand “mPAY”.

As the smart phone adoption continues to grow, handset business is a crucial complementary business to the operator growth particularly for non-voice segment. In the recent years, through the collaborative partnership with several handset players, we have a successful launch of several models of aircards, tablet, PC, and smartphones e.g. BlackBerry Bold 9900, Samsung Galaxy Tab 10.1, Samsung Galaxy Note and iPhone 4s. Apart from handset distribution, refill channel is also crucial for business growth as 90% of subscribers are prepaid. This business is operated under a subsidiary, Wireless Device Supply Co., Ltd. (WDS), which sells and distributes handset, SIM cards, and refill cards through over 950 authorized dealers nationwide and over 400,000 electronic channels.

Structure of the group of companies

As of as of 31 December 2011, the group of companies and percentage of shareholding can be shown as follows;

SUBSIDIARIES	BUSINESS	% OF INVESTMENT
Digital Phone Company Limited (DPC)	Service provider of digital mobile phone network in 1800 MHz frequency	98.55
Advanced Datanetwork Communications Company Limited (ADC)	Service provider of online data communication service via telephone landlines and optical fiber	51.00 ^{1/}
Advanced Contact Center Company Limited (ACC)	Service provider of call center	99.99
Advanced MPAY Company Limited (AMP)	Service provider of payment business via mobile phone	99.99
Advanced Magic Card Company Limited (AMC)	Distributor of cash card business	99.99
Super Broadband Network Company Limited (SBN)	Network operator and a telecom service operator i.e. Service provider of internet (ISP), international & national internet gateway, voice over IP, and IP television	99.99
AIN GlobalComm Company Limited (AIN)	Service provider of international telephone service / gateway	99.99
Wireless Device Supply Company Limited (WDS)	Importer and distributor of handsets and accessories	99.99
Advanced Wireless Network Company Limited (AWN)	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	99.99
MIMO Tech Company Limited (MMT)	Operate IT, and content aggregator businesses	99.99
Fax Lite Company Limited (FXL)	Operate in acquiring and/or lease building, and related facilities for Telecommunications Business	99.97

SUBSIDIARIES	BUSINESS	% OF INVESTMENT
Advanced Internet Revolution Company Limited (AIR)	Service provider of internet	99.99
Mobile Broadband Business Company Limited (MBB)	Currently not start the operation	99.99
Advanced Mobile Broadband Company Limited (AMB)	Currently not start the operation	99.99
Advanced Broadband Network Company Limited (ABN)^{2/}	Currently not start the operation	99.97
JOINT VENTURE	BUSINESS	% OF INVESTMENT
Clearing House for Number Portability Company Limited (CLH)	Jointly invested, operate the information system and the centralized database for the mobile portability service	20.00
Bridge Mobile Pte. Ltd. (BMB)	Jointly invested, provide international roaming service (incorporated in Singapore)	10.00

^{1/} The remaining 49% of shares, holding by person who has not conflict of interest.

^{2/} Advanced Broadband Network Company Limited registered at Ministry of Commerce on 11 November 2011.

Revenue Structure

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

Service/Product	Operation by	% Holding of Shares as at 31 Dec. 11	2009		2010		2011	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Mobile phone service structure								
• Mobile phone services & rental	Advanced Info Services Plc.		91,667.17	89.47	97,647.45	87.70	108,691.25	85.97
	Digital Phone Co., Ltd.	98.55	796.54	0.78	717.18	0.64	710.71	0.56
	Wireless Device Supply Co., Ltd.	99.99	33.06	0.03	13.63	0.01	35.06	0.03
	AIN Globalcomm Co., Ltd.	99.99	2,546.63	2.49	2,879.06	2.59	3,229.88	2.55
• Mobile phone sales	Advanced Info Services Plc.		-	-	395.44	0.36	619.71	0.49
	Digital Phone Co., Ltd.	98.55	9.11	0.01	0.22	-	-	-
	Wireless Device Supply Co., Ltd.	99.99	6,629.71	6.47	8,952.72	8.04	12,559.94	9.93
Sub-total			101,682.22	99.25	110,605.70	99.34	125,846.55	99.53
Data network and broadband service structure								
	Advanced Datanetwork Communication Co., Ltd.	51.00	633.82	0.62	498.02	0.45	422.01	0.33
	Super Broadband Network Co., Ltd.	99.99	128.51	0.12	226.66	0.20	155.68	0.12
	Advanced Internet Revolution Co., Ltd.	99.99	-	-	-	-	6.51	0.01
Sub-total			762.33	0.74	724.68	0.65	584.20	0.46
Call center service structure								
	Advanced Contact Center Co., Ltd.	99.99	7.28	0.01	8.78	0.01	6.48	0.01
Sub-total			7.28	0.01	8.78	0.01	6.48	0.01
Grand Total			102,451.83	100.00	111,339.16	100.00	126,437.23	100.00

Remarks:

- 1) The Company had indirect holding in Advanced Datanetwork Communication Co., Ltd.
- 2) Digital Phone Co., Ltd. registered its share capital reduction with Business Development Department, Ministry of Commerce from 1,462.2 million shares to 365.5 million shares with its same par value on 6 October 2011.
- 3) On 3 December 2010, Mobile from Advanced Co., Ltd. had changed its name to Advanced Internet Revolution Co., Ltd. and started to operate internet service.

Business Direction

in 3–5 Years

While mobile penetration in Thailand is climbing beyond 105%, industry growth is shifting from traditional voice services toward non-voice services. Over the past three years, revenue from non-voice services has risen 30% per annum compared to the nearly stagnant growth from voice services. This is a strong indication of future trends in the business. We expect voice revenue to remain stable over the next few years, but predict a significant year on year increase of 25-30% from non-voice revenue. Increasingly, more consumers are now using smart devices including smart phones, tablets and air cards, so, in 2011, handset sales revenue grew 41%, particularly due to a rapid rise in smart device consumer consumption.

In 2011, Thai consumers were eager to be connected, especially to social networks, so even though non-voice services were mainly available on 2G, mobile internet usage increased significantly from the previous year. Customer demand for mobile non-voice services was also strongly driven by limited nationwide fixed-line broadband, so today mobile device internet connection has already overtaken fixed line connectivity. We believe this trend will continue over the medium term.

To meet the increasing demand, operators have set their sights on acquiring a new mobile spectrum, in particular 2.1 GHz licenses in 2012. Obtaining new spectrum licenses would allow Thai mobile operators to establish a new round of investment opportunities, while removing the limitations of the expiring Built-Transfer-Operate (BTO) contracts, which currently underpin the current 2G network operation. Once a comprehensive 3G network is operational, we fully expect non-voice subscriber penetration to increase along with the rising use of smart devices. Telecom market size will also increase because of higher data usage and new services, such as wireless broadband and mobile applications.

Acquire telecom frequency licenses

Acquiring new frequencies is our first priority to support the expected growth in mobile data services and to develop our future business. Our existing 900 MHz frequency serves 33.5 million subscribers, while demand for data is constantly growing. AIS data subscribers increased from 7.5 million in 2010 to 9 million in 2011. If data usage continues to grow at this pace, the existing spectrum will need to expand to handle the expected increased demand. Equally, a new spectrum allocation is necessary to develop Thailand's broadband capabilities nationwide.

AIS' operation is currently based on two BTO contracts, which will expire in 2013 and 2015. Securing a new spectrum license before these contracts expire is essential to continue servicing 33 million customers. The regulator (NBTC) has prioritized spectrum allocation and has been working on the telecommunications and broadcasting frequency master plans, which should be completed by early 2012. Given that the first spectrum license will expire in 2013, while telcos build up the new networks to service customers, AIS expects the regulator to allow sufficient transition time to ensure continuity of this public service. AIS wishes to participate in any future auction to preserve our competitive advantage and seek further business opportunities.

Build mobile data revenue growth

The growth of mobile data usage is exceptional given that Thailand telecommunications mainly run on a 2G network platform. Richer content, social network popularity, smart devices and limited fixed line infrastructure are all pushing consumers to access internet via mobile devices. The government is also promoting internet accessibility throughout Thailand, especially for people in under-served areas. We believe mobile data services will become commonplace as, over the next few years, demand for mobile connectivity continues to increase.

In AIS, we believe in building an ecosystem by working closely with strategic partners to create exclusive customer content and services. We adopted Quality DNAs (Quality-Device, Network, Application and Service) philosophy to maximize non-voice revenue potential with the focus on excellence. Looking to the future, by collaborating with device manufacturers, AIS aims to push smart device sales and increase mobile data revenue by introducing all consumer segments to a wide range of smart device choices. After acquiring the 2.1 GHz spectrum license, our full scale 3G network will be promptly rolled out to work seamlessly with our existing nationwide network. Exclusive and local content is being developed to drive data usage, retain existing customers and acquire new subscribers. AIS dedicated staffs are already prepared to meet future demands with a special focus on customer data solutions.

Brand in mind

Our brand represents our core values and drives our business direction and success. To meet future challenges and opportunities, we have refreshed our brand to respond to the changing dynamic of the telecom industry. AIS' rebranding campaign of 2011 exemplifies this desire to provide customers with the very best. A new logo and slogan, 'Your World. Your Way.' underpins our brand.

We want our customers to experience the change now symbolized by our green fresh, smile friendly logo, promising creativity and helpfulness. To align our brand personality and internal culture, the AIS family has incorporated four core values into everything we do. By being innovative, helpful, insightful and professional, AIS will deliver the 'Your World. Your Way.' experience to all our customers.

There are many exciting opportunities ahead, and AIS is fully prepared to meet them to build a highly successful future. Ready for 3G, and the way the industry will change, AIS is ready to serve our customers with what they want, when they want it.



2011 Year of Big Step of AIS' Journey



From the “Provider”

For more than 21 years, AIS has been at the forefront in shaping Thai mobile telecommunications and leading toward extending the best and largest nationwide network coverage. It is our commitment to provide the highest quality in serving Thais' connection “Anytime, Anywhere, Everyone”. This was the initial foundation of our service motto through the past that earns AIS standing as the most reliable network in Thailand.



To the “Supporter”

Moving beyond serving the basic communication needs, AIS revolves around customer centric approach by building customer understanding at each interaction. Re-oriented with CRM focus, we deployed a unified customer care platform that helps us leverage customer experience with an improved response time while delivering a much simplified offerings that meet customer’s distinct preferences. Our holistic view in customer segmentation forging on tailoring to customer’s evolving lifestyle and behaviors. AIS build the bonding of our brand with our customers through momentous privilege programs such as “AIS Plus” and “Serenade”. This reflects our promise we constantly deliver to our value customers, “With you, Always”.



And shift to be the “Enabler”

Evermore, AIS consider us as a core linkage of Thai society and economic well-being. In AIS, we believe in fostering a concrete growth across the “Ecosystem” to serve our customers. Tailoring solutions to customer’s ever-changing lifecycle needs requires a strong cooperation across company boundaries. In the “Ecosystem”, we vision AIS and our business partners including the extended industry players jointly serve the best to our customers and together grow the market space into the future.

Today in a world where technologies pace us forward while the internet and social network instill the way we live, AIS is taking another step ahead and drive our determined effort to build “Quality DNAs”, our key service philosophy. The heart of this philosophy is quality in everything we do, Device, Network, Applications, and Service. Increasingly, we want to shift all possibilities of customers’ ever-changing lifestyle through enriched customer insight and professional service quality and mindset. We want our customers to enjoy their own lifestyles, be more connected to their close ones, and be inspired to build the future in their own unique ways. This is AIS commitment to our customers: “Your World. Your Way.”

Quality in all dimensions



Delivering Nationwide Seamless Data Experience

As strong demand for mobile data access continues to grow throughout Thailand, our first priority is to deliver mobile data connectivity to everyone, everywhere. AIS has developed a comprehensive seamless data network and service using 3G, EDGE⁺ and WiFi technologies.

AIS is the only mobile operator who provides nationwide coverage of EDGE⁺, giving our customers a superior quality network with a maximum upload speed of 236 Kbps and a maximum download speed of 296 Kbps, and customers can receive voice call while surfing data.

With our network development and partnership strategy, AIS and 3BB has installed 70,000 WiFi access points nationwide, covering multiple locations: for example, shopping malls, hotels, airports and other points of attraction.



In the cities, and other key provinces we have expanded our 3G service on 900 MHz with a network of 1,884 base stations, covering Bangkok and surrounding districts, Chiangmai, Chonburi, Nakorn Ratchasima, Nakorn Prathom, Chiangrai, Khon Kaen, Cha Am, Huahin, Pranburi, Phuket and Songkhla.

Today, more than 9 million data customers of AIS enjoy a seamless mobile data experience with our comprehensive service throughout Thailand, no matter where they are. AIS will continue developing and improving what we do, giving our customers the best data service experience possible.

Wide range of powerful 3G-900MHz smart devices
bundled with value data package



More than 700 smartphone experts
to advice on technical issues



Serving individual lifestyle with marvelous applications



AIS App Store provides a range of applications from local to international apps such as entertainment, game, business, travel, etc. which support all handset models.



eService online service providing individual usage check, payment, bill statement, promotional package



AIS Bookstore the largest online bookstore in Thailand, providing online magazines and pocket books from over 70 leading publishers



AIS Music Store unlimited Load/ Play/ Share over 30,000 MVs and songs



AIS Sport Arena providing both Thai and foreign match details and sport news e.g. soccer, golf, tennis, etc.



mPAY easy payment with mPAY including utility bill, credit card, mobile payment, etc.



AIS Serenade digital lifestyle magazine providing details on entertainments and AIS privileges.

Products and Services

To satisfy a diverse need of customers, AIS offers a choice of products with different characteristic. AIS main products are:



AIS GSM advance
for office workers



AIS GSM 1800
for basic phone
users



AIS One-2-Call!
for teenagers



AIS Sawasdee
for light users

Subscriber Breakdown as of 2011



AIS has 33.5 mn Subscribers in 2011

	Subscribers (million)	ARPU (Baht) incl. net IC *
Prepaid	30.2	209
Postpaid	3.3	649
Total	33.5	252

* Average revenue per user per month as of 4Q11

Prepaid Service Contributed 68% of Revenue

	Breakdown of revenues (%)
Prepaid	68
Postpaid	25
Others	7
Total	100.0

AIS key business strategy is built upon “Ecosystem”, by creating ecosystem in Thailand telecom industry. To build sustainable growth, we focuses on our quality network, while co-developing with other five core components including device, content provider, solution partner, business alliance, customer assistance. Meanwhile, the world is changing and technology is evolving. With the quality in mind, AIS applies the “Quality DNAs” philosophy (Device, Network, Application, and Services) in response with the changing customer lifestyles’ which more attached to online connectivity.



AIS GSM advance

GSM Advance is designed for business people, white collar office workers and entrepreneurs who enjoy using modern technology. This target group is expanding to include younger people.



Choose what you want, and live life your way

GSM Advance is underpinned by the GSM Smart Life concept (Choose what you want, and live life your way). We are continuously developing a range of innovative services in response to varied customer lifestyles, so, customers can choose and design their own solutions. For example, to support mobile internet demand, AIS has developed a comprehensive mobile internet network with 3G and EDGE+ technology, so our customers can enjoy mobile internet and voice services throughout Thailand.

In 2011, GSM Advance developed and offered a variety of services in response to market demand especially from mobile internet users. Currently, customers want the mobility to connect with the internet at anytime to use social networks, email accounts and file downloading. For example:

AIS Opera Mini

this application was developed to allow customers to connect to social networks from any handset. AIS Opera Mini offers 5 different social network packages.

Smart iPostcard



this application was developed for customers to create and send postcards from any mobile devices.

GSM Advance Packages

GSM smart Mix&Match

is the most popular postpaid service in Thailand. Customers can design a customized package to suit their lifestyle, choosing from more than 50 different options. For example:

smart Basic

offers a range of single voice call tariffs for all mobile networks to match individual lifestyles. When customers subscribe to Smart Basic, they receive a complimentary 20% voice call credit for the first 3 months. The package starts from 200 Baht, which gives 200 minutes of voice calls. Customers can upgrade the Smart Basic package to 1,500 Baht to get 1,600 minutes of voice calls and Serenade Gold membership.

smart Topping

options allow customers to create unique lifestyle packages. Smart topping choices, include voice, non-voice and international roaming services. For example:

Voice Call Options



All Day All Night

Unlimited calls with AIS network from 10 PM to 5 PM for 249 Baht per month



All Network 24 hours

Calls to any network for 100 minutes for 100 Baht per month



Day Buffet

Unlimited calls with AIS network from 5 AM to 5 PM for 199 Baht per month



Night Buffet

Unlimited calls with AIS network from 10 PM to 8 AM for 100 Baht per month



Weekend Buffet

Unlimited calls with AIS network on Saturday and Sunday for 100 Baht per month



Lover 20-hours Unlimited calls

Unlimited calls to 1 specific number with AIS network from 10 PM to 6 PM for 150 Baht per month



Lover 0.25 Baht

Call to 1 specific number with AIS network for 0.25 Baht per minute over 24 hours with 150 Baht monthly fee



Gang

Call to 3 specific numbers with AIS network for 0.50 Baht per minute from 10 PM to 6 PM with 100 Baht monthly fee



Non-Voice Options

GSM Advance also provides a selection of non-voice services designed for smartphone, email, mobile internet browsing, file downloading, social networks, entertainment and air-card users. Non-voice services also include traditional SMS and MMS. For example:

- SMS/MMS/EDGE⁺ - Send 50 SMS or 12 MMS or EDGE⁺ 6 hours per month for 50 Baht per month
- Blackberry - Use BlackBerry Chat and choose from Facebook, Email or 300 minutes voice calls for 300 Baht per month. Customers can use unlimited 3G/WiFi/EDGE⁺ at 799 Baht per month.
- Social Plus Net by AIS Opera Mini - Customers receive unlimited access to social networks, such as Facebook, Twitter, Hi5 and Myspace, plus 5 free hours or 25 MB of 3G/EDGE⁺/GPRS mobile internet for 129 Baht per month.
- 3G/EDGE⁺/WIFI - Customers can enjoy a variety of mobile internet services, starting from 99 Baht, which gives 75 MB of 3G/EDGE⁺ mobile internet and ranging to 799 Baht per month for unlimited 3G/WiFi/EDGE⁺

Main Package for Data Users

Smart Phone package

is designed to help smartphone users, who use both voice call and mobile internet, to manage their expenses. The smartphone package starts from 399 Baht per month for 200 minutes all network voice calls and 250 MB of 3G/EDGE⁺ mobile internet usage.



GSM BlackBerry Package

is designed for chat lovers. Customers receive BlackBerry chat and unlimited mobile internet for 799 Baht per month. Customers can use all voice networks for 1.25 Baht per minute.



GSM iPhone Package

is designed for iPhone users who love online entertainment, such as online games and other applications. Prices start at 275 Baht per month for 150 minutes voice calls and 150 MB of 3G/EDGE/GPRS data volume. Customers can subscribe to unlimited 3G/EDGE/GPRS service together with 500 minutes voice calls for 839 Baht per month



GSM NET SIM

is a SIM for data users who want to access the internet via their handset. We offer both time-based and volume-based tariffs, starting from 149 Baht for 150 MB volume of 3G/EDGE⁺ internet usage.





AIS GSM 1800

GSM1800 targets customers who use basic voice services and offers attractive price plans.



Packages for new subscribers

Talk 0.99 Baht per 30 minutes

Customers can make voice calls for 30 minutes for 0.99 Baht with DPC network

Talk 0.99 Baht per minute

Customers can make voice calls to all networks paying 0.99 Baht per minute.

Save 125 Baht

Customers can make unlimited voice calls with DPC network from 5 AM to 5 PM for 125 Baht per month.

Save 249 Baht

Customers can make unlimited voice calls with DPC network from 10 PM to 6 PM for 249 Baht per month.

Packages for existing customers

GSM 1800 Basic Package

Existing customers can make a single rate voice call at 1 Baht per minute to all networks with 4 options, starting from 150 Baht for 150 minutes voice calls to 800 Baht for 800 minutes voice calls

Optional packages

Voice call options

Customers can choose from various options. From only 99 Baht per month, customers can make unlimited calls with DPC network from 5 AM to 5 PM or from 10 PM to 10 AM. Customers can call 1 specified number with DPC network from 9 PM to 6 PM for 99 Baht per month.

Non-voice options

Customers can use mobile internet, starting from 99 Baht for 30 MB volume of EDGE/GPRS.





AIS One-2-Call!

One-2-Call! means freedom, freedom of choice for teens, students and young professionals to express their individual lifestyles through an exciting range of customized services and products. AIS is also targeting elementary and secondary school students who are first time mobile phone users.



AIS One-2-Call!

AIS One-2-Call! focuses on “Freedom”, a brand concept to inspire customers to dream and create the impossible and make it happen. In 2011, AIS ran many activities for young people and students to get them involve with One-2-Call! Some of the products and campaigns we introduced in 2011 include:

“One-2-Call! Brand-age Award”

We encouraged an innovative thinking among youngster to be an entrepreneur while help developing local Thai products.

“Give 2 Gang”

This service allows customers to check usage, current balance, validity and make automatic credit transfers to up to five other phone numbers. In 2011, AIS was the first operator to implement this prepaid service in Thailand.

“One-2-Call! Sports 2”

One-2-Call! continues to offer a variety of privileges for prepaid customers when they topped up their prepaid credit. For example, customers could enter a lucky-draw campaign called “One-2-Call! Sports” and, for every 50 Baht credit, could get one chance to win one of ten Honda Brio’s car.



AIS One-2-Call! Promotion

One-2-Call! provides a variety of price plans, serving all customer segments. Customers can enjoy both main packages and on-top packages for both voice and non-voice services, all designed to support individual lifestyles.

Variety Voice Packages

One-2-Call! offers a wide range of voice packages, including low to high usage, on-network to off-network and group calling, all designed to match different lifestyles. To ensure customer satisfaction and manage SIM efficiently, new subscribers can change their packages simply by pressing *777 from their mobile phone.

All networks call

Love All Networks

Call to all networks at 2 Baht for the first minute and 0.50 Baht per minute for each additional minute

Very Simple

Call to all networks at 0.97 Baht per minute

Economical Call 12 Hours

Customers can call at 2 Baht for the first minute and 1 Baht per minute for each additional minute to all networks from 6 AM to 6 PM

Wan Yen

Designed for customers who usually call from 10 PM to 6 PM at 2 Baht for the first minute and 0.25 Baht per minute for each additional minute to all networks

On Network Call

Buffet-Day

Unlimited call with AIS network from 5 AM to 5 PM for 199 Baht per month

Buffet-Night

Unlimited call with AIS network from 10 PM to 10 AM for 159 Baht per month

Call free

Call with AIS network at 2 Baht for the first minute and 0.75 Baht for each additional minute

Call Gang

Call to numbers using this promotion at 0.25 Baht per minute for 19 Baht monthly fee

Segmented Customer Groups

S-Cool SIM

Designed for students to call with friends using the S-Cool SIM at 0.25 Baht per minute. Call outside the S-Cool SIM group at 0.99 Baht per minute. When customers top-up their credit, they will receive 60 days validity and AIS privileges such as discount at BTS sky train. Customers can create new groups and update new privileges via www.scoolclub.com



On-top Voice Package

Mao Mao

Mao Mao is variety of per-day packages that customers can choose. For example, customers can make unlimited calls within AIS network after midnight to 11 AM at 5 Baht per day. Besides, there are various packages for customers to choose such as 2 Days for 20 Baht package gives customers 25 minutes call to all networks or 30 Days for 300 Baht gives customers 400 minutes call to all networks.



Enjoy your online lifestyle

One-2-Call! has designed a comprehensive range of mobile data packages to suit everyone's needs. Customers can select from a choice of main packages, and then buy on-top services to match their specific data needs. In response to customer demand, AIS has also designed data services and products for smart devices, while other services, especially social networking, can be used on any non-smart devices.

One-2-Call! launched a Chat'nShare campaign to align and integrate all social networks and chat platforms. To create the best mobile data experience for our customers, One-2-Call! has identified several target groups and developed a range of customer specific data packages:

1. High-end teens using smartphones to connect with social networks. Best-in-class smartphone bundled with tailored tariff package by model. For example:

- **Smartphone Package** Prices start at 199 Baht per month for 200 MB of 3G/EDGE⁺ data volume, 100 SMS and 50 MMS
- **BlackBerry Package** Prices start at 300 Baht per month for 200 minutes all networks voice calls and unlimited Facebook and chat usage.
- **BlackBerry Package** tailored tariffs for different usage including 90 Baht for 3 Days unlimited GPRS usage. 79 Baht for 7 Days unlimited usage of Chat+Email or Chat+Facebook. 300 Baht per month for unlimited usage of Chat+Email or Chat+Facebook.

2. Value-for-money segment using Nokia handsets to connect with social networks.

Matching NOKIA Cool Pack with social networks

- **NOKIA Cool Pack** The package is made particularly for Nokia users. Prices start from 29 Baht to 79 Baht per week for Chat/Social networks/Email.

3. Mass market customers using feature phones to connect with social networks via various packages

- **Chat SIM** is designed for all model of mobile phone to connect with social networks. Price is at 17 Baht per week with calls to Chat SIM users at 0.50 Baht per minute.
- **AIS IM Plus** Price is at 49 Baht per week. Customers can use AIS IM Plus program which access to MSN, Facebook, Twitter, Mypace, Yahoo, Google Talk, ICQ, AOL and abber.
- **Social Plus Net** is designed for non-smartphone users to connect with social networks. Unlimited usage for Facebook, Twitter, Myspace, Hi5 via AIS Opera Mini browser and 3G/GPRS for 7 MB data volume.



4. Data package for smartphone, aircard and tablet Time base

- **2G Data package** connect through GPRS/EDGE⁺. Prices start from 30 Baht for 3 hours to 100 hours data usage for 350 Baht per month. Also, WiFi package are offered at 99 Baht per month.
- **Volume base 3G Data package** including 9 Baht per day for 10 MB 3G data volume 29 Baht per day for 60 MB 3G data volume 140 Baht per day for unlimited 3G data usage.





AIS Sawasdee

“Sawasdee” aims to serve first time mobile phone users who make few calls, but receive many calls from friends and family. With increasing network coverage and quality, Sawasdee customers continue to grow strongly in regional markets.

Building a Strong Relationship with Regional Customers

Sawasdee is committed to strong relations by developing close bonds with our customers. In 2011, we launched the new “Sawasdee Nan Jung” tariff package, along with a popular folk song called “Nan Jung”, sung by famous country singer to capture the targeted market.



Sawasdee Packages

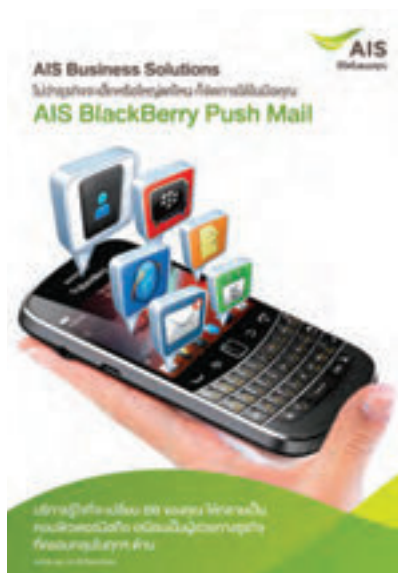
Sawasdee Nan Jung is designed to match the behavior of regional customers.

- Calls to all networks at 1 Baht for first minute and 2 Baht per minute thereafter
- Once money is refilled, customer will receive 60 days validity which can collect at maximum 365 day



AIS Business Solutions

AIS is the leading telecom solution provider in Thailand for large business and SME corporate customers, providing custom-made, dynamic solution to enhance business efficiency and competitiveness. Our large business customers group covers both government and private sector. We also set up dedicated teams for key business sectors such as financial sector, energy sector and automotive sector.



Corporate Customers

AIS constantly develops business solutions customized for individual business demands. Working with our strategic partners, AIS carefully analyzes our customers' requirements and current conditions to create tailor made solutions and services to maximize their business competitiveness. We also offer a range of customer privileges and other support campaigns throughout the year.

- **Mobile Marketing** Customers can advertise their products and services via mobile phones to their target groups quickly and for less cost. For example, AIS offers a Mobile SMS Banking service for financial institutions to send financial transaction passwords to customers. We also have a Mobile SMS/MMS Advertising service, so businesses can send news and promotions to their target groups quickly and on time.
- **Mobile Track & Trace** Using location-base technology and intelligent mapping, customers can locate the geographical position of their assets and staff accurately and promptly, thus allowing speedy reaction times specific to their business needs. This solution is especially useful for companies involved in logistics, transportation and insurance, where fast and safe operational response times are essential.
- **M2M Service** This solution enables communication from machine to machine (M2M). Using our nationwide speed, efficient, value for money GPRS/EDGE network, customers can transmit key data when they need to. This solution is especially useful for business applications and solutions relevant to transportation, fleet management, telemetering or mobile EDC.
- **Mobile Private Branch Exchange (MPBX)** This important business solution allows companies to use a mobile network for internal and external communication, while offering a significant cost saving for companies who no longer have to provide investment and equipment costs required for conventional Private Branch Exchange (PBX) telephony systems. An important plus, MPBX also allows businesses to communicate with staff and customers outside of the office, thus maximizing communication opportunities and potential.
- **Mobile Wallboard** This application enables handsets to display pictures or videos and transmit the content, including location and description to customers or end users' offices. In real-time, corporate customers can verify information through dedicated websites. Access to and use of real-time information increases the business competitiveness edge. It is particularly useful for the insurance business sector and government agencies responsible for disaster management.



- **SMEs Combo Package** AIS created this customized solution for all our SME customers and their individual requirements. The package includes voice call and SME specific solutions to increase business efficiency and save cost. For example, SME customers can send and receive their business emails by AIS BlackBerry Push Mail or, using AIS smart messaging, can send and receive SMS via their websites.
- **Corporate Data Roaming Packages** These packages include AIS Unlimited Data Roaming and AIS Hassle-Free Data Roaming, so our corporate customers can access and use data services in foreign countries without the worry of unexpected or high bills. AIS Unlimited Data Roaming provides an unlimited data roaming service in 21 key countries, while AIS Hassle-free Data Roaming offers a 20 MB data roaming service in 47 countries, which can save your SME up to 94% of normal cost. AIS also provides an AIS Smart Data Roaming package, which customers can use in 47 countries, saving up to 40% on standard rates.

Privileges for Corporate Customers

At AIS, we appreciate the value of our corporate customers. In 2011, AIS offered a number of specially designed privileges for our corporate users, such as the AIS eBusiness Portal, which allows authorized company administrators to check and verify AIS usage and transactions via a dedicated website at any time, making the monitoring and control of mobile expenses simple and efficient. In addition, AIS automatically allocated a Serenade Gold privilege to each corporate telephone number, which has usage over the agreed limit.

Corporate Relations Activities

We take the view that our corporate customers are AIS business partners. In 2011, we organized many key events - AIS Business Forum 2011, Thai Helps Thai, 2011 and Innovation Work Shops - to bring different business and corporations together to inspire and explore new business models, relationships and opportunities.

Customer Relationship and Customer Experience Management

In 2011, AIS worked with our business partners and we deliver a seamless, integrated Ecosystem service committed to providing excellence, while, at the same time, building and maintaining high value, long-term customer relationships. By offering outstanding products and services, comprehensive benefits packages and excellent customer service, we want our customers to enjoy a superior experience with AIS.

We know that everyone is an individual, and that fast changing mobile technology needs to suit our customers' diverse everyday lifestyles, while matching their future expectations. To meet these new challenges, AIS has undergone an important, exciting transformation. In September 2011, AIS rebranded to confirm our absolute commitment to our future and that of our customers. Our fresh new look logo and slogan, "Your World. Your Way" characterizes our revitalized commitment to delivering individualized, high quality customer focused solutions. To ensure that our customers experience the absolute best in customer service and get what they want, when they want it, AIS staffs are now even more insightful, helpful, innovative and professional than ever before.

Micro Segment Strategy for Customer Relationship Management (CRM)

AIS has developed customer relationship guidelines based on a segmented customer target group strategy. The CRM team explores the needs and lifestyles of all customer groups by analyzing usage patterns and detailed information to formulate customized solution based services. Due to the increasing popularity of smart devices and increasing use of mobile internet services with our customers, AIS now provides a range of smart, comprehensive services. For example:

- **New Smart Device Users:** To protect our customers from unintentional high bills and because some people may not know that their device can automatically connect to the internet, AIS sends a SMS to all customers to prevent accidental connection. Customers can turn on or turn off their EDGE and GPRS internet connection by simply pressing *129 #. AIS also advises customers on tailored packages to match their individual requirements.
- **High Data Usage:** Some customers may accidentally use more internet volume or connection time than their package allows. Therefore, AIS notifies customers to prevent unintentional charges. AIS has also introduced an Internet Worry Free service for accidental over usage in Thailand, capping any excess charge at 1,500 Baht per month.
- **Data Roaming Traveler:** Our customer services team advises customers abroad about the most appropriate data roaming package and sends regular usage alerts. Last year, AIS created the new Smart Roaming Menu *111#, whereby customers can check their packages, usage and roaming charges from foreign countries, charge free, 24 hours a day.

To enhance our CRM and better understand our customers, in 2011, AIS implemented the Interactive Customer Relation Management system to analyze customer's real time profile data whenever a customer contacts AIS. Using this data, AIS can promptly deliver customized products, services and privileges designed to fit individual customer lifestyles. AIS offers many products and services through Interactive CRM, such as eService, IVR and USSD, and which our customers really appreciate. In 2012, AIS will continue to build and develop this important customer centered service.



AIS Social Media Customer Contact Center

As the popularity of smart devices increases, so does the use of social media. Responding to this important change in customer behavior and the challenge of a new opportunity, AIS has established social media channels on Pantip webboards, Facebook and Twitter to support our customers.

Currently, Ma Boon Krong, a webboard on the Pantip webpage is the largest on-line community among mobile devices users in Thailand. AIS delegates staffs 24 hours a day to deal with and manage any web board inquiries and requirements with a response rate of 96% within one hour.

Furthermore, AIS has developed a comprehensive Facebook customer service to manage diverse customer groups; namely, AIS Privileges, AIS iPhone, AIS BlackBerry, GSM advance, One-2-Call! and Value Added Service. In August 2011, AIS opened AIS Call Center fan page on Facebook to provide the customers' groups with answers, solutions and advice. In the first three months, the usage rate grew more than 23% since opening. The Facebook fan page team continues to deal with increasing customer enquiries, a sure sign of the growing importance of social media as a customer service channel. AIS expects this phenomenon to continue.

Enhanced Services via AIS Touch Points

AIS has improved our Touch Points in response to customer demand and the advent of 3G. Our branches are expanding and upgrading with new equipment and facilities. To deliver an even better service, our staffs have been trained to meet the challenge of changing customer expectations and emergent technology. Here are some examples:

- **Shop Expansion:** AIS is refurbishing all our shops in line with our new brand personality. In 2011, we opened two new modern branches in key locations, Central Ladprao and Terminal 21 department stores, to reflect our commitment to changing, modern lifestyles. In 2012, we will continue to open new AIS shops and develop our existing outlets.
- **Experience Shop:** We have created a superior shopping experience for our customers, encouraging them to use AIS products and services. Our customers can use free WiFi and explore the latest smartphones with our smartphone experts, who will also advise on the best mobile package to suit their lifestyle and requirements.
- **Enabling Technology:** Last year, AIS established an automatic "Payment Kiosk" service, so customers can make payment 24 hours a day. This initiative has increased customer convenience and freedom to choose, while reducing queues in AIS Shops. We initially opened a payment kiosk at Fashion Island and the Mall, Bangkok in September, and we plan to open more in 2012. Additionally, AIS is the first telecommunication service provider in Thailand to introduce an "Express Data Transfer Tool" when customers want to change their device and need to transfer data. The tool can transfer data from one handset to another - regardless of different operating platforms - reducing data transfer time from 30 to 3 minutes. Additionally, last year, we launched the Hi-Speed Backbone system in all AIS shops to increase customer management efficiency and speed, resulting in a superior, more convenient customer experience.

- **Enhancing AIS Employee Skills:** AIS has established an AIS Device Expert in all our shops and call centers to support our customers' needs for the latest advice on smart device technology and related AIS services. In 2011, AIS employed 694 Device Experts in AIS shops nationwide, a significant increase from 305 staff in the previous year and 571 staffs in AIS call centers, another substantial increase from 228 in 2010. In 2011, AIS Shop achieved 217% growth in mobile handset and package sales revenue.

To meet growing customer demand, all Telewiz shops have now evolved into sales and service solutions centers or "One-Stop Shops", staffed by AIS trained device experts. Telewiz shops have also been redesigned to promote new products such as multimedia merchandise and smart devices. To increase shop staff efficiency and support a positive customer experience, Telewiz also uses AIS support systems such as Order Management, Quality Management, and High Speed Backbone. In 2011, mobile package sales revenue, generated by Telewiz shops, increased 62% from 2010.

Customer Care During the Flood

During the flood crisis in 2011, AIS helped and supported our customers to stay connected in a variety of ways. Understanding that people needed to stay in touch with each other, in the flood affected areas of Nakorn Sawan, Lop Buri and Ayutthaya, AIS provided 1 million AIS prepaid subscribers with free top up credit worth 30 million Baht, while extending bill payment time to November and validity for prepaid customers. At evacuation centers, AIS mobilized base station and established a range of free call services for flood victims and emergency teams, including telephone calls, mobile top up kiosks and SIM and One-2-Call! top up cards. We provided a free SMS service for our corporate customers to contact their customers and employees.

More than 200 AIS Call Center staff volunteered to work in the Flood Relief Operations Center (FROC) call center, 1111 extension 5, and we sent AIS volunteer teams to assist and coordinate with government agencies and other volunteers to help wherever necessary.



The Extraordinary Happens Every Day with AIS

To offer even more value for our customers, besides quality network and services, AIS created a variety of special privileges for everyone under the theme “The extraordinary happens every day with AIS”. To make sure every customer would benefit from this scheme, AIS extended its range of business alliances to cover 6000 retailers in 2011 and increased from 5,000 in 2010. This clearly paid off because by the end of the third quarter 2011, 52% more customers had used our privileges than in 2010.

- Privileges for AIS Customers:** We continued to offer special privileges targeting four customer lifestyles: Shopping, Dining, Entertainment, and Transportation. In 2011, we extended our core privileges to all customers nationwide and established specific privileges for customers living in different regions. For example, customers living in 19 provinces of the north eastern region, now receive privileges available at local department stores of Khon Kaen, Udon Thani, Nakhon Ratchasima and Ubon Ratchathani. Working with our business partners under the Branded Privileges scheme, we also offer differentiated bundled limited edition products and special discounts. Our discounted partner promotions include S&P Nong Aun-Jai moon cakes and Nong Aun-Jai boxes with Pizza Hut and Mister Donut.
- Serenade Privileges in 2011:** AIS Serenade members took full benefit of the “Always Exclusive” privilege scheme. Under the Serenade Exclusive Trip and Historical Venue travel experience program, members chose from three fabulous packages to three remarkable destinations; namely, “Myanmar, the Miracles of Faith,” “Laung Phrabang, World Heritage Living” and “India, the Mantra of Love”. Many customers took advantage of these wonderful, exclusive travel opportunities, so taking full advantage of this unique AIS privilege. Serenade also extended exclusive customer car parking to The Circle Rachapruk, Siam - Paragon, Siam Center and Paradise Park. For customers who love shopping, we gave our customers Serenade coupons to use at the famous Gourmet Market.



- AIS Device Privilege:** Last year, AIS made it easier for our customers to buy mobile phones by extending and developing its distribution channel network, so customers can now contact AIS call centers and use AIS online shopping to receive the latest up to date mobile device information. If Serenade customers upgrade their existing handset to become 3G compatible, they receive free calls to the value up to 2,100 Baht and a discount of up to 2,500 Baht if they purchase a new mobile phone. To make payment convenient and more affordable for customers, AIS worked with seven leading banks to set up a 10 month 0% interest installment program, which has since proven to be extremely popular with our customers. Using improved marketing techniques, AIS can now identify and target very specific customers segments to tap specific markets. Using this approach, last year, we launched the “Back to School” campaign aimed at teenagers and the “May Day Special” campaign for women blue collar employees. In August 2011, AIS ran the “AIS August Special-The Month of Giving” promotion, giving away 46 inch LCD TVs to nearly 48 lucky customers who had bought a new handset from AIS



- AIS Reward Program:** Continuing with our successful reward program in the past two years, this year, AIS celebrated our 21st anniversary by giving customers, spending more than 300 Baht a month, the opportunity to participate in “A chance to win ten thousand a day, a million every month” lucky draw with prizes worth over 21 million Baht. At present, there are about 14.4 million eligible customers in the program, an increase of 132% from 2010. Over the past three years, 53,000 AIS customers have won lucky prize winners with the reward program.



Distribution Channels

Distribution channels are central to our long-term sustainable growth; therefore, AIS has established an Ecosystem strategy, which allow us to work closely and productively with our channel partners. AIS sees this as essential to deliver high quality services to our customers. AIS continues to build long-term relationships with dealers to create nationwide distribution channels to ensure complete market penetration of all customer segments. About 97% of our all transactions are via dealers and electronic channels, while the remainder are through other dealers.

1) Dealers

With the “Quality DNAs” (Device, Network, Application, Service) philosophy in mind, AIS focuses on dealer quality and efficiency. Each dealer must be qualified and experienced to serve our customers and gain their loyalty in the long term. AIS assesses a potential dealer’s location, past performance and financial status to ensure their capability. Our qualified dealers must have local expertise and recognizable business reputation to position and develop our brand and positively engage our customers through an excellent standard of service. Dealers can be categorized into 6 groups.

1.1 “Telewiz” Dealers

AIS works with more than 100 Telewiz dealers who operate more than 450 Telewiz shops nationwide. Telewiz dealers have exclusive rights to sell products and services under AIS brand and to provide registration and payment services. Telewiz dealers will receive a sales margin and commission from customer subscription, plus marketing event budget from AIS. AIS supervises and advises on all quality issues, starting from site selection and development to advertising and sales promotion to guarantee Telewiz meets AIS quality standards.

1.2 General Dealers

AIS works with more than 500 general dealers nationwide, who have their own shops. The dealers are responsible for selling AIS products and services such as mobile phones, data-cards, starter-kits, prepaid refill cards and device accessories. In addition to sales margin, the dealers receive commission from customer subscriptions and a marketing budget from AIS.

1.3 Key Account and Modern Trade

AIS channels products and services via large nationwide distributors, such as Jay Mart, Blisstel, IEC, SAMART i-Mobile, TG and Bangkok Telecom. Modern trades outlets, such as Tesco Lotus, Power Buy, 7-Eleven, and IT stores such as iStudio, iBeat, Banana IT, IT City, also distribute our products and services. AIS has more than 50 key accounts and modern trade distributors, serving more than 10,500 locations throughout Thailand.

1.4 “Smart Shop”

AIS distributes products and services via Smart Shops located in more than 100 mobile and IT zones in high profile shopping malls across Thailand. Smart Shops offer postpaid subscription services and operate as retailer product distribution points.

1.5 One-2-Call! Dealers

Because more than 90 percent of AIS customers use prepaid (One-2-Call!), AIS develops long-term relationships with One-2-Call! dealers, both wholesalers and retailers, to guarantee comprehensive distribution of prepaid SIM and re-fill cards, increase sales area coverage and maximize market penetration. One-2-Call! dealers include:

1.5.1 Advanced Distribution Partnership (ADP): Qualified Telewiz and general dealers who have the potential to distribute AIS products in specific areas and have strong financial background. Currently, there are 91 ADPs. Each ADP is responsible for managing product distribution to Advanced Retail Shops (ARS) and supporting marketing events in each local area. ADPs receive performance based payment from AIS.

1.5.2 Advanced Retail Shop (ARS) is a key customer touchpoint. Currently, there are more than 25,000 ARSs, increasing in line with population and community growth. Each ARS receives a margin from SIM and prepaid top-up revenue, as well as compensation from AIS after achieving sales targets.

AIS also has other prepaid top-up channels, not directly related to telecommunications, such as bookstores, convenience stores, gas stations, retail CD and tape shops, shopping malls, superstores, post offices and banks, etc.

1.6 Distributors for GSM 1800

DPC, a subsidiary of AIS, distributes products and services for GSM 1800 through its distributors using the same model as postpaid GSM Advance.

2) Electronic Channels

AIS promotes electronic money top-up channels for prepaid customers and reduce scratch cards cost. Customers can top-up from as little as 10 Baht via electronic channels compared to a minimum of 50 Baht with a scratch card. AIS continues to develop a variety of electronic payment channels, such as automatic top-up machine, ATM, Phone Banking, Internet, and mPAY. Currently, AIS has more than 400,000 electronic top up channels and continues to increase from and 80% of top up money paid through electronic channels.



3) Direct sales

To enhance distribution channels and access customers more effectively, AIS implements direct sales approach by selecting potential dealers who has expertise in each area. AIS direct sales team is a key support for future market growth.



Industry and Competition in 2011 and Outlook in 2012

“ ...to capture market growth, operators have now turned their attention to focus on the growing importance of the non-voice market segment, which, in 2011, represented 20% of service revenue, compared to 17% in 2010 ”

Non-voice services are the growth engine

Year 2011 marked a changing phase of competition as non-voice services became widely available and were the focal point of competitive focus, while there was little competitive movement in the voice only market. The economy improved throughout the year whereas demand for mobile data grew outstandingly. Consequently, the telecom industry posted an impressive total revenue growth of over 10% YoY, with improved voice revenue while non-voice revenue increased more than 30% YoY. During 2011, even though there was some organic growth outside of Bangkok, overall growth in voice market was relatively subdued as it reached saturation with a high mobile penetration rate of 109%. Consequently, to drive and capture market growth, operators turned their attention to focus on the growing importance of the non-voice market. In 2011, non-voice services represented 20% of service revenue, compared to 17% in 2010 and 14% in 2009. In 2012, we believe that non-voice growth will gain significant momentum, especially as operators move to opening up regional markets.

“ ...mobile operators pushed ahead with data services and products, serving tech-savvy users in urban areas, while opening up significant emerging market segments... ”

Fill the appetite for smart device and social networking with enriched and various content and data services

Mobile technology is increasingly becoming an important part of everyday life for business and pleasure so, mobile data connectivity is more desirable than ever. With the explosion of social media access, we witnessed an increasing adoption of smart devices. We estimated that there was approximately 11% of subscribers in Thailand already owned smart devices.

During 2011, mobile operators pushed ahead with data services and products, serving tech-savvy users in urban areas, while opening up significant emerging market segments throughout Thailand. In response to the changing market, AIS, working with global device manufacturers, including Apple, Samsung, BlackBerry, and Nokia, offered its customers many brand exclusive handsets and data promotions targeting a wide range of customer segments from high-end to lower-end. There was various on-top social network packages including access to Facebook, Twitter, MSN and Hi5, as well as a range of unique data per-day tariff plans to fit individual behavior. Meanwhile, operators also focused on delivering locally produced customized applications, such as Thai language magazines via AIS Bookstore. As equally important, there has been the development of new applications to enhance mobile data usage for non-smartphone customers; for example, AIS Opera Mini and Nokia Cool Pack. Additionally, customer service is moving beyond traditional voice service and has been trained to service and support the use of new mobile data services and smart devices.

“ Despite higher Capex compared to 2010, operators continued to preserve financial liquidity for the upcoming 2.1GHz license auction ”

Low Capex cycle while waiting for the new 3G licenses

In 2011, Thailand’s mobile industry took a step nearer to the future by introducing 3G services in many areas and strengthening WiFi connectivity in high traffic locations. Although competition in the data market was very upbeat, price competition remained low key. Operators aggressively launched several marketing campaigns to attract customers, and competed to claim data network coverage in Bangkok and other key strategic cities throughout Thailand. Despite higher Capex compared to 2010, operators continued to preserve financial liquidity for the upcoming 2.1 GHz license auction, resulting in a low Capex level. The key regulatory development in late 2011 has paving a clearer path for new 3G licensing. The National Broadcasting and Telecommunications Commission (NBTC) has issued three draft master plan designed to manage and administer the key areas of frequency, telecom and broadcasting. These plans will go to public hearing in early 2012. Meanwhile, the NBTC also appointed a subcommittee to consider the forthcoming 3G auction, which is likely to take place in 2H12.

“ This vital change will unlock the expiring BTO contracts issue, ensure the long term business future of existing operators, and create a level playing field and transparency for the Thai telecom industry. ”

Moving to the new era of mobile industry amidst rising competition in non-voice market

Despite the growth of the non-voice market in 2011, operators were yet to maximize the full potential of data services due to several technical and commercial limitations. First of all, the non-standard spectrum band operators are developing are based on 900 MHz and 850 MHz, which means less variety of inexpensive compatible devices. Besides, these frequencies offer limited capacity and non-voice expansion due to current utilization under 2G technology. Also, the current business that runs on Built-Transfer-Operate (BTO) contracts are approaching their expiry dates, causing operators to delay investment until the 2.1GHz licenses are granted.

Year 2012 will mark a structural transition from the existing BTO based agreements with the state-owned enterprises like TOT and CAT towards a licensing regime under an independent regulatory body, the NBTC, that is absent from business conflict of interest. This vital change will unlock the expiring BTO contracts issue, ensure the long term business future of existing operators, and create a level playing field and transparency for the Thai telecom industry. The new environment will prompt operators to invest in, develop and launch new technologies. The issuance of new frequency licenses will enhance network capacity for long term growth, as well as support Thailand to adopt an efficient and standard technology at an appropriate price. This will create both economic and financial incentives for industry players to continue long term investment for nation telecommunication infrastructure. Most essentially, this will push information access to a new level via high speed network and more differentiated products and services. The essence is in new spectrum licenses to be auctioned by the regulator to make possible the change in new technologies and competitive structure. The industry players this year are closely following developments as mandated by the NBTC.

Today, as telecommunication technologies and customer demand evolve, people expect more mobile connectivity and better solutions. All operators will be hoping to capture this very lucrative market. The industry expects more people to use cheaper, smarter devices as prices continue to fall in the year ahead. At the same time, providers will need to offer high quality connectivity and social network solutions for non-smartphone customers. Operators will also offer more diversified solutions, matching individual customer lifestyles. Apart from tech-savvy users, providers also need to respond to the growing demand for data services by non-smartphone users and people living in the regions. Aside from working with established content partners, operators are also encouraging start-up developers to create new and innovative applications and content by holding application contests and awarding financial prizes for the best on offer. In 2010, there were not many domestic content providers in Thailand, but in 2011, the industry saw a significant increase in applications and content by Thai companies. This year, to match changing Thai lifestyles, we expect to see a wealth of Thai language applications, relevant to Thai people. By launching full 3G services in 2012, the industry expects a richer, more diverse and livelier application market, which will complement the demands of customers.

Risk Factors

At present, the situation is in a state of rapid change due to variety of factors. Therefore, risk management is the principle of good governance which is important to enable the Company to move forward steadily. It is imperative that AIS has effective and proactive management strategies to ensure the long and short-term viability of AIS.

AIS 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 Chairman of the Risk Management Committee, the Chief Executive Officers and the senior executives as the members of the committee, totaling 11 persons. In 2011, the committee held 3 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 AIS achieves set targets and the confidence of the shareholders and interested individuals including consideration whether the risk identifications have been changed and also economic conditions changed that may affect the Company.

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 AIS is able to achieve its objective. The risk factors, which may affect the operation results of AIS, are summarized as follows:

1. Regulatory and Government Policies Risk

1.1 Assignment of frequency for the operation of mobile cellular IMT 2.1 GHz or 3G

After The Supreme Administrative Court upheld an injunction order of the Central Administrative Court which has temporarily suspended the assignment of frequency for the operation of mobile cellular IMT 2.1 GHz and the process according to the Notification of the National Telecommunications Commission (NTC) on the Criteria and Procedures for the Assignment of Frequency for the operation of Mobile Cellular IMT 2.1 GHz, on 23 September 2010, the assignment of the frequency for the operation of IMT 2.1 GHz by NTC has been suspended pending the formation of the new NBTC and the formulation of the Telecoms and Frequency Master Plan.

On 7 October 2011, the 11 members of the National Broadcasting and Telecommunications Commission (NBTC) were appointed as defined in the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E. 2553. At present, NBTC is preparing to formulate a Telecommunications Master Plan, Frequency Management Master Plan and National Table of Frequency Allocations and ,also, study the process of licensing of use the spectrum for the operation of IMT 2.1 GHz which the speaker of NBTC has given an interview on Thairath Online Newspaper on 28 December 2011 that NBTC has agreed to set up the commission to prepare the readiness for the bid of 3G license to work in parallel with a public hearing in order to speed up the process and be able open the bid for 3G in the year 2012.

1.2 Organization regulating telecommunication and broadcasting business

On 19 December 2010, the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E. 2553 has been launched on 19 December 2010 to substitute of the previous 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.

On 7 October 2011, The 11 members of the National Broadcasting and Telecommunications Commission (NBTC) was appointed.

The Company cannot estimate whether the exercise of power, the scope of policies and regulations of NBTC in the future shall have a significant impact on the industry and 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 the Company after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprise 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 the Company 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 sector 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.”

In addition, the Coordinating Committee pursuant to Clause 22 has already submitted the opinion regarding the amendments of the Agreement of the Company to the Minister of the Information and Communications Technology.

The Company firmly believes in the principles and the grounds of the amendments of the Agreement that the Company has fully complied with the Jointly Undertake Work Agreement and all related laws including the principles of good governance. Thus, the Company believes that there shall be no material change which shall have an impact on the Company. However, the Company cannot foresee the outcome of the consideration on the part of the state and the cabinet, if the amendments of the Agreement of the Company are invalidated; this may result in a shortening 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 the Work of State Enterprise 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 Enterprise 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 (DTAC) to DPC and the entering into an agreement between DPC and CAT dated 19 November 1996 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 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 DTAC under the Digital PCN (Personal Communication Network) 1800 Service Agreement between CAT and DTAC. 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 the Work of State Enterprise. 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.”

In addition, the Coordinating Committee pursuant to Clause 13 has already submitted the opinion regarding the amendments of the Agreement of DPC to the Minister of the Information and Communications Technology.

The Company firmly believes in the principles and the grounds of the amendments of the Agreement that DPC has fully complied with the Jointly Undertake Work Agreement and all related laws including the principles of good governance. Thus, the Company believes that there shall be no material change which shall have an impact on the Company. However, the Company cannot foresee the outcome of the consideration on the part of the state and the cabinet, if the amendments of the Agreement of DPC are invalidated; this may result in a shortening of the term of the Agreement and an increase of revenue sharing which has to be additionally paid.

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 True Move Company Limited CAT Telecom Public Company Limited and with Digital Phone Company Limited, which have been approved by NTC. 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 licensee 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 (on 15 September 2010, the Central Administrative Court dismissed the case which filed by TOT for the revocation of NTC's Notification on the Use and Interconnect of Telecommunication Networks B.E. 2549, TOT has already submitted an appeal to the Supreme Administrative Court.), 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.

On 30 December 2008, the Company has remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of the Company to TOT. Later, the

Company and TOT had set up the negotiation committee to seek for the conclusion but it could not be done as TOT required the Company to pay revenue sharing calculated on gross interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company has to pay to other operators. Thus, on 26 January 2011, TOT sent a letter demanding the Company to pay the revenue sharing on the interconnection charges of the concession year 17 - 20 in the amount of Baht 17,803,381,680.57 plus interest at the rate of 1.25 per month. But the Company disagreed and sent a letter opposing the said claim to TOT and the Company has submitted the dispute to the Dispute Reconciliation Office, Arbitration Institute ref. no. Black 19/2554 on 9 March 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing.

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, the Alternative Dispute Resolution, and Office the Judiciary 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.

On 20 May 2011, the Arbitral Tribunal has resolved to dismiss the disputes by giving the reason which can be summarized that AIS had lawfully paid the revenue sharing. Therefore, AIS has not committed a breach of the agreement and AIS does not have to pay any additional revenue sharing to TOT.

TOT submitted an application to the Central Administrative Court to set aside the award of the Arbitral Tribunal. At present, the case is pending consideration of the Central Administrative Court.

1.5.2 The case between Digital Phone Company Limited (DPC), a subsidiary 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, the Alternative Dispute Resolution, and Office the Judiciary 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) Agreement 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 totalling Baht 3,410 million. Such claimed amount is the same amount of the excise tax which DPC has delivered during 16 September 2003 to 15 September 2007, and deducted from revenue sharing pursuant to the resolution of the cabinet on 11 February 2003 and as same as the standard practice of the telecommunication business industry.

On 1 March 2011, the Arbitral Tribunal has resolved to dismiss the dispute by giving the reason which can be summarized that the original debt had completely been paid and extinguished. CAT cannot re-claim for the alleged deficit amount, including the penalty and the value added tax.

CAT submitted an application to the Central Administrative Court to set aside the award of the Arbitral Tribunal. At present, the case is pending consideration of the Central Administrative Court.

1.6 Dispute between Digital Phone Company Limited (DPC), a subsidiary 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 Arbitration Institute, the Alternative Dispute Resolution, and Office the Judiciary 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 all disputed assets, towers and the equipments of Power Supply, are not the property

as stipulated in clause 2.1 of the Agreement which DPC is obligated to deliver and transfer under the Agreement.

DPC has submitted an objection to such demand and there has been an appointment of 5 arbitrators and **the case is pending ruling.**

1.7 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company and CAT Telecom Public Company Limited (CAT)

On 15 July 2010 CAT submitted a dispute (Case no. Black 62/2553) to the Arbitration Institute, the Alternative Dispute Resolution, and Office the Judiciary demanding DPC to pay additional remuneration for concession year 10-12 incurred due to DPC having reduced the roaming charge rate between DPC - the Company from Baht 2.10 to Baht 1.10 during the period of 1 April 2007 - 31 December 2008 without approval of CAT in the amount of Baht 1,640 million plus penalty calculating up to March 2010 in the amount of Baht 365 million totalling Baht 2,000 million and also the penalty at the rate of 1.25 per month calculating from April 2010.

On 12 September 2011, CAT submitted a further dispute of the concession year 12 (1 April 2009-15 June 2009) to the Arbitration Institute, the Alternative Dispute Resolution and Office the Judiciary (Case no. Black 89/2554) in the amount of Baht 113 million.

At present, the case is pending the process of submission of an objection by DPC according to arbitration procedures. The trial of the case may take several years. However, the management of the Company believes that the ruling of the Arbitration Panel of this case shall positively ease off as DPC has informed CAT of the application of the roaming rate of 1.10 Baht per minute since July 2006, (to which CAT has given a written approval of such application until March 2007 and has also given an approval during the period of January 2009 to March 2009, and during the disputed period CAT has never sent any refusal or objection to DPC. The roaming rate at 1.10 Baht per minute is also in conformity with market conditions where the rate of service charge has been lowered from the previous higher roaming service charge rate. Besides, DPC has also entered into a roaming agreement with the Company by using the rate of 1.10 Baht per minute as approved by NTC.

1.8 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company and TOT Public Company Limited (TOT)

On 9 May 2011, TOT has filed a lawsuit against CAT as the defendant no.1 and DPC as the defendant no.2 to the Central Administrative Court, case no.black-1009/2554 demanding CAT and DPC to jointly pay the Access Charge under the Interconnection Agreement of DPC dated 8 September 1998 as follows:

- 1) The Access Charge, which DPC has to pay to TOT calculating on the amount of the mobile number which DPC had rendered the service in each month at the of Baht 200 per number, in the amount of Baht 432,218,677.35;
- 2) The Access Charge, which CAT has to pay to TOT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 2,330,813,273.92; and
- 3) The Access Charge, which CAT did not fully pay to TOT due to the deduction of the Access Charge at the rate of Baht 22 / number / month, in the amount of Baht 191,019,147.89

The total amount of claim is Baht 2,954,051,099.16 plus interest. At present, the case is pending consideration of the Central Administrative Court.

The trial procedure of the Central Administrative Court may take several years. However, the management of the Company believes that DPC has no obligation to pay the Access Charge as claimed by TOT because DPC has already terminated the said Agreement with TOT by considering that the said Agreement is in violation of or contrary to the current law. Therefore, there shall unlikely be any material affect to the Company.

1.9 Risk if the Company is deemed to be foreign entity

As the Foreign Business Act B.E. 2542 (the FBA) regulates qualification of Thai companies and the proportion of foreign shareholding, the definition of “Foreigner” in the FBA is also applied in the Telecommunications Business Act B.E. 2544 (the TBA) in regards of the qualifications of applicant who applies for type 2 & 3 telecommunication licenses.

In 2006, the Ministry of Commerce (MOC) investigated nominee shareholding on behalf of foreigners in Thai companies including the major shareholders of Kularb Kaew

Co., Ltd. (Kularb Kaew), a Thai company holding shares in Cedar Holding Co., Ltd. (Cedar), Shin Corporation Plc.’s major shareholder. The issue is whether or not the major Thai shareholder of Kularb Kaew may hold shares on behalf of foreigners.

If Kularb Kaew is found to be a “foreigner” under the law, then Cedar could be deemed a “foreigner” and Shin Corporation Public Company Limited, the Company and DPC may be questioned over their ability to continue providing services in Thailand. Nevertheless, the Company believes that the Company has not committed any wrongdoing. However, the operating agreements between state agencies and the telecom companies in the group do not contain a clause limiting foreign shareholding.

According to the shareholders list of Kularb Kaew retrieved from the MOC on 16 February 2012, it showed all 7 shareholders of Kularb Kaew are Thai nationalities without any foreigner, and no court ruling has been judged in such case. The Company cannot ensure that whether or not the outcome of this case, any change in law or announcement will affect to the operating agreements and licenses held by the subsidiaries, and whether the existing legal principles relating to the definition of “foreigner” will be changed by future laws or regulations or will be subject to restrictions under the Foreign Dominance Announcement.

1.10 Laws relating to trade competition

Pursuant to the launch of laws with respect to the commercial competition namely Trade Competition Act B.E. 2542, 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 which causing the Company be considered the market dominator in mobile phone service business.

The Company cannot estimate whether the regulating authority shall have the policy or any measure to enforce on the Company in the future which may have a significant impact on the marketing operation of the Company or not.

1.11 In case of TOT Public Company Limited (“TOT”) demanding the payments of the additional revenue sharing with respect to Pre – paid Card services and the roaming service.

With reference to a letter ref. TOT ChorMor./41 dated 31 January 2011 of TOT to the Company demanding the Company to pay an additional revenue sharing for the reduction of revenue sharing rate with respect to pre-paid services amounting to Baht 29,534 million, the deduction of the cost relating to the roaming amounting to Baht 7,462 million. Therefore, TOT shall have no alternative but take legal action at the court. Then, the Company submitted a dispute relating to the reduction of revenue sharing rate with respect to pre-paid services and the deduction of the cost relating to the roaming, In accordance with the dispute resolution mechanism on the agreement, to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Justice Courts, case no. black 8.2554 on 11 February 2011. Later, On 22 August 2011 TOT sent a letter TOT ChorMor./150 , informing the cancellation of the letter ref. TOT ChorMor./41 dated 31 January 2011 which demanded the Company to make the mentioned payment by reason of some misunderstanding of the fact, and TOT has not yet proceeded according to the said letter, and the Amendments no.6 and 7 are still effective.

From the cancellation of its demand by TOT, the Company deems that there is no longer need of further arbitral procedures for the dispute by the Company. Therefore, on 3 October 2011, the Company has submitted a request to withdraw the dispute, case no. 8/2554. On 6 October 2011, the Arbitration Institute has sent a letter informing of the order granting the said withdrawal.

2. The risks associated with the market situation and competition

The Change of Customer’s Behavior

The change in usage behavior of customers who may be dropped in early 2012 due to the severe flooding has given a direct impact on industry trends in production and rising unemployment. Nonetheless, the measures to help after flooded restoration and the disbursement of funds under the preparation of the new budget year 2012 to increase the budget deficit to four hundred million Baht, including the policy of the government stimulus spending, as well as measures to help flood victims from various financial institutions, will encourage the recovery of private

consumption, especially the consumption of housing and factory reparation. This could further stimulate investor’s confidence in the restoration of production capacity which will lead to a positive effect on employment at the end.

The company has prepared for such situations with the adjustment of marketing strategy by means of offering products and services to meet behavior and environmental changes. The situation will be closely monitored for accurate assessment and the strategy can be adjusted accordingly for the ultimate goals which are to create value for our shareholders, customers and employees (stakeholders).

3. Operational Risk

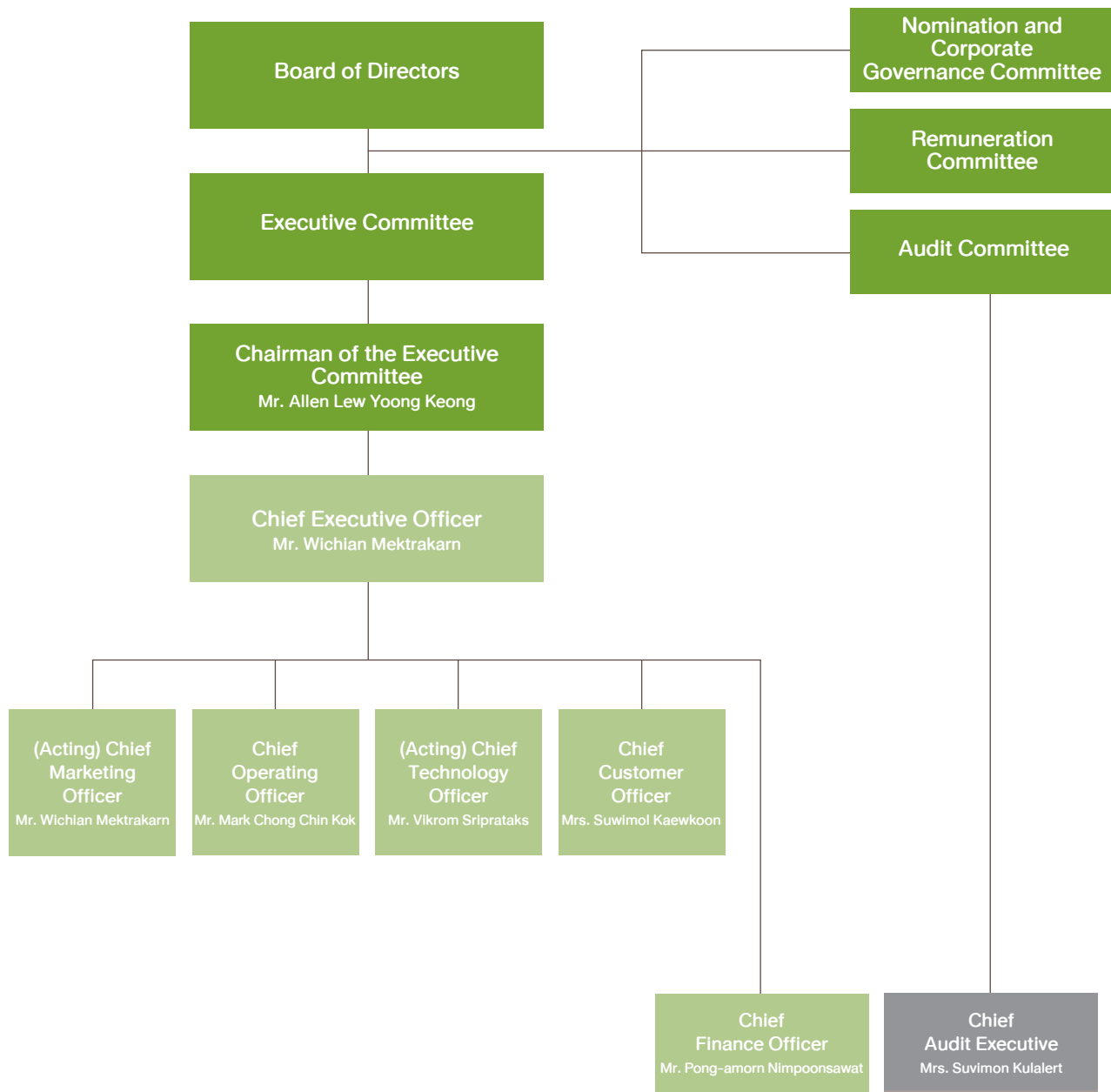
2011 Floods are among the most severe natural disasters of Thailand. The 2011 floods have caused loss of people’s lives and property in several areas from northern to central regions including Bangkok and its perimeter provinces. Moreover, flood trend in recent years has continually increased in frequency and intensity.

The Company has prepared for flood precaution and business continuity preparedness. The impact from the 2011 floods on the Company’s business and operations was manageable. The Company will continue to give precedence to have in place flood prevention and preparedness plan for aforementioned risk prevention and mitigation. Recently the Company has set up preparedness plans, divided into 3 stages. The first is the preparedness plan for flood prevention, which includes the elevation of base station, electric generators, and containers and following up by sandbag stacking. The second stage places significant on Business Continuity Plan: BCP. The final stage is flood recovery plan, namely, to recover base station and enterprise data service in industrial estate areas to enable network service instantly in flood recovery.

According to the severity of 2011 floods and trends of other natural disasters such as earthquake, tsunami, and landslide, **the Company recognized the necessity to embody knowledge, experience, and successful management from this flood event to apply and improve the existing plan for more effective performance in order to maintain the best network quality** in international standard acceptance. By so doing, it will also ensure the company’s continued readiness for future major floods and other natural disasters.

Management Structure and Corporate Governance

Management Structure of Advanced Info Service Public Company Limited



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 2011, there are 9 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. Allen Lew Yoong Keong | Director and Chairman of the Executive Committee |
| 7. Mr. Yeo Eng Choon | Director |
| 8. Mr. Ng Ching-Wah | Director and Member of the Executive Committee |
| 9. Mr. Vikrom Sriprataks | Director and Vice-Chairman of the Executive Committee |

The Authorized Directors are

Mr. Somprasong Boonyachai, 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 2011, there were 7 regular meetings and 4 special 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 2011, there are 5 members of the Executive Committee as follows:

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| 1. Mr. Allen Lew Yoong Keong | Chairman of the Executive Committee |
| 2. Mr. Vikrom Sriprataks | Vice-Chairman of the Executive Committee |
| 3. Mrs. Suphajee Suthumpun ^{1/} | Member of the Executive Committee |
| 4. Mr. Kim Siritaweechai | Member of the Executive Committee |
| 5. Mr. Ng Ching-Wah | Member of the Executive Committee |

^{1/} Appointed to replace Mr. Arak Chonlatanon effective on 4 August 2011.

The Executive Committee will convene the meeting every month. In 2011, the Executive Committee convened a total of 11 regular meetings 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 2011, 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.

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| 1. Mr. Aviruth Wongbuddhapitak ^{1/} | Chairman of the Audit Committee and Independent Director (Attended a total of 12 meetings) |
| 2. Mrs. Tasanee Manerot ^{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 2011, the Audit Committee convened a total of 11 meetings and 1 extra meeting 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 2011, there are 3 members of the Remuneration Committee as follows:

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|--------------------------------|--|
| 1. Dr. Paiboon Limpaphayom | Chairman
(Attended a total of 4 meetings) |
| 2. Mr. Aviruth Wongbuddhapitak | Member
(Attended a total of 4 meetings) |
| 3. Mr. Somprasong Boonyachai | Member
(Attended a total of 4 meetings) |

In 2011, the Remuneration Committee convened 4 meetings to consider the remuneration policy and remuneration amounts of independent directors and other directors for the year 2011, 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 2011, 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 2011, there are 3 members of the Nomination and Corporate Governance Committee as follows;

- | | |
|------------------------------|--|
| 1. Dr. Paiboon Limpaphayom | Chairman
(Attended a total of 4 meetings) |
| 2. Mr. Somprasong Boonyachai | Member
(Attended a total of 5 meetings) |
| 3. Mr. Surasak Vajasit | Member
(Attended a total of 5 meetings) |

In 2011, the Nomination and Corporate Governance Committee held 5 meetings to consider appointment of the Company's Directors and determine their authoritative power to replace the three (3) 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 2011, the Company's Management Team is as follows:

- | | |
|--------------------------------|--|
| 1. Mr. Allen Lew | Chairman of the Executive Committee |
| Yoong Keong | |
| 2. Mr. Wichian Mektrakarn | Chief Executive Officer and (Acting) Chief Marketing Officer |
| 3. Mr. Vikrom Sriprataks | (Acting) Chief Technology Officer |
| 4. Mrs. Suwimol Kaewkoon | Chief Customer Officer |
| 5. Mr. Mark Chong Chin Kok | Chief Operating Officer |
| 6. Mr. Pong-amorn Nimpoonsawat | Chief Finance Officer |

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 (7 persons) was Baht 13,257,103 which was comprised of monthly allowance, meeting allowance and bonus payments. Executive director did not receive remuneration as directors.

Policy of remuneration as approved by general meeting of shareholders in 2011 shall not exceed Baht 13,500,000.

Policy on Remuneration for Directors for the Year 2011

Director	Monetary Remuneration for 2011 (Baht)		
	Monthly Retainer	Meeting Allowance	Annual Remuneration
Board			
• Chairman	200,000	X	✓
• Member	50,000	25,000	✓
Audit Committee			
• Chairman	25,000	25,000	✓
• Member	X	25,000	✓
Nomination and Corporate Governance Committee			
• Chairman	10,000	25,000	✓
• Member	X	25,000	✓
Remuneration Committee			
• Chairman	10,000	25,000	✓
• Member	X	25,000	✓
Executive Committee			
• Chairman	10,000	25,000	✓
• Member	X	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 Policy above is the same as that of the year 2009.

The remuneration for seven (7) of the Company's Directors in 2011 is as follows:

Name of Current Directors	Position	Remuneration for 2010 (Baht)
1. Dr. Paiboon Limpaphayom	Chairman of the Board of Directors	2,850,000
2. Mr. Aviruth Wongbuddhapitak	Chairman of the Audit Committee	3,100,000
3. Mr. Surasak Vajasit	Audit Committee	2,225,000
4. Mrs. Tasanee Manerot	Audit Committee	2,150,000
5. Mr. Dusit Nontanakorn (Passed away) ^{1/}	Director	841,438
6. Mr. Ng Ching-Wah	Director	1,925,000
7. Dr. Arnon Tubtiang ^{2/}	Director	165,665
Total		13,257,103

^{1/} Meetings 3 attendances and passed away on 6 September 2011.

^{2/} Resigned from director's position on 11 February 2011

2) Remuneration for management team

The total amount of remunerations for 7 of the management team as of 31 December 2011 was calculated at Baht 101.59 million comprising of salary, bonus and provident fund and other benefits. The management team means Executive Committee and the Company's 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.

At the present, all grants of ESOP program have expired.

Report of Interest

The Company has arranged for all directors, executive directors and executives as defined by SEC to report of interest upon appointment, or if there is any change and review at the year end.

Training and Development

The Company conducted an orientation for a director duly appointed on 18 February 2011, as well as provided seminar entitled Turn Risks and Opportunities into Perspectives on 10 October 2011.

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 26 March 2010 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: 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. However, the Board has adopted a general policy that as regards independent directors who have completed a total of nine (9) years or three (3) consecutive terms, the Board shall review their respective independent qualification each year.

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, in the event such professional advisor is a juristic entity, 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 2011, the Board of Directors convened a total of seven regular and four special meetings with attendances as detailed below:

1. Dr. Paiboon Limpaphayom	11/11 attendances
2. Mr. Aviruth Wongbuddhapitak	10/11 attendances
3. Mrs. Tasanee Manorot	11/11 attendances
4. Mr. Surasak Vajazit	9/11 attendances
5. Mr. Dusit Nontanakorn ^{1/}	3/11 attendances
6. Mr. Allen Lew Yoong Keong	1/11 attendance
7. Mr. Yeo Eng Choon	7/11 attendances
8. Mr. Vikrom Sriprataks	9/11 attendances
9. Mr. Somprasong Boonyachai	11/11 attendances
10. Mr. Ng Ching-Wah	9/11 attendances
11. Dr. Arnon Tubtiang ^{2/}	0/11 attendance

^{1/} Passed away on 6 September 2011

^{2/} Resigned from director's position on 11 February 2011

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 programmed 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 2011, the Company held its Annual General Meeting of Shareholders on 31 March 2011 during 10.00 - 12.00 hours at the World Ball, 23rd Floor Centara Grand & Bangkok Convention Centre at Centralworld 999/99 Rama 1 Rd., Pathumwan, Bangkok 10330. 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 2011 Annual General Meeting of Shareholders, during November 2010 to January 2011, 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 Stakeholders

The Company is aware of the rights of stakeholders who may wish to offer in writing any suggestions, report unfair treatment, illegal acts, or any activity that infringes the Company's Business Ethics, to the Company Secretary at the following address :

Advanced Info Service Public Company Limited
Company Secretary Office
414, 1st Floor, Intouch Tower,
Phaholyothin Rd, Samsen Nai, Phayathai,
Bangkok 10400
or email to companysecretary@ais.co.th

All suggestions, complaints or reports shall be forwarded to the related parties and all actions taken reported to the Board of Directors^{1/}

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 (66) 2299 5014 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, Environment and Compliance with Universal Declaration on Human Rights

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.

The Company believes and encourage respect for human rights and fundamental freedom of person by compliance with Universal Declaration on Human Rights and other international principals.^{1/}

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 Baht 5,000; 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 30 days 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 and

Whistle Blower Protection

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 established the Reporting and Investigation of Misconduct and/or Fraud and Whistle Blower Protection Policy in which any director, executive and staff member can report a case of fraud, dishonest practice or non-compliance with business ethics.

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.^{1/}

^{1/} Amended and effective 25 March 2011

Policy on Use and Disclosure of Inside Information

The Company is strongly committed to the responsible and transparent use of internal data to glean best practices for the betterment of Company operations. In doing so, the Company is resolved to adhere to 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 to ensure the business transparency. 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 that has significant impact to the stock price and 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 30 days prior to the date of the Company's results announcement date.
- The Company is responsible for announcing to the public information regarding key Company decisions and/or actions, instantly and thoroughly, via appropriated 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 congruent with the rules and regulations set out by the Stock Exchange of Thailand and Disclosure policy.
- Directors and executives shall report all securities ownership issued by the Company, including those that pertain to self, spouses, and/or underage children, to the Securities and Exchange Commission and to the Board of Director on 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 related departments including Accounting, Finance, Investor Relations, and Compliance.
- Investor Relations Department avoids discussing forward-looking statement or giving any comments on information of less than 6 months in order to comply with the SET rules and international best practices, however the long-term view regarding company's strategic direction and business trend can be discussed.
- Investor Relations Department declares quiet period to investor communities 30 days ahead of result announcement date. During the corporate silence period, the Company refrains from answering any inquiries in regards to the upcoming financial results and the Company guidance. Exception is made only to discussion of factual business information, clarifications of disclosed information, new events concerning share price sensitive information, and long-term business operations. Any arranged meetings with analysts and/or investors are not encouraged in this period, and shall strictly be confined to discussion only on long-term business operations.
- The Company has a disclosure policy to provide the official procedures for information disclosure. The policy is developed based on principles that disclosure of corporate information shall be in compliance with applicable legal and regulatory requirements. Disclosure of all corporate information shall be accurate, adequate, timely and consistent, regardless of whether it has a positive or negative impact on the Company, the investors or the market. All material non-public information shall be disclosed in a manner which ensures fair and equitable access by all investors. The policy stipulates responsible positions, levels of disclosure and communication procedures. The policy reinforces standard of disclosure and ensure principles of market efficiency.

Internal Control, Risk Management and Internal Audit

Internal Control and Risk Management

AIS (the Company) has an efficient management system in place throughout the organization, which aligns and integrates Governance, Risk Management and Compliance, including the crucial areas of Strategy, Process, People, Technology and Structure, to drive the Company's key strategic goals, achieve optimum efficiency and effectiveness and ensure sustainable development.

To achieve the Company's objectives and accomplishments and add value to the Company's stakeholders, the Company assigns essential Internal Control and Risk Management mechanism, and related roles and responsibilities to all staffs. In addition, the Company clearly defines management and staff operating authority at all levels in accordance with relevant internal and external regulations and laws, covers financial control, operations, management, and supervision. Furthermore, the Company has determined that all employees must adopt the Control Self-Assessment (CSA) system to identify and mitigate risks to an acceptable level. CSA is designed to encourage employees to take continuous personal responsibility for self-assessing risk and developing internal control systems to strengthen the effectiveness of the internal control and risk management systems and provide reasonable assurances to the achievement of the following objectives:

1. Strategies and objectives are clearly stated, practical and aligned with the Company's mission.
2. Outcomes are achieved to stated objectives, while resources are managed and used efficiently and economically.
3. All reports, including financial, management and operational information are accurate, reliable and timely.
4. Business operations are in line with the Company's policies, regulations, laws, and other related rules both internal and external to the Company.
5. Appropriate safeguarding systems are implemented to protect physical assets, personnel and information systems data.
6. Established closely governance system with an effective quality management system.
7. Continuous high quality improvements are made to operations regarding personnel, equipment assets and operating systems.
8. Control Self-Assessment is properly implemented in all crucial processes throughout the organization.

The Company has proper and effective internal control and risk management systems, aligned with the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management (COSO-ERM) concept, which relate to business operations and management processes within the Company. The eight enterprise risk management components are as follows:

1. Internal Environment

The Company encourages and promotes a good working environment by setting policy and planning, executing, controlling and monitoring all business activities. The Company has also established a suitable organizational structure, according to business size and operations, which complies with its Corporate Governance Policy and adheres to its business philosophies and ethics, written in the Code of Business Ethics. The Company has appointed a Business Ethics Committee, with the Chief Executive Office as the Chairman and senior management as committee members, to conduct its business in compliance with good corporate governance policy. The Company has also established a Fraud Whistleblower Protection Policy to support and protect any staffs who may have any concerns regarding any aspect of company business and who feel that action is necessary to serve and protect the Company's interests. The Company expects all senior management to be honest and ethical and act as role models for all employees. All stakeholders are treated with fairness and respect and in such a way that adheres to good corporate governance principles. Employee authority and responsibility are also clearly determined at each level; additionally, the Risk Management Committee is appointed in writing with defined roles and responsibilities, including the continuous and systematic assessment of risk management processes and procedures. The Company communicates to employees at all levels to understand and define its risk appetite level to ensure that the Company has well-defined internal control and risk management systems, which can effectively prevent or reduce any loss and damage that may occur. Consequently, the Company will be able to achieve the defined objectives efficiently and effectively.

The Company has also placed great emphasis on employee development and emgagement, by establishing a professional Corporate Culture. The Company provides and encourages a fair and clearly defined evaluation and remunerations standard, Individual Development Plans

and a wide range of training opportunities. The Company aims to support and reward personal development and growth, competence and knowledge building and participation and morale within the Company, while encouraging employees to meet business goals and international standards of excellence.

2. Objective Setting

The Company provides each department and employees with clearly written stated objectives and goals, including strategies, operations, reporting, and rules and regulations compliance. These objectives and goals align with the overall Company's mission at its risk appetite level. Furthermore, the Company updates business plans, strategies, and objectives, according to the current situation and changing risk factors.

3. Event Identification

The Company properly and systematically identifies events or risk factors that may negatively influence the Company's objectives both at 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 risks. The Company also routinely monitors results to ensure that the Company has identified risk factors likely to affect any change (at each operational level) and regularly reports to management and other relevant parties.

4. Risk Assessment

The Company deploys systematic risk assessment tools and methods. The Company provides the risk management manual for best practice and sets varying levels of appropriate risk assessment criteria. The Company also assesses the quality and quantity of risk factors by considering the Company's risk appetite by applying two aspects of assessment: the potential loss or damage in the event of risk occurrence (impact) and the probability of risk occurrence (likelihood). The Company uses both measures to determine risk levels as high, medium, or low.

5. Risk Response

The Company has in place a continuous and systematic risk management process. The Company plans strategic responses to risk at the individual and overall level by considering either avoiding, reducing, sharing, or accepting the risk as appropriate to the Company's interests. Equally,

the Company always considers the most cost efficient and most effective methods to manage high risk, thereby reducing the overall likelihood and impact of that particular risk. The Company also has an effective internal control system, which is suitable for handling any changing risks.

6. Control Activity

The Company has a clearly stated policy and procedural process to define key control activities at each level of operations that concentrate on preventive control activities. The evaluation of internal control and its results are reported regularly to ensure that the risk management method or control activity is practical and meets objectives, including those of quality and timeliness.

In addition, senior management periodically review the policies and procedures, including control activities, in accordance with the current situation and any changing risk to ensure they still meet the Company's objectives.

7. Information and Communication

The Company has an information network system that connects across the organization to support business decisions and initiatives. It also has an effective information security system, including a contingency plan to protect the information system when there are serious incidents that may cause system failure. The Company has a practical contingency plan. Furthermore, the Company deploys an audit trail system that can track back and review historical data. The Company also maintains an information system to analyse data and indicate any risk area, for which comprehensive records and reports are available.

Equally, the Company has an efficient and effective communication channel network 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 practices, can be effectively communicate between management and employees. In addition, the Company also provides a direct and efficient communication channel for other stakeholders.

8. Monitoring

The Company tracks and monitors business performance by regularly comparing with targets or key performance indicators (KPIs) defined at each level. The monitoring performance system, including independent internal audit, external audit review and independent appraisal closely monitors process and staff performance to ensure that the internal control system is effective and responsive to risk factors in an appropriate and timely manner.

The Company has established a system to monitor risk management results and an alert system to ensure that risk management is effectively aligned with its risk appetite. The Company deploys a continuous reporting system for each management level, including senior management. The Company also holds regular meetings for the Board of Directors and senior management to monitor business performance and assess whether business objectives are being achieved.

In an ever changing business environment, risk management is essential to support the Company goals. Accordingly, to prepare and build for the future, it is important that the Company has a risk management policy and mechanism in place to build strength and prepare for upcoming future so that the Company can manage risks properly and sustain business status.

The Company emphasizes the importance and value of risk management. Therefore, the Company appoints the Chairman of the Executive Committee as the Chairman of the Risk Management Committee, together with the Chief Executive Officer and senior management as members of the committee, totaling 11 members. In 2011, the Risk Management Committee met three times to identify 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 enabled the Company to accomplish its goals and strategies and create confidence for all shareholders and stakeholders. The Risk Management Committee continuously revises any change to any risk factors.

The Risk Management Committee follows up the accomplishment of risk management by considering the

management action plans and the reliable measured results of the plans. At each meeting, the responsible management reports the results of risk managements approach which identified in the previous meeting to the Risk Management Committee to discuss whether risk level has been successfully mitigated, thus resulting in effective risk management.

Every quarter, the Risk Management Committee submits risk management report results to the Audit Committee, the Board of Directors and the Executive Committee for closely monitoring to ensure that its risk appetite is acceptable 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.

At the Board of Director’s Meeting No. 2/2012 on 9 February, 2012, the Board of Directors and the Audit Committees has assessed the internal control system and related processes during 2011 by reviewed the effectiveness of internal control process and by questioned the management. The result from the adequate evaluate found that the Company has implemented an appropriate and effective Internal Control System.

In addition, KPMG Phoomchai Audit Limited, the Company’s external auditor in 2011, evaluated the effectiveness of the Company’s internal control system and concluded that there were no material deficiencies.

Internal Audit

The Internal Audit Office performs its duties independently and objectively and reports functionally and directly to the Audit Committee and administratively to the Chief Executive Officer. The Company regularly updates the Internal Audit Charter (vision, mission, strategy, scope, objectives, responsibilities, accountability and authority), and also updates the Internal Audit Manual as its primary source of reference. This ensures that the Internal Audit Office conforms to the International Standards for the Professional Practices of Internal Auditing (Standards) and delivers a high standard of service with due professional care to support the Company’s good corporate governance policy and practice, adding value to both the Company’s stakeholders and the Company’s sustainable development.

The Internal Audit Office evaluates and improves the effectiveness of internal control, risk management and governance processes according to annual audit plan. The Internal Audit Office creates an annual audit plan, approved by the Audit Committee, after consideration of overall objectives, strategies, mission, and the Risk Based Audit Approach, including key control points and management opinions. The Internal Audit Office also consults and advises on CSA, project development, and risk management, etc. to ensure that company performance follows its strategies and achieves its goal and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to ensure the effective and continuous improvement of internal control, risk management, and governance processes.

The Internal Audit Office conducts a quality assessment review at least once every five years. In 2011, the Company approved a budget for the Quality Assessment Review and appointed an external independent assessor to review its structure, resources, the efficiency and the effectiveness of internal audit activities, conformance with the standards, code of ethics, technologies, staff competencies, development plan and training, roles and responsibilities to support the Company's mission. The external assessor evaluated the Internal Audit Office by comparing it with international standards, best practices, and related benchmarking with other outstanding performance companies.

The external assessor rated the Internal Audit Office as 'generally conforms' in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards), and has also performed remarkably well in relation to qualitative benchmarking against high performing internal audit functions internationally.

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 is to ensure that risk identification and risk assessment are accurate and appropriate, and that a systematic risk management approach is implemented to manage at the Company's risk appetite level, report in a timely manner and monitor regularly.

In assessing the effectiveness of internal control, the Internal Audit Office has developed an adequate evaluation questionnaire for each internal control process, according to the COSO-ERM framework, which is used to review the performance of each operation. The Internal Audit Office also supports each department to perform regular Control Self-Assessments in each procedure to ensure that the Company's objectives are achieved efficiently and effectively, rules and regulations are strictly adhered to and that financial reports are accurate and reliable.

In assessing the effectiveness of governance, the Internal Audit Office performs regular corporate governance evaluation, according to principles of good corporate governance set by of the Organization for Economic Co-Operation and Development (OECD) and the Stock Exchange of Thailand (SET). This ensures that the Company provides the necessary infrastructure and processes to support good corporate governance, transparency, fairness for all and accomplishes its objectives by using resources effectively to ensure the greatest benefit for all concerned stakeholders.

In assessing external and internal fraud risks management, the Internal Audit Office performs fraud risk assessments and events identification and then evaluates the possibility of external and internal fraud. The Internal Audit Office also considers the most effective measures to prevent and control risk to ensure that the Company achieves its objectives.

In assessing Self-Control Approach of employees (CSA), the Internal Audit Office provides a comprehensive self-assessment support service for employees and departments by offering individual counseling, group-training workshops and effective assessment tools. This encourages employees to develop a well-controlled and effective operating system to manage key risks effectively, and in a timely manner. In addition, this also ensures that each business process is achievable within the period specified.

Furthermore, the Chief Audit Executive (CAE) acts as the secretary to the Audit Committee to support the effective achievement of its responsibilities and ensure accountability, as assigned by the Board of Directors in the Audit Committee by holding a meeting every month.

Additionally, to provide professional advice to the Company, the CAE is a member of the Risk Management Committee, the Information Security Committee, the Sustainable Development Committee, and Whistleblower Program Implementation Team.

The Internal Audit Office adheres to the International Professional Practices Framework (IPPF), the International Standards for the Professional Practice of Internal Auditing, COSO-ERM and ISO 31000. In the information systems, the Internal Audit Office also holds CobiT 4.1 IT Governance framework, ISO 17799 and The IIA GTAG (Global Technology Audit Guide) to ensure that the Company's information systems are secure and adequately monitored. In addition, all internal auditors perform their duties independently and objectively, according to the IIA Code of Ethics.

In addition, the Internal Audit Office seeks to improve the quality of internal audit services by conforming to the International Standards for the Professional Practices of

Internal Auditing and by acting in an appropriate professional manner. To maintain and develop an excellent standard of service, every year, the Internal Audit Office is assessed by an internal assessment team and, every five years, by a qualified independent reviewer. All Internal Audit Office staffs participate in an annual Individual Development Plan to identify and manage key competencies and career opportunities. Each staff is therefore encouraged to study a range of professional programs to become qualified at different levels. At present, there are five Certified Internal Auditors (CIA), three Certified Information System Auditors (CISA), one Certified Information Systems Security Professional (CISSP), three Certified Public Accountants (CPA) and one Tax Auditor (TA) in the Internal Audit Office. The rest of the staffs are studying CIA, CISA, CCSA (The Certification in Control Self-Assessment), and CFE (Certified Fraud Examiners).

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 2011 and 2010, 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 2011 (Million Baht)		31 December 2010 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
1. Shin Corporation	The Company pays a dividend to INTOUCH who is the major shareholder.					The Company pays a dividend to INTOUCH in proportion of shareholding percentage. The propose of dividend by the Board of Directors must be approved at the Annual General Meeting of Shareholders. * INTOUCH hold long-term debenture through private funds, managed by independent fund manager.
Public Company Limited (INTOUCH)/						
INTOUCH is a major shareholder, holds 40.45%, and Mr. Somprasong Boonyachai is a joint director.	1. Service income	0.17	0.18	0.51	0.51	
	2. Other income	0.29	0.51	0.71	0.52	
	3. Interest expense	0.33	0.33	0.29	0.29	
	4. Dividend paid	10,223.43	10,233.43	21,862.22	21,862.22	
	5. Debenture*	7.30	7.30	7.30	7.30	
	6. Trade account receivable	0.24	0.41	0.08	0.10	
	7. Amount due from related parties	-	-	0.09	0.09	

Related parties/Relation to the Company	Detail of transactions	31 December 2011 (Million Baht)		31 December 2010 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
2. Thaicom Public Company Limited (THAICOM)/ INTOUCH 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 THAICOM 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. Accrued expenses from related parties 6. Trade account receivable 7. Amount due from related parties 8. Accrued income from related parties	2.33 - 51.12 - 4.39 0.18 - -	2.75 0.02 51.12 - 4.39 0.22 - 0.03	5.52 0.25 53.72 4.55 4.30 0.36 0.15 -	5.89 0.26 53.72 4.55 4.30 0.36 0.15 0.48	THAICOM is the only satellite operator in Thailand. The Company is charged at the same rate as with external customers.
3. Matchbox Company Limited (MB)/ INTOUCH is a major shareholder, holds 99.96%, and joint directors 1. Mr. Somprasong Boonyachai 2. 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. Advertising expenses and other service expenses 4. Trade account payable 5. Amount due to related parties 6. Accrued expenses from related parties 7. Trade account receivable	0.09 - 1,089.04 - 59.17 299.85 -	0.09 - 1,199.42 - 65.11 322.02 0.02	0.40 0.15 782.96 - 58.52 135.06 0.03	0.40 0.20 863.44 0.42 60.88 142.78 0.03	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;
4. Teleinfo Media Company Limited (TMC)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiaries 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. Accrued expenses from related parties 6. Trade account receivable 7. Amount due from related parties	2.08 0.02 21.72 1.27 - 0.59 -	2.08 0.03 55.97 3.79 1.98 0.61 -	2.36 - 59.85 4.42 - 0.45 1.17	2.36 - 60.18 4.46 - 0.49 1.17	TMC has a specialization in providing information for mobile phone value added service. The Company pay 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%.

Related parties/Relation to the Company	Detail of transactions	31 December 2011 (Million Baht)		31 December 2010 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
5. I.T. Applications and Services Company Limited (ITAS)/ INTOUCH is a major shareholders, holds 100% and Mr. Somprasong Boonyachai is a joint director.	The Company and its subsidiaries hire ITAS for solution and application development including SAP system services. 1. Service income 2. Other service expenses and advertising expenses 3. Trade account payable 4. Amount due to related parties 5. Accrued expenses from related parties 6. Trade account receivable 7. Amount due from related parties	0.01	0.01	0.51	0.51	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. currently at not exceeding 50%.
6. Group of SingTel Strategic Investments Private Limited (SingTel)/ SingTel is a major shareholder of the Company, holds 23.32%.	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. Other income 3. Service expense 4. Salary and other remuneration 5. Dividend paid 6. Trade account payable 7. Amount due to related parties 8. Accrued expenses from related parties 9. Trade account receivable 10. Accrued income from related parties	535.88	560.87	523.98	535.31	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.

Related parties/Relation to the Company	Detail of transactions	31 December 2011 (Million Baht)		31 December 2010 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
7. CS Loxinfo Public Company Limited (CSL)/ INTOUCH is an indirect major shareholder.	CSL provides the internet service to the Company and subsidiaries 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 8. Accrued income from related parties	1.27 0.03 4.67 0.13 0.32 0.10 - -	73.57 4.64 9.14 0.18 0.33 7.09 0.07 0.72	1.69 0.01 6.91 0.35 0.34 0.18 - -	88.00 3.92 5.62 0.46 0.34 11.27 0.15 0.87	CSL provides internet service and charge the Company at the same rate as with external customers.
8. AD Venture Public Company Limited (ADV)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiary hire ADV for their content service providing for the Company and its subsidiary's customers. 1. Service income 2. Other service fee 3. Service expenses 4. Trade account payable 5. Accrued expenses from related parties 6. Trade account receivable 7. Accrued income from related parties	12.60 0.03 0.14 0.03 - 1.01 -	12.60 1.57 406.48 35.88 33.31 1.18 0.14	4.62 0.32 107.27 - - 0.80 -	5.73 1.63 321.30 31.80 28.19 1.64 0.02	ADV has a specialization in designing and creating website with variety contents which suit to the Company and its subsidiary's need. The Company and its subsidiary pay the service charge by the percentage based on revenue from customers which depend on the type of service. Rate charge to the Company and its subsidiary are not exceed 50% and are comparable with other content providers.
9. DTV Service Company Limited (DTV)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiary hire DTV to create website. 1. Service income 2. Other income 3. Service expenses 4. Trade account payable 5. Trade account receivable	0.24 0.04 0.02 - 0.02	0.24 0.04 1.96 0.24 0.02	0.56 - 0.36 0.44 0.02	0.56 - 0.36 0.60 0.02	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 2011 (Million Baht)		31 December 2010 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
10. Lao Telecommunications Company Limited (LTC)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiaries have cooperated with LTC to provide international roaming. 1. Service income 2. Service expense 3. Trade account payable 4. Accrued expenses from related parties 5. Trade account receivable 6. Accrued income from related parties	0.57 6.14 1.61 0.46 - -	7.92 14.87 2.07 1.20 0.67 0.66	6.76 21.24 - 0.39 0.27 -	9.01 31.88 0.88 1.37 0.47 0.27	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.
11. Mfone Company Limited (Mfone)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiaries have cooperated with Mfone to provide international roaming. 1. Service income 2. Service expense 3. Trade account payable 4. Accrued expenses from related parties 5. Trade account receivable	0.29 13.14 3.78 2.47 -	0.37 13.80 3.78 2.91 0.08	0.53 13.16 1.57 2.13 -	0.53 13.16 1.57 2.13 -	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.
12. ITV Public Company Limited (ITV)/ INTOUCH is a major shareholder, holds 52.92%. *ITV ceased its operation since 7 March 2550.	ITV hold long-term debenture through private funds, managed by independent fund manager. 1. Debenture 2. Interest expense	46.00 3.26	46.00 3.26	46.00 2.22	46.00 2.22	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.

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 2011. 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 statements of financial position as at 31 December 2011 and 2010, and the related statements of income, comprehensive 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 2011 and 2010 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 Financial Reporting Standards.

As explained in notes 2 and 3 to the financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly.



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

Bangkok, 9 February 2012

Statements of Financial Position

Advanced Info Service Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(In Baht)			
Assets					
Current assets					
Cash and cash equivalents	6	18,360,810,159	10,451,397,637	5,471,762,207	3,000,298,507
Specifically-designated bank deposits	7	3,526,166,019	2,166,364,942	-	-
Current investments	8	726,544,423	4,219,392,053	-	2,200,000,000
Trade accounts receivable	5, 9	7,037,320,112	5,659,772,641	11,586,341,092	7,197,795,672
Other receivables	5, 10	2,327,576,494	2,261,461,714	1,176,419,255	1,190,749,616
Short-term loans to related parties	5	-	-	8,105,000,000	5,531,000,000
Inventories	11	1,087,089,847	1,126,829,904	128,226,831	229,802,121
Other current assets		112,352,407	67,979,025	-	49,125,402
Total current assets		33,177,859,461	25,953,197,916	26,467,749,385	19,398,771,318
Non-current assets					
Investments in subsidiaries	12	-	-	9,468,143,007	20,274,106,435
Other long-term investments	8	106,426,634	106,328,860	93,160,750	93,160,750
Property, plant and equipment	13	7,616,337,080	7,089,206,080	2,098,799,586	2,863,135,098
Assets under the Agreements for operations	14	36,504,751,799	48,175,672,650	35,568,045,158	46,650,771,452
Swap and forward contracts receivable	35	-	1,221,272,496	-	1,221,272,496
Goodwill	15	34,930,692	1,576,929,030	-	-
Other intangible assets	16	2,275,008,742	2,764,376,071	232,856,937	449,389,178
Deferred tax assets	17	6,421,927,942	9,932,807,518	5,938,633,620	9,087,499,383
Other non-current assets		535,076,567	527,985,116	473,763,478	478,452,585
Total non-current assets		53,494,459,456	71,394,577,821	53,873,402,536	81,117,787,377
Total assets		86,672,318,917	97,347,775,737	80,341,151,921	100,516,558,695

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

Statements of Financial Position (Continued)

Advanced Info Service Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(In Baht)			
Liabilities and equity					
Current liabilities					
Trade accounts payable	5, 19	3,520,283,467	2,471,919,954	2,078,448,378	2,979,357,429
Other payables	5, 20	6,058,796,384	5,409,723,318	6,759,299,843	5,650,113,931
Short-term loans from related parties	5	-	-	-	9,100,000,000
Current portion of long-term borrowings	18	5,469,182,948	15,882,669,151	5,464,368,870	15,876,644,203
Accrued revenue sharing expenses	1	4,592,603,933	3,327,856,055	3,365,439,241	2,785,945,107
Unearned income - mobile phone service		2,363,614,681	2,375,891,574	2,539,879,055	2,626,566,145
Advanced receipts from customers		2,674,396,229	1,521,180,341	-	-
Income tax payable		4,897,346,350	4,123,932,547	3,298,492,768	3,035,447,122
Other current liabilities		158,217,251	172,191,966	92,113,966	70,254,589
Total current liabilities		29,734,441,243	35,285,364,906	23,598,042,121	42,124,328,526
Non-current liabilities					
Long-term borrowings	18	16,536,660,676	20,477,608,549	16,525,557,064	20,463,044,121
Employee benefit obligations	21	422,439,790	382,650,065	345,186,090	314,207,343
Swap and forward contracts payable	35	368,506,180	-	368,506,180	-
Other non-current liabilities		146,718,086	11,035,426	48,890,910	-
Total non-current liabilities		17,474,324,732	20,871,294,040	17,288,140,244	20,777,251,464
Total liabilities		47,208,765,975	56,156,658,946	40,886,182,365	62,901,579,990
Equity					
Share capital	22				
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		2,973,095,330	2,970,076,139	2,973,095,330	2,970,076,139
Additional paid-in capital					
Premium on ordinary shares	22	22,372,276,085	22,172,703,369	22,372,276,085	22,172,703,369
Advanced receipts for share subscription		-	13,847,554	-	13,847,554
Retained earnings					
Appropriated					
Legal reserve	24	500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		13,245,952,355	15,073,156,600	13,609,598,141	11,958,351,643
Other components of equity	25	162,342,895	161,150,048	-	-
Equity attributable to owners of the Company		39,253,666,665	40,890,933,710	39,454,969,556	37,614,978,705
Non-controlling interests		209,886,277	300,183,081	-	-
Total equity		39,463,552,942	41,191,116,791	39,454,969,556	37,614,978,705
Total liabilities and equity		86,672,318,917	97,347,775,737	80,341,151,921	100,516,558,695

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

Statements of Income

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(In Baht)			
Continuing operations					
Revenues					
Revenues from rendering of services and equipment rentals	5	113,256,789,024	101,989,954,007	107,147,435,479	97,456,755,440
Revenue from sale of goods	5	13,180,445,480	9,349,204,676	619,707,064	395,438,408
Total revenue		126,437,234,504	111,339,158,683	107,767,142,543	97,852,193,848
Cost					
Cost of rendering of services and equipment rentals	30	(40,138,059,157)	(39,235,925,365)	(46,372,351,976)	(40,956,247,261)
Revenue sharing expense	1	(24,468,705,424)	(21,553,115,498)	(21,813,158,388)	(20,245,090,023)
Cost of sale of goods		(11,613,185,793)	(7,974,074,425)	(618,294,991)	(366,146,674)
Total cost		(76,219,950,374)	(68,763,115,288)	(68,803,805,355)	(61,567,483,958)
Gross profit		50,217,284,130	42,576,043,395	38,963,337,188	36,284,709,890
Selling and administrative expenses					
Selling expenses	30	(2,826,418,989)	(2,324,234,859)	(2,474,195,454)	(2,148,469,600)
Administrative expenses	30	(8,291,300,405)	(7,515,391,898)	(8,233,303,942)	(7,849,923,060)
Total selling and administrative expenses		(11,117,719,394)	(9,839,626,757)	(10,707,499,396)	(9,998,392,660)
Profit from sales, services and equipment rentals					
		39,099,564,736	32,736,416,638	28,255,837,792	26,286,317,230
Investment income	5,12,27	632,771,027	376,788,793	9,781,587,625	4,484,118,323
Other operating income	28	253,955,098	302,371,805	410,235,126	411,196,266
Impairment loss of assets	15	(1,541,998,338)	(1,560,000,000)	-	-
Net foreign exchange gain (loss)		46,780,462	(2,802,494)	49,559,456	(37,098,465)
Management benefit expenses	5	(116,151,741)	(113,953,650)	(115,806,740)	(113,623,650)
Finance costs	5,31	(1,665,626,981)	(1,753,001,731)	(1,774,181,774)	(1,758,202,360)
Profit before income tax expense		36,709,294,263	29,985,819,361	36,607,231,485	29,272,707,344
Income tax expense	32	(14,364,870,299)	(9,353,031,381)	(10,911,070,104)	(7,588,319,297)
Profit for the year		22,344,423,964	20,632,787,980	25,696,161,381	21,684,388,047
Profit attributable to:					
Owners of the Company		22,217,710,638	20,513,501,542	25,696,161,381	21,684,388,047
Non-controlling interests		126,713,326	119,286,438	-	-
Profit for the year		22,344,423,964	20,632,787,980	25,696,161,381	21,684,388,047
Earnings per share					
Basic earnings per share	33	7.48	6.91	8.65	7.31
Diluted earnings per share		7.48	6.91	8.65	7.31

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

Statements of Comprehensive Income

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
	(In Baht)			
Profit for the year	22,344,423,964	20,632,787,980	25,696,161,381	21,684,388,047
Other comprehensive income				
Net change in fair value of available-for-sale investments	1,192,847	(198,555)	-	-
Other comprehensive income for the year, net of income tax	1,192,847	(198,555)	-	-
Total comprehensive income for the year	22,345,616,811	20,632,589,425	25,696,161,381	21,684,388,047
Total comprehensive income attributable to:				
Owners of the Company	22,218,886,143	20,513,305,874	25,696,161,381	21,684,388,047
Non-controlling interests	126,730,668	119,283,551	-	-
Total comprehensive income for the year	22,345,616,811	20,632,589,425	25,696,161,381	21,684,388,047

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

For the years ended 31 December 2011 and 2010

		Consolidated financial statements										
		Issued and paid-up share capital	Share premium	Advance receipts for share subscription	Retained earnings		Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity
					Legal reserve	Unappropriated	Gain on dilution of investment	Fair Value changes in available-for-sale investment	Total other components of equity			
	Note	(in Baht)										
Balance at 1 January 2010 - as reported		2,965,443,054	21,838,007,639	-	500,000,000	46,146,426,494	161,186,663	161,940	161,348,603	71,611,225,790	199,793,204	71,811,018,994
Impact of changes in accounting policies	3	-	-	-	-	(251,381,311)	-	-	-	(251,381,311)	(2,934,259)	(254,315,570)
Balance at 1 January 2010 - restated		2,965,443,054	21,838,007,639	-	500,000,000	45,895,045,183	161,186,663	161,940	161,348,603	71,359,844,479	196,858,945	71,556,703,424
Transactions with owners, recorded directly in equity												
Issue of ordinary shares	22, 23	4,633,085	334,695,730	-	-	-	-	-	-	339,328,815	600	339,329,415
Advanced receipts for share subscription	23	-	-	13,847,554	-	-	-	-	-	13,847,554	-	13,847,554
Dividend received from subsidiaries		-	-	-	-	-	-	-	-	-	(15,962,902)	(15,962,902)
Dividends to owners of the Company	5, 34	-	-	-	-	(51,335,390,125)	-	-	-	(51,335,390,125)	-	(51,335,390,125)
Total transactions with owners, recorded directly in equity		4,633,085	334,695,730	13,847,554	-	(51,335,390,125)	-	-	-	(50,982,213,756)	(15,962,302)	(50,998,176,058)
Comprehensive income for the year												
Profit		-	-	-	-	20,513,501,542	-	-	-	20,513,501,542	119,286,438	20,632,787,980
Other comprehensive income		-	-	-	-	-	-	(198,555)	(198,555)	(198,555)	-	(198,555)
Total comprehensive income for the year		-	-	-	-	20,513,501,542	-	(198,555)	(198,555)	20,513,302,987	119,286,438	20,632,589,425
Balance at 31 December 2010		2,970,076,139	22,172,703,369	13,847,554	500,000,000	15,073,156,600	161,186,663	(36,615)	161,150,048	40,890,933,710	300,183,081	41,191,116,791

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

Statements of Changes in Equity (Continued)

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

		Consolidated financial statements										
		Issued and paid-up share capital	Share premium	Advance receipts for share subscription	Retained earnings		Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity
					Legal reserve	Unappropriated	Gain on dilution of investment	Fair Value changes in available-for-sale investment	Total other components of equity			
Balance at 1 January 2011 – as reported		2,970,076,139	22,172,703,369	13,847,554	500,000,000	15,358,480,919	161,186,663	(36,615)	161,150,048	41,176,258,029	303,414,211	41,479,672,240
Impact of changes in accounting policies	3	-	-	-	-	(285,324,319)	-	-	-	(285,324,319)	(3,231,130)	(288,555,449)
Balance at 1 January 2011 – restated		2,970,076,139	22,172,703,369	13,847,554	500,000,000	15,073,156,600	161,186,663	(36,615)	161,150,048	40,890,933,710	300,183,081	41,191,116,791
Transactions with owners, recorded directly in equity												
Issue of ordinary shares	22, 23	3,019,191	199,572,716	(13,847,554)	-	-	-	-	-	188,744,353	300	188,744,653
Reduction in share capital of a subsidiary		-	-	-	-	-	-	-	-	-	(159,433,132)	(159,433,132)
Dividend received from subsidiaries		-	-	-	-	-	-	-	-	-	(57,577,298)	(57,577,298)
Dividends to owners of the Company	5, 34	-	-	-	-	(24,044,914,883)	-	-	-	(24,044,914,883)	-	(24,044,914,883)
Total transactions with owners, recorded directly in equity		3,019,191	199,572,716	(13,847,554)	-	(24,044,914,883)	-	-	-	(23,856,170,530)	(217,010,130)	(24,073,180,660)
Comprehensive income for the year												
Profit		-	-	-	-	22,217,710,638	-	-	-	22,217,710,638	126,713,326	22,344,423,964
Other comprehensive income		-	-	-	-	-	-	1,192,847	1,192,847	1,192,847	-	1,192,847
Total comprehensive income for the year		-	-	-	-	22,217,710,638	-	1,192,847	1,192,847	22,218,903,485	126,713,326	22,345,616,811
Balance at 31 December 2011		2,973,095,330	22,372,276,085	-	500,000,000	13,245,952,355	161,186,663	1,156,232	162,342,895	39,253,666,665	209,886,277	39,463,552,942

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

Statements of Changes in Equity (Continued)

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

		Separate financial statements					
	Note	Issued and paid-up share capital	Share premium	Advance receipts for share subscription	Retained earnings		Total equity
					Legal reserve	Unappropriated	
Balance at 1 January 2010 - as reported		2,965,443,054	21,838,007,639	-	500,000,000	41,817,399,102	67,120,849,795
Impact of changes in accounting policies	3	-	-	-	-	(208,045,381)	(208,045,381)
Balance at 1 January 2010 - restated		2,965,443,054	21,838,007,639	-	500,000,000	41,609,353,721	66,912,804,414
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	22, 23	4,633,085	334,695,730	-	-	-	339,328,815
Advanced receipts for share subscription	23	-	-	13,847,554	-	-	13,847,554
Dividends to owners of the Company	5, 34	-	-	-	-	(51,335,390,125)	(51,335,390,125)
Total transactions with owners, recorded directly in equity		4,633,085	334,695,730	13,847,554	-	(51,335,390,125)	(50,982,213,756)
Comprehensive income for the year							
Profit		-	-	-	-	21,684,388,047	21,684,388,047
Total comprehensive income for the year		-	-	-	-	21,684,388,047	21,684,388,047
Balance at 31 December 2010		2,970,076,139	22,172,703,369	13,847,554	500,000,000	11,958,351,643	37,614,978,705

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

Statements of Changes in Equity (Continued)

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

		Separate financial statements					
		Issued and paid-up share capital	Share premium	Advance receipts for share subscription	Retained earnings		Total equity
					Legal reserve	Unappropriated	
	Note	(In Baht)					
Balance at 1 January 2011 - as reported		2,970,076,139	22,172,703,369	13,847,554	500,000,000	12,188,992,444	37,845,619,506
Impact of changes in accounting policies	3	-	-	-	-	(230,640,801)	(230,640,801)
Balance at 1 January 2011 - restated		2,970,076,139	22,172,703,369	13,847,554	500,000,000	11,958,351,643	37,614,978,705
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	22, 23	3,019,191	199,572,716	(13,847,554)	-	-	188,744,353
Dividends to owners of the Company	5, 34	-	-	-	-	(24,044,914,883)	(24,044,914,883)
Total transactions with owners, recorded directly in equity		3,019,191	199,572,716	(13,847,554)	-	(24,044,914,883)	(23,856,170,530)
Comprehensive income for the year							
Profit		-	-	-	-	25,696,161,381	25,696,161,381
Total comprehensive income for the year		-	-	-	-	25,696,161,381	25,696,161,381
Balance at 31 December 2011		2,973,095,330	22,372,276,085	-	500,000,000	13,609,598,141	39,454,969,556

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

Statements of Cash Flows

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(In Baht)			
Cash flows from operating activities					
Profit for the year		22,344,423,964	20,632,787,980	25,696,161,381	21,684,388,047
<i>Adjustments for</i>					
Depreciation		2,510,884,993	2,694,405,963	1,501,073,660	1,967,268,149
Amortisation of intangible assets		15,164,388,039	16,365,882,022	13,678,663,115	14,773,058,513
Impairment loss of assets	15	1,541,998,338	1,560,000,000	-	-
Investment income	5,12, 27	(632,771,027)	(376,788,793)	(9,781,587,625)	(4,484,118,323)
Finance costs		1,665,626,981	1,753,001,731	1,774,181,774	1,758,202,360
Doubtful accounts and bad debts expense		611,378,641	589,118,375	594,038,471	641,198,230
Allowance for obsolete and write-off inventories		8,098,710	(6,690,306)	5,994,337	10,763,470
Allowance for obsolete assets		27,181,987	-	-	-
(Gain) loss on disposals and write-off of assets		(2,835,085)	84,168,542	(5,561,446)	84,559,705
Unrealised (gain) loss on exchange		1,173,285	3,580,143	(99,435)	4,531,429
Income tax expense		14,364,870,299	9,353,031,381	10,911,070,104	7,588,319,297
Cash provided by operation before changes					
in operating assets and liabilities		57,604,419,125	52,652,497,038	44,373,934,336	44,028,170,877
Changes in operating assets and liabilities					
Specifically-designated bank deposits		(1,359,801,077)	(1,260,444,340)	-	-
Trade accounts receivable		(1,973,663,744)	(664,717,884)	(4,968,475,805)	(1,556,624,552)
Other receivables		91,093,163	(312,480,267)	83,063,196	529,343,241
Inventories		31,641,347	(332,888,564)	95,580,954	(44,012,853)
Other current assets		(44,372,997)	(63,426,842)	49,125,402	(49,031,352)
Swap and forward contracts receivable		71,803,506	(4,455,820)	71,803,506	(4,455,820)
Other non-current assets		(7,091,452)	150,215,682	4,689,107	155,773,604
Trade accounts payable		813,001,036	951,225,248	(1,112,098,246)	1,719,777,061
Other payables		757,650,942	698,210,526	1,219,136,263	552,284,171
Accrued revenue sharing expenses		1,264,747,878	257,974,696	579,494,134	163,165,831
Unearned income - mobile phone service		(12,276,893)	(474,831,416)	(86,687,089)	(474,685,606)
Advanced receipts from customers		1,153,215,888	867,205,697	-	-
Other current liabilities		7,850,030	104,411,324	43,687,867	3,456,333
Other non-current liabilities		19,302,329	28,833,773	17,253,068	21,462,600
Cash generated from operating activities		58,417,519,081	52,597,328,851	40,370,506,693	45,044,623,535
Income tax paid		(10,201,076,273)	(7,732,401,100)	(7,499,158,695)	(6,665,979,216)
Net cash from operating activities		48,216,442,808	44,864,927,751	32,871,347,998	38,378,644,319

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

Statements of Cash Flows (Continued)

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(In Baht)			
Cash flows from investing activities					
Interest received		619,822,954	378,656,344	473,486,126	301,861,765
Purchase of property, plant, equipment and computer software		(3,168,272,347)	(2,334,230,461)	(819,593,465)	(845,844,524)
Sale of property and equipment		12,543,202	26,685,555	276,101,029	1,690,142,498
Purchase of assets under the Agreements for operations		(2,538,991,345)	(2,489,222,965)	(2,305,566,615)	(2,364,383,528)
Net changes increase of short-term loans to subsidiaries		-	-	(2,574,000,000)	(3,301,000,000)
Net changes (increase) decrease in current investments	8	3,494,040,477	(4,021,585,593)	2,200,000,000	(2,200,000,000)
Net changes (increase) decrease in other long-term investments	8	(97,773)	2,999,470,914	-	1,999,600,000
Net changes (increase) decrease of investment in a subsidiary	12	-	-	10,805,963,427	(50,999,400)
Dividend received from subsidiaries		-	-	9,263,129,565	4,159,376,724
Net cash from (used in) investing activities		(1,580,954,832)	(5,440,226,206)	17,319,520,067	(611,246,465)
Cash flows from financing activities					
Interest paid		(1,747,634,309)	(1,678,693,144)	(1,868,789,907)	(1,698,039,009)
Other finance costs paid		(32,442,393)	(46,558,661)	(27,939,524)	(35,288,082)
Finance lease principal payments		(22,285,511)	(24,977,447)	(15,971,823)	(20,294,281)
Repayments of short-term loans from a subsidiary		-	-	(9,100,000,000)	9,100,000,000
Repayments of long-term borrowings		(14,050,081,600)	(486,147,730)	(14,050,081,600)	(486,147,730)
Proceeds from long-term borrowings		1,199,500,000	-	1,199,500,000	-
Proceeds from issue of ordinary shares		188,744,653	339,329,415	188,744,353	339,328,815
Share capital reduction paid to non-controlling interests		(159,433,132)	-	-	-
Advanced receipts for share subscription		-	13,847,554	-	13,847,554
Dividend paid		(24,102,492,181)	(51,351,353,027)	(24,044,914,883)	(51,335,390,125)
Net cash used in financing activities		(38,726,124,473)	(53,234,553,040)	(47,719,453,384)	(44,121,982,858)
Net increase (decrease) in cash and cash equivalents					
		7,909,363,503	(13,809,851,495)	2,471,414,681	(6,354,585,004)
Cash and cash equivalents at 1 January		10,451,397,637	24,261,229,193	3,000,298,507	9,354,863,572
Effect of exchange rate changes on balances held in foreign currencies		49,019	19,939	49,019	19,939
Cash and cash equivalents at 31 December		18,360,810,159	10,451,397,637	5,471,762,207	3,000,298,507
Supplemental disclosures of cash flow information					
Non-cash transactions					
Outstanding debts arising from investment in property, plant and equipment and assets under the Agreements for operations		760,459,229	445,409,862	542,185,166	286,045,149

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

Notes to the Financial Statements

Advanced Info Service Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 9 February 2012.

1. General information

Advanced Info Service Public Company Limited “the Company”, is incorporated in Thailand and has its registered office at 414 INTOUCH Tower, 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 40.45% (2010: 42.55%) of the share capital of the Company. SingTel Strategic Investments Pte Ltd. is a shareholder holding 23.32% (2010: 21.29%) 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 equipment 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 2011, TOT owns 48.12% of ADC's total shares (2010: 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 equipment 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 2011, DPC paid the revenue sharing to CAT in a total amount of Baht 10,353 million (2010: Baht 8,383 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 ELECTRONIC PAYMENT SERVICES 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").

11) The operation of OPERATING IN LAND AND BUILDING SPACE RENTAL AND SERVICE, AND RELATED FACILITIES.

12) The operation of OPERATING IT, AND CONTENT AGGREGATOR BUSINESS.

Details of the Company's subsidiaries as at 31 December 2011 and 2010 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
Advance Internet Revolution Co., Ltd.	Operate in internet business	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
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 electronic payment and cash card	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	99.99
Advanced Mobile Broadband Co., Ltd.* (*Indirect subsidiary)	Not start operation	Thailand	99.99	99.99
Fax Lite Co., Ltd.	Operate in land and building space rental and service, and related facilities	Thailand	99.97	99.97
MIMO Tech Co., Ltd.	Operate IT, and content aggregator businesses.	Thailand	99.99	99.99
Advanced Broadband Network Co., Ltd.	Not start operation	Thailand	99.97	-

2. Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group’s/Company’s operations and effective for accounting periods beginning on or after 1 January 2011.

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TFRS 2	Share-based Payment
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits

The adoption of these new and revised TFRS has resulted in changes in the Group's/Company's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed as follow:

TFRS	Topic	Year effective
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management expects to adopt and apply these new and revised standards in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised standards adoption in the period of initial application. These standards are as follows:

TAS 20 - Accounting for Government Grants and Disclosures of Government Assistance

TAS 20 describes accounting for, and disclosure of, government grants and other forms of government assistance.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has made a preliminary assessment of the potential initial impact of adoption these new and revised standard adoptions in accordance with the FAP's announcement. The adoption of these new and revised standards shall have on material impact on the consolidated and separate financial statements in the period of initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

Note 4(t)	Current and deferred taxation
Note 9	Allowance for doubtful accounts
Note 11	Allowance for obsolete inventories
Note 13	Utilisation of property, plant and equipment
Note 14	Utilisation of asset under the Agreement for operation
Note 15	Key assumptions used in discounted cash flow projections
Note 16	Utilisation of intangible assets
Note 21	Measurement of defined benefit obligations
Note 35	Valuation of financial instruments
Note 37	Provisions and contingencies

3. Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group/Company has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Accounting for property, plant and equipment
- Accounting for borrowing costs
- Accounting for employee benefits
- Accounting for share-based payment

Details of the new accounting policies adopted by the Group/Company and the impact of the changes on the financial statements are included in notes 3(b) to 3(i) below.

(b) Presentation of financial statements

From 1 January 2011, the Group/Company has adopted TAS 1 Presentation of Financial Statements (revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group/Company presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for business combinations

From 1 January 2011, the Group/Company has adopted TFRS 3 Business Combinations (revised 2009) and TAS 27 Consolidated and Separate Financial Statements (revised 2009) for all business combinations on or after 1 January 2011. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards. There have been no business combinations during 2011 and, accordingly, adoption of these two revised standards has had no impact on profit or earnings per share for 2011.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group/Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group/Company takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after 1 January 2011

The Group/Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group/Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions prior to 1 January 2008

Goodwill represented the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss. However, both positive and negative goodwill were amortised over their estimated useful life which was not exceed 15 years. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), the Group discontinued amortising goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

(d) Accounting for acquisitions of non-controlling interests (previously termed 'minority interests')

From 1 January 2011, the Group/Company has adopted TAS 27 Consolidated and Separate Financial Statements (revised 2009) for all acquisitions of non-controlling interests in subsidiaries. The new policy for accounting for acquisitions of non-controlling interests, together with information on the previous policy, is given below. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standard. There have been no acquisitions of non-controlling interests during the year ended 31 December 2011 and, accordingly, adoption of this revised standard has had no impact on profit or earnings per share for the year ended 31 December 2011.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(e) Accounting for property, plant and equipment

From 1 January 2011, the Group/Company has adopted TAS 16 Property, Plant and Equipment (revised 2009) in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group/Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard. The changes have had no material impact on the profit and earnings per share for the years ended 31 December 2011 and 2010.

(f) Accounting for borrowing costs

From 1 January 2011, the Group/Company has adopted TAS 23 Borrowing Costs (revised 2009).

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's/Company's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit or earnings per share.

(g) Accounting for employee benefits

From 1 January 2011, the Group/Company has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's/Company's liability for post-employment benefits and other long-term benefit obligations is recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The change in accounting policy has been applied retrospectively and the Group's/Company's 2010 financial statements, which are included in the Group's/Company's 2011 financial statements for comparative purposes, have been restated accordingly.

(h) Accounting for share-based payments

The Group/Company has adopted TFRS 2 Share-based Payment.

Under TFRS 2, share-based payment awards granted to employees or management are recognised as an employee or management expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the right to purchase the Company ordinary shares. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of the rights to purchase the Company ordinary shares that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the rights to purchase the Company ordinary shares is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Group/Company has not applied the above accounting policy for the right to purchase the Company ordinary shares granted before 1 January 2011 in accordance with transitional provisions of TFRS 2. The adoption of TFRS 2 has had no impact on the profit and earnings per share for the year ended 31 December 2011.

(i) The adjustment of financial statements to comply with new accounting policy

The retrospective adjustments to comply with new accounting policy (the impact from employee benefits) were as follows:

	Consolidated financial statements			Separate financial statements		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
(in million Baht)						
Brought forward as at 1 January 2010						
Assets						
Deferred tax assets	10,051	105	10,156	9,185	89	9,274
Liabilities						
Other payables	5,004	23	5,027	6,062	18	6,080
Employee benefit obligations	-	336	336	-	279	279
Equity						
Unappropriated retained earnings	46,146	(251)	45,895	41,817	(208)	41,609
Non-controlling interest	200	(3)	197	-	-	-

	Consolidated financial statements			Separate financial statements		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
	(in million Baht)					

Brought forward as at 1 January 2011

Assets

Deferred tax assets	9,814	119	9,933	8,989	98	9,087
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Liabilities

Other payables	5,386	24	5,410	5,635	15	5,650
Employee benefit obligations	-	383	383	-	314	314

Equity

Unappropriated retained earnings	15,358	(285)	15,073	12,189	(231)	11,958
Non-controlling interest	303	(3)	300	-	-	-

**Statements of income for the year ended
31 December 2010**

Cost of rendering of services	(39,235)	(1)	(39,236)	-	-	-
Administrative expenses	(7,488)	(28)	(7,515)	(7,833)	(17)	(7,850)
Management benefit expenses	(113)	(1)	(114)	(112)	(1)	(113)
Finance costs	(1,735)	(18)	(1,753)	(1,744)	(14)	(1,758)
Income tax	(9,367)	14	(9,353)	(7,597)	9	(7,588)

Profit for the year	20,667	(34)	20,633	21,707	(23)	21,684
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Profit attributable to:

Owners of the Company	20,547	(34)	20,513	21,707	(23)	21,684
Non-controlling interests	120	-	120	-	-	-

	20,667	(34)	20,633	21,707	(23)	21,684
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Earnings per share

Basic (Baht)	6.93	(0.02)	6.91	7.32	(0.01)	7.31
Diluted (Baht)	6.93	(0.02)	6.91	7.32	(0.01)	7.31

The changes in the financial statements for the year ended 31 December 2011 (current year), which are impacted from applying the new accounting policy (impact from employee benefits).

	Consolidated financial statements			Separate financial statements		
	Before recognition	Recognised	After recognition	Before recognition	Recognised	After recognition
	(in million Baht)					

**Statements of financial position as at
31 December 2011**

Assets

Deferred tax assets	6,331	91	6,422	5,866	73	5,939
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Liabilities

Other payables	6,027	32	6,059	6,740	19	6,759
Employee benefit obligations	-	422	422	-	345	345

Equity

Unappropriated retained earnings	13,605	(359)	13,246	13,901	(291)	13,610
Non-controlling interest	214	(4)	210	-	-	-

	Consolidated financial statements			Separate financial statements		
	Before recognition	Recognised	After recognition	Before recognition	Recognised	After recognition
	(in million Baht)					
<i>Statements of income for the year ended</i>						
<i>31 December 2011</i>						
Cost of rendering of services	(40,140)	(2)	(40,138)	-	-	-
Administrative expenses	(8,256)	(35)	(8,291)	(8,211)	(22)	(8,233)
Management benefit expenses	(115)	(1)	(116)	(115)	(1)	(116)
Finance costs	(1,646)	(20)	(1,666)	(1,760)	(14)	(1,774)
Income tax	(14,377)	12	(14,365)	(10,918)	7	(10,911)
Profit for the year	22,390	(46)	22,344	25,726	(30)	25,696
Profit attributable to:						
Owners of the Company	22,263	(46)	22,217	25,726	(30)	25,696
Non-controlling interests	127	-	127	-	-	-
	22,390	(46)	22,344	25,726	(30)	25,696
Earnings per share						
Basic (Baht)	7.49	(0.01)	7.48	8.66	(0.01)	8.65
Diluted (Baht)	7.49	(0.01)	7.48	8.66	(0.01)	8.65

4. 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

The accounting policy for business combinations has been changed from 1 January 2011. See note 3(c) for details.

The Group/Company applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group/Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group/Company to the previous owners of the acquiree, and equity interests issued by the Group/Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group/Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group/Company measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group/Company incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are 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. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

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 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

Foreign currency transactions

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 profit or loss.

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/Company 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/Company 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/Company 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 profit or loss.

(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 month or less.

(e) Trade and other accounts receivable

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

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

(f) Inventories

Inventories comprise mobile phones, refill cards, sim cards, premiums 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:

Finished goods	- 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 and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group/Company 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 profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit or loss.

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

The fair value of financial instrument classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date

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 profit or loss.

If the Group/Company 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

Recognition and measurement

Owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

Leases in terms of which the Group/Company 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 profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group/Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component 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)	2 - 20 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.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(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 profit or loss 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 amortisation is provided on advance payment and assets under construction.

(j) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

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/Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss 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, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. 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

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(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 calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss 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, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods 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

(1) Impairment

The carrying amounts of the Group's/Company'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 and intangible assets that have indefinite useful lives are not yet available for use, the recoverable amount is estimated at each year at the same time.

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 profit or loss 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 profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

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 in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

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 liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss 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

Provident fund

The Group/Company had provident funds which is a defined contribution plan. The fund's asset of the provident fund is separated from the Group's/Company's asset and has been managed by a licensed fund manager. The provident fund shall be received a cash contribution from employee and the related Group/Company. The contribution expenditure of the provident fund is recognised as expense in profit or loss as accrued.

Employee benefit obligations

The obligation in respect of post-employment benefits that have to compensate according to labor law is recognised in the financial statements based on calculations using the projected unit credit method.

Termination benefits

Termination benefits are recognised as an expense when the Group/Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group/Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group/Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group/Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Revenue

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

Sale of goods and services rendered

Revenue is recognised in profit or loss 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 profit or loss 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.

Investments

Revenue from investments comprises dividend and interest income from investments and bank deposits.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's/Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(r) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group/Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group/Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group/Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group/Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's/Company's incremental borrowing rate.

(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 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 if 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, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group/Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

(u) Earnings per share

The Group/Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

5. Related parties

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. 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/Company 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 Public Company Limited and its related parties (“INTOUCH Group”)	Thailand, Lao and Cambodia	Shin Corporation Public Company Limited (“INTOUCH”) is a major shareholder, 40.45% shareholding and has some common directors.
SingTel Strategic Investments Pte Ltd. and its related parties (“SingTel Group”)	Singapore	SingTel Strategic Investments Pte Ltd. (“SingTel”) is a major shareholder, 23.32% shareholding.
Thanachart Group	Thailand	Managing Director of Thanachart Group was the Company’s director. In 2011, the Group has no relationship with Thanachart Group since the Managing Director of Thanachart Group resigned from the Company effective from 1 January 2011 onwards.

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Service income				
Subsidiaries	-	-	1,750	1,612
INTOUCH Group	100	114	20	24
SingTel Group	561	535	536	524
Thanachart Group	-	21	-	21
	661	670	2,306	2,181
Sales of prepaid cards				
Subsidiaries	-	-	10,113	11,389
Sales of Refill on mobile (ROM)				
Subsidiaries	-	-	38,265	20,208
Sales of property and other assets				
Subsidiaries	-	-	266	1,666
Dividend income				
Subsidiaries	-	-	9,263	4,159
Interest income				
Subsidiaries	-	-	310	180
Thanachart Group	-	73	-	47
	-	73	310	227
Other income				
Subsidiaries	-	-	207	132
INTOUCH Group	7	7	-	1
	7	7	207	133
Rental and other service expenses				
Subsidiaries	-	-	20,176	9,949
INTOUCH Group	601	538	127	301
SingTel Group	387	430	338	386
Thanachart Group	-	17	-	16
	988	985	20,641	10,652
Advertising expense				
INTOUCH Group	1,208	912	1,101	830
Sale promotion expense				
Subsidiaries	-	-	129	94
INTOUCH Group	5	2	1	1
SingTel Group	-	4	-	4
	5	6	130	99

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Commission expense				
Subsidiary	-	-	3,240	1,761
Management employee benefit expense	116	114	116	114
Finance costs				
Subsidiaries	-	-	121	22
INTOUCH Group	4	2	4	2
Thanachart Group	-	3	-	2
	4	5	125	26
Dividend paid				
INTOUCH	10,224	21,862	10,224	21,862
SingTel	5,113	9,826	5,113	9,826
	15,337	31,688	15,337	31,688

Balances as at 31 December 2011 and 2010 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Trade accounts receivable from related parties				
Subsidiaries	-	-	5,214	2,170
INTOUCH Group	10	15	2	3
SingTel Group	40	52	39	48
Total	50	67	5,255	2,221
Accrued income from related parties				
Subsidiaries	-	-	109	66
INTOUCH Group	2	1	-	-
SingTel Group	16	27	15	25
Total	18	28	124	91
Other receivables from related parties				
Subsidiaries	-	-	122	162
INTOUCH Group	-	2	-	2
Total	-	2	122	164
Short-term loans to related parties				
Subsidiaries	-	-	8,105	5,531

As at 31 December 2011, short-term loans at call to subsidiaries represent promissory notes, bearing interest at the rate of 4.93% per annum.

Movements during the years ended 31 December 2011 and 2010 of loans to related parties were as follows:

Loans to related parties	Separate financial statements	
	2011	2010
	(in million Baht)	
<i>Short-term loans</i>		
Subsidiaries		
At 1 January	5,531	2,230
Increase	19,235	7,966
Decrease	(16,661)	(4,665)
At 31 December	8,105	5,531

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
<i>Trade accounts payable from related parties</i>				
Subsidiaries	-	-	832	1,658
INTOUCH Group	47	69	7	36
SingTel Group	3	5	-	-
Total	50	74	839	1,694
<i>Other payables from related parties</i>				
Subsidiaries	-	-	503	371
INTOUCH Group	65	63	59	58
SingTel Group	8	7	8	7
Total	73	70	570	436
<i>Short-term loans from related parties</i>				
Subsidiaries	-	-	-	9,100

As at 31 December 2011, short-term loans from subsidiaries were fully repaid (2010: 1.84% per annum).

Movements during the years ended 31 December 2011 and 2010 of loans from related parties of the Company were as follows:

Loans from related parties	Separate financial statements	
	2011	2010
	(in million Baht)	

Short-term loans

Subsidiaries

At 1 January	9,100	-
Increase	33,600	15,920
Decrease	(42,700)	(6,820)
At 31 December	-	9,100

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			

Accrued expenses from related parties

Subsidiary	-	-	2,200	931
INTOUCH Group	372	189	311	151
SingTel Group	27	54	24	50
Total	399	243	2,535	1,132

Long-term debentures

Subsidiary	-	-	1	1
INTOUCH Group*	53	53	53	53
Director of related parties	1	1	1	1
Total	54	54	55	55

* INTOUCH Group holds this long-term debenture through private funds, managed by an independent fund manager.

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 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.
- 2) AIN GlobalComm Co., Ltd., a subsidiary, has entered into interconnection agreement 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 Group has entered into the site share agreements to provide site area including related 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 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 and its related parties have 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 payments and cash card. The contract parties have a right to terminate the agreement by giving advance written notice of not less than 30 days.
- 6) Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd, its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The contract parties have a right to terminate the agreement by giving advance written notice of not less than 15 days.
- 7) The Company and its subsidiaries have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The contract parties have a right to terminate the agreement by giving advance written notice of not less than 30 days.
- 8) The Company and its subsidiaries have entered into an international roaming service agreement with the SingTel Group, related parties. The contract parties have a right to terminate the agreement by giving a written notice of 60 days in advance.
- 9) The Company and its subsidiaries have entered into an agreement with MIMO Tech Co., Ltd., a subsidiary, of providing or aggregating the variety of content as value added services on mobile network or wireless device. The contract parties have a right to terminate the agreement by giving a written notice of 30 days in advance.
- 10) 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.
- 11) 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 valid for one year and 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 ("INTOUCH"), a major shareholder, has granted its warrants at no cost to the Company's directors.

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

Grant date	Warrants	Exercise price per unit	Exercise ratio	Adjustment to exercise price per unit and ratio (effective from 23 November 2010 onward)	
	(Million units)			(Price)	(Ratio)
31 July 2006 (Grant V)	6.99	37.68	1:1	28.54	1:1.32042

Movements during the years ended 31 December 2011 and 2010 of the number of INTOUCH's warrants are as follows:

	Separate financial statements	
	2011	2010
	(Million unit)	
At 1 January	0.83	1.80
Cancelled	(0.83)	(0.97)
At 31 December	-	0.83

For the year ended 31 December 2011, the Company's directors have not exercised warrants (2010: Directors have not exercised warrants).

6. Cash and cash equivalents

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Cash on hand		194	31	14	5
Cash at bank - current accounts		1,025	419	417	26
Cash at bank - saving accounts		13,407	8,128	2,450	2,783
Highly liquid short-term investments		7,261	4,039	2,591	186
		21,887	12,617	5,472	3,000
Less Specifically-used bank deposits	7	(3,526)	(2,166)	-	-
Total		18,361	10,451	5,472	3,000

As at 31 December 2011, the effective interest rate on cash and cash equivalents was 0.12% - 3.72% per annum (2010: 0.15% - 1.98% per annum).

7. Specifically-designated bank deposits

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries' deposits held at call with banks equal to the subsidiaries' outstanding balance of advance from customers as at 31 December 2011 amounting to Baht 3,526 million (2010: Baht 2,166 million) cannot be used for other purposes apart from payments to service providers.

8. Other investments

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Current investments				
Promissory note at financial institutions	-	500	-	-
Bill of exchange at financial institutions	-	602	-	200
Fixed deposit at financial institutions	-	3,000	-	2,000
Other debt securities available for sale	727	118	-	-
	727	4,220	-	2,200
Other long-term investments				
Fixed deposit at financial institutions				
- pledged	13	13	-	-
Other non - marketable equity security	93	93	93	93
	106	106	93	93
Total	833	4,326	93	2,293

Current and other long-term investments

As at 31 December 2011, balance for debt security is nil, (2010: 1.75% to 3.37% per annum).

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 UDS 2.70 million (Baht 92.76 million). Total shares invested represent 10.00% of its paid-up share capital.

Debt securities available for sale

As at 31 December 2011 and 2010, the Group had debt securities which hold through private funds, managed by independent fund manager.

Movements during the years ended 31 December 2011 and 2010 of marketable equity and debt securities were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			

Current investments

Available-for-sale securities

At 1 January	118	201	-	-
Purchases during the year	1,263	2,408	-	-
Sales during the year	(654)	(2,491)	-	-
At 31 December	727	118	-	-

9. Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Related parties	5	50	67	5,255	2,221
Other parties		4,320	3,467	3,611	2,836
Accrued income - related parties	5	18	28	124	91
Accrued income - other parties		3,352	2,711	3,256	2,623
		7,740	6,273	12,246	7,771
Less allowance for doubtful accounts		(703)	(613)	(660)	(573)
Net		7,037	5,660	11,586	7,198
Bad and doubtful debts expense for the year		611	589	594	641

Aging analyses for trade accounts receivable are as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Related parties					
Current - 3 months		63	93	5,379	2,312
Overdue 3 - 6 months		2	2	-	-
Overdue 6 - 12 months		3	-	-	-
		68	95	5,379	2,312
Other parties					
Current - 3 months		7,163	5,732	6,424	5,098
Overdue 3 - 6 months		182	137	146	109
Overdue 6 - 12 months		49	16	39	7
Overdue over 12 months		278	293	258	245
		7,672	6,178	6,867	5,459
Less allowance for doubtful accounts		(703)	(613)	(660)	(573)
		6,969	5,565	6,207	4,886
Net		7,037	5,660	11,586	7,198

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

10. Other receivable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Prepaid expenses	5	1,129	1,009	911	892
Account receivables - cash card/ refill on mobile		511	700	-	-
Others		687	552	265	299
Total		2,327	2,261	1,176	1,191

11. Inventories

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Finished goods	1,011	1,018	39	140
Supplies and spare parts	112	99	43	52
Spare parts for mobile phone network maintenance	867	871	715	720
	1,990	1,988	797	912
Less allowance for obsolete and decline in value	(903)	(861)	(669)	(682)
Net	1,087	1,127	128	230

12. Investments in subsidiaries

	Separate financial statements	
	2011	2010
	(in million Baht)	
At 1 January	20,274	20,223
Acquisitions	1	51
Capital reduction	(10,807)	-
At 31 December	9,468	20,274

Dividend income from subsidiaries

At the annual general meeting and the board of directors meeting of the subsidiaries, resolutions were passed to approve the dividend payment to the shareholders as follows:

Company	Date of meeting	Dividend	Amount
		Baht/Share	Million Baht
Year ended 31 December 2010			
Advanced Contact Center Co., Ltd.	23 March 2010	6.25	170
Advanced Contact Center Co., Ltd.	29 November 2010	2.25	61
Advanced Magic Card Co., Ltd.	23 March 2010	7.50	188
Advanced Magic Card Co., Ltd.	29 November 2010	4.00	100
AIN GlobalComm Co., Ltd.	23 March 2010	430.00	860
AIN GlobalComm Co., Ltd.	29 November 2010	350.00	700
Digital Phone Co., Ltd.	11 November 2010	0.75	1,080
Wireless Device Supply Co., Ltd.	29 November 2010	2,000.00	1,000

Company	Date of meeting	Dividend	Amount
		Baht/Share	Million Baht
Year ended 31 December 2011			
Advanced Contact Center Co., Ltd.	24 June 2011	2.75	75
Advanced Magic Card Co., Ltd.	21 December 2011	1.00	25
Advanced Mpay Co., Ltd.	21 December 2011	5.00	150
AIN GlobalComm Co., Ltd.	24 June 2011	290.00	580
AIN GlobalComm Co., Ltd.	21 December 2011	253.00	506
Digital Phone Co., Ltd.	19 May 2011	0.82	1,181
Digital Phone Co., Ltd.	5 October 2011	1.324	1,908
Digital Phone Co., Ltd.	15 December 2011	2.25	811
MIMO Tech Co., Ltd.	24 June 2011	2,700.00	1,350
MIMO Tech Co., Ltd.	21 December 2011	1,565.00	782
Wireless Device Supply Co., Ltd.	24 June 2011	2,900.00	1,450
Wireless Device Supply Co., Ltd.	21 December 2011	890.00	445

Investments in subsidiaries

On 8 January 2010, the Company invested in Fax Lite Company Limited (“FXL”) 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 renting land, building, and related facilities.

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. On 18 March 2010, the Company’s subsidiary was changed name from “i Zone Company Limited” to “MIMO Tech Co., Ltd. (“MMT”)”. On 3 June 2010, MMT, a subsidiary, registered the increase in the share capital from Baht 1 million (10,000 ordinary shares, Baht 100 par value) to Baht 50 million (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 50 million and holds 99.99% of the issued share capital.

On 21 June 2011, the extraordinary general meeting of shareholders of Digital Phone Co., Ltd. (“DPC”), a subsidiary, approved the capital reduction by reducing its registered capital from 1,462.2 million shares to 365.5 million shares at the same par value at Baht 10. The purpose of the capital reduction is due to the slowdown in GSM1800 network expansion and improvement of DPC’s capital structure by returning excess cash to shareholders. On 6 October 2011, the Company has already registered the reduction of its registered capital with Business Development Department, Ministry of Commerce.

On 11 November 2011, the Company invested in Advanced Broadband Network Company Limited (“ABN”) 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 network operator and telecom service operator i.e. service provider of internet (ISP), internet gateway, voice over IP, IPTV.

Investments in subsidiaries at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

Subsidiaries	Ownership interest		Separate financial statements									
			Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		(in million Baht)									
Advanced Internet Revolution Co., Ltd.	99.99	99.99	240	240	600	600	(335)	(335)	265	265	-	-
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	-	-	811	811	75	231
Digital Phone Co., Ltd.	98.55	98.55	3,655	14,622	12,493	23,300	(5,539)	(5,539)	6,954	17,761	3,900	1,080
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	25	288
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	-	-	336	336	150	-
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	-	-	100	100	1,086	1,560
Advanced Wireless Network Co., Ltd.	99.99	99.99	350	350	350	350	-	-	350	350	-	-
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	-	-	300	300	-	-
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	1,895	1,000
Fax Lite Co., Ltd.	99.97	99.97	1	1	1	1	-	-	1	1	-	-
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	2,132	-
Advanced Broadband Network Co., Ltd.	99.97	-	1	-	1	-	-	-	1	-	-	-
Total					15,342	26,148	(5,874)	(5,874)	9,468	20,274	9,263	4,159

13. 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 2010	1	484	920	32,118	1,473	18	264	525	35,803
Additions	138	2	45	1,602	31	-	57	89	1,964
Transfers	-	-	1	46	-	-	-	(123)	(76)
Disposals	-	-	(59)	(169)	(22)	(4)	(61)	-	(315)
At 31 December 2010 and 1 January 2011									
	139	486	907	33,597	1,482	14	260	491	37,376
Additions	-	12	133	2,411	34	-	29	465	3,084
Transfers	-	2	-	(13)	1	-	-	-	(10)
Disposals	-	-	(206)	(33)	(19)	(1)	(35)	-	(294)
At 31 December 2011	139	500	834	35,962	1,498	13	254	956	40,156
Depreciation and impairment losses									
At 1 January 2010	-	(265)	(722)	(25,380)	(1,332)	(15)	(155)	-	(27,869)
Depreciation charge for the year	-	(41)	(84)	(2,462)	(66)	(2)	(39)	-	(2,694)
Transfers	-	5	(5)	(3)	-	-	-	-	(3)
Disposals	-	-	55	156	22	3	43	-	279
At 31 December 2010 and 1 January 2011									
	-	(301)	(756)	(27,689)	(1,376)	(14)	(151)	-	(30,287)
Depreciation charge for the year	-	(39)	(88)	(2,294)	(52)	-	(38)	-	(2,511)
Impairment losses	-	-	-	-	-	-	-	(27)	(27)
Disposals	-	-	204	31	20	1	29	-	285
At 31 December 2011	-	(340)	(640)	(29,952)	(1,408)	(13)	(160)	(27)	(32,540)
Net book value									
At 1 January 2010									
Owned assets	1	219	198	6,738	141	3	50	525	7,875
Assets under finance leases	-	-	-	-	-	-	59	-	59
	1	219	198	6,738	141	3	109	525	7,934

	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)								

At 31 December 2010 and

1 January 2011

Owned assets	139	185	151	5,909	106	-	27	491	7,008
Assets under finance leases	-	-	-	-	-	-	81	-	81
	139	185	151	5,909	106	-	108	491	7,089

At 31 December 2011

Owned assets	139	160	194	6,011	90	-	20	929	7,543
Assets under finance leases	-	-	-	-	-	-	73	-	73
	139	160	194	6,011	90	-	93	929	7,616

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 23,058 million (2010: Baht 23,527 million).

	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 2010	410	858	28,691	1,350	244	119	31,672
Additions	1	40	630	28	36	12	747
Transfers	-	-	42	-	-	(110)	(68)
Disposals	(2)	(47)	(3,534)	(43)	(62)	-	(3,688)
At 31 December 2010 and 1 January 2011	409	851	25,829	1,335	218	21	28,663
Additions	1	92	677	29	28	6	833
Transfers	2	-	5	-	-	(16)	(9)
Disposals	-	(204)	(464)	(20)	(31)	-	(719)
At 31 December 2011	412	739	26,047	1,344	215	11	28,768

	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)						

Depreciation

At 1 January 2010	(250)	(697)	(24,393)	(1,235)	(143)	-	(26,718)
Depreciation charge for the year	(37)	(75)	(1,764)	(55)	(36)	-	(1,967)
Disposals	1	44	2,762	35	43	-	2,885
At 31 December 2010 and 1 January 2011	(286)	(728)	(23,395)	(1,255)	(136)	-	(25,800)
Depreciation charge for the year	(34)	(70)	(1,325)	(40)	(32)	-	(1,501)
Disposals	-	203	381	20	28	-	632
At 31 December 2011	(320)	(595)	(24,339)	(1,275)	(140)	-	(26,669)

Net book value

At 1 January 2010

Owned assets	160	161	4,298	115	46	119	4,899
Assets under finance leases	-	-	-	-	55	-	55
	160	161	4,298	115	101	119	4,954

At 31 December 2010 and 1 January 2011

Owned assets	123	123	2,434	80	21	21	2,802
Assets under finance leases	-	-	-	-	61	-	61
	123	123	2,434	80	82	21	2,863

At 31 December 2011

Owned assets	92	144	1,708	69	18	11	2,042
Assets under finance leases	-	-	-	-	57	-	57
	92	144	1,708	69	75	11	2,099

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 22,769 million (2010: Baht 23,359 million).

14. 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	Total
	(in million Baht)			
Cost				
At 1 January 2010	187,043	1,538	289	188,870
Additions	2,262	13	142	2,417
Transfers	(3)	-	-	(3)
Disposals	(962)	-	-	(962)
At 31 December 2010 and 1 January 2011	188,340	1,551	431	190,322
Additions	2,879	-	59	2,938
Transfers	(184)	-	(59)	(243)
Disposals	(43)	-	-	(43)
At 31 December 2011	190,992	1,551	431	192,974
Amortisation				
At 1 January 2010	(125,785)	(1,538)	-	(127,323)
Amortisation charge for the year	(15,696)	(1)	-	(15,697)
Transfers	3	-	-	3
Disposals	871	-	-	871
At 31 December 2010 and 1 January 2011	(140,607)	(1,539)	-	(142,146)
Amortisation charge for the year	(14,498)	(3)	-	(14,501)
Transfers	138	-	-	138
Disposals	40	-	-	40
At 31 December 2011	(154,927)	(1,542)	-	156,469
Net book value				
At 1 January 2010	61,258	-	289	61,547
At 31 December 2010 and 1 January 2011	47,733	12	431	48,176
At 31 December 2011	36,065	9	431	36,505

The gross amount of the Group's fully amortised assets under the Agreements for operation that was still in use as at 31 December 2011 amounted to Baht 58,831 million (2010: Baht 36,843 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 2010	173,682	289	173,971
Additions	2,191	142	2,333
Disposals	(962)	-	(962)
At 31 December 2010 and 1 January 2011	174,911	431	175,342
Additions	2,572	-	2,572
Transfers	(184)	-	(184)
At 31 December 2011	177,299	431	177,730
Amortisation			
At 1 January 2010	(114,920)	-	(114,920)
Amortisation charge for the year	(14,641)	-	(14,641)
Disposals	870	-	870
At 31 December 2010 and 1 January 2011	(128,691)	-	(128,691)
Amortisation charge for the year	(13,609)	-	(13,609)
Transfers	138	-	138
At 31 December 2011	(142,162)	-	(142,162)
Net book value			
At 1 January 2010	58,762	289	59,051
At 31 December 2010 and 1 January 2011	46,220	431	46,651
At 31 December 2011	35,137	431	35,568

The gross amount of the Company's fully amortised assets under the Agreement for operation that was still in use as at 31 December 2011 amounted to Baht 51,625 million (2010: Baht 32,499 million).

15. Goodwill

	Consolidated financial statements
	(in million Baht)
Cost	
At 1 January 2010	14,352
At 31 December 2010 and 1 January 2011	14,352
At 31 December 2011	14,352
Amortisation and impairment losses	
At 1 January 2010	(11,215)
Impairment loss	(1,560)
At 31 December 2010 and 1 January 2011	(12,775)
Impairment loss	(1,542)
At 31 December 2011	(14,317)
Net book value	
At 1 January 2010	3,137
At 31 December 2010 and 1 January 2011	1,577
At 31 December 2011	35

The Group reviewed the carrying amount of goodwill in respect of the Digital PCN 1800 Mobile phone system operation by comparing net book value 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 for the year ended 31 December 2011 of Baht 1,542 million (2010: Baht 1,560 million).

16. Other intangible assets

	Consolidated financial statements		
	Operation right	Software licences	Total
	(in million Baht)		
Cost			
At 1 January 2010	6,993	4,672	11,665
Additions	-	204	204
Transfers	-	80	80
At 31 December 2010 and 1 January 2011	6,993	4,956	11,949
Additions	-	165	165
Transfers	-	9	9
At 31 December 2011	6,993	5,130	12,123

	Consolidated financial statements		
	Operation right	Software licences	Total
	(in million Baht)		
<i>Amortisation and impairment losses</i>			
At 1 January 2010	(5,306)	(3,210)	(8,516)
Amortisation charge for the year	(455)	(214)	(669)
At 31 December 2010 and 1 January 2011	(5,761)	(3,424)	(9,185)
Amortisation charge for the year	(455)	(208)	(663)
At 31 December 2011	(6,216)	(3,632)	(9,848)
<i>Net book value</i>			
At 1 January 2010	1,687	1,462	3,149
At 31 December 2010 and 1 January 2011	1,232	1,532	2,764
At 31 December 2011	777	1,498	2,275

	Separate financial statements
	Software licences
	(in million Baht)
Cost	
At 1 January 2010	4,398
Additions	139
Transfers	68
Disposals	(1,351)
At 31 December 2010 and 1 January 2011	3,254
Additions	28
Transfers	9
Disposals	(369)
At 31 December 2011	2,922
Amortisation	
At 1 January 2010	(3,130)
Amortisation charge for the year	(132)
Disposals	457
At 31 December 2010 and 1 January 2011	(2,805)
Amortisation charge for the year	(70)
Disposals	186
At 31 December 2011	(2,689)
Net book value	
At 1 January 2010	1,268
At 31 December 2010 and 1 January 2011	449
At 31 December 2011	233

17. Deferred tax

Deferred tax assets and liabilities as at 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Deferred tax assets	6,622	10,152	6,124	9,274
Deferred tax liabilities	(200)	(219)	(185)	(187)
Net	6,422	9,933	5,939	9,087

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements				
	At 1 January 2010	Charged/ (credited) to Statement of income (Note 32)	At 31 December 2010	Charged/ (credited) to Statement of income (Note 32)	At 31 December 2011
	(in million Baht)				
Deferred tax assets					
Accounts receivable (<i>doubtful accounts</i>)	183	(4)	179	(24)	155
Inventories (<i>allowance for decline in value</i>)	258	(3)	255	(83)	172
Assets under the Agreement for operation (<i>amortisation difference</i>)	8,865	(222)	8,643	(3,205)	5,438
Unearned income - mobile phone service (<i>income recognised difference</i>)	930	(142)	788	(204)	584
Employee benefit expenses (<i>reserve</i>)	105	14	119	(30)	89
Others	92	76	168	16	184
Total	10,433	(281)	10,152	(3,530)	6,622
Deferred tax liabilities					
Prepaid expense under the Agreement for operation and excise tax (<i>expense recognised difference</i>)	(210)	32	(178)	46	(132)
Accelerated tax (<i>amortisation difference</i>)	(54)	22	(32)	17	(15)
Others	(13)	4	(9)	(44)	(53)
Total	(277)	58	(219)	19	(200)
Net	10,156	(223)	9,933	(3,511)	6,422

	Separate financial statements				
	At 1 January 2010	Charged/ (credited) to Statement of income (Note 32)	At 31 December 2010	Charged/ (credited) to Statement of income (Note 32)	At 31 December 2011
	(in million Baht)				
Deferred tax assets					
Accounts receivable <i>(doubtful accounts)</i>	168	(2)	166	(20)	146
Inventories <i>(allowance for decline in value)</i>	202	3	205	(70)	135
Assets under the Agreement for operation <i>(amortisation difference)</i>	8,030	(121)	7,909	(2,874)	5,035
Unearned income - mobile phone service <i>(income recognised difference)</i>	930	(142)	788	(204)	584
Employee benefit expenses <i>(reserve)</i>	89	9	98	(25)	73
Others	87	21	108	43	151
Total	9,506	(232)	9,274	(3,150)	6,124
Deferred tax liabilities					
Prepaid expense under the Agreement for operation and excise tax <i>(expense recognised difference)</i>	(210)	32	(178)	46	(132)
Others	(22)	13	(9)	(44)	(53)
Total	(232)	45	(187)	2	(185)
Net	9,274	(187)	9,087	(3,148)	5,939

18. Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Current				
Current portion of long-term borrowings, net	452	11,870	452	11,870
Current portion of long-term debentures, net	4,994	3,992	4,994	3,992
Current portion of finance lease liabilities	23	21	18	15
	5,469	15,883	5,464	15,877
Non-current				
Long-term borrowings, net	5,979	4,920	5,979	4,920
Long-term debentures, net	10,497	15,491	10,497	15,491
Finance lease liabilities	61	67	49	52
	16,537	20,478	16,525	20,463
Total	22,006	36,361	21,989	36,340

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Within one year	5,446	15,862	5,446	15,862
After one year but within five years	15,798	19,335	15,798	19,335
After five years	679	1,076	679	1,076
Total	21,923	36,273	21,923	36,273

Long-term borrowings

As at 31 December 2011, the details of long-term loans are summarised as follows:

Amount (Million)	Interest rate (per annum)	Term of interest Payment	Principal payment term	31 December	
				2011	2010
				(in million Baht)	
JPY 30,568.20	JPY LIBOR plus margin	Monthly	Entirely redeemed on 21 November 2011	-	11,439
USD 70.00	LIBOR plus margin	Semi-annual	Entirely redeemed on 9 November 2014	2,228	2,121
USD 92.40	LIBOR plus margin	Semi-annual	20 equal installments commencing on 30 November 2008 until 31 May 2018	2,941	3,230
USD 40.00	LIBOR plus margin	Semi-annual	2 equal installments on 15 November 2015 and 15 November 2016	1,263	-
Total				6,432	16,790

Long-term debentures

As at 31 December 2011 and 2010, 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	
						2011	2010
						(in million Baht)	
7 September 2006	4.00	4,000	5.90%	Semi-annual	Entirely redeemed on 7 September 2011	-	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	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	2,500
Total debentures						15,500	19,500
Less bond issuing cost balance at 31 December						(9)	(17)
Net						15,491	19,483

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 2011, the Group and the Company have undrawn committed loan USD 85 million (2010: the Group and the Company did not have committed loan).

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*	
	2011	2010	2011	2010
	(in million Baht)			
Long-term debentures	15,500	19,500	15,862	20,237

* 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	
	2011	2010	2011	2010
	(in million Baht)			
At 1 January	36,361	37,118	36,340	37,111
Additions	1,209	55	1,205	36
Repayments	(14,072)	(511)	(14,066)	(507)
Terminate cost	(3)	(14)	(1)	(13)
Unrealised gain on foreign exchange	(1,497)	(296)	(1,497)	(296)
Amortisation of bond issuing cost	8	9	8	9
At 31 December	22,006	36,361	21,989	36,340

The effective weighted interest rates as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(% per annum)			
Long-term borrowings	3.64	4.57	3.64	4.57
Long-term debentures	4.86	5.07	4.86	5.07
Finance lease liabilities	6.57	7.98	6.22	6.75

19. Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Related parties	5	50	74	839	1,694
Other parties		3,470	2,398	1,239	1,285
Total		3,520	2,472	2,078	2,979

20. Other payable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Accrued expenses	5	4,458	3,126	4,748	3,468
Value added tax payable		281	384	214	359
Withholding tax payable		286	1,072	180	1,000
Others	5	1,035	828	1,617	823
Total		6,060	5,410	6,759	5,650

21. Employee benefit obligations

The Group/Company adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 3 (i). As stated in note 3 (i), the Group/Company has opted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

The Group and the Company had an employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Present value of obligations	422	383	345	314
Statement of financial position obligation	422	383	345	314

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Employee benefit obligations at 1 January	383	336	314	279
Benefits paid	(12)	(1)	(3)	(1)
Current service costs and interest	51	48	34	36
Employee benefit obligations at 31 December	422	383	345	314

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Current service costs	31	30	20	22
Interest on obligation	20	18	14	14
Total	51	48	34	36

The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Cost of rendering of services and equipment rental	2	2	-	-
Administrative expenses	28	27	19	21
Management benefit expenses	1	1	1	1
Finance costs	20	18	14	14
Total	51	48	34	36

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(%)			
Discount rate at	5	5	5	5
Future salary increases	6	6	6	6

Assumptions regarding future mortality are based on published statistics and mortality tables set as 50% of the 1997 Thailand Mortality rates ("TMO97").

22. Share capital

	Par value per share (in Baht)	2011		2010	
		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	2,970	2,970	2,965	2,965
Increase of new shares	1	3	3	5	5
At 31 December					
- ordinary shares	1	2,973	2,973	2,970	2,970

Issue of ordinary shares

During the year ended 31 December 2011, the Company registered the increase in share capital with the Ministry of Commerce for 3.0 million ordinary shares (2010: 4.60 million ordinary shares) from the exercise of 2.2 million warrants (2010: 3.70 million warrants). The capital increase results in an increase in paid-up share capital and share premium of Baht 3.0 million and Baht 199.6 million, respectively (2010: Baht 4.60 million and Baht 334.70 million, respectively).

As at 31 December 2011, the total issued number of ordinary shares is 2,973 million shares (2010: 2,970 million shares) with a par value of Baht 1 per share (2010: Baht 1 per share). All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

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.

23. 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:

	Issued date	Issued units	Percentage*	Exercise price	Exercise period
		(Million)		(Baht/unit)	
ESOP - Grant I	27 March 2002	14.00	0.48	44.62	Expired since 26 March 2007
ESOP - Grant II	30 May 2003	8.47	0.29	37.61	Expired since 30 May 2008
ESOP - Grant III	31 May 2004	9.00	0.31	77.20	Expired since 30 May 2009
ESOP - Grant IV	31 May 2005	9.69	0.33	89.29	Expired since 30 May 2010
ESOP - Grant V	31 May 2006	10.14	0.34	65.83**	Expired since 30 May 2011

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

** The latest adjustment of exercise price was on 4 April 2011.

Movements in the number of warrants outstanding during the years ended 31 December 2011 and 2010 are as follows:

	2011			2010		
	Directors	Employees	Total	Directors	Employees	Total
	(Million)					
At 1 January	1.55	1.32	2.87	5.25	10.47	15.72
Exercised	(0.10)	(1.96)	(2.06)	(0.67)	(3.19)	(3.86)
Transfer	(0.64)	0.64	-	-	-	-
Cancelled	(0.81)	-	(0.81)	(3.03)	(5.96)	(8.99)
At 31 December	-	-	-	1.55	1.32	2.87

Exercised warrants

During the year ended 31 December 2011, 2.06 million warrants were exercised by the Company's directors and employees (2010: 0.67 million units and 3.19 million units, respectively). The exercise of 2.06 million warrants during this year (2010: 3.86 million warrants) increased paid-up share capital and premium on share capital by Baht 3.0 million and Baht 199.6 million, respectively (2010: Baht 4.60 million and Baht 334.70 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. The Board of Directors or the Annual General Meeting approved the dividend in excess of 50% of its net profit.

24. Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public 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.

25. Other components of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

26. 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 call center services		Mobile phone sales		Datanet and broadband services		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	(in million Baht)							
Revenue and Expenses								
Revenues from services and equipment rentals	112,638	101,252	35	14	583	724	113,256	101,990
Revenue from sales	-	-	13,180	9,348	1	1	13,181	9,349
Other operating income	846	654	30	21	11	4	887	679
Total revenues	113,484	101,906	13,245	9,383	595	729	127,324	112,018
Cost of sales, services and equipment rentals	(64,288)	(60,462)	(11,693)	(7,997)	(239)	(304)	(76,220)	(68,763)
Selling and administrative expenses	(10,356)	(9,413)	(584)	(379)	(247)	(164)	(11,187)	(9,956)
Impairment losses of assets	(1,542)	(1,560)	-	-	-	-	(1,542)	(1,560)
Total expenses	(76,186)	(71,435)	(12,277)	(8,376)	(486)	(468)	(88,949)	(80,279)
Profit before finance costs and income tax expenses	37,298	30,471	968	1,007	109	261	38,375	31,739
Finance costs	(1,661)	(1,747)	(4)	(5)	(1)	(1)	(1,666)	(1,753)
Income tax expense	(13,971)	(8,948)	(394)	(405)	-	-	(14,365)	(9,353)
Profit for the year	21,666	19,776	570	597	108	260	22,344	20,633

Business segment financial position

	Consolidated financial statements (For the years ended 31 December)							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	(in million Baht)							
Assets and liabilities								
Current assets	28,483	22,424	4,286	3,245	409	284	33,178	25,953
Non-current assets	52,282	71,031	97	115	1,115	249	53,494	71,395
Total assets	80,765	93,455	4,383	3,360	1,524	533	86,672	97,348
Current liabilities	28,031	34,411	1,575	804	129	71	29,735	35,286
Non-current liabilities	17,422	20,835	21	15	31	21	17,474	20,871
Total liabilities	45,453	55,246	1,596	819	160	92	47,209	56,157
Capital expenditure	4,314	3,952	5	4	1,521	805	5,840	4,761
Depreciation	1,931	2,206	15	16	565	472	2,511	2,694
Amortisation	15,159	16,362	2	3	3	1	15,164	16,366
(Gain) loss on disposal of assets	(3)	83	-	1	-	-	(3)	84

27. Investment income

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Dividend income					
Subsidiaries	5,12	-	-	9,263	4,159
		-	-	9,263	4,159
Interest income					
Related parties	5	-	73	310	227
Financial institution		633	304	209	98
		633	377	519	325
Total		633	377	9,782	4,484

28. Other operating income

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Bad debt recovery	94	96	92	94
Management income	-	-	158	98
Others	160	206	160	219
Total	254	302	410	411

29. Provident Fund

The defined contribution plans comprise provident funds established by the Group/Company 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/Company 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.

30. Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Depreciation on plant and equipment (Note 13)	2,511	2,694	1,501	1,967
Amortisation of assets under Agreement for operation (Note 14)	14,501	15,697	13,609	14,641
Amortisation of intangible assets (Note 16)	663	669	70	132
Amortisation of other assets	83	80	73	76
Doubtful accounts and bad debts	611	589	594	641
Marketing expenses	2,826	2,324	2,474	2,148
Staff cost	5,815	4,953	3,362	3,223

31. Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Related parties	5	4	5	125	26
Financial institutions		1,662	1,748	1,649	1,732
Total		1,666	1,753	1,774	1,758

32. Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in million Baht)			
Current tax expense					
Current year		10,855	9,118	7,772	7,233
Adjustments for prior years		(1)	12	(9)	168
		10,854	9,130	7,763	7,401
Deferred tax expense	17				
Movements in temporary differences		3,511	223	3,148	187
Total		14,365	9,353	10,911	7,588

Reconciliation of effective tax rate

	Consolidated financial statements			
	2011		2010	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		36,709		29,986
Income tax using the Thai corporation tax rate	30	11,013	30	8,996
Income tax reduction*		2,840		(15)
Expenses not deductible for tax purposes		51		1
Effect from elimination with subsidiaries		461		459
Recognition of previously unrecognised tax losses		-		(88)
Total	31	14,365	31	9,353

	Separate financial statements			
	2011		2010	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		36,607		29,272
Income tax using the Thai corporation tax rate	30	10,982	30	8,782
Income tax reduction*		2,637		(15)
Dividend income not subject to tax		(2,779)		(1,248)
Expenses not deductible for tax purposes		71		69
Total	30	10,911	26	7,588

***Income tax reduction**

- Income tax expenses

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.

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 but not beyond the 2010 accounting period ending on or after 31 December 2010.

- Deferred tax expenses

On 11 October 2011, the Cabinet announced the change in the corporate income tax rate to 23% for accounting periods ending 31 December 2012 or after, and to 20% for accounting periods ending 31 December 2013 onward. Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants companies a reduction in the corporate income tax rate to 23% for accounting periods ending 31 December 2012 or after, and to 20% for accounting periods ending 31 December 2013 - 2014. The reduction in the corporate income tax rate was reflected to decrease the outstanding of deferred tax assets of the Group and Company as at 31 December 2011 of Baht 2,840.2 million and Baht 2,636.7 million, respectively, and recognised as income tax expense in 2011.

33. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht / million shares)			
Profit for the year attributable to ordinary shareholders of the Company (basic)	22,218	20,513	25,696	21,684
Number of ordinary shares outstanding at 1 January	2,970	2,965	2,970	2,965
Effect of shares issued during January to December	2	2	2	2
Weighted average number of ordinary shares outstanding (basic)	2,972	2,967	2,972	2,967
Earnings per share (basic) (in Baht)	7.48	6.91	8.65	7.31

Diluted earnings per share

The calculation of diluted earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht / million shares)			
Profit attributable to ordinary shareholders of the Company (basic)	22,218	20,513	25,696	21,684
Profit attributable to ordinary shareholders of the Company (diluted)	22,218	20,513	25,696	21,684
Weighted average number of ordinary shares outstanding (basic)	2,972	2,967	2,972	2,967
Weighted average number of ordinary shares outstanding (diluted)	2,972	2,967	2,972	2,967
Earnings per share (diluted) (in Baht)	7.48	6.91	8.65	7.31

34. Dividends

At the Annual General Meeting of the Company's shareholders held on 8 April 2010, the shareholders approved a declaration of dividend for 2,966 million shares of Baht 3.30 each, totalling Baht 9,788 million. In addition, the shareholders approved an additional dividend at the rate of Baht 5.00 per share, totaling Baht 14,830 million. The dividend was paid to the shareholders on 30 April 2010.

At the Board of Directors' meeting held on 6 August 2010, it was approved to declare an interim dividend for 2,967 million shares of Baht 3.00 each, totaling Baht 8,901 million. The dividend was paid to the shareholders on 3 September 2010.

At the Board of Directors' meeting held on 4 November 2010, the Board approved a special interim dividend payment at the rate of Baht 6 per share. The special dividend was be paid from approximately 2,970 million shares, totaling of approximately Baht 17,817 million, and the dividend payment date was be on 3 December 2010.

At the Annual General Meeting of the Company's shareholders held on 31 March 2011, the shareholders passed a resolution to approve a declaration of dividend for 2,972 million shares of Baht 3.92 each, totaling Baht 11,649 million. The dividend was paid to the shareholders on 26 April 2011.

At the Board of Directors' meeting held on 4 August 2011, it was approved to declare an interim dividend for 2,973 million shares of Baht 4.17 each, totaling Baht 12,396 million. The dividend was paid to the shareholders on 2 September 2011.

35. Financial instruments

Financial risk management policies

Risk management is integral to the whole business of the Group/Company. The Group/Company 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/Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

- The Group/Company aim to manage its capital structure to be stronger than industry peer and commit to be investment grade rating. This will allow the Group/Company to retain superior financial flexibility in order to capture future growth prospect. The Group's/Company's financial flexibility means diversified source of capital, ease of funding, and appropriate cost of capital.
- In an intermediate term, the Group/Company view that telecommunications industry in Thailand will face another phase of technology change and hence new investment will be required. The statement of financial position of the Group/Company is flexible to prepare the Group/Company for such investment and the Group/Company aim to leverage on its gearing through debt instrument.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's/Company's operations and its cash flows because some of debt securities and loan interest rate are floating interest rate. The Group/Company is primarily exposed to interest rate risk from its borrowings (Note 18). The Group/Company 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/Company is exposed to foreign currency risk relating to expense and borrowings which are denominated in foreign currencies. The Group/Company 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	
	2011	2010	2011	2010
	(in million Baht)			
Assets				
United States Dollars	1,252	374	1,197	344
Euro Dollars	60	57	60	57
	1,312	431	1,257	401
Liabilities				
United States Dollars	(7,641)	(5,877)	(7,389)	(5,721)
Japan Yen	(19)	(11,446)	(18)	(11,444)
Singapore Dollars	(106)	(8)	(106)	(7)
Euro Dollars	(43)	(2)	(38)	-
Australian Dollars	(39)	-	(39)	-
	(7,848)	(17,333)	(7,590)	(17,172)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			

Gross balance sheet exposure

Currency swaps	5,869	14,590	5,869	14,590
Currency forwards	982	1,042	982	1,042
Net exposure	315	(1,270)	518	(1,139)

As at 31 December 2011 and 2010, swap and forward receivables (payables), net as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			

Swap contracts:

Swap contracts receivable	5,562	15,901	5,562	15,901
Swap contracts payable**	(5,869)	(14,590)	(5,869)	(14,590)
Total swap contracts receivable (payable)	(307)	1,311	(307)	1,311

Forward contracts:

Forward contracts receivable	880	889	880	889
Forward contracts payable**	(982)	(1,042)	(982)	(1,042)
Total forward contracts payable	(102)	(153)	(102)	(153)

Total swap and forward contracts:

Swap and forward contracts receivable	6,442	16,790	6,442	16,790
Swap and forward contracts payable**	(6,851)	(15,632)	(6,851)	(15,632)

Total swap and forward contracts receivable (payable)	(409)	1,158	(409)	1,158
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Current assets (liabilities)

Other current liabilities	(41)	(63)	(41)	(63)
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Non-current assets (liabilities)

Swap and forward contracts receivable	74	1,221	74	1,221
Swap and forward contracts payable	(442)	-	(442)	-

Total	(409)	1,158	(409)	1,158
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The nominal amounts and fair values of swap and forward contracts as at 31 December 2011 and 2010 are as follows:

	Consolidated and separate financial statements			
	Nominal amounts**		Fair values*	
	2011	2010	2011	2010
	(in million Baht)			
Swap contracts	5,869	14,590	5,400	15,367
Forward contracts	982	1,042	912	917
Total	6,851	15,632	6,312	16,284

* 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/Company 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.

Liquidity surplus

Excess liquidity (defined as any excess cash after working capital and capital expenditures) after investment in new growth areas and any debt/regulatory obligations/restructuring will be returned to shareholders.

Determination of fair values

A number of the Group's/Company'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/Company 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.

36. Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million)			

Capital commitments

Contracted but not provided for

Assets under the Agreement for Operation

Thai Baht	927	667	899	646
US Dollars	78	28	73	28
Japanese Yen	93	3	93	3
Euro	1	-	1	-

Property and equipment

Thai Baht	2,923	905	85	95
US Dollars	26	20	-	2
Japanese Yen	816	242	-	-
Euro	4	-	-	-

Service maintenance agreements

Thai Baht	1,274	1,197	992	905
US Dollars	9	8	5	5
Japanese Yen	-	13	-	13

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			

Non-cancellable operating lease Commitments

Within one year	1,333	1,384	858	1,135
After one year but within five years	1,347	1,400	667	949
After five years	26	27	26	27

Total	2,706	2,811	1,551	2,111
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Other commitments

Forward and swap contracts	9,773	15,632	9,773	15,632
Bank guarantees:				
- The Agreements for operation	11,743	9,613	8,467	7,007
- Others	519	505	318	321

Total	22,035	25,750	18,558	22,960
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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.

37. Significant events, commercial disputes and litigation

The Company

1) The opinion of the Council of State relating to the amendments or supplements to the Agreement for Operation

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.”

* 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.

In addition, the Coordinating Committee according to Clause 22 has already submitted the opinion regarding the amendments of the Agreement of the Company to the Minister of the Information and Communications Technology.

2) The deduction of excise tax from the revenue sharing 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 under

the Cellular Mobile Phone Contract in the amount of 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.

This amount is the same as an excise tax that the Company had delivered 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.

On 20 May 2011, the Arbitral Tribunal has dismissed the case by giving the reason which can be summarised that the Company was not in breach of the Agreement since the Company has completely made the payment of the revenue sharing and all debt was therefore paid in full. Therefore, TOT has no right to re-claim for the alleged deficit amount.

On 22 September 2011, TOT has submitted the case no. Black 1918/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Presently, the said case is pending on the Central Administrative Court process.

3) TOT's letter demanding the payment of additional revenue sharing due to the reduction of revenue sharing rate with respect to pre-paid services and the deduction of the cost relating to the roaming activities

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

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

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

- 2) For the deduction of excise tax payment from the revenue sharing;
 - 2.1) It was the government policy which aimed to convert certain amount of revenue sharing under the Agreement into the excise tax payment in connection with the transformation of the then Telephone Organization of Thailand to a public company limited under the main principle that: (i) there shall be no damage to the State who would receive the same revenue sharing; and (ii) no additional financial burden to the private operator and the service users. Thus, after summing up the excise tax payment and the revenue sharing (after deduction of excise tax), the State (i.e. the Ministry of Finance - the Excise Department) and TOT, whose 100% of its shares are held by the Ministry of Finance, would receive the same net income without any damage.
 - 2.2) TOT is obliged to comply with the government's policy and the resolutions legitimately passed by the Cabinet, which applied to all mobile phone operators, that they were required to deduct the excise tax payment from the revenue sharing before delivering to the contractual party. It was TOT who informed the Company to pay such excise tax and deduct such payment from revenue sharing in accordance with the Cabinet's resolution with which the Company has faithfully complied.
 - 2.3) The said court did not rule that the Cabinet's resolution regarding such excise tax was unlawful and did not revoke or cancel such Cabinet's resolution.
 - 2.4) During B.E. 2546 to 2550 which there were the deductions of excise tax, TOT has never demanded the Company to pay any additional revenue sharing. Rather, TOT has confirmed that it has completely received the revenue sharing in accordance with the Agreement by issuing receipts and tax invoices together with returning bank guarantees which were placed as security for the payment of the revenue sharing by the Company.
 - 2.5) With respect to VAT, penalty and surcharge demanded, the Company is not obliged to make such payment. Given such tax obligation actually exists; it would be TOT, as the recipient of payment, to be responsible for such tax payment under the Revenue Code. In the past, TOT has ever questioned the Revenue Department whether it actually has the authority under the law to collect such tax payment.
 - 2.6) This TOT's claim is a duplication of the claimed amount with respect to excise tax which TOT has raised earlier on 22 January 2008 in the pending arbitration process at the Arbitration Institute.

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

On 11 February 2011, the Company has submitted the dispute under case no. Black 8/2554 to the Arbitration Institute, Dispute Reconciliation Office, Justice Court Office in order that the Arbitration Tribunal shall make an award that the Amendments are still valid and binding upon both parties, and TOT has no right to claim for revenue sharing including interest and the value added tax according to such letter. At present, the said dispute is pending on the Arbitration process.

Later, on 26 August 2011, TOT sent a letter dated 22 August 2011 informing the Company cancellation of the said demand due to its misunderstanding of the facts; and, given that TOT has not yet proceeded in accordance with the said demand, the Amendments No. 6 and 7 shall be still considered effective.

From the above-mentioned facts, it would be deemed that there is no longer need of further arbitral procedures for the dispute by the Company. Therefore, on 3 October 2011, the Company submitted a request to withdraw the dispute, case no. 8/2554 and on the Arbitration Institute sent a letter issued on 6 October 2011 to inform the order granting the said withdrawal.

4) Interconnection agreement in accordance with the announcement of National Telecommunication Commission ("NTC")

According to Telecommunication Business Operation Act B.E. 2544 and the announcement of National Telecommunication Commission ("NTC") regarding the Use and Interconnect of Telecommunication Network B.E. 2549, the Company has entered into an interconnection ("IC") agreement with other operators approved by NTC and the effective period of the agreement

Operators	Effective period
1) Total Access Communication PCL.	30 November 2006 onwards
2) Truemove Company Limited	16 January 2007 onwards
3) Digital Phone Company Limited	1 June 2009 onwards
4) CAT Telecom Public Company Limited	7 April 2010 onwards

On 31 August 2007, TOT Public Company Limited (“TOT”) has filed a lawsuit against NTC to the Central Administrative Court to revoke the said announcement (On 15 September 2010, the Central Administrative Court has dismissed the case which TOT filed to revoke the announcement of NTC regarding the Use and Interconnect of Telecommunication Network B.E. 2549. TOT has appealed such dismissal to the Supreme Administrative Court.), and on 4 February 2008 TOT sent a letter to the Company informing that the Company should wait for the final judgment of the Court. Should the Company undertake the IC agreements per the NTC announcement before the final judgment of the 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 Court. As a result, the Company anticipated entering 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 on a conservative basis. The revenue sharing amount to be paid to TOT is subject to the final judgment of the Court in relation to revoking the announcement of NTC 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.

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.

On 30 December 2008, the Company has remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of the Company to TOT. Later, the Company and TOT had set up the negotiation committee to seek for the conclusion but it could not be done as TOT required the Company to pay revenue sharing calculated on gross interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company has to pay to other operators. Thus, on 26 January 2011, TOT sent a letter demanding the Company to pay the revenue sharing on the interconnection charges of the concession year 17–20 in the amount of Baht 17,803,381,680.57 plus interest at the rate of 1.25 per month. But the Company disagreed and sent a letter opposing the said claim to TOT and the Company has submitted the dispute to the Dispute Reconciliation Office, Arbitration Institute ref. no. Black 19/2554 on 9 March 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing.

Digital Phone Company Limited (“DPC”)

1) The opinion of the Council of State relating to the amendments or supplements to the Agreement for Operation

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.”

**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.

In addition, the Coordinating Committee pursuant to Clause 13 has already submitted the opinion regarding the amendments of the Agreement of DPC to the Minister of the Information and Communications Technology.

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

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 under the Digital Personal Communication Network Contract in the amount of Baht 2,449 million plus penalty at the rate of 1.25% 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. Later, on 1 October 2008, CAT has submitted the petition to adjust the amount of claimed to Baht 3,410 million which calculated from the outstanding revenue sharing up to January 2008 being penalty for Baht 790 million and value added tax for Baht 171 million.

This amount is the same as an excise tax that DPC had delivered 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.

On 1 March 2011, the Arbitral Tribunal has dismissed the case by giving the reason which can be summarised that DPC was not in breach of the Agreement since DPC has completely made the payment of the revenue sharing and all debt was therefore paid in full. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

On 3 June 2011, CAT has submitted the case no. Black 1259/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Presently, the said case is pending on the Central Administrative Court process.

3) The deduction of access charge from revenue sharing between DPC and CAT Telecom Public Company Limited ("CAT")

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 is Baht 26 million.

At present, the said dispute is pending on the Arbitration process. 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.

4) Access charge payment between DPC, CAT Telecom Public Company Limited ("CAT") and TOT Public Company Limited ("TOT")

On 9 May 2011, TOT Public Company Limited ("TOT") has submitted the case no. Black 1099/2554 to the Central Administrative Court against CAT Telecom Public Company Limited ("CAT") as the defendant no. 1 and Digital Phone Company Limited ("DPC") as the defendant no. 2 demanding CAT and DPC to pay the access charge amounting to Baht 2,436 million

plus value added tax and interest calculated up to 9 May 2011, total amount of claim is Baht 2,954 million plus interest until the full payment is made as follows:

- 1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 432 million.
- 2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 2,331 million.
- 3) The discount of access charge at the rate of Baht 22/ number / month that DPC deducted from the revenue sharing, in the amount of Baht 191 million. Part of this demand is the same amount as CAT has claimed according to the dispute no. Black 68/2551 mentioned above but different in terms of the calculation period and interest.

At present, the said case is pending consideration of the Central Administrative Court. The Company's management believes that the outcome of the said case 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.

5) To deliver and transfer ownership of towers and equipments of power supply between DPC and CAT Telecom Public Company Limited ("CAT")

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. 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.

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

Starting from 1 July 2006, CAT Telecom Public Company Limited ("CAT") allowed Digital Phone Company Limited ("DPC"), a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for 3-month period several times thereafter until 31 March 2007. After that, CAT did not notify DPC of any changes until on 24 March 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from 1 April 2007. On 8 May 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On 31 March 2009, CAT has approved DPC to charge roaming fee at Baht 1.10 per minute during 1 January 2009 - 31 March 2009. Moreover, DPC has entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission ("NTC") on 16 June 2009.

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

On 12 September 2011, CAT has submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute; case no. Black 89/2554 demanding DPC to make additional payment of revenue sharing of 12th operation year which DPC reduced roaming fee from Baht 2.10 per minute to Baht 1.10 per minute during 1 April 2009 - 15 June 2009 in the amount of Baht 113 million plus penalty at the rate of 1.25% per month from 1 April 2009 until full payment is made.

At present, the said dispute is pending on the Arbitration process. The Company's management believes that the outcome of the said dispute shall have no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

7) The damage arisen from uncollectible international call service charges between DPC and CAT Telecom Public Company Limited ("CAT")

On 8 April 2011, CAT Telecom Public Company Limited ("CAT") submitted a dispute no. black 32/2554 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay Baht 33 million including interest at the rate of 15% per annum of the claimed amount, total amount of claim Baht 35 million by alleging that DPC has committed a breach of the Digital PCN (Personal Communication Network) 1800 Service Agreement due to subscriber fraud on the Digital PCN 1800 Service Agreement between DPC and subscribers for 1,209 numbers during 1997 – 2003 causing damages to CAT where CAT was unable to collect the international call service charges occurred from the use of such numbers.

At present, the said dispute is pending on the Arbitration procedures. The Company's management believes that the outcome of the said dispute shall favourably ease off and has no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating conditions of the Agreement in all respects.

AIN Globalcomm Company Limited ("AIN")

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

On 7 March 2008, CAT 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 dialing service from using the symbol "+" for the code 001 of CAT to "+" for the code 005 of AIN has caused mistaken to the subscribers who use international direct dialing service that they are using the code 001 of CAT, therefore, the acts of 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, CAT has appealed such dismissal on 10 March 2010. Presently, the said case is pending on the Court of Appeals process.

38. Events after the reporting period

At the Board of Directors' meeting held on 9 February 2012, the Board passed a resolution proposing to the annual general shareholders' meeting the payment of dividends for the year 2011, at the rate of Baht 8.43 per share, Baht 4.17 each of which was paid as an interim dividend on 2 September 2011. The proposed dividends shall be approved by the shareholders.

39. Reclassification of accounts

Certain accounts in the 2010 financial statement have been reclassified to conform to the presentation in the 2011 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new and revised TFRS⁽¹⁾ and the primary statement formats are prepared by the Department of Business Development of the Ministry of Commerce ("DBD")⁽²⁾. Other significant reclassifications were as follows:

	2010					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	(in million Baht)					

Statement of financial

position as at 31 December 2010

Trade accounts receivable ⁽¹⁾	5,609	51	5,660	7,142	56	7,198
Amount due from and loan to related parties ⁽²⁾	2	(2)	-	5,700	(5,700)	-
Other receivable ⁽²⁾	-	2,261	2,261	-	1,191	1,191
Short-term loan to related parties ⁽²⁾	-	-	-	-	5,531	5,531
Value added tax receivables ⁽²⁾	63	(63)	-	63	(63)	-
Inventories ⁽²⁾	932	195	1,127	38	192	230
Other current assets ⁽²⁾	2,459	(2,391)	68	1,205	(1,156)	49
Property, plant and equipment ⁽²⁾	7,368	(279)	7,089	3,142	(279)	2,863
Goodwill ⁽²⁾	-	1,577	1,577	-	-	-
Other intangible assets ⁽²⁾	4,341	(1,577)	2,764	-	-	-
Trade accounts payable ⁽²⁾	(3,160)	688	(2,472)	(4,061)	1,082	(2,979)
Amount due to and loan from related parties ⁽²⁾	(245)	245	-	(10,041)	10,041	-
Other payable ⁽²⁾	(24)	(5,386)	(5,410)	(15)	(5,635)	(5,650)
Short-term loan from related parties ⁽²⁾	-	-	-	-	(9,100)	(9,100)
Other current liabilities ⁽²⁾	(4,853)	4,681	(172)	(3,910)	3,840	(70)
	-	-	-	-	-	-

Statement of comprehensive income for

the year ended 31 December 2010

Revenue from rendering of service and equipment rentals ⁽¹⁾	102,326	(336)	101,990	97,793	(336)	97,457
Revenue from sale of goods ⁽¹⁾	8,954	395	9,349	-	395	395
Cost of rendering of services and equipment rentals ⁽¹⁾	(39,499)	263	(39,236)	(41,263)	307	(40,956)
Cost of sale of goods ⁽¹⁾	(7,652)	(322)	(7,974)	-	(366)	(366)
	-	-	-	-	-	-

Management Discussion and Analysis

Executive Summary

Driven by trend of mobile data in year 2011, AIS achieved an outstanding revenue growth of 14% YoY. The results were due to an impressive service revenue growth at 12% YoY along with an upbeat handset market that posted 41% YoY sales growth. During the year, AIS' strong foothold in Thai mobile market with quality network and services helped us to gain revenue market share. Thai consumers increasingly gained access to mobile data with the rising trend of social networks and smart device adoption. Our mobile data revenue significantly rose over 70% YoY. From smart devices to normal feature phones, AIS has offered a wide range of data packages to serve our dispersed customer base, including high volume data plans for the tech-savvys to the minimum 3G data package at Bt9 per day for light users.

In the latter half of 2011 after AIS launched our 3G, EDGE⁺, Wifi connectivity, we have been able to provide an enhanced seamless mobile data experience to our customers. Operators were fairly rationale in reasonable data pricing ushering in fair usage policy. Half a year after 3G service began its debut, AIS registered a fast-growing 3G subscriber base at 1.2 mn whereas mobile internet usage grew more than 100% in 2H11.

Moving into 2012, AIS' strategic focus continues to be on "quality" to drive "customer experience". We plan to strengthen our existing 3G service quality, by deploying additional nearly 2,000 base stations, covering Bangkok and greater areas and other key cities. This is mainly a capacity increase exercise targeting to improve mobile data experience of customers in area where demand is prominent.

Despite increasing spending for data capacity expansion under both 2G and 3G networks as well as undertaking a major rebranding project, AIS achieved Bt 56,623 mn of EBITDA, a 9.5% YoY growth. Stripping out non-recurring items, service margin was maintained, despite a lower group EBITDA margin due to the dilution effect of a growing lower margin handset business. Net profit recorded Bt 22,218 mn, improved 8.3% YoY even with Bt 2.8 bn deferred tax adjustment while normalized net profit recorded Bt 26,600 mn, 21% YoY growth. AIS, therefore, generated a healthy free cash flow of Bt 51 bn while maintaining flexibility for the future growth opportunities. Moving into 2012, under the new regulator NBTC, the Thai telecom industry will face a structural transition from Bulid-Transfer-Operate (BTO) contract to license regime. This will unlock the expiring BTO contracts issue and ensure the long-term business future of existing operators. The new license system will create a level playing field which will lead to a renew capex cycle.

Significant Event

Impairment loss from DPC goodwill of Bt1,542m recognized in 2011

In 4Q11, the AIS Group recorded in the statement a Bt 384 mn impairment loss of Goodwill in DPC, a subsidiary operating mobile service on GSM 1800 MHz. As a result, DPC Goodwill became zero. In 2011, the AIS Group recorded in the income statement for the period a Bt 1,542 mn impairment loss of goodwill on DPC. Such item is not tax deductible, unrecoverable and is non-cash expense. This resulted in no more outstanding balance of DPC goodwill on financial statement.

Change in corporate income tax rate

On 11 October 2011, the Cabinet announced the change in the corporate income tax rate to 23% for accounting periods ending 31 December 2012 or after, and to 20% for accounting periods ending 31 December 2013 onward. Deferred tax assets and liabilities carried as at 31 December 2011 have been calculated based on these changed tax rates. The recorded deferred tax asset in the consolidated and separate financial statements carried as at 31 December 2011 was reduced by Bt 2,840 mn and Bt 2,637 mn respectively. The reduced deferred tax was accrued in income tax expense in statement of income.

Results

Revenue

In 2011, despite reaching over 100% penetration, the mobile market continued to expand due to strong growth of internet SIM users and organic growth from regional subscribers. AIS registered 33.5 mn subscribers and grew from 31.2 mn last year, representing 2.3 mn net addition. During the year, AIS implemented a successful distribution policy and extended termination period due to the flood crisis that occurred in late Sep-11. As a result, postpaid churn rate dropped to 1.5% in 4Q11 compared to 1.8% last year, while the prepaid churn posted a slight decrease.

AIS generated total revenue of Bt 126,437 mn, a strong growth of 13.6% YoY driven by both rising mobile usage and device sales. Service revenue excluding IC grew 12% from last year. We witnessed a strong growth in both voice and non-voice, both cities and regional market. As a result, **Prepaid ARPU** increased 4.1% YoY reaching Bt 203 while **Postpaid ARPU** increased 5% reaching Bt 691. Minutes of use on both prepaid and postpaid rose 10% YoY as we promoted all-network calls. Net interconnection revenue hence declined to Bt 451 mn from Bt 601 mn in 2010.

Voice Revenue

During the year, competition in voice market remained stable, **voice revenue** stood at Bt 71,429 mn, a significant increase at 8.3% YoY. As the largest coverage and most reliable network in Thailand, AIS covered a strong footprint in both Bangkok and regional markets. We offered various localized tariff plans to capture regional customers as well as segmented voice plans to serve different customer behavior. These led to a strong growth of **prepaid voice revenue** at 10.6% YoY in 2011. On postpaid segment, with the strong network quality, and mix and match package, AIS completed the product range to serve the needs of targeted customers. Meanwhile, we continued to gain quality subscribers due to a streamlined distribution policy. The success resulted in a 2.1% YoY increase in **postpaid voice revenue**. However, we expect in year 2012 a more subdued growth in voice revenue as additional organic growth in regional market should be less significant as mobile penetration exceeds 100%.

Non-voice revenue

Supported by the growing trend of social networks and smart device adoption, demand for mobile connectivity has considerably increased. AIS data users continued to expand, reaching 9 mn, an increase of 39% compared to last year. This was the key driver to the overall **non-voice growth** of 31% YoY and AIS achieved Bt 19,736 mn of revenue, a portion that contributes 20% of overall service revenue excluding IC from 17% in 2010. Anticipating a surge demand in data market, AIS introduced in mid-2011 a seamless data connectivity throughout Thailand via 3G, EDGE⁺, and WiFi. As a result, mobile data revenue strongly increased by 76% YoY in 2H11, compared to 64% YoY in 1H11. Apart from smartphone data package, we also supported non-smartphone users by offering “Unlimited Social by Opera Mini”, which allows non-smartphones to access popular social networks. We expect non-voice growth momentum to continue in the future as non-messaging revenue (non-voice revenue, excluding SMS and ringback tone) expanded to 14.6% of service revenue, excluding IC, from merely 11.3% last year.

Handset sales

Alongside with the rising data market, handset market continued to be upbeat. Device sales improved in both smartphone and non-smartphone segments. As part of the AIS Quality DNAs strategy to serve data demand, AIS in 2011 offered a wide range of smart devices e.g Samsung Galaxy S, Samsung Galaxy Tab 10.1, iPhone 4s, and air cards resulting in healthy **sales revenue** growth of 41% YoY. Additionally, a large number of non-smartphones also expanded in regional markets. A lot of these have data connection capability, serving mid to lower tier of customers. Handset market competition increased resulting in BlackBerry contributing lower margins due to reformed distribution policy of RIM since 2H10. Therefore, we generated lower **sales margin** at 11.9% compared to 14.7% last year.

International revenues

Revenue from **international call** business continued to expand 10% YoY in terms of both user and usage due to several marketing campaigns. **International roaming** revenue, however, declined at 6.3% YoY due to global price pressures.

Expenses

Cost of services excluding IC

In 2011, AIS launched key initiatives to support mobile internet demand and maintain service quality, such as 3G-900 MHz and EDGE⁺ nationwide. As a result, several cost items in cost of service, excluding IC, increased to achieve our goals. Because of higher roaming traffic on DPC network during the 3G-900 MHz start-up and increased DPC revenue sharing from 25% to 30%, **revenue sharing expense** increased 14% YoY. Number of cell sites increased to 17k from 15.8k in 2010, therefore, **base rental and utility cost** increased 8.4% YoY. To maintain the reliability of network, especially during the flood in 4Q11, several preventive maintenance and mitigation programs were implemented, resulting in 7.8% YoY higher **maintenance expense**. **Other costs of services** were Bt 3,758 mn and increased 32% YoY due to increased call center staff cost, 3G-900 MHz related expenses and the Bt 360 mn one-time reversal item in 2Q10. Excluding the one-time reversal item, other costs of services increased 17.4% YoY. Despite the above rising costs, overall cost of services excluding IC was stable from last year due to lower **network amortization**, which declined 7.5% YoY. The network amortization is expected to decrease further in 2012 because new assets' costs were lower than the amount of fully amortized assets and contracts that will expire in 2013 for DPC and 2015 for AIS.

Selling and general administrative expenses (SG&A)

AIS implemented rebranding campaign in 2011 to serve the dynamic of customer demand better. The campaign increased marketing expense 22% YoY. However, **marketing spending** was well controlled at 2.2% of total revenue and stable to 2.1% in 2010 due to mild competition and economy of scale. Regarding flood crisis in 4Q11, AIS launched many programs to help customers, staffs and Thai people and recorded more than Bt210mn of contributions to flood relief.

AIS extended monthly payment date for postpaid customers who affected by flooding, as a result, **bad debt** provision increased 3.8% YoY. However, the ratio of bad debt expense to postpaid revenue was 2.5% and slightly decreased from 2.6% in 2010. Affected postpaid customers resumed the payment since December 2011. **General administrative and staff expenses** increased 11% YoY due to higher staff cost, including special rewards and flood relief supports, and donation.

Profit

AIS **EBITDA** was Bt 56,623 mn and increased 9.5% YoY due to strong revenue growth, particularly from mobile internet, offsetting by higher cash OPEX, largely from the Bt 360 mn one-time reversal, rebranding campaign and staff cost. However, **EBITDA margin** decreased to 44.8% from 46.5% in 2010 mainly due to dilution from handset business margin, higher revenue share of DPC due to network roaming during 3G-900 MHz start-up, and the one-time reversal item. **Net income** was Bt 22,218 mn and increased 8.3% YoY due to the strong EBITDA growth, higher interest income and the lower amortization but offset by the adjustment of deferred tax asset. The deferred tax adjustment was Bt 2,840 mn, which came from the lower corporate tax rate government policy started from 2012. Excluding the DPC goodwill impairment and the deferred tax adjustment, **normalized net income** was Bt 26,600 mn and increased 21% YoY.

Financial position and cash flow

As we were expecting auctions on new spectrum licenses, AIS was judicious in committing new **CAPEX** on the existing Built-Transfer-Operate contracts to maintain our market position and revenue market share. In 2011, CAPEX spending was 5.7 bn and increased 18% YoY mainly due to data services, i.e. 3G-900 MHz project and data capacity expansion. This is below the initial guidance of Bt 10 bn as there were some delayed projects through the year. **Cash** increased to Bt 21,887 mn from Bt 12,168 mn from EBITDA growth. However, **total asset** continued to decrease from Bt 97,347 mn in 2010 to Bt 86,672 mn because the new CAPEX was smaller than network that was fully amortized in the period and deferred tax asset was adjusted due to the new corporate income tax rate.

To maintain flexibility for upcoming investment, AIS repaid Bt 13,978 mn of debt while securing a new Bt 1,200 mn loan. As a result, **interest bearing debt** fell to Bt 22,374 mn from Bt 35,139 mn in 2010 while average cost of debt declined to 4.5% from 4.8% in 2010. With our prudent management, we maintained high **liquidity**. Our current ratio improved to 1.12 from 0.74 in 2010. In 2012, a debenture of Bt 5,000 mn and loans of Bt 493 mn will be due.

Equity was Bt 39,464 mn and decreased from Bt 41,191 mn in 2010 due to lower unappropriated retained earnings after interim dividend payment. Therefore, net debt to equity and net debt to EBITDA was lower to 0.01 which enlarges debt capacity once the need for future investment arrives.

From our strong revenue generation and solid cost management, AIS generated Bt 48,216 mn **cash flow from operation** in 2011, an increase of 7.5% YoY. Majority of the cash flow was spent on dividend payment which amounted Bt 24,103 mn and debt repayment which amounted Bt 14,050 mn while working capital requirement was Bt 9,388 mn. We ended the year with Bt 7,909 mn increase in cash on hand. We are confident that this level of strong cash generation will support our endeavor for the upcoming new license auction as well as maintaining full commitment to shareholder return.

Financial results

Table 1 Revenue	(million Baht) / (% to total service revenue excluded IC)					
	2010		2011		YoY (Amount)	YoY (%)
Voice revenue	65,942	75.3%	71,429	73.0%	5,487	8.3%
Postpaid (voice)	17,493	20.0%	17,859	18.2%	366	2.1%
Prepaid (voice)	48,449	55.4%	53,570	54.7%	5,121	10.6%
Non-voice revenue	15,040	17.2%	19,736	20.2%	4,696	31.2%
International roaming	2,703	3.1%	2,533	2.6%	-170	-6.3%
Others (IDD, other fees)	3,831	4.4%	4,212	4.3%	381	9.9%
Service revenue excluding IC	87,516	100.0%	97,911	100.0%	10,395	11.9%

Table 2 Sales	(million Baht) / (% to total revenue)					
	2010		2011		YoY (Amount)	YoY (%)
Sales revenue	9,349	8.4%	13,180	10.4%	3,831	41.0%
Cost of sales	7,974	7.2%	11,613	9.2%	3,639	45.6%
Net sales	1,375	1.2%	1,567	1.2%	192	14.0%
Sales Margin (%)	14.7%		11.9%			

Table 3 Interconnection (IC)	(million Baht) / (% to total revenue)					
	2010		2011		YoY (Amount)	YoY (%)
Interconnection revenue	14,474	13.0%	15,346	12.1%	872	6.0%
Interconnection cost	13,873	12.5%	14,895	11.8%	1,022	7.4%
Net interconnection	601	0.5%	451	0.4%	-150	-24.9%

Table 4 Cost of services ex IC and sales	(million Baht) / (% to total revenue)					
	2010		2011		YoY (Amount)	YoY (%)
Network amortization	18,395	16.5%	17,017	13.5%	-1,378	-7.5%
Base station rental & utility	2,752	2.5%	2,984	2.4%	232	8.4%
Maintenance	1,376	1.2%	1,484	1.2%	108	7.8%
Other cost of services	2,840	2.6%	3,758	3.0%	918	32.3%
Cost of services ex. IC	25,363	22.8%	25,243	20.0%	-120	-0.5%
Revenue sharing expense	21,553	19.4%	24,469	19.4%	2,916	13.5%

Table 5 SG&A	(million Baht) / (% to total revenue)					
	2010		2011		YoY (Amount)	YoY (%)
Marketing expense	2,324	2.1%	2,826	2.2%	502	21.6%
General administrative & staff cost	6,712	6.0%	7,476	5.9%	764	11.4%
Bad debt provision	589	0.5%	611	0.5%	22	3.8%
Depreciation	214	0.2%	203	0.2%	-11	-5.0%
Total SG&A	9,840	8.8%	11,118	8.8%	1,278	13.0%
% Bad debt to postpaid revenue	2.6%		2.5%			

Table 6 EBITDA	(million Baht) / (% to total revenue)					
	2010		2011		YoY (Amount)	YoY (%)
Operating Profit	32,736	29.4%	39,100	30.9%	6,363	19.4%
Depreciation of PPE	2,694	2.4%	2,511	2.0%	-184	-6.8%
Amortization	16,366	14.7%	15,164	12.0%	-1,202	-7.3%
(Gain)/Loss on disposal of PPE	84	0.1%	-3	0.0%	-87	-103.3%
Management Benefit	-114	-0.1%	-116	-0.1%	-2	1.7%
Other financial cost	-47	0.0%	-32	0.0%	14	-30.3%
EBITDA	51,720	46.5%	56,623	44.8%	4,903	9.5%

Table 7 Financial cost	(million Baht) / (% to total revenue)					
	2010		2011		YoY (Amount)	YoY (%)
Total financial cost	1,753	1.6%	1,666	1.3%	-87	-5.0%

Table 8 Consolidated (million Baht)	where	2010	2011	YoY (Amount)	YoY (%)
Net income		20,514	22,218	1,704	8.3%
Add: Impairment of DPC goodwill	Impairment loss	1,560	1,542		
Add: Adjustment of deferred tax asset	Income tax expenses	0	2,840		
Normalized net income		22,074	26,600	4,526	20.5%

Table 9 Financial Position	(million Baht) / (% to total asset)			
	2010		2011	
Cash	12,618	13.0%	21,887	25.3%
ST investment	4,219	4.3%	727	0.8%
Trade receivable	5,660	5.8%	7,037	8.1%
Inventories	1,127	1.2%	1,087	1.3%
Others	2,329	2.4%	2,440	2.8%
Current Asset	25,953	26.7%	33,178	38.3%
Networks and PPE	55,265	56.8%	44,121	50.9%
Goodwill	1,577	1.6%	35	0.0%
Intangible asset	2,764	2.8%	2,275	2.6%
Defer tax asset	9,933	10.2%	6,422	7.4%
Others	1,856	1.9%	642	0.7%
Total Assets	97,347	100.0%	86,672	100.0%
Trade accounts payable	2,472	2.5%	3,520	4.1%
CP of LT loans	15,883	16.3%	5,469	6.3%
Accrued R/S expense	3,328	3.4%	4,593	5.3%
Others	13,603	14.0%	16,152	18.6%
Current Liabilities	35,285	36.2%	29,734	34.3%
Total interest-bearing debt	35,139	36.1%	22,374	25.8%
Total Liabilities	56,157	57.7%	47,209	54.5%
Unappropriated retained earning	15,073	15.5%	13,246	15.3%
Total Equity	41,191	42.3%	39,464	45.5%

Table 10 Key Financial Ratio	2010	2011
Debt ratio	0.58	0.54
Net debt to equity	0.55	0.01
Net debt to EBITDA	0.44	0.01
Total liabilities to equity	1.36	1.20
Current ratio	0.74	1.12
Interest coverage	19.18	23.94
DSCR	2.06	5.58
ROE (%)	39%	66%

Table 11 Debt Repayment Schedule	(million Baht)	
	Debenture	Long term loan
2011	4,000	9,978
1Q12	-	-
2Q12	-	247
3Q12	5,000	-
4Q12	-	247
2013	8,000	493
2014	2,500	2,939
2015	-	1,093
2016	-	1,093
2017	-	493
2018	-	247

Table 12 Source and use of fund : 2011 (million Baht)			
Source of Fund		Use of Fund	
Operating CF before change in working capita	57,604	CAPEX & Fixed assets	5,707
Interest received	620	Finance cost and finance lease paid	1,803
Sale of property and equipment	12	Changes in working capital	9,388
Share capital and share premium	189	Debt repayment	14,050
Net change in current/long investments	3,494	Dividend payment	24,103
Proceed from long term borrowing	1,200	Reduction of share capital to non-controlling interests	159
		Cash increased	7,909
Total	63,119	Total	63,119

Comparison of 2011 outlook and actual

FY 2011	Guidance	Actual
Service revenue (excluding IC)	High-single digit	+11.9%
Non-voice revenue	25-30%	31%
EBITDA margin	45%	44.8%
CAPEX (including 3G-900 MHz)	Bt 10 bn	Bt 5.7 bn

The service revenue, excluding IC improved 11.9%, above the guidance of high-single digit due to stronger-than-expected voice growth. The revenue guidance of high-single digit growth was based on strong growth in non-voice revenue. We expected a subdued growth in voice revenue as the market saturated while mobile penetration reached over 100%. However, in 2011, with our successful marketing campaigns and recovered economy, voice revenue grew firmly at 8% in both cities and regional markets, particularly the prepaid segment. Additionally, in mid 2011, 3G services was introduced to support growing demand for mobile internet. As a result, non-voice revenue improved 31% yoy hitting the high range of the guidance of 25-30%. Also, strong device sales in both high-end and low-end models resulted in growing handset sales of 40%. Nevertheless, the growth was lower than our guidance of 50% due to impact from flood in last quarter of the year.

EBITDA margin was 44.8% in accordance with the guideline of 45%. This came from an expansion of handset business. In addition, the EBITDA margin was driven by solid revenue and cost efficiency, despite high cost from rebranding activities and higher network opex from 3G services. Marketing spending was managed at 2.2% of total revenue due to benign competition, hitting the low range of 2% to 2.5% on guidance.

Capex was Bt 5.7 bn lower than the Bt 10 bn guidance due to the delay of some investment projects caused by flood in late 2011, resulting in behind schedule payment date.

FY2012 Management Outlook & Strategy

FY 2012	Guidance
Service revenue excluding IC	5-6%
Non-voice revenue	25% YoY
Sales revenue	10%+
EBITDA margin	44%
CAPEX	Bt 8 bn (cash flow)

AIS expects 5-6% growth in service revenue, excluding IC, from strong mobile internet demand and stable voice market. Growing smartphone users, social networks popularity and limited fixed line internet access, will continue to drive mobile internet demand. We believe the operators will try to maintain positive momentum in non-voice market growth by providing more extensive 3G services and promoting 3G smart devices, i.e. smartphones, tablets and air cards. AIS is aiming to promote smartphone through several marketing campaigns as well as a wide range of devices to expand mobile data customer base in new emergent markets. As a result, we expect our device sales revenue to increase 10%+. We estimate that 50% of the new devices sales this year to be 3G compatible while 30% to be smartphones (not all 3G phone is considered as smartphone). Non-voice competition is expected to increase in terms of coverage and speed claim. However, aggressive price competition in non-voice service is not yet expected because mobile internet demand is very strong while supply remains fairly limited. AIS' strategic focus will be on "quality" to drive "customer experience". We intend to create better mobile internet experience to ensure that our quality service and a long-term relationship between AIS and customers is maintained. For voice market, we believe operators are tending to maintain voice revenue market share due to matured market, resulting in benign competition. AIS will leverage our widest network coverage and local distribution channels to capture new quality voice and data subscribers.

Non-voice revenue is expected to increase 25% due to smart device growth and 3G service. Our "Quality DNAs" (Quality in Device, Network, Application and Service) philosophy continues to be our value proposition that AIS delivers to customers, steering toward more segmented approach. **Device:** Selected smart devices with bundled attractive data packages will be offered to each customer segment. We want to encourage new data customers to experience our nationwide seamless data network by introducing more variety of segmented data price plans. **Network:** Our seamless data network will be strengthened by increasing capacity on 3G-900 MHz network and collaborating with strategic partners. Additional 2,000 3G-900 MHz base stations will be installed in key strategic provinces where demand is prominent to ensure that our 3G service has better quality and reliability. WiFi service will be expanded by our partners and AIS itself in shopping areas and key points of attraction to enhance mobile internet experience. **Applications:** More new content and applications will be created to support both smartphone users and mass market segments e.g. digital lifestyles content such as eBook, Music. The AIS core value, **Services**, will be reinforced in several dimensions. We will create superior experience at AIS touch points starting from shops to after-sales services. Customers can try smart devices with suggestions from our staff before they decide to buy. Our service infrastructure will be modernized to increase speed and offer the right solutions and privileges for individual customers. With the "Quality DNAs", AIS is confident that we can deliver quality experience and build long-term brand attachment with customers.

As AIS will promote more smart devices in 2012, EBITDA margin target is 44%, which is slightly lower from 44.8% in 2011. The lower EBITDA margin was an effect of margin dilution from handset business, while service margin remains stable. Handset sales business, which has lower margin compared to mobile service business, will become a larger portion in our revenue mix. Our cost efficiency will be maintained owing to AIS economy of scales and management disciplines. Though

our rebranding campaign will continue in 2012, marketing spending will likely be capped in range of 2-2.5% of total revenue. Net interconnection charge expects to decrease further but will maintain as a net IC gainer. However, AIS does not expect the net IC gain to be sustainable.

AIS expects to spend Bt 8 bn CAPEX mainly to strengthen our 3G-900 MHz footprints and enlarge data capacity. After launching an interim 3G-900 MHz service in July 2011 and upgrading network to EDGE⁺ nationwide, mass customers start to realize benefit from wireless internet access, resulting in higher mobile internet usage. AIS continue to deliver seamless quality mobile internet network by installing an additional 2,000 3G-900 MHz base stations in greater Bangkok and key provinces where consumers' 3G-900 MHz devices and demand are ready. We expect to complete the project by Q3. Service at touch points is also important. AIS will upgraded our AIS shops in order to customize our services in line with "Your Word. Your Way." concept. Network amortization continues to decrease because majority of network asset is fully depreciated while new investment remains low. We expect network amortization will decrease 7% YoY.

Capital structure is well planned to preserve our strength for future investment, while maintaining our 100% dividend payout. After establishment of regulator, NBTC (National Broadcasting and Telecom Commission) and progress of NBTC works, AIS has to prepare for the shift of regulatory framework by managing our financial status for upcoming events such as spectrum auction (2.1 GHz, 1800 MHz and 900 MHz) and new technology roll-out. To maintain a leadership position in 3G and beyond, our gearing ratios are managed at low level while our cost efficiency runs high to have full flexibility to finance potential investment, strengthening competitive edge, and withstanding competitive pressure.

Operational Data

	1Q 10	2Q 10	3Q 10	4Q 10	1Q 11	2Q 11	3Q 11	4Q 11
Subscribers								
GSM Advance	2,878,500	2,898,800	2,928,100	2,976,500	3,027,500	3,056,200	3,116,200	3,193,600
GSM 1800	78,300	78,400	76,400	76,100	76,100	86,500	95,700	98,000
Postpaid	2,956,800	2,977,200	3,004,500	3,052,600	3,103,600	3,142,700	3,211,900	3,291,600
Prepaid	26,552,400	27,030,500	27,497,600	28,148,100	28,847,700	29,342,300	29,552,000	30,168,300
Total subscribers	29,509,200	30,007,700	30,502,100	31,200,700	31,951,300	32,485,000	32,763,900	33,459,900
Net additions								
Postpaid	42,100	20,400	27,300	48,100	51,000	39,100	69,200	79,700
Prepaid	694,200	478,100	467,100	650,500	699,600	494,600	209,700	616,300
Total net additions	736,300	498,500	494,400	698,600	750,600	533,700	278,900	696,000
Churn rate (%)								
Postpaid	2.3%	2.2%	2.1%	1.8%	1.6%	1.7%	1.6%	1.5%
Prepaid	4.7%	4.7%	4.3%	4.4%	4.4%	4.7%	5.0%	4.3%
Blended	4.4%	4.5%	4.1%	4.2%	4.1%	4.4%	4.7%	4.1%
Subscriber market share								
Postpaid	43%	43%	43%	43%	43%	43%	43%	N/A
Prepaid	44%	44%	44%	44%	44%	44%	44%	N/A
Total	44%	44%	44%	44%	44%	44%	44%	N/A
ARPU excl. IC (Bt)								
GSM Advance	648	645	645	660	655	661	673	698
GSM 1800	610	596	594	584	544	496	459	454
Postpaid	647	643	644	658	652	656	667	691
Prepaid	193	185	184	195	197	195	193	203
Blended	239	231	230	241	241	239	239	251
ARPU incl. net IC (Bt)								
GSM Advance	608	605	614	624	618	621	632	655
GSM 1800	592	578	576	574	535	482	442	437
Postpaid	608	605	613	623	616	617	626	649
Prepaid	198	190	192	201	203	200	199	209
Blended	239	231	234	243	243	240	240	252
MOU (minutes: billable outgoing only)								
GSM Advance	524	509	522	532	527	530	529	588
GSM 1800	483	476	387	496	486	479	463	499
Postpaid	523	508	518	532	526	529	527	585
Prepaid	263	273	280	292	304	299	300	323
Blended	289	297	304	316	326	322	322	349

Financial Covenants Compliance

Pursuance to the Terms and Conditions of the debentures of Advanced Info Service Plc.; AIS127A, AIS134A, AIS139A and AIS141A, the Company is required to maintain debt to equity ratio at not more than 2:1. This ratio will be calculated from a consolidated financial statement of the Company on semi-annually basis. The Company is, in addition, required to report a default on any debt obligation if there is any.

As at 31 December 2011, the debt to equity ratio was 0.57 times and the Company was not in default of any debt obligation. The Company is completely complied with the conditions set forth in the Terms and Conditions of the above debentures.

Audit and non-audit fees

- In 2011, the Company had the audit fee and quarterly review fee of total Baht 4.013 million and the audit fee and quarterly review fee of its subsidiaries was Baht 5.626 million.
- The Company had a non-audit fee of total Baht 25,000.

Disclaimer

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “intend”, “estimate”, “continue” “plan” or other similar words.

The statements are based on our management’s assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the Company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.

Relationship with Investors

We commit to deliver high standard of disclosure with accuracy, completeness, fairness, transparency, quality, and timeliness in our communication with the shareholders and the investment communities.

AIIS Investor Relations Department reports directly to the Chief Finance Officer. We provide the Company information including financial and operational performance as well as business direction from management perspective. Quarterly Management discussion and analysis (MD&A) contains qualitative of quarterly operating results, significant events affected financial results, guidance and other crucial information for investors. The guidance is revisited during the year in accordance with the ongoing results.

AIIS management fully understands the crucial importance of investor relations and so allocates appropriate time for investor relations activities. Our senior management regularly participates and presents company strategy and business direction at investor meetings, analyst briefings, quarterly result meetings and domestic and international conferences and road shows.

AIIS investor relations website (<http://investor.ais.co.th>) contains essential sources for investor including historical performance, financial statements, conference call replays, annual report, Form 56-1, SET disclosure, investor calendar, shareholders meeting announcement, share information, dividend, corporate governance, corporate social responsibility, etc. Moreover, AIIS regularly delivers “IR News Release” to inform investors about important issues including company’s news, earning releases, updated promotions.

AIIS also established the Compliance Department which 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 applicable laws and regulations.

In addition, the Company has regularly organized activities for investors which have been attended by various Company executives as per the summary on page 229

Activities Related to Quarterly Result Announcement

Activity	2011	Objective	Attendees	Executive
Result conference call & webcast	Quarterly (4 times)	Quarterly result announcement and Q&A	Local and foreign analysts and institutional investors	Chief Operating Officer/ Chief Finance Officer/Other members of management team
Analyst briefing	Semi-annual and annual (2 times)	Presentation of the Company's semi-annual and annual performance and strategy, plus Q&A	Analysts and local institutional investors	Chief Executive Officer/ Chief Finance Officer/Other members of management team
Opportunity day	Quarterly (4 times)	Quarterly result announcement and Q&A	Retail investors, private equity, analysts	Vice President of Marketing Analysis and Planning Department/ Investor Relations Department

Investor Activities

Activity	2011	Objective	Attendees	Executive
Roadshow/conference (international and domestic)	12 times	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/group meeting/conference call)	110 times	Provide access to management to discuss Communicate business direction, performance and strategy	Local and foreign analysts and institutional investors	Chief Executive Officer/ Chief Finance Officer/ Other members of management team

AIS IR team provides shareholders and investors with a direct point of contact on tel. (66) 2615 3112, (66) 2299 5014, fax (66) 2299 5165, or email investor@ais.co.th

Other References

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Auditor	Mr. Winid Silamongkol Certified Public Accountant Registration Number 3387 KPMG Phoomchai Audit Limited 195, Empire Tower 48 th - 51 st 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



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