

New Opportunities



Content

Corporate Social Responsibility	020	
Overview	034	• Message from Chairman and CEO
	036	• Investment Highlights
	038	• Ecosystem
	040	• Capital Discipline and Dividend Policy
	041	• Major Shareholders
Business	044	• Key Events and Awards
	048	• Investment Structure of AIS and Intouch Group
	052	• Business Overview
	053	• Revenue Structure
	054	• Industry and Competition in 2012 and Outlook in 2013
	057	• Business Direction over the next 3-5 years
	059	• Products and Services
	072	• Risk Factors
Good Corporate Governance	080	• The Board of Directors, the Executive Committee, and Management Team
	092	• Management Structure
	100	• Directors' Shareholding in the Company and its subsidiaries of the year 2012
	102	• Report on Good Corporate Governance
	112	• Relationship with Investors
	114	• Internal Control, Risk Management, and Internal Audit
	120	• Policy on Use and Disclosure of Inside Information
	121	• Related Transactions
	126	• Audit Committee Report 2012
Financial Report	130	• The Board of Directors' Responsibility for Financial Statements
	131	• Auditor's Report
	132	• Financial Statements
	200	• Management Discussion and Analysis
Additional Information	213	• General Information of the Company and its affiliates
	218	• Other References



New Opportunities For All

The revolutionary technology
that opens up a new world for Thai society

The new chapter of Thai telecommunications lies ahead.
With new technology that opens up a new world for Thai Society,
AIS, as the leader, will drive and shape the industry toward
the digital society and bring a sustainable growth to all.

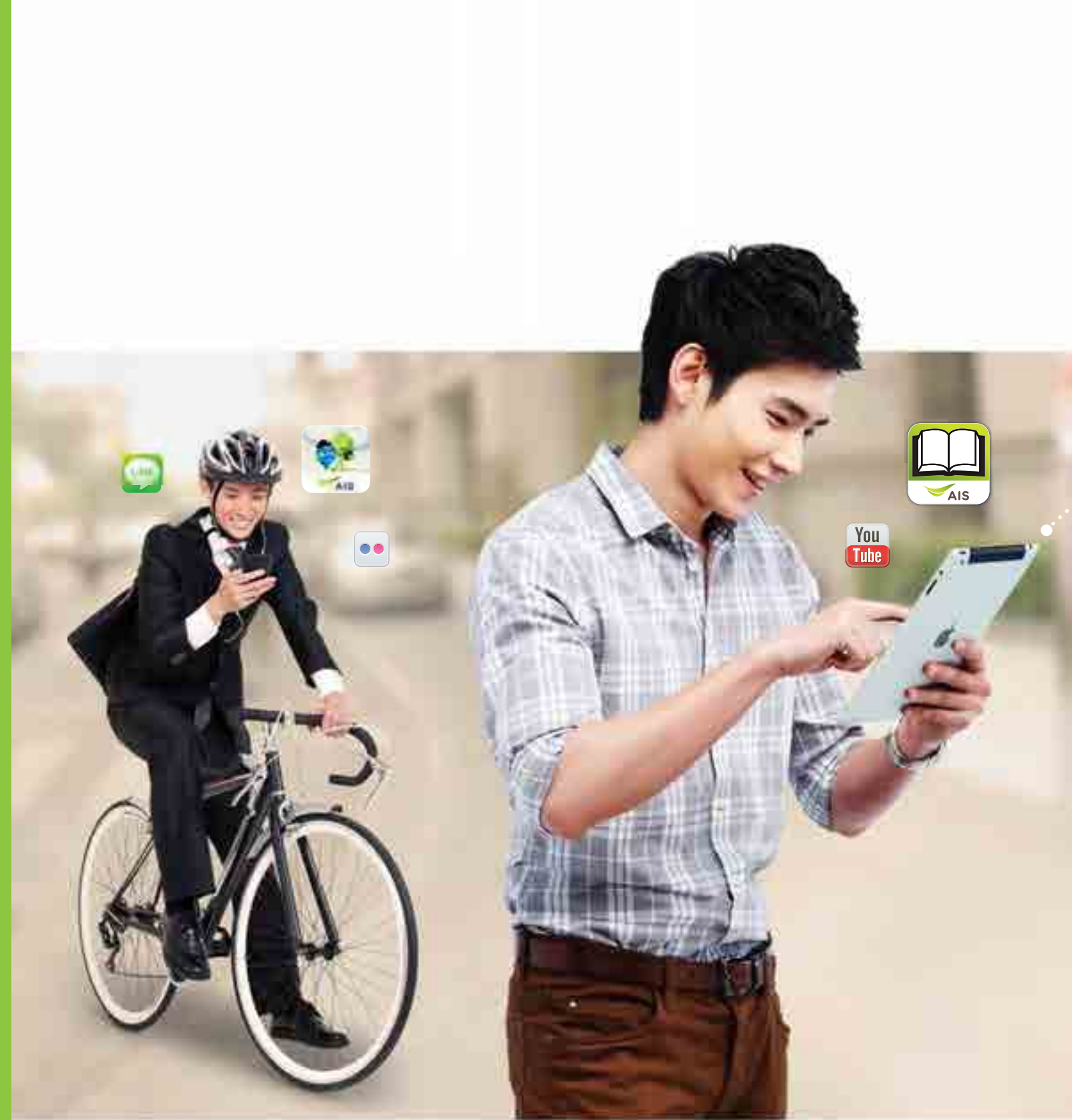
New Opportunities
**Through
Opening Up
Thailand**
for A Better
Nationwide
Digital
Connectivity





We will build the best wireless network of 3G 2.1GHz and provide more choices of smart and affordable devices to enhance digital connectivity across the urban, suburban and rural population.

New Opportunities
**Through
Driving
and Shaping
the Digital
Society
for Thais**





Through leading innovative applications and services,
we will ensure the best digital experience
and make everyday life easier.

New Opportunities
**that Bring
Thailand**
to A New Level
of Global
Competitiveness





Targeted solutions help enhance the efficiency and competitiveness of SME and corporate in a global platform.

New Opportunities
that Build
A Sustainable
Growth
for Thais





Create products and services that improve the way of life
Set an example of good governance and transparent business
Foster a sustainable growth path for Thai society

Corporate Social Responsibility

Social Responsibility

Advanced Info Services Public Company Limited

AIS has conducted its business with Corporate Social Responsibility by incorporating it as a fundamental factor of the Company's missions. We also committed to applying such principles to create sustainable growth for the Company and for Thai society.

1. Responsibility to the environment

- **Green network friendly to the environment**

In addition to placing consideration on the importance of base station locations and engineering constructions, AIS also places emphasis on being a Green Network to remain friendly to the environment. We choose alternative energy as a substitute for petroleum in generating electricity by installing solar panels in our 22 base stations. We also install insulation inside our switching centers to save energy and stabilise room temperature. With this method, the many large-scale air conditioners previously used at our base stations can be replaced by high-quality fans. Currently, there are more than 10,000 base stations that have switched to using high-quality fans, accounting for 70 percent of all AIS base stations. This project not only reduces the amount of Chlorofluorocarbons (CFC) in the ozone layer, but also saves fuel consumption at each base station by 30 percent.

- **Disposal of mobile phone batteries**

An internationally certified company has been selected to carry out the AIS recycling process with the aim of protecting the environment as well as reducing manufacturing waste. AIS initiated this campaign to raise awareness of the possible dangers from disposing unused batteries improperly. For public safety and the reduction of toxic waste into the environment, AIS has encouraged the public to turn in unused or defective mobile phone batteries regardless of the brand or model at any of the 33 AIS branch offices nationwide. CPAC, one of AIS's enterprise accounts, took part in this recycling campaign by calling on its employees to discard their unused batteries properly for recycling.

2. Responsibilities to consumers

AIS has always placed special emphasis on offering a high quality network and nationwide coverage in order to ensure communication efficiency. Premium services and innovations are continually introduced to fulfil subscribers' needs. Our responsibilities to consumers are as follows:

- **Fair practices for consumers**

1. Offering quality products and services, including new programmes and applications to suit the various lifestyles of both individual and corporate consumers
2. Offering integrated services such as substitute handset and birthday privileges etc.
3. Offering privileges that benefit customers' daily lives under the "AIS Plus" and "Serenade" brands by working together with different business partners nationwide
4. Enhancing convenience and number of service points
5. Providing complete and accurate product and service information
6. Offering a system which enables AIS to record customer data as well as information on sales promotions in case of on-hand requests
7. Training our staff to be knowledgeable and expert in our products and services in order to facilitate our customer inquiries
8. Arranging service contracts according to legal requirements; ensuring contracts clearly state service conditions, such as service rate, payment, period of service and service cancellations
9. Ensuring customer information is not disclosed without authorisation either from the customer or an authorised company representative, except for information which must be disclosed as per legal requirements.

- **Protection of customer health and safety**

1. Construction of towers must be safe and in accordance with approved engineering standards.
2. Evaluations of the spread of electrical fields from base stations must be in accordance with international standards, and construction of the base stations must be in line with the announcement by the National Telecom Commission on the requirements and measures for the safety of human health from the use of transportation radio communication 2007.
3. Coverage of electrical fields must be in accordance with laws pertaining to the provision of public information through printed materials regarding electrical magnetic currents.
4. Materials regarding knowledge of electrical fields are distributed.

- **Sustainable Consumption**

AIS promotes the collection of unused or worn out batteries from consumers and the public for recycling according to worldwide accepted standards through the “AIS: give back batteries, give back the world” project.

- **Service, support and settlement of consumer complaints and disputes**

1. New mobile phones are offered in cases of breakdowns or faults resulting in customers being unable to use their mobile phone within seven days of purchase.
2. Customer relations officers are readily available to handle customer inquiries and answer any questions they may have to help create better understanding.
3. Public information and advertisements are presented through different media such as television, newspaper and magazine, while AIS Call Centers are always ready to provide any possible assistance customers may need.
4. AIS Call Center receives complaints and provides necessary information or clarification to resolve any disputes.

- **Customer Information and Privacy**

1. AIS stores necessary personal information as required by the law and agreed by customers.
2. AIS strictly stores and protects customer information.
3. AIS allows customers to check their personal details through eService.
4. AIS will store customer service information for up to the past three months where customers can be traced.
5. The Company employs customer information protection systems, such as specification of the right to access information through use of a personal password.

- **Access to necessary services**

1. AIS uses a system which sends a reminder SMS in cases of pending payments.
2. AIS has a mobile support vehicle to provide assistance in areas where help is needed such as in times of natural disasters.

- **Provision of information and creation of awareness**

1. AIS used printed materials to inform the public about the coverage of electrical magnetic fields from our base stations and the safety of radio communications.
2. AIS has set up a complaint center to help provide possible solutions to problems.

3. Responsibility for employees

- **Employment**

In 2012, AIS recruited employees to work in service and technical areas in preparation for future network management and to accommodate new technology.

The employee selection process focuses on equality and fairness (merit system) with comprehension tests and interviews by highly experienced committee members to ensure maximum transparency.

AIS has placed special emphasis on treating its employees like members of the AIS family. Employees are well looked after in terms of compensation, privileges and benefits. Employees work in a warm and friendly working environment. They are encouraged to share their views and experiences, while senior employees will assist their junior colleagues by providing them with advice and support, which in turn fosters a friendly atmosphere and happy workplace.

As a part of Thai society, AIS also recognises the abilities of disabled people, especially those who are deaf or blind. AIS provides job opportunities for disabled people in accordance with their knowledge and ability. A number of disabled people are currently working in customer relations at AIS Call Centers.

- **Management of benefits**

AIS offers benefits and privileges for staff members and their families under the Flexible Benefit policy. Key benefits include:

- Annual health checks-up
- Nursing room with on-call doctors, and physical therapy room
- Medical fees, health insurance and life insurance, as well as per diem and accommodation allowance
- Wage increase for daily workers from Baht 300 to Baht 330

- Salary increase for service-staff members from Baht 13,000 to Baht 15,000
- Salary increase for technicians from Baht 9,000 to Baht 11,000
- Provident Fund with seven percent top-up from the Company
- Scholarships for employees' children
- AIS Cooperative
- Gift baskets for patients in hospital
- Spousal assistance
- Compensation in case of disaster's damage
- Family support in case of close family deaths such as spouse or child etc.
- Abortion assistance
- Uniforms for service center staff, drivers, and messengers
- Leave entitlement on birthdays or to take care of ailing family members
- High-standard health clubs located in office buildings to promote good health for employees

Moreover, AIS establish health campaign and provides vaccinations with cheaper price during disease outbreaks such as swine influenza to our staff and their family.

• **Management of Salary and Compensation**

AIS is committed to providing fair compensation and appropriate pay for each employee based on position and performance in accordance with fair evaluations. AIS conducts research of leading companies to set evaluation benchmarks and compensation standards which allow AIS to compete effectively with other employers in the same industry. In this way, both experienced individuals and the best young talent are attracted to work at AIS.

• **Employee Relations**

AIS has continuously organised various activities among employees, between employees and management, and for employees of client companies in order to create opportunities to express ideas and provide a chance to enjoy numerous activities that will help create unity and happiness among colleagues in the workplace.

In 2012, AIS organised a number of activities to enhance morale and foster a greater work ethic not only among employees, but also in turn on a company, social and national level.

- **A staff party** and activities are organised annually to help enhance both personal and professional relations among employees. In 2012, the AIS Unlimited Party 2012 was organised to entertain employees with food, games and shows from a variety of performers.
- **Smile on Children's Day** was organised for disabled children from various charity homes nationwide, and every year our people volunteer to give this children a full day of loving and caring.
- **Flood relief** was a collaborative endeavour between the public and private sectors, and involved recruiting staff volunteers to join in the programme's activities, which included planting, painting school buildings, and laying floors in 10 schools in affected areas.



- **Volunteers for kids** was organised to encourage staff to volunteer to help improve the skills and knowledge of Thai youth. Students from under privileged schools were able to gain educational out-of-class experiences at the National Science Museum, etc.



- **AIS Healthy Season 2012** raised the health awareness of staff members through a variety of activities, including health-examination booths, training and seminars on healthcare, personal training exercise regimens for individual staff, and the AIS Biggest Loser Contest.

- **AIS Family Day** was organised for management and staff and their family members and featured many fun and exciting activities.



- **Scholarship for employees' children** were offered to build staff morale and motivate the potential recipients to improve performance. To obtain the scholarship, eligible applicants had to be in grade 1 to 12 and achieve a minimum G.P.A. of 3.00 or 75%.



- **Honorary Pins** were awarded to employees who had worked for the INTOUCH Group for over 20 consecutive years.
- **Friends Help Friends** was a project encouraging employees to support their colleagues in cases of sickness or during natural disasters by transferring cash support for immediate assistance.
- **Mother's Day** activity involved management and staff joining in a religious ceremony, giving alms to 181 monks, making cash donation to Wat Phrabat Nampu, and giving away free Jasmine plants to employees and participating people. The event took place in front of INTOUCH Tower. One of the day's activities was the "AIS Love Mom Workshop: Decoupage for Moms" and involved staff members making decoupage items and taking them home for their mothers.



- **Mangrove Forest Planting 2012**

was organised to raise awareness among staff members to care of nature and the environment by having staff members plant a mangrove forest at The Nature Education Center for Mangrove Conservation and Ecotourism in Chonburi, Sub-district Samet, District Muang, Chonburi.



- **Establishment Day** AIS marked its 22nd year of operations with a religious ceremony and activities.
- **The AIS Gift Fair** is organised twice a year at the INTOUCH Tower car park where staff bring a range of products for sale at reasonable prices and people are also able to buy goods sold directly by large manufacturers at special prices. A range of activities including a prize draw are organised to help raise funds for the Thai Red Cross, children with multiple handicaps and other charities.
- **Father's Day** activity involved the management and staff joining in a religious ceremony, giving alms to 186 monks, and making cash donations to Wat Phrabat Nampu. The event took place at the front of INTOUCH Tower.

• **Human Resource Development**

AIS has always been dedicated to the development of human resources through the enhancement of personal skills to brighten the career path of AIS employees and make them happy and proud of their success. In 2012, AIS organised the following development activities:

- Talent Pool Development seeks to retain the best talent and encourages them to demonstrate their potential.
- Succession Planning is designed to prepare for the new generation of management
- Scholarships to study master degree both in Thailand and overseas as a way of developing the Company's human intelligence assets.
- AIS provides opportunities for staff members to attend seminars and training, both domestically and internationally, with an emphasis on competency-based development principles to promote career advancement.
- Job Rotation
- The "Nokhook" Knowledge Management System to provide employees with the resources to keep learning and improving

The advancements in information technology and the evolution of telecommunications are the heart of the industry supported by the important roles played by our staff. AIS places great emphasis on developing the IP Competency of employees in several fields of work, including engineering, IT, sales, and product and service management in order to ensure the complete satisfaction of customers through the delivery of effective solutions and services. By enhancing the knowledge and abilities of employees, we can achieve our set goal, while at the same time increasing our competitiveness in the market and demonstrating our leadership of the industry.

- **Human resource management system**

Thanks to our engineering offices and services centers located across the country, AIS has been able to develop an electronic human resource system (e-HR) that uses information technology to provide easy and convenient access to employees' personal information and incorporates an improved tracking system. Employees are also given access to manage their own records. In addition, we place great importance on the Performance Management System, which encourages employees to set a goal with their superiors and covers coaching, performance appraisals and feedback. In the future, AIS aims to develop an e-HR Application through which employees can conveniently access their information through a Virtual HR Office via such telecommunication devices as mobile phones, Smartphones, and tablets, representing an effective approach to managing human resources effectively, transparently, and fairly.

With our FASTMOVING philosophy, AIS also promotes corporate culture, learning activities, the sharing of work experiences, and the development of creativity in the workplace, while at the same time encouraging our employees to make contributions to the country by participating in the activities mentioned above

- **Employee wellbeing and work-life balance**

Placing special emphasis on treating its employees like family members, AIS offers benefits and privileges for staff, their families, and society to ensure that they feel safe and happy. A variety of benefits are offered, including Flexi Health Insurance, breast feeding and pumping rooms, a chill out zone, a karaoke room, and the Ignite Room, designed to reflect the learning culture and innovation of the Company. We also encourage the founding of clubs, including tennis, badminton, golf, football, photography, ethics, diving, basketball, etc.

Employees are encouraged to take leave in order to spend time with their families on special occasions, such as birthdays or religious ceremonies, or to take sick family members, including parents, spouses, and children to see a doctor.

In addition to making certain that the workplace is clean and meets hygiene standards, AIS creates a friendly workplace atmosphere to encourage the development of creativity and make the office feel like a second home.

AIS truly believes that human resources which have been well-treated can learn and develop in a pleasant working environment. As a result, they will be able fulfil their potential and grow with us.

- **Hygiene and safety in the workplace**

In 2012, AIS streamlined hygiene and safety in the workplace by integrating Safety, Health, and Environment (SHE) policy with Business Continuity Management (BCM) to ensure the effective management of hygiene and safety in the workplace.

With the above mentioned management system, AIS set up the Business Continuity Management Committee (BCMC) to oversee the policy, and designated the Business Continuity Management Project Management Office (BCM-PMO), under the immediate supervision of the CEO-AIS as project coordinator. In the first meeting of the year 2012, the BCMC approved the SHE development plan to ensure that it is implemented within a two-year timeframe.

Additionally, AIS launched SHE-based projects under the supervision of the Hygiene and Safety at Work Committee. The projects were as follows:

- Conducting a monthly safety audit and monitoring improvement on issues obtained
- Improvement of drinking water for employees. This project encouraged employees to observe the management of drinking water to ensure that it met hygienic standards. A survey found that 78 percent of employees were satisfied with the project.
- Development of a fire prevention and organizing fire drills involving the simulation of a fire breaking out at a private branch exchange housing AIS's crucial telecommunications equipment. This plan was to increase the effectiveness of coordination between Building Management and the Engineering Team. Also, AIS provides primary fire extinguishing course to prepare individuals to cope with an actual incident
- Casualty removal in emergency incident practice to minimise risks from improperly transferring victims
- Training program on Management and Supervisory Level Security Officers for high-ranking officers and their immediate subordinates
- Appointment of volunteers to be stationed in each floor to oversee evacuation and ensure that no one is left behind in cases of fire or any other emergency

- Exercise Programme to Prevent Muscle Cramp for staff at warehouses and repair centers
- 5 Ss programme to improve performance at warehouses and repair centers

The SHE and BCM development plan, combined with the restructuring of the Company and responsible officers, provided the proof that AIS is committed to implementing the SHE at all levels to ensure that AIS is able to implement the plan in the case of any emergency.



4. Social contributions and community development

In 2012, the Company has continuously operated its business with Corporate Social Responsibility and create value to our stakeholders in order to building a strong society and playing an active role in relieving and re-building society after major crises through the following activities:

- **Sarnrak Project**

The Sarnrak Project was launched in 1999 to promote family relations. The project acts as a medium to raise awareness of the importance of love and support from within the family unit. In 2012, the activities organised under this project included:

- A commercial entitled “Planting the Seeds of Being Good”, supporting the idea that the family, the smallest group in society, is the key factor for building a good society.
- The 13th “AIS Family Walk Rally” at Chonburi province, with donations made to the Ananda Mahidol Foundation under the theme of “Sanrak around the World”.
- The 19th “AIS Family Walk Rally” at Chonburi province, with donations made to the Sai Jai Thai Foundation under the theme of “Sanrak Good Old Days to Strengthen Family Relations”.



- **Opportunities and social contributions**

- 1. Relief Projects**

- In 2012, AIS donated 17,000 new blankets to people in the north and north-eastern areas to combat the cold.

- During the flooding, AIS joined forces with the public to alleviate the situation by producing relief bags containing essentials and first-aid kits. In 2012, AIS donated 1,000 relief bags along with 12,000 bottles of drinking water. After the crisis, AIS volunteers participated in the Big Cleaning Day activity with many provinces helping to clean up historically important places. In addition, AIS also supported many of its local offices which had been affected by helping to clean footpaths and road surface areas.



- 2. Education**

- Basic Telecommunication Services for Society**

The National Broadcasting and Telecommunication Commission (NBTC) launched the Universal Service Obligation project, which involved building Internet centers for schools, providing Internet for communities, and installing public phone booths in communities and schools in rural areas. This will enhance the opportunities for people living in those areas to study and provide them with greater access to telecommunications services.

- **5th Annual Seminar on the World of Careers**

With the aim of providing career guidance to university students in their final year and preparing them for the job market or job interviews, AIS arranged the 5th annual World of Careers seminar for senior students from universities in the 7 provinces of Bangkok, Chiang Mai, Pitsanulok, Petchburi, Nakhon Pathom, KhonKaen, and Nakhon Ratchasima.



- **3rd Year of Conservation of Water Sources by AIS Sanrak Project**

AIS together with the Office of Basic Education Commission and the Sufficiency Economy Institution organised the 3rd year of activities under the Conservation of Water Sources by AIS Sanrak project to celebrate the auspicious occasion of H.M. the King's birthday, and to raise awareness of water conservation at a community level with the aim of not only conserving local water sources but also reinforcing a sense of togetherness within each community. In addition, AIS also provided both knowledge and financial assistance to each community to support the establishment of sustainable educational centers.



- **Science and Mathematics Learning Tools for the Blind**

AIS provided science and mathematics study materials in Braille format to allow the blind to study and pass tests in order to be able to participate in classes. With these extra materials, the aim of this project is also to increase the number of blind people who are interested in these fields.

- **Business Planning to Promote the Tourism Industry**

AIS together with Brandage Magazine held a contest for students to write a business plan on the topic of "Tic Tac Tour Thailand: Shoot, Share, and Show Your Idea" as part of the "6th Annual One-2-Call! Brandage Award". The event provided a workshop on business practices and the winner received a scholarship with an approximate value of Baht 600,000.



- **Admission: Online Tutoring**

AIS is the first company in Thailand to arrange Online Admission Examination Tutoring throughout the country. Under the "Click for U by One-2-Call! Season 2 Gateway to Universities" project, online tutoring is offered and supplemented by helpful Click for Clever materials which can be downloaded for free from the AIS Bookstore.



- **O-NET Tutoring for Primary School Students by Thaicom and One-2-Call**

One-2-Call! in collaboration with Thaicom produced an education programme entitled “Tutoring 2 Kids: O-NET for Primary School Students by Thaicom and One-2-Call”. Broadcast through DTV Satellite, the project covered all subjects in the Thai curriculum and was created for sixth graders. The programme can be viewed at <http://schoolclub.ais.co.th/onet/home.aspx>. In addition, previous O-Net test materials were also provided. The top five students who scored the highest in the 5 main courses of each school session receive scholarship and will be eligible to join the Satellite and Telecommunications study camp. The awards have a combined total value of approximately Baht 500,000.



- **Company Visits**

Students and employees from both the private and public sector are welcome to visit AIS and listen to briefings on the Company’s operations. The knowledge and information gained from this can be used for the further development of their respective organisations and/or establishments.

3. Opportunities

- **Call Center career program for the Disabled**

AIS collaborates with the Mahatai Foundation on building career for people with disabilities in Chonburi province in order to provide employment opportunities for the disabled in the eastern region of Thailand. The call center employed 8 people with disabilities, providing them with a stable income and the opportunity to support their families. Today, 45 people with a range of disabilities,

including 29 visually impaired people, 8 hearing impaired people, and another 8 people with various other disabilities have found sustainable employment at AIS. Additionally, AIS offers visually impaired people an opportunity to learn a useful skill by providing them with English courses conducted by foreign instructors from the Language@Click institute.



- **AIS The StartUP 2012**

As a leading mobile phone service provider, AIS is committed to creating useful and exciting applications. To diversify the products and encourage application developers to create new innovations that are appealing to both Thai and foreign users, AIS invited potential application developing teams to join in the AIS The StartUP Weekend 2011 and created an opportunity for them to become business owners. In this successful event, ShopSpot 1, the winner of the AIS The StartUP Weekend 2011 can launch Application: Shop Spot, a peer-to-peer commerce platform that enables consumers to shop online conveniently under the concept of “making online commerce as easy as tweeting”. Currently



ShopSpot 1 is already registered as the Company Limited and gain more benefit by cooperation with outside investors as well as other teams that are developing their applications and participating in a road-show for investors.

- **ICT Free WiFi for the Public by AIS**

AIS joined hands with the Ministry of Information and Communication Technology to give an opportunity for all Thai people to use hi-speed internet by the campaign “ICT Free WiFi for the Public by AIS”. With 50,000 WiFi hotspots nationwide, Thai people across the country are able to connect wirelessly to high-speed internet for free and gain access to a variety of sources of knowledge. This is according to the Smart Thailand Policy of ICT.



4. Sports

- **Sport Arena**

AIS renovated six sport arenas at three locations in Bangkok and another three in different regions across the country to encourage the youth to spend their free time constructively, to promote a healthy lifestyle, and to reduce drug-related problems.

- **AIS National League**

AIS continued to support football and the National League for the third year by cooperating with the Football Association of Thailand with an aim to raising Thailand’s capability in the sports league to an International level. Additionally, this project will provide an opportunity for Thai people nationwide to attend soccer matches in their area.



- **Olympics and Paralympics 2012**

AIS awarded Olympic and Paralympics athletes prizes valued at Baht 9 million, including a mobile phone and Baht 1,000 of calls a month for one year for athletes and coaches who dedicated themselves to compete in this global event.



5. Public Health

AIS supports public health projects to raise the standard of living for Thai people. In 2012:

- Donating ambulances and paramedic emergency support to Nakorn Ratchasima Hospital

- Raising fund to purchase medical equipment to the Rajanakarin Building, the Hospital for Tropical Diseases
- Raising fund to construct Transplantation Center, Ramathibodi Hospital.



6. Others

- AIS Senior Fund The Rajapranugroh Foundation continued under Royal Patronage.
- AIS supported “Paholyothin Residents to Prevent Crime” by joining a crime prevention network to ensure the safety and safeguard the property of the local residents.



• Social role model

- **The 12th Year of “Sarnrak KonGeng Huajai Grang”**, has been broadcasting every Monday at 2:55-3:20 pm on Channel 5, We aim to create role models among Thai youth by commending those who do good works, are loyal, helpful and grateful to their family, and strive for better future through education. The Company also give cash to support their family and scholarship for youths who participate in the program through the completion of their bachelor’s degrees. At present, there are 540 youths in the project while 74 have already graduated.

- **The total value of scholarships provided by AIS for youths featured in the “Sarnrak Kon Geng Huajai Grang”** weekly television programme was Baht 3.75 million in 2012.



- **“Sarnrak KonGeng Huajai Grang on Tour”** the sharing of experience by youths who participate in the program with others students and youths. In 2012, the activities is arranged at Kanchananukroh School, Kanchanaburi.



- **“The 5th Youth Camp KonGeng Huajai Grang”** to create opportunities for youths featured in the Sarnrak KonGeng Huajai Grang television programme to meet and share their experiences, as well as to participate in a variety of extracurricular activities, including travelling, in order to learn how to encourage other people, reflect on their own lives, and apply their new experience into living their lives.



- **“Glad with KonGeng”**, AIS present a congratulatory mobile phone and SIM card, together with a congratulation card on the occasion of graduation with a bachelor’s degree.
- **Community relations**
Apart from social and community development activities, AIS successfully established relations with communities where AIS telephone Athena stations are installed. The following are activities conducted under this project:
 - **Community Relationship**
AIS visited the owners of the 300 stations and their surrounding neighbourhoods to receive feedback and solve any encountered problems.
 - **Mixed media**
 1. Created an animated video entitled “Benefits of Electrical Fields” to provide understanding about electrical fields.
 2. Created a documentary entitled “360 Degrees Electrical Field” displaying an invisible electrical field experiment through a Spectrum Analyzer.

- **Youth activities and scholarships**
- **Staff volunteer activities for children** at Wat Pa Tham Phu Toei community, Kanchanaburi Province. AIS provided computers and organised various skill-enhancing activities.
- **Advanced technologies for the future of Thai children** at Network Engineering Centers at Lampang and Nakhon Sawan provinces. AIS welcomed students who visited the centers to learn about the advancements in telecommunications technology.
- **Infrastructure improvements**
- **Lighting for Communities Project** at Soi Noen Kra Prok, near an Athena station. AIS installed a lighting system and transferred ownership to the Ban Chang Municipality for the benefit of the public.
- **Blanket Donation** for the Baan Rongkla community.
- **Supporting religion and culture activities**
 - AIS organised various activities to promote Buddhist practices, including the distribution of candles to locals for use in rituals and participation in praying.
- **Sports**
 - AIS donated computers, sports equipment and clothes; created signposts and maps; and provided lighting for the community of Baan Tham Men, Muang, Suratthani.
 - AIS donated petanque balls for the Elderly Club of Sri Chom Chuen community, Muang, Udon Thani, to encourage the elderly to play the sport.

Overview

Message from Chairman and CEO



A handwritten signature in black ink, which appears to read "P. Limpaphayom".

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

Dear Shareholders and Valued Customers,

First and foremost, I am delighted to inform you all that our subsidiary, Advanced Wireless Network Company Limited (AWN), obtained a frequency operating license for the 2.1GHz spectrum late last year. This move opened up a whole new chapter both for AIS and for the whole Thai telecom industry. We are now shifting from conducting business on a Build-Transfer-Operate contract basis to operating on a license system. We are moving from 2G technology to new 3G platforms in order to offer customers a better experience while continuously generating growth for the Company. In 2012, we saw an impressive revenue growth of 12% mainly from mobile Internet services. We believe the arrival of 3G on 2.1GHz will open up new business opportunities through our high-speed mobile Internet network. This will also bring substantial benefits to Thailand, contributing to the growth of the Thai economy through investment in the new mobile network and increasing the country's competitiveness in the international arena with an enhanced telecommunications infrastructure.

As the leading mobile phone service provider in Thailand, AIS is committed to offering quality 3G services to consumers who need mobile broadband and to providing Internet access for customers living upcountry or in rural areas where Internet access is limited. The new 2.1GHz will raise the standard of living through high-quality wireless telecommunications services. AIS customers will enjoy the better voice quality and faster wireless Internet with increased capacity from our new 3G network. We also plan to invest Baht 70 billion in network development over the next 3 years with the aim of expanding our 3G network coverage nationwide to create a similar footprint to the one we achieved with the 900MHz network which is so trusted by our customers. Achieving these goals will allow Thais to experience full scale 3G services from AIS while also reinforcing our role as the market leader and provider of a high quality network.

Over the next 3 years, AIS is determined to complete the development of the 3G network on 2.1GHz, launch 3G devices matched with the needs of each consumer group, and create a number of new businesses and value added services to facilitate and improve the daily lifestyles of Thai people. The high-speed mobile Internet service that will become widespread after 3G is launched will increase the connectivity of Thais in areas which currently have a poor Internet infrastructure. This will allow all Thais to have access to important information, especially on education and public health, and represents an excellent opportunity for us to improve our customers' living standards, while at the same time providing them with an inspiring experience.



Mr. Wichian Mektrakarn
Chief Executive Officer

Although the Build-Transfer-Operate agreement for 1800MHz and 900MHz will expire in one and three years respectively, AIS aims to maintain our leading role in the Thai market and be the long-term service provider on both spectrums. We want to be a multi-band and multi-mode mobile operator, integrating various technologies from basic voice services on 2G to high-speed mobile Internet on 3G and 4G while also optimising the advantages of the existing 900MHz, 1800MHz, and 2.1GHz spectrums, as well as other frequencies that will be allocated in the future. Our goal is simply to deliver quality products and services to meet the needs of each customer segment.

As we consider ourselves to be a member of the communities in which we operate, AIS truly wishes to play its part in fostering a peaceful Thai society. That is why we run our business by incorporating the expectations of all stakeholders, and we promote the strength of Thai society through a variety of activities. In 2012, we established the Sustainability Development committee to determine a sustainable company direction and create growth by integrating economic, social and environmental factors into our working philosophy under the principles of good governance. I myself am the Chairperson of the Committee and work closely with the senior executives to ensure that everyone in AIS is aware of our genuine efforts. From 2013 onward, we aim to publish a standardised sustainability report to communicate what we have done, what we are doing, and our future endeavours on building sustainable growth for the public.

Finally, I would like to take this opportunity to express my gratitude towards all shareholders, customers, and staff members for your continued and unwavering support of AIS. My staffers and I promise to continue providing superior services with the professionalism that will in turn generate sustainable growth for the Company and solid returns for all shareholders. Thank You.

Operational Highlight

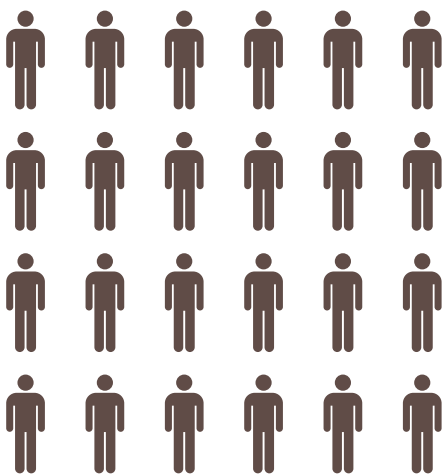
97% NATIONWIDE
widest network coverage
in Thailand



Lead Thai mobile communication market with
REVENUE MARKET SHARE



36 MILLION
Mobile subscribers



Quality DNAs
Commitment to deliver quality
in all dimensions




Device

Wide range of best in class
devices from low-ends to
high-ends



Network

Strong voice quality and
seamless data connectivity
though 



Application

Applications for digital lifestyle



Service

Next step of services,
the total experience shop

Investment Highlight

Mobile service revenue growth

11%

Voice revenue
Baht 74,742 Million

+5%

Non-voice revenue
Baht 26,197 Million

+33%

Non-voice revenue
Baht 17,695 Million

+34%

Fast growing smart device adoption 12.2 million

6.4



2010

8.0



2011

12.2



2012

Moving toward digital lifestyle

12%



2010

14%



2011

17%



2012

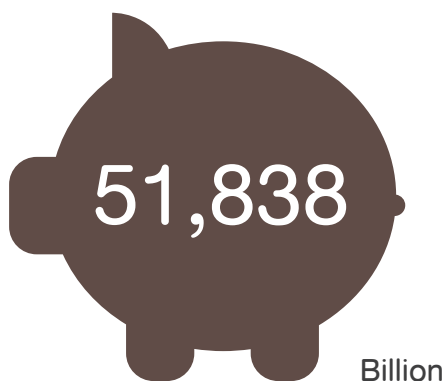
Strong financial position

provide financial flexibility to capture future growth opportunities

Net cash position

with interest bearing debt Baht 20,915 Billion

Free cash flow



Data revenue becomes the key growth area

6%



2010

9%



2011

14%



2012

Committed shareholder return 100% dividend payout

12.92*



2010

8.43



2011

10.9



2012

unit : Baht per share
* included special dividend

Capture sustainable growth through

ECO System

This coming year is the beginning of a new chapter for Thai telecommunication industry as mobile operators are entering a business transition from concession to license system after acquired the long-awaited 2.1GHz spectrum in December 2012. This bring a shift in technology capability to Thailand and a new level of competition through a more favorable regulatory structure. AIS is committed to lead and shape this change to ensure that our 3G services will be fully served to Thai people nationwide and moved toward differentiated digital content and innovated applications that will bring more efficiency, convenience and enjoyment to customers lifestyles.

To strengthen our leadership, AIS deploys our core business strategy to build the ecosystem of the Thai telecommunication space by pinning on our core strength in network quality and combining with other five core pillars including devices, content providers, solution partners, business alliance, and customer assistance. Moving to the 3G era, this collaboration to support the evolving customer lifestyle both personal and professional aspects will allow AIS and strategic partners to capture the potential growth while enhance and sustain our competitiveness for the future.



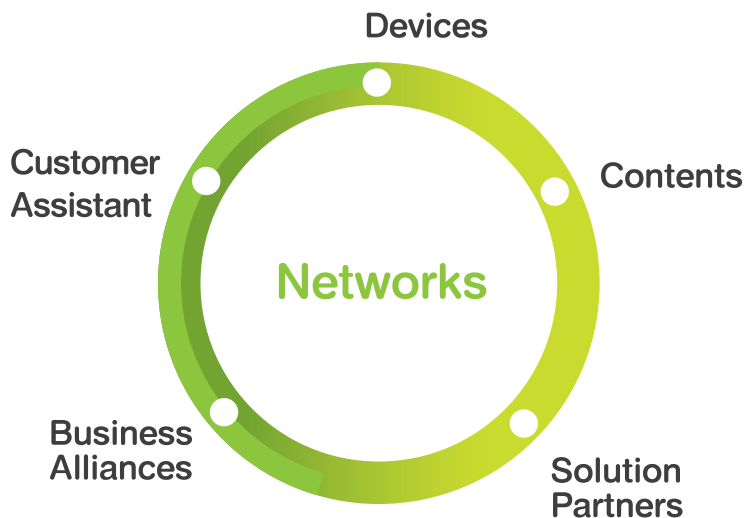
license
2.1GHz

In December 2012, AIS acquired 15x2MHz spectrum which will unleash network speed and capacity to meet pent-up demand for data.

Bring the best-in-class 3G devices
Covering various consumer segments



Focus on Best
customer experience
Through total experience
shops and smart device
gurus



8,000
privileges
nationwide



To deliver privileges
align with AIS
customers' lifestyle



Join hands with
solution partners
to provide customers'
Work/Life enhancement

Partner with application
developers focusing on
customers'
Digital lifestyles



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 five years. In the near future, the industry is going through some structural changes, which will be clearer once 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 consecutive years

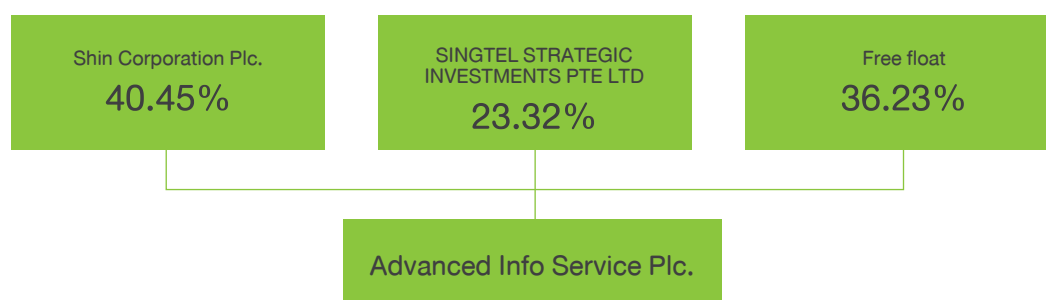
Historical Dividend	2008	2009	2010	2011	2012
Total Dividend Payment (Baht per Share)	6.30	11.30	12.92	8.43	10.90
1. Interim Dividend	3.00	3.00	3.00	4.17	5.90
2. Annual Dividend	3.30	3.30	3.92	4.26	5.00
3. Special Dividend	-	5.00	6.00	-	-
Dividend Payout Ratio	114%	196%	187%	113%	93%

Major Shareholders

Top ten major shareholders of Advanced Info Service Plc. as of 24 August 2012, the latest book closing date for the right to receive dividend, are as follow:

No.	Name	No. of shares held	% of shareholding
1	SHIN CORPORATION PLC.	1,202,712,000	40.45
2	SINGTEL STRATEGIC INVESTMENTS PTE LTD	693,359,000	23.32
3	THAI NVDR CO., LTD.	171,463,886	5.77
4	LITTLEDOWN NOMINEES LIMITED	104,006,700	3.50
5	HSBC (SINGAPORE) NOMINEES PTE LTD	87,757,037	2.95
6	STATE STREET BANK EUROPE LIMITED	56,509,659	1.90
7	BNY MELLON NOMINEES LIMITED	37,160,458	1.25
8	STATE STREET BANK AND TRUST COMPANY	35,192,050	1.18
9	SOCIAL SECURITY OFFICE (2 CASE)	25,196,400	0.85
10	THE BANK OF NEW YORK (NOMINEES) LIMITED	19,933,178	0.67
Total		2,433,290,368	81.84

Source: Thailand Securities Depository Company Limited



Note:

Major shareholder whose behavior can influence when determining policy or handling operation, is Shin Corporation Plc. Major shareholders of Shin Corporation Plc. as follows:

No.	Name	No. of shares held	% of shareholding
1	Aspen Holdings Ltd.	1,334,354,825 ¹⁾	41.62
2	Cedar Holdings Ltd.	428,049,239 ²⁾	13.35

¹⁾ Shareholding as of 30 August 2012, the latest book closing date

²⁾ Shareholding of Cedar Holdings Ltd. on 9 January 2013 reported to the Securities and Exchange Commission Thailand Form 246-2

SingTel Strategic Investments Pte Ltd holds 21.16% directly in AIS, and 2.15% via THAI TRUST FUND, and 0.01% via OCBC Nominees.
Major shareholder of SingTel Strategic Investments Pte Ltd is

No.	Name	% of shareholding
1	Singtel Asian Investments Pte Ltd *	100.00

* Singtel Asian Investments Pte Ltd is 100% hold by Singapore Telecommunication Limited

Source: Accounting and Corporate Regulatory Authority (ARCA), Singapore as of 4 October 2012

Business

Key Events in 2012

February

- AIS and Krungthai Bank co-developed a new innovation 'Simple Withdrawal by Password at ATM', enabling customers who apply for mPAY to simply transfer and withdraw money around the clock by using the given password at Krungthai Bank ATMs without having to use a card.



March

- AIS opened up a call center operations office at the Mahatai-Foundation for People with Disabilities in Chonburi province to provide employment opportunities for the disabled in the regional areas.
- In collaboration with newspaper publishers, AIS launched the first online newspaper service in Thailand through the AIS Bookstore.



April

- Creating a new level of service, AIS opened a new type of AIS Shop in Pitsanulok. The eService Kiosk enables customers to make transactions 24 hours a day.



May

- AIS started the new "AIS The StartUP" project to train highly creative application developers to become entrepreneurs in local and international markets. With firm support from AIS, these young business operators will be given professional advice, experience in co-developing and testing applications on advanced technology platforms, and an excellent opportunity to meet investors.
- To demonstrate its readiness to play a part in the AEC from 2015, AIS created a language database with Nong Oon Jai. The database is composed of 10 ASEAN languages on www.ais.co.th and can be downloaded for free through the AIS Bookstore.



June

- AIS's network was ready to comply with the advanced IPv6 technology that replaced the expiring IPv4 connections. This development was announced at the 'Thailand IPv6 Conference Day 2012' organised by the Ministry of Information and Technology of Thailand on 26 June 2012.

July

- AIS in collaboration with the National Electronics and Computer Technology Center (NECTEC) co-developed a new free application called "Trafy bSafe" to provide convenience for AIS customers and people in general. This innovation was created to help users to select the most convenient route for their commute. iOS users can download Trafy bSafe through the App Store, while Android users can get the application from the Android Market. For AIS customers, dial *900 and select AIS Apps Store, and then click download Trafy bSafe.



August

- AIS and HOODDUDE co-developed "AIS Guide & Go", the most effective GPS for Smartphones. Under the concept of a Social Navigator, AIS Guide & Go is the first mobile application that can be connected to social media platforms and allows users to log-in to their Facebook accounts through the application.



October

- AIS joined hands with the Ministry of Information and Technology of Thailand to launch 'ICT Free WiFi for the Public by AIS'. With 50,000 WiFi hotspots, Thai people are able to connect wirelessly to hi-speed Internet for free.

November

- AIS became the first operator in Asia to provide advanced digital services when it launched the "AIS Smart Table" service, enabling AIS customers to enjoy multimedia form of smart device function, applications, promotion packages through touch-screen technology at the AIS Shop, the Mall Bang Kapi branch.

December

- Advanced Wireless Network Company Limited, a wholly owned subsidiary of AIS, was officially awarded the 2.1GHz license from the National Broadcasting and Telecommunications Commission (NBTC).
- AIS launched AIS Flagship Store which combines technology with services for total experience to AIS customers at 4th floor, the CentralWorld.



Awards 2012

Branding awards

- AIS was ranked No. 1 by readers of The COMPANY Magazine as 'Thailand's Most Admired Company' 2012 in the communications and IT segment.
- AIS was awarded the 'Superbrand 2011' title for being recognised as a Superbrand among Thai consumers. AIS is the only telecom company in Thailand to receive this award.
- AIS was honored at 'The Most Powerful Brands of Thailand 2012' awards after scoring highly in a survey of mobile service providers conducted by the Marketing Department of the Faculty of Commerce and Accountancy.



Management and performance awards

- AIS received a 'Best Company Performance Award' and 'Best Investor Relations Award' at the Stock Exchange of Thailand's SET Awards 2012.



- AIS was rewarded for its "excellent performance" when it was voted 'Best Public Company' registered with the Stock Market of Thailand in the Money and Banking Awards 2012 event by Money and Banking Magazine.



- Mr. Wichian Mektrakarn, Chief Executive Officer, received the ‘Outstanding Entrepreneurship Awards 2012’ from Enterprise Asia as a business administrator whose magnificent performance achieved recognition at an international level.



- AIS was ranked 1167th from among 2000 global companies by Forbes (The Global 2000 - The World’s Biggest Public Traded Companies).
- The AIS Call Center Service was awarded the title of ‘Most Aspiring Call Center’ by the Thai Direct Marketing Association (TDMA) for being a progressive and thriving company with a clear vision, goal and impressive achievement.



Social responsibility and governance awards

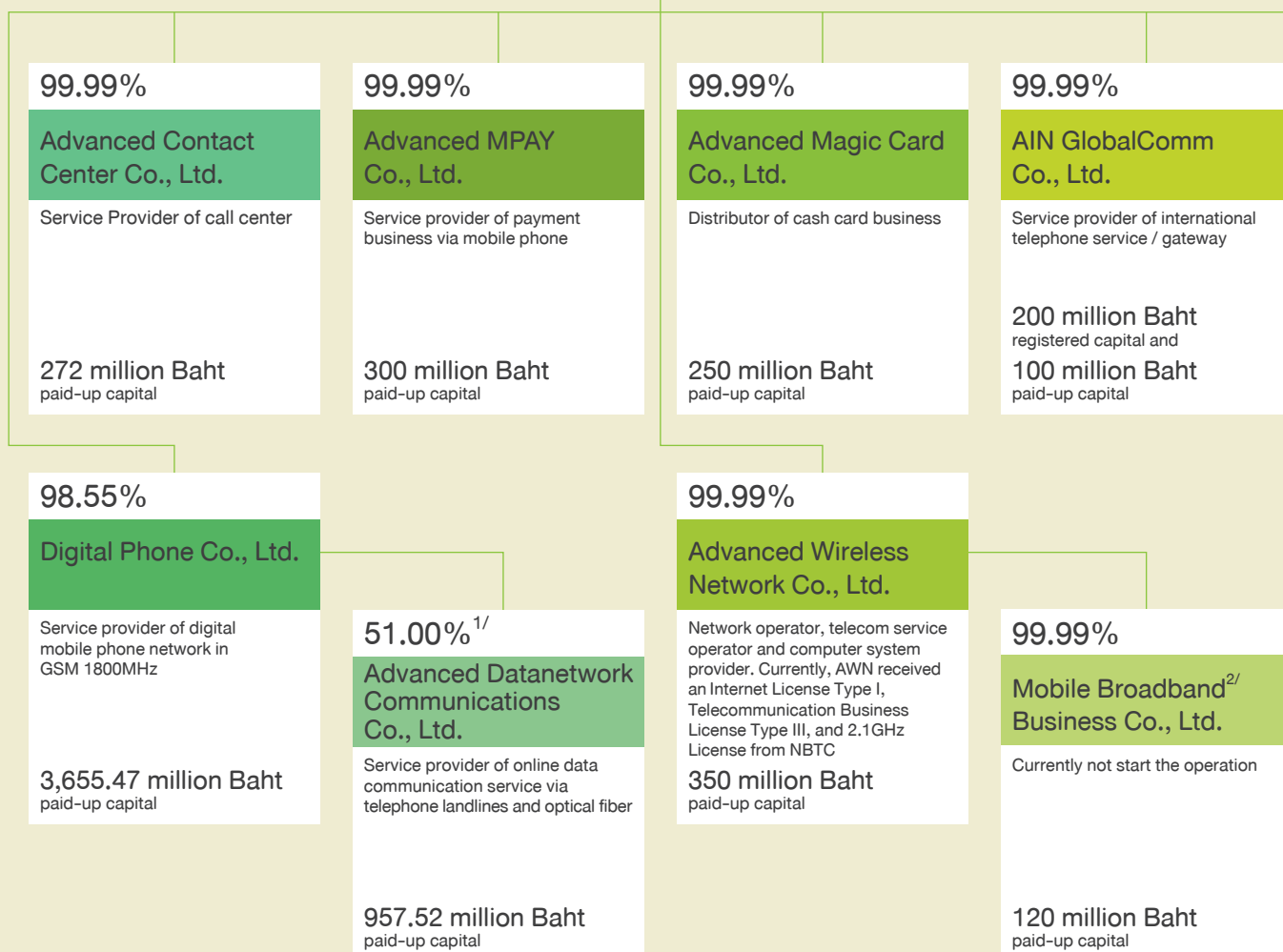
- AIS won the ‘Ratsadakorn-pipat’ award from the Ministry of Finance’s Revenue Department in recognition of being a highly responsible company, and a fully compliant taxpayer.



- The AIS advertisement ‘Re-building’ received an ‘Outstanding Commercial for Consumers’ award under the category of Social, Cultural and Environmental Promotions by the Office of Consumer Protection Board at the 11th Consumer Protection Awards event.
- The Sai Yar Rak Project and the Office of Women’s Affairs and Family Development of the Ministry of Social Development and Human Security awarded an honorary pin to the ‘Sarnrak’ Project which supports the family institution.

Investment Structure of Advanced Info Service Plc.

Advanced Info Service Plc.



As of 3 January 2013

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, IPLC and IP VPN, voice over IP, and an IP Television

300 million Baht
paid-up capital

99.99%

Wireless Device Supply Co., Ltd.

Importer and distributor of handset and accessories

50 million Baht
paid-up capital

99.99%

Advanced Internet Revolution Co., Ltd.

Service provider of internet

240 million Baht
paid-up capital

99.97%

Advanced Broadband Network Co., Ltd.

Currently not start the operation

1 million Baht
paid-up capital

99.99%

MIMO Tech Co., Ltd.

Operate IT, and content aggregator businesses

50 million Baht
paid-up capital

99.97%

Fax Lite Co., Ltd.

Operate in acquiring and/or renting land, building, and related facilities related to telecommunication business

1 million Baht
paid-up capital

20.00%

Clearing House for Number Portability Co., Ltd.

Operate the information system and the centralized database for the mobile portability service

2 million Baht
paid-up capital

10.00%

Bridge Mobile Pte. Ltd.

Jointly invested, provide international roaming service (incorporated in Singapore)

23 million USD
paid-up capital

99.99%

Advanced Mobile^{2/} Broadband Co., Ltd.

Currently not start the operation

100 million Baht
paid-up capital

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

^{2/} On 7 February 2013, BOD's resolutions of Advanced Info Service Plc. approved the dissolution of two subsidiaries; Mobile Broadband Business Co., Ltd. and Advanced Mobile Broadband Co., Ltd. The dissolution currently is under the legal and liquidation process.

Investment Structure of Intouch Group

Shin Corporation Plc^{1/, 2/}

40.45%

Advanced Info Service Plc^{2/}

98.55% Digital Phone Co., Ltd.

51.00% Advanced Datanetwork
Communications Co., Ltd.

99.99% Wireless Device Supply Co., Ltd.

99.99% Advanced Contact Center Co., Ltd.

99.99% Advanced MPAY Co., Ltd.

99.99% Advanced Magic Card Co., Ltd.

99.99% AIN GlobalComm Co., Ltd.

99.99% Super Broadband Network Co., Ltd.

99.99% Advanced Wireless Network Co., Ltd.

99.99% Mobile Broadband Business Co., Ltd.^{5/}

99.99% Advanced Mobile Broadband Co., Ltd.^{5/}

99.99% MIMO Tech Co., Ltd.

99.97% Fax Lite Co., Ltd.

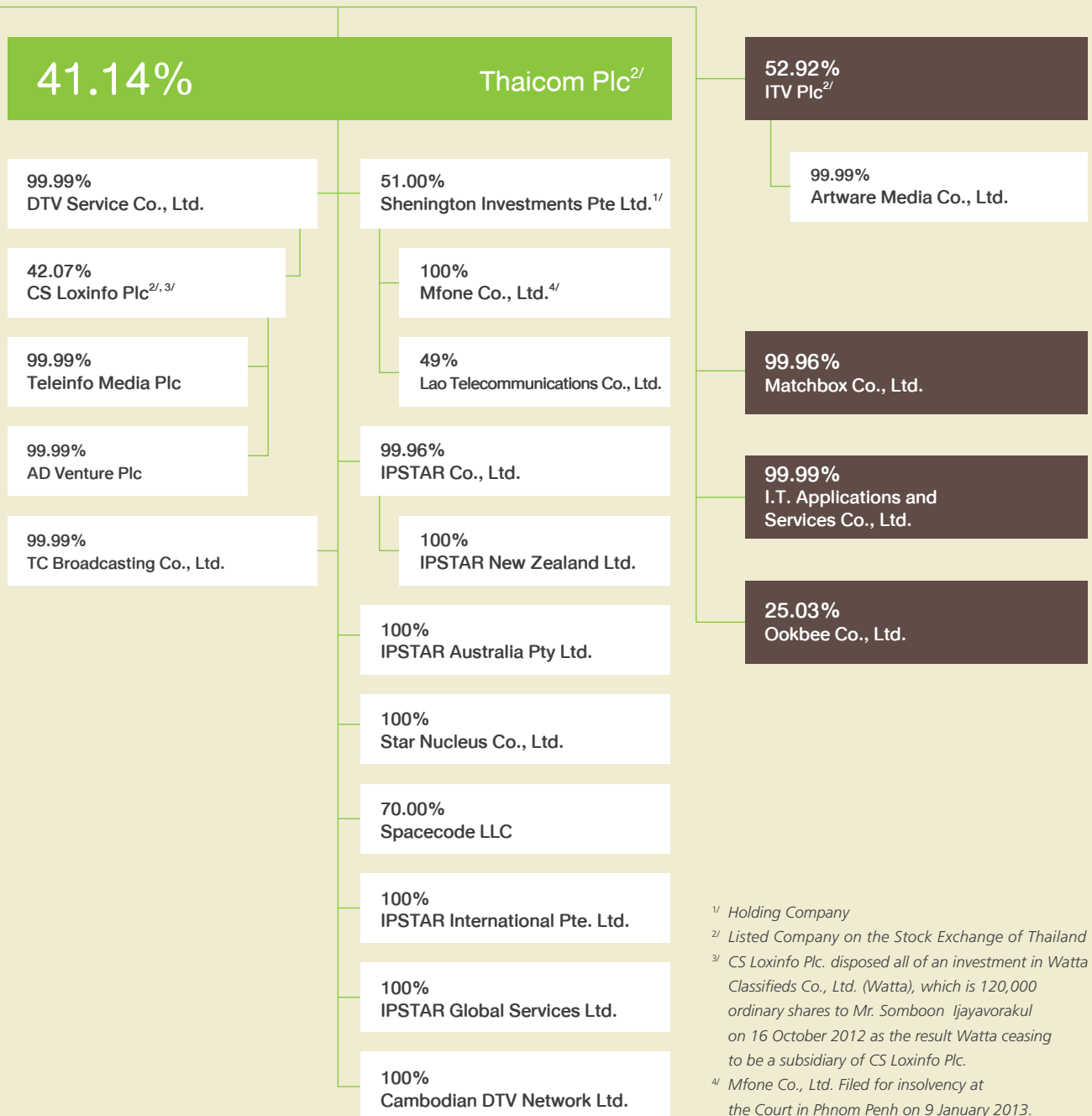
99.99% Advanced Internet Revolution Co., Ltd.

99.97% Advanced Broadband Network Co., Ltd.

20.00% Clearing House for Number Portability Co., Ltd.

10.00% Bridge Mobile Pte. Ltd.

As of 3 January 2013



^{1/} Holding Company

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

^{3/} CS Loxinfo Plc. disposed all of an investment in Watta Classifieds Co., Ltd. (Watta), which is 120,000 ordinary shares to Mr. Somboon Ijavorakul on 16 October 2012 as the result Watta ceasing to be a subsidiary of CS Loxinfo Plc.

^{4/} Mfone Co., Ltd. Filed for insolvency at the Court in Phnom Penh on 9 January 2013.

^{5/} On 7 February 2013, BOD's resolutions of Advanced Info Service Plc. approved the dissolution of two subsidiaries; Mobile Broadband Business Co., Ltd. and Advanced Mobile Broadband Co., Ltd. The dissolution currently is under the legal and liquidation process.

Business Overview

Advanced Info Services Public Company Limited (AIS) is the leading Thai mobile telecommunication service company with 54% of revenue market share and serving 44% of subscriber market share (nearly 36 million subscribers) as of December 2012. Utilising our 22 years of extensive experience in the industry, AIS is committed to delivering the highest standard of mobile services to Thai society through our premium quality mobile network, which covers 97% of the country.

AIS and our subsidiaries provide mobile telecommunication services on 900MHz, 1800MHz, and 2.1GHz with GSM and 3G technology. Having entered into a 25-year BTO (Build-Transfer-Operate) contract with TOT Corporation Public Company Limited (TOT) in 1990, AIS provides mobile telecommunication services on 900MHz on a revenue share basis with TOT. In 1997, our subsidiary, the Digital Phone Company Limited (DPC), entered into a 16-year BTO contract with CAT Telecom Public Company Limited (CAT) to operate mobile telephone services on 1800MHz. DPC has a network roaming agreement with AIS, allowing both operators' subscribers to enjoy a nationwide mobile phone service. In addition, our subscribers can use our international roaming services in 214 countries worldwide. Through our joint venture company, the Bridge Mobile Pte. Ltd. (BMB), AIS is a member of Bridge Alliance, a partnership of 11 leading mobile operators in the Asia Pacific region, which results in our subscribers having extensive privileges and services when roaming within the countries covered by the alliance's networks. We also provide an international direct dialling (IDD) service which can be activated by dialling the prefix 005 or 00500 via AIN GlobalComm Company Limited (AIN). Customers can use this service to make international calls to 240 countries around the world.

In 2012, AIS enhanced the mobile Internet customer experience by increasing data network capacity in response to growing data usage and the evolving digital lifestyle of Thais. Our subscribers can access the Internet seamlessly through our quality data network which incorporates 3G, WiFi and EDGE⁺ technology. In 2012, AIS continued to focus on the quality of our services to create better customer experiences. We increased the number of our 3G-900MHz base stations from 1,884 in 2011 to 3,500, expanding the coverage to include Bangkok and 17 other provinces. In collaboration with Jasmine International Public Company Limited, we provided WiFi services through more than 50,000 WiFi hotspots nationwide with speeds of up to 6mbps. Subscribers can surf the Internet nationwide with

“EDGE⁺” technology, which is an improved version of the conventional version of EDGE and has a maximum speed of 296kbps. In 2013, AIS subscribers will enjoy a better 3G experience from Advanced Wireless Network Company Limited (AWN), a wholly-owned subsidiary of AIS. AWN attended the 2.1GHz spectrum auction and received operating licenses from the NBTC in December 2012.

Understanding customers' needs and delivering a quality experience through customer relations management programmes is our service philosophy.

Our call center service is a key success factor and differentiates AIS from our competitors. In addition to handling general inquiries and providing after sales service, AIS call centers can recommend new marketing campaigns as well as products and services to customers. For faster and more convenient access, callers can contact our call centers through several channels, ranging from iCall, a chat and VDO call application, to the social networks which are most popular among Thais, such as the Pantip webboard, Facebook and Twitter. We have also developed the “iSign” application for hearing impaired customers, allowing them to use sign language via a webcam. As the usage of smart devices such as Smartphones, Tablets and Aircards continues to grow, in both the daily and working life of consumers, AIS has responded to this trend by training more than 694 device gurus in the relevant smart device technologies so that they can educate and advise smart device users, especially in terms of technical aspects. Customers can meet with our device gurus at AIS service centers, AIS Serenade service centers and AIS call centers. To provide our customers with greater independency and freedom, we also launched our “eService” application, allowing customers to check their balance and usage, change their promotions and pay their bills online. In addition, AIS has developed the “mPAY” service to enable customers to use their mobile phones to make transactions, such as paying their mobile phone service bills, shopping online, topping up their mobile phone service credit and playing games online.

Effective distribution channels are important to our growth as they provide our customers with easy access to handsets. Through the Wireless Device Supply Company Limited (WDS), our handsets, SIM cards and refill cards are distributed to more than 950 dealers countrywide. The variety of channels and nationwide coverage of our distribution network are important factors in supporting our growth strategy. WDS also sells SIM cards and refill cards via electronic channels to prepaid subscribers, who represent 90% of our total subscriber base.

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. 12	2010 – RESTATED		2011		2012	
			MILLION BAHT	% SIZE	MILLION BAHT	% SIZE	MILLION BAHT	% SIZE
Mobile phone service								
• Mobile phone services & rental	Advanced Info Services Plc.		97,647.45	87.70	108,691.25	85.97	119,061.29	84.10
	Digital Phone Co., Ltd.	98.55	717.18	0.64	710.71	0.56	702.86	0.50
	Wireless Device Supply Co., Ltd.	99.99	13.63	0.01	35.06	0.03	67.16	0.05
	AIN Globalcomm Co., Ltd.	99.99	2,879.06	2.59	3,229.88	2.55	3,393.72	2.40
• Mobile phone sales	Advanced Info Services Plc.		395.44	0.36	619.71	0.49	519.18	0.37
	Digital Phone Co., Ltd.	98.55	0.22	-	-	-	-	-
	Wireless Device Supply Co., Ltd.	99.99	8,952.72	8.04	12,559.94	9.93	17,174.64	12.13
Sub-total			110,605.70	99.34	125,846.55	99.53	140,918.85	99.55
Data network and broadband service	Advanced Datanetwork Communication Co., Ltd.	51.00	498.02	0.45	422.01	0.33	260.96	0.18
	Super Broadband Network Co., Ltd.	99.99	226.66	0.20	155.68	0.12	308.28	0.22
	Advanced Internet Revolution Co., Ltd.	99.99	-	-	6.51	0.01	75.24	0.05
Sub-total			724.68	0.65	584.20	0.46	644.48	0.45
Call center Service	Advanced Contact Center Co., Ltd.	99.99	8.78	0.01	6.48	0.01	4.97	-
Sub-total			8.78	0.01	6.48	0.01	4.97	-
Grand Total			111,339.16	100.00	126,437.23	100.00	141,568.30	100.00

Remark : The Company had indirect holding in Advanced Datanetwork Communication Co., Ltd.

Industry and Competition in 2012 and Outlook in 2013

Mobile data is the key growth driver

“ Mobile service growth was mainly supported by growing Smartphones popularity and rising data demand ”

At the end of 2012, the number of Thai mobile phone users reached 118% of the population due to a number of new users living primarily in provincial areas and an increase in the number of customers using data communication devices such as Smartphones and tablets. The growth of the mobile service business was largely due to non-voice services, which grew by 33%. Competition in the mobile market was also focused on the non-voice services due to the growing popularity of Smartphones and high demand for 3G services. At the same time, voice services grew by 5% as a result of the country's improved economic performance which helped increase the number of voice usage and new users, particularly in provincial areas. AIS outperformed competitors in the voice market due to superior customer services and the wider coverage and reliability of the network. Also, a variety of AIS tariff packages was designed to respond to the needs of each customer segment.

Non-voice service continued to grow as handset manufacturers introduced a variety of mid- to low-end Smartphones, new tablets and data connecting devices to the market. The rising popularity of social media platforms, such as Facebook and Twitter, also supported the growth of non-voice services in major cities and started in provincial areas. Mobile operators adjusted their strategy by cooperating with mobile handset manufacturers, including iPhone, Samsung, and HTC to be the first operator to launch a new Smartphone model or an exclusive Smartphone. A wide range of Smartphones was introduced to the market in response to the demands of each segment and was supported by a variety of marketing campaigns, including 0% interest instalment, discount offers of free airtime, and various special price packages. In addition, some packages were designed for particular Smartphones and data devices. These can be used as main packages or on-top packages, and they can also be bundled voice call and Internet usage packages, dedicated voice call packages and dedicated mobile data packages. In 2012, small packages such as Mao Mao (Baht 9 per day) were successful in the low-end segment as they could meet the needs of customers who have limited spending power or want only a low amount of mobile Internet usage. AIS differentiated itself from its competitors by introducing several innovative new applications and new content under the concept of My Best Application from AIS 3G. The content and applications are intended to complement customers' daily lifestyles by responding to their business, family and entertainment needs. For example, customers can buy books and magazines online via the AIS Bookstore, watch movies from the AIS Galaxy Movie Store, and navigate through maps on AIS Guide&Go.

3G on existing spectrum expanded to meet higher data demand

“In 2012, while waiting for the 2.1GHz auction, mobile operators deployed 3G on existing limited spectrums.”

Responding to these market trends, mobile operators competed to be the leader in the mobile Internet broadband market and satisfy their customers' demands. While waiting for the auction of 2.1GHz, which is the standard frequency for 3G services, mobile operators invested in and developed their 3G networks on their available spectrums with HSPA technology. Using a variety of marketing campaigns that emphasised service quality and data speed, mobile operators encouraged customers to experience their 3G services. For example, operators offer special price mobile phones combined with an 18-month price plan and introduce low-end smart phones starting from just Baht 990 to attract customers. In addition, mobile operators launched WiFi services in highly-populated areas to supplement their limited 3G services, and offered customers subscription options for WiFi packages as main and on-top packages.

In 2012, 3G-HSPA services were limited and available only in major cities with high mobile Internet demand. The quality of the service deteriorated due to spectrum limitations. At AIS, we remained pro-active, striving to improve the quality of our service with our limited resources in order to deliver an optimal experience to our customers, in accordance with our concept of Quality DNAs. While network quality is our major priority in providing a mobile service, AIS also focused on creating customer satisfaction and developing customer relations through a variety of programmes and special privileges for customers' practical usage in their daily life. Service quality at touch points was improved by increasing staff competency to catch up with the latest technology. Compared to our competitors, we aim to provide our customers with better services so that we will remain in the customers' mind for the long term.

Unleashed capacity and quality through the new 2.1GHz spectrum

“Operators will launch 3G-2.1GHz services in 2013, generating greater revenue growth and heightening competition in the data service market.”

Non-voice services are expected to continue being a key industry growth driver in 2013, while competition in data services is predicted to be more intense. Voice services are expected to grow at a slower rate as the voice market reaches saturation point from increased subscribers and usage.

With the auction late last year of 2.1GHz licenses, and the 3 major incumbent operators acquiring 15MHz of bandwidth each, the mobile industry is set to benefit from new network investment and additional network capacity, especially for mobile data service. It is also expected that the 3 operators will launch 3G-2.1GHz services in 2013, generating greater revenue growth and heightening competition in the data service market. The 3G service on 2.1GHz is expected to drive growth of the smart device market as well as increasing the number of social network users. In addition, the number of new mobile applications aimed at providing entertainment and facilitating daily life activities and business transactions via mobile phones is predicted to increase. Mobile operators are expected to join hands with strategic partners to offer customers comprehensive packages that combine both data service packages and quality Smartphones.

One of the most challenging year for Thai mobile operators

“The year 2013 will represent a major challenge to mobile operators in terms of new business models, new technology, new services, new marketing and new sources of revenue.”

The growth of data services, the increased variety of available content, and the problem of quality networks in 2012 created great expectations among consumers for 2013, especially in terms of better quality high-speed mobile Internet services. In response to this anticipation, mobile operators rushed to develop or expand their nationwide networks to satisfy consumer needs. The 3G-2.1GHz service managed by each operator is created to the same standard, yet the quality varies depending on the design and construction strategies employed. Mobile operators will differentiate themselves with the Total Customer Experience concept, aiming to create an ultimate customer experience by improving the quality of their mobile services and at every customer touch point. This will include cooperating with content providers to create new applications that can satisfy customers' demands and offering a variety of special privileges to suit customers' various lifestyles to deliver a positive customer experience.

With 3G technology enabling the fast transfer of data, mobile operators will utilise this attribute to create additional revenues from newly-created services and applications such as applications for merchandising on the Internet, advertisements on mobile phones, and machine-to-machine services (M2M). The year 2013 will represent a significant challenge to mobile operators in terms of new business models, new technology, new services, new marketing and new sources of revenue. As the leading mobile service operator in the market, AIS is committed to developing products and services that take data services to another level under our concept of Quality DNAs, which aims to offer customers the high value devices, network, applications and services that will lead the Thai mobile phone industry into an exciting new era.

Business Direction over the next 3-5 years

The next 3-5 years is set to be an important period as the Thai mobile telecommunications industry will undergo a variety of changes. Firstly, the business model will be shifted from Build-Transfer-Operate (BTO) contracts – used for more than 20 years – to operating licenses issued by the National Broadcasting and Telecommunications Commission (NBTC), an independent industry regulator. Secondly, full-scale 3G services will be launched on 2.1GHz licenses in 2013, while the existing BTO contracts will expire in 2013 for 1800MHz and in 2015 for 900MHz. As the leading Thai mobile operator, AIS views these changes as business opportunities to offer new services in response to the evolving consumer behaviour of relying more on digital technology. By combining 2G, 3G and future 4G technology platforms, we can render services tailored to each consumer segment. To enhance operating efficiency, we will integrate and utilise the advantages of our current mobile spectrums of 900MHz, 1800MHz and 2.1GHz with the new spectrum bands which will be allocated by NBTC in the future.

The demand for mobile data in Thailand has continued to grow over recent years. AIS mobile data subscriptions have increased from 9 million (27% of our subscriber base) in 2011 to 12.2 million (34% of our subscriber base) in 2012, while the booming popularity and falling prices of Smartphones have also resulted in the percentage of our subscriber base using these devices increasing from 12% to 17% over the same period. Responding to the growing demand for mobile data and the evolving digital lifestyles of customers with the aim of creating sustainable, long-term growth, our business direction over the next 3-5 years will be to focus on 3G services while also preparing for the expiration of the BTO contracts. Our business goals for this period are to provide quality services and consolidate our position as leader in the Thai mobile telecommunications industry.

Leading the way in providing quality 3G-2.1GHz services

AIS aims to consolidate its position at the forefront of the industry by leading the way in the 3G era on the back of the allocation of the 2.1GHz spectrum last year. Our working philosophy continues to be based on “Quality DNAs” (Device, Network, Application, Services), our concept of quality in all service dimensions. The high quality devices, networks, applications and services that our customers experience will

serve to enhance our position as No.1 in the customers’ mind. In addition, we are committed to creating a variety of services that enhance the lifestyle of our customers and match the diversity of consumer behaviours to reflect our slogan: “Your World. Your Way”.

Just as our existing nationwide 900MHz network is the most trusted on the market today, we aim to build on this reputation by establishing a new, high-quality 3G-2.1GHz network across Thailand with the same level of customer satisfaction. The new network will deliver a better customer experience with a faster mobile Internet speed from the new 2.1GHz capacity. At an initial investment of Baht 70 billion, coverage of the new network will match that of the existing 900MHz network within 2 years following the release of the 2.1GHz license. As a complement to this quality network, we will introduce a variety of mobile phones to serve all customer segments, ranging from high-end Smartphones to 3G featured phones with mobile broadband capability. These gadgets will be bundled together with various packages tailored for each customer group. With our extensive experience of 22 years in this industry and the largest subscriber base in Thailand, many key players with expertise in strategic areas choose AIS as their partner of choice. Our strategic partnerships continue to create new value added services that enhance the daily life of our subscribers, such as through the AIS bookstore for mass consumers and through business solutions for our corporate users. However, the most important value that we look to deliver to our customers remains a better service experience. To this end, we continue to open new AIS Flagship Stores that create a total experience for customers and integrate the latest technologies such as AIS Smart Booking Appointment, which allows customers to schedule appointments in advance. We also have an online service kiosk, a 24-hour service which allows customers to make transactions by themselves such as changing their promotions and checking their usage. At our service points, we provide help and advice for smart device users from our dedicated staff who have passed the standard training courses of equipment manufacturers and application developers. In cooperation with our partners, we also continue to strengthen the long-term relationship with our customers by creating new privileges exclusive to AIS customers, such as the Serenade programme.

The 3G services on 2.1GHz will drive the growth of non-voice revenue at a rate of 25-30% in 2013. Non-voice

revenue drivers will come primarily from the rising number of Smartphone users as a result of lower equipment price and growing social network usage. The 3G service will also support Internet demand by increasing accessibility. With the faster data speed that comes from 3G technology, many new products and services will be introduced. Voice revenue will continue to increase, albeit at a slower rate. Overall, service revenue is predicted to grow at a rate of 6-8% in 2013

Being ready to capture the 4G opportunity

The latest wireless technology is being developed to 4G standard with faster speed and higher efficiency. Many countries have already launched commercial 4G to enhance their existing 3G services. Committed to bringing the latest technology to the Thai market and continuing in our efforts to develop the Thai telecom infrastructure to a global standard, AIS is also involved in promoting 4G services. In 2012, AIS became the first operator to introduce 4G technology in Thailand when we cooperated with TOT to test 4G on 2300MHz and with CAT to test 4G on 1800MHz. In doing so, we helped create awareness of this new technology while also developing the technical capability of our engineers in preparation for the service becoming more widely available in the future.

Within the next 3-5 years, we expect that 4G will become a supplemented data service and enhance the user experience of our 3G service customers, especially in terms of multimedia applications and data connection in high population areas such as Bangkok. 4G will also address the Internet connection inadequacies that currently exist in Thailand. With the high capability of our people, our extensive experience and our strong financial position, AIS is ready to provide 4G service in Thailand. Whichever business model prevails, we will join the 4G spectrum auction once the policy is set by the NBTC. Alternately, we will collaborate with business partners to co-launch 4G in the Thai market.

Providing a service on 900MHz and 1800MHz for the long term

Our 900MHz and 1800MHz BTO contracts will expire in the next 3-5 years. The 1800MHz contract will end in 2013, while the 900MHz contract is due to conclude in 2015. We believe that a significant number of subscribers will still be using both networks when these contracts expire. Therefore, NBTC, as an industry regulator, will have to take the consumer benefits

into consideration and allow us to continue providing these essential services to consumers.

With our extensive experience of operating both 900MHz and 1800MHz networks and our in-depth understanding of the customer and market conditions, we are confident that we are the most capable service provider to operate services on these networks. As such, we intend to continue operating both 900MHz and 1800MHz networks and rendering quality services to the Thai market. With the aim of delivering maximum benefits to consumers and strengthening Thailand's competitiveness through a reliable telecommunications infrastructure, we are ready to cooperate with NBTC, TOT, CAT and all relevant parties to continue our service on both 900MHz and 1800MHz while also developing and enhancing the networks with better technologies such as 4G.

Promoting an Eco-System in the Thai telecommunications industry

AIS believes in the Eco-System concept, a cooperation with specialists in specific fields with the aim of sharing our expertise and growing together in the digital business. The accessibility to more than 36 million subscribers that our network provides makes us the partner of choice for many key players. Supporting and collaborating with our business partners, we create innovative services for customers. The benefits from the cooperation are shared among the partners, while AIS also helps our partners by co-marketing our services. For example, we join with key handset manufacturers to introduce their latest models before our competitors, and we have also cooperated with one of the largest WiFi operators, 3BB, to introduce WiFi to AIS customers nationwide. Our first e-Book store platform was developed by Ookbee, an application developer, while several other privileges exclusive for AIS customers are co-provided by our many famous partners.

Products & Services



AIS GSM advance

AIS GSM advance is a leading postpaid mobile service with more than 3.6 million registered subscribers. GSM advance aims to serve the needs of quality-conscious and technology-savvy customers ranging from young graduates and first jobbers up to senior executives and business owners.

Understanding the needs of today's fast-changing digital lifestyle, AIS GSM advance has created "GSM Smart Life" under the theme: "Smart Life: Alternative Life". As part of this concept, GSM Smart Mix & Match was designed to complement the fast-paced lifestyles and fulfill the digital desires of our main target groups by allowing customers to select packages that are in tune with their unique needs. From as little as Baht 200-1,500 per month, the Smart Basics starting package allows customers to call any network at a single rate, 24 hours a day. In addition, customers can purchase GSM Smart Topping packages to create unique packages that are tailor-made to match their different lifestyles regarding calls, Internet usage, and other additional services such as international roaming.

New services designed to serve growing social network demand

The last couple of years have seen a boom in the social networking phenomenon. The rapid advancements in social networking have shaped the way that people communicate, and their lifestyles have changed accordingly. People from every corner of the world are now able to connect instantly and share their thoughts and recent activities. As the leader in the field of telecommunications services in Thailand, AIS has evolved to keep up with these dramatic changes.

In response to the continually growing demand for Internet access, GSM advance has designed a number of new products and services that increasingly focus on facilitating the customers' online experience. Customers can now conveniently make phone calls and access the Internet across the country with 3G and EDGE⁺, a technology allowing customers to connect to the Internet while making a phone call. Customers can choose 3G Smart Topping or a WiFi package to access the Internet from over 50,000 WiFi hotspots countrywide. There are also a variety of packages designed to serve all device ranges-from feature phones to Smartphones-including smartphone packages for any smartphones and packages specially designed for iPhone and BlackBerry.

Truly understanding customers' demands

Always aware of the ever-changing demands of our customers, GSM advance offers extra convenience for customers carrying more than 1 communication device, such as those who have a Smartphone and a notebook or tablet. To meet the needs of this group of customers, GSM advance offers an additional unlimited 3G Multi SIM package. With only 1 number, customers are able to connect to the Internet from up to 5 devices without having to switch their SIM cards. This is just the latest innovation from GSM advance to accommodate the changing lifestyles of our customers.

Get ready for the world of 3G

In 2012, GSM advance offered 3G services on 900MHz in key strategic areas to enable customers to enjoy 3G data speed. Customers can experience the high-speed 3G through an additional 3G Smart Topping package and various main packages specifically designed for Smartphone users. In 2013, AIS will launch the full-stream nationwide 3G service on 2.1GHz to further enhance the customer experience.





GSM 1800

GSM 1800 targets customers who use basic voice and SMS services. The customers will have a quality experience and can use the services nationwide through the GSM 1800 network plus roaming on the AIS 900MHz network.

GSM 1800 designs packages that are in tune with the usage of both new and existing customers. For new subscribers, GSM 1800 offers the “30 minutes of call for Baht 0.99” package, enabling customers to make 30 minutes of voice calls within the network at a rate of just Baht 0.99. In addition, customers who call mainly during the daytime can apply for the “Save Baht 125” package to make unlimited voice calls to all AIS’ networks from 05:00 am to 05:00 pm.

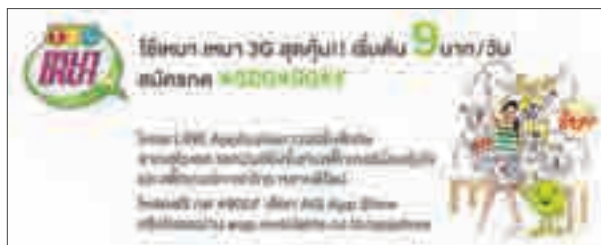
For existing customers looking for convenience and simple call rates, there are a variety of single rate packages to match customers’ usages, starting from Baht 150 for 150 minutes of calls up to Baht 800 for 800 minutes of calls.

GSM 1800 also offers options for both new and existing customers to enjoy high value service at low rates, including on-top package for making voice calls and surfing the Internet on mobile phones starting from Baht 99.





The popularity of social networks increased globally in 2012. New applications were developed and became popular platforms on which everyone from teenagers to companies could grow networks and conduct public relations activities for their services and products or present themselves through such social media as Facebook, Twitter, Instagram and Line. One-2-Call! has responded to this trend by creating chat services since 2011. Various chat service packages have been designed and priced to serve a variety of customers who prefer a “pay-per-use” lifestyle. These chat services have stimulated mobile data usage and contributed to the strong revenue growth. In early 2012, the Line application, one of the chat platforms featuring a sticker exchange function, was popular among teenagers and young workers using the data service. Responding to this trend, One-2-Call! was the first provider in Thailand to integrate the Line Application with the Mao Mao data package by introducing “Oon Jai” stickers as well as catchy Thai phrases for the Line Application, which AIS customers could download for free. Starting at just Baht 9 a week, the Mao Mao 3G service has been well-received and gained in popularity among Smartphone users.



Successfully understanding and responding to consumer needs

One-2-Call! products and services are developed with in-depth customer insights and the latest innovations and delivered by helpful and professional staff. With the goal of delivering a good customer experience, we designed and launched our eService, which enables customers to navigate a whole variety of menus, including the latest promotions, call details, balance checks, transfer validity and credit to others (Give2Gang). This is just one of the many fast and convenient services available for all One-2-Call! customers.



Segmentation marketing

One-2-Call! utilises a segmentation marketing strategy which focuses mainly on teen and preteen customers while also identifying and reaching new markets including migrant workers from Myanmar and Cambodia. In addition, One-2-Call! frequently creates activities which are primarily designed to let our youth and teenager customers learn and experience new things. For example, we have launched One-2-Call! BrandAge Award Year 6, Click4U: A Gateway to Universities, and Tutor-To-Kids: ONET Course for 6th Graders with One-2-Call! and THAICOM.



Get ready for the world of 3G

One-2-Call! offers bundled 3G devices and data services as well as free-call packages to attract customers to acquire 3G devices prior to the official launch of full-scale 3G in 2013. In addition, we have developed One Number for Self Service to provide customers with easy and convenient access to useful services, including the latest promotions at *777, all services of One-2-Call! at *700, and fee enquiries at *121.



AIS Business Solutions

Advanced Info Service (AIS) is the leading telecommunications solution providers for corporate clients ranging from large conglomerates to small and medium enterprises (SMEs). Our business solutions have helped in developing the potential and enhancing the competitiveness of corporate clients, including large public and private organisations, as well as clients from such key industries as finance, energy, and automotive. Our dedicated service teams also ensure smooth and efficient operations at a regional level.

With the intense competition in the business world of today, entrepreneurs and corporate executives are increasingly focusing on improving the efficiency and speed of their operations to enhance their competitiveness. The application of effective telecommunications solutions is seen as a key factor in supporting the management of business operations to maximise existing resources and optimise outputs.

The marketing strategies of AIS have been devised with an emphasis on trust, quality, and variety. The AIS Corporate Call Center 1149 is available 24 hours a day to supply essential information for corporate clients, while our sales teams support clients looking for more specific expertise. As part of our commitment to quality, AIS strives to improve and upgrade our software and applications as well as our nationwide mobile network. In terms of variety, products and services are continuously being developed to meet the business requirements and satisfy the ever-changing needs of our customers.

Services for corporate clients

AIS Business Solution constantly develops products and services to match the specific needs of our corporate clients. In close cooperation with our strategic partners, AIS creates innovative solutions that maintain and enhance the competitiveness of our clients' businesses by offering the following solutions:

1. Solutions to improve communications systems
2. Solutions to increase marketing opportunities
3. Solutions to enhance information technology performance
4. Solutions to improve tracking and checking systems
5. Tailored solutions for specific businesses

With our corporate solutions, AIS responds to the demands of fast-growing businesses, supports our clients' business practices and even helps generate greater business growth. The following are examples of service from AIS Business Solutions:

- **AIS Mobile PBX** (Private Bank Exchange) enhances communication by using a mobile number as the main line, customising automatic voicemail, and transferring incoming calls to assigned numbers. This solution ensures that, the continuity of communication is maintained even when no one is in the office or the Company is relocating.
- **AIS Business Conference** increases communications efficiency while saving time and costs. Customers can conduct online conferences over the Internet without having to take up office space or meet at a designated venue. Participants can see and hear each other simultaneously while also being able to share documents. AIS Business Conference can be accessed via entering www.ais.co.th/webconf or downloading the software and installing it on your computer.



- **AIS Smart Messaging** helps clients sending information, in SMS or MMS format, to a large number of recipients with no constraints on the length of the messages. This solution helps in advertising, public relations, messaging alerts, or other marketing campaigns, and can be either a one-way or two-way communication, allowing the clients to send or receive messages, to vote, or to participate in contests via: <http://ais.co.th/business/smartmessaging>



- **AIS Push Mail** is an e-mail service system that connects to the Company's database. Users can send and receive e-mails and open attachments in many formats, including Word, Excel, Power Point and PDF. A strict security system is installed to prevent the leakage of company information.

- **AIS Smart Tracking Plus** assists clients tracking and identifying the real time locations of vehicles. Through GPS and the AIS network, clients can instantly track a vehicle or evaluate a driver's behaviour from the digital map displayed on their computer screen at their command centres.



- **AIS Corporate Internet** offers business clients to access the high speed Internet from 256 kbps to 100 mbps, through direct internet gateway connection.



- **Data Roaming Package for Corporate Client**

Corporate clients can control cost while use unlimited data services in 21 popular countries by using the AIS Unlimited Data Roaming Package. The customers will have more flexibility by using the AIS Hassle-Free Data Roaming Package, enabling clients to use the data roaming services of every network in the country they are visiting.

- **SME Selection Package** SME clients can select a package that perfectly match to their specific usage regarding call costs, main and on-top packages, and additional solutions to ensure the effectiveness of their business operations and help save their costs. For example, customers can send/receive e-mails from their mobile phone with AIS BlackBerry Push Mail or send/receive SMS through the AIS Smart Messaging webpage.

- **Special Privileges for Corporate Clients** AIS Business Solutions always support corporate clients. In 2012, several privileges are specifically designed for corporate clients, such as the AIS eBusiness Portal online service, which enables corporate clients, including their administrators and end-users, to check their usage and conduct transactions online around the clock. In addition, Serenade Gold privilege was automatically provided to every registered corporate number which reached an agreed level of usage.

- **Inter-Organisation Activities** AIS organised activities for corporate clients in order to provide them with extra benefits as AIS business partners. For example, AIS held a seminar entitled "DPIM Backhauling 2012" to equip Thai entrepreneurs with e-Logistics capability. Our clients also joined in a "Business Solution Trend and Competitiveness Enhancement for the Transportation Industry" seminar, as well as an academic discussion on the "CIO 6th Annual Conference 2012: ICT Sustainability for SMART Thailand" in order to facilitate cooperation among business operators and provide guidance for industry regarding the changes in the Thai economy and society as the country heads towards joining the ASEAN Economic Community in 2015.

Customer Relations and Experience Management

Throughout 2012 under the concept of “Your World. Your Way,” AIS continued to strengthen our differentiation in terms of customer relations and the overall customer experience by delivering innovative, new products and service experiences, ranging from networks and applications to services and special privileges, each of which has been designed to match the specific lifestyles of different customer segments. Each AIS product or service appeals to and connects with the customer through a brand identity that is insightful, helpful, innovative, and professional thus optimising the customer experience and strengthening brand engagement among AIS customers.



Interactive CRM, Right to the Customer's Heart

Our long-established CRM has been taken to another level with the development of the new interactive CRM with its increased capability of really “knowing” the customers, by thorough and integrated analysis of important customer data including devices and usage behaviour. These enable AIS to proactively provide more targeted consultation or better solutions right at the time of the customers’ needs. The performance of the interactive CRM system has proved highly effective, with the response rate of the campaign 15% higher than traditional CRM methods. As an intelligent tool designed to grow revenues and enhance customer satisfaction and engagement in the long run, both the system and the methodology will be continuously enhanced and refined.

In addition, to prepare for the rapid growth of mobile data usage, especially with the arrival of 3G 2.1GHz in the near future, AIS is currently establishing a Network Usage Analysis System. Enabling us to understand every angle of customer data usage through in-depth insights, this new intelligent system will help AIS staff solve customer problems more quickly and proactively by offering effective, customised consultation on network usage, devices, applications, and packages. The first phase of the new system’s deployment is planned for 2013.

A Complete Assistance for Roaming Smartphone Users

As Smartphones have rapidly gained in popularity, more International Roaming customers have been impacted by unintentionally high bills as many new users were not aware that Smartphones occasionally connect automatically to the internet. In 2011, AIS began our efforts to take care of our customers with end-to-end solutions by sending an informative SMS at the first time of the connection, launching self-service number for turning the Internet on or off from the device, sending usage notifications at certain thresholds during roaming, and much more. In 2012, AIS added new technology to enhance the way we take care of our customers while they are roaming. AIS Roaming Usage Control is a new system which intelligently monitors customer usage and sends a near-real-time SMS notification to alert customers when the usage exceeds the package quota, when usage is high for customer without a package, when the

usage has nearly reached the package quota, or when the selected operator is not included in the package conditions. In addition, a data roaming credit quota has been set in order to protect customers from unintentional usage. After the launch of Roaming Usage Control, in 2012, complaints about unintentionally high bills from data roaming were reduced by 54% compared to the previous year while the number of outbound calls to solve customers' problems relating to high bills was reduced by 72%. Meanwhile, the number of customers applying for data roaming packages increased by 61%, and customers are generally more satisfied and more comfortable using their Smartphones abroad.

In the fourth quarter of 2012, AIS also responded to the changing lifestyle of our customers by being the first operator to launch a new application especially for iPad customers. The "AIS Roaming App" allows iPad users to subscribe to data roaming package, check packages, and check their real-time usage balance conveniently right from their device.

AIS Touch Points – A New Dimension for Service Solutions

As part of our vision to prepare the AIS Shops for the future growth that the arrival of 3G 2.1GHz will bring, AIS has created a new chapter in our service solutions. Our existing shops have been renovated, while new shops have been opened. New technology has been adopted and applied to create a variety of quick and convenient automated services. The AIS Shop will be a center where customers can drop by to try out new and trendy mobile devices before making a decision to buy, while our knowledgeable staff will take the role of professional consultants to advise on the best wireless communication solutions for our customers.

- **AIS Flagship Store:** To mark a new chapter and strengthen our leadership image, AIS opened the AIS Flagship Store in November 2012 at Central World. The Flagship Store fully serves the needs of all AIS and AIS Serenade customers with a variety of service innovations. The store is also designed to showcase new technological advancements, especially those featuring Interactive Augmented Reality technology, which projects interactive 3D virtual experiences that people in the area can participate in and enjoy. Featuring a modern and trendy design, the store is equipped with modern facilities and a variety of latest devices.



- **AIS Shop Expansion:** AIS has continued to renovate our shops and open new branches over the last year. In 2012, 3 new shops were opened at Seacon Square, Mega Bangna, and Central Pattaya. In addition, 4 shops in Chaeng Wattana, Chamchuri Square, Fashion Island, and Nakorn Pathom were renovated and re-opened, while 4 of our shops in the provinces of Pitsanulok, Surat Thani, Phuket, and Khon Kean were relocated into department stores. More shops are in the pipeline to be renovated and new branches opened over the year ahead.

- **Service Innovation:** The full launch of Payment Kiosks at AIS Shops in 2012 provided a quick and convenient way for customers to make payments without having to queue at the counters, an innovation which dramatically decreased transaction times from 3 minutes to just 1. The kiosks are also set up to accept credit cards in addition to cash. Since the launch, 60% of our customers have shifted to making



payments at the kiosks. Improvements have also been made to the eService Kiosks at AIS Shops in the form of a new touch screen design and user-friendly icon menu. Additionally, the installation of new equipment to read the smart card version of the National Identification Card has resulted in quicker and more accurate transactions.

• **Staff Knowledge and Competency:** AIS has taken many steps to be well-prepared for the road ahead. This includes the creation of a solid staff competency roadmap with a special focus on technology and Smartphones for staff both at our AIS Shops and at the AIS Call Center. During 2012, 155 staff successfully completed training to become “Device Gurus” at AIS Shops. Moreover, 2012 was the first year that AIS took a step further in this direction by establishing the “Guru by OS” initiative, which involves our staff being trained and awarded certification directly by key principals that include iOS (by Apple), Andriod (by Samsung), Windows 7 and 8 (by Nokia), and BlackBerry (by BlackBerry). By the end of 2012, AIS had a total of 155 Gurus by OS ready to serve at AIS Shops, with many more to follow over the coming year.

Enhancements were also evident at our Telewiz Shops in 2012. For a start, a total of 40 Telewiz Shops were upgraded to “Telewiz Plus” with capabilities equivalent to those at our AIS Shops, both in terms of services and facilities. In a bid to upgrade their expertise on Internet usage, applications and device settings, Telewiz staff members were challenged by AIS to pass a test and be certified as a “Telewiz Guru” by AIS. There is currently 1 Telewiz Guru at each shop, with a plan to increase this to 2 Telewiz Gurus per shop by the end of 2013. In addition, the number of “Device Experts” at Telewiz increased from 452 staff in 2010 and 830 staff in 2011 to 900 staff by the end of 2012. Telewiz also enhanced its image by renovating its shops in a style consistent with the modern lifestyle of its customers. Telewiz shop will equip with latest equipment, using in AIS shop, for example, Express Data Transfer tools, automatic payment kiosks, handsets for customer to try before they buy, and LCD system to offer promotions, privileges and campaigns to customers.

AIS Call Center Service Expansion and Automation

AIS expanded the service to include an automated voice response system (IVR) channel, which allows customers to make basic transactions conveniently by themselves over the phone. Five popular menus were launched in 2012, and the system currently handles 57% of the total number of calls to the Call Center. This automated system helps AIS manage the cost of our services more effectively while also allowing us to serve a higher number of customers at the same time. In third quarter of 2012, the AIS Call Center has been enhanced through the incorporation of Speech Recognition features in selected menus, allowing customers to simply say the menu name and jump right to their desired menu this reducing their waiting time.

365 Days of Exclusive Life with AIS. Your World. Your Way.

With a strong market position in terms of customer privileges, AIS continued its momentum in 2012 under the concept of “365 Days of Exclusive Life with AIS. Your World. Your Way.” The focus was on delivering privileges in 4 key areas: shopping, dining, entertainment, and transportation. The number of strategic partnerships was expanded from 6,000 participating stores nationwide in 2011 to 8,000 stores in 2012, with a 20% increase in the number of customers participating in the privilege programme compared to 2011.

In 2012, the privileges were further expanded to reach more AIS customers in more regions. In addition to the 19 provinces already included, the coverage was expanded to include the north-eastern, southern, central, and improved the total privilege coverage to 28 provinces in 4 regions nationwide.



In addition, following on from the good response to the Aunjai Daitam Reward Programme over the previous 3 years, AIS continued the programme into its fourth year in 2012 with even more rewards under the slogan of “Winning Gold with AIS Nationwide Every Day, Every Month, Every Province.” The program gives away rewards with a total value of more than Baht 25 million, including a golden Aunjai mascot worth Baht 1 million, as well as a golden necklace with an Aunjai locket, mobile phones, air tickets, and many more rewards. Over 15 million customers participated in 2012 and more than 116,000 customers have been rewarded by AIS during the 4-year campaign.

Exclusive Privileges for AIS Serenade Customers

Following on from the success of the “Serenade Exclusive Trip” concept of previous years, AIS Serenade arranged an additional 3 exclusive and unforgettable trips in 2012. Under the theme of “Discovering the Venue,” the trips covered “Chiang Mai - Lampoon, The Civilization of Lanna;” “The Maldives, a Heaven of Endless Love;” and “Siem Reap, the Metropolis of Legend” with an additional “exclusive” element of historical insights being provided by Ajarn Paothong Thongchua in the form of enjoyable and informative lectures. AIS also hosted a special trip to afford customers the chance to experience world class car racing under the campaign “AIS World of Champion: the World Class Racing in Singapore”. Lastly, AIS also invited AIS Serenade customers to experience one of the most memorable events of Siam when “the Glorious Memory of the Royal Barge Grand Procession” travelled toward the Temple of Dawn in November 2012, for the first time since 2008, the event AIS also hosted in 2006 and 2007.

The reserved parking privilege now covers a total of 16 locations with plans to extend it further to cover all areas in Bangkok and the surrounding metropolitan, which match AIS Serenade customers’ lifestyles. In 2013, we plan to expand the privilege to cover further various tourist attractions and places of interest, such as Santorini Park, Hua Hin, Pai and Mae Hong Son.



Distribution Channels

Because distribution channels are central to our long-term sustainable growth, AIS has established an Ecosystem strategy which allows us to work closely and productively with our channel partners. AIS sees this as essential to our delivery of 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. Approximately 97% of all our transactions are via dealers and electronic channels, while the remainders are through direct sales.



1) Dealers

With our “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 long-term loyalty. As part of the selection process, AIS assesses potential dealers in terms of their location, past performance and financial status in order to ensure their capability. Our qualified dealers must have local expertise and a recognised business reputation if they are to position and develop our brand and positively engage our customers through an excellent standard of service. Dealers can be categorized into 5 groups.

1.1 Telewiz Dealers

AIS works with more than 100 Telewiz dealers operating more than 450 Telewiz shops nationwide. Telewiz dealers have exclusive rights to sell products and services under the AIS brand and to provide registration and payment services for GSM Advanced customers. Telewiz dealers will receive a sales margin and commission from customer subscriptions as well as a marketing event budget from AIS. AIS supervises and advises on all quality issues, starting from site selection and development to advertising and sales promotion in order to guarantee that Telewiz meets AIS quality standards.

1.2 General Dealers

AIS works nationwide with more than 300 general dealers 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 margins, the dealers receive commission from customer subscriptions and are given a marketing budget from AIS.

1.3 Key Accounts and Modern Trades

AIS also channels our products and services through large nationwide distributors, such as Jay Mart, Blisstel, IEC, SMART i-Mobile, TG and Bangkok Telecom. Modern trade outlets, such as Tesco Lotus, Power Buy

and 7-Eleven, as well as IT stores, such as iStudio, iBeat, Banana IT and IT City also distribute our products and services. AIS has more than 50 key accounts with modern trade distributors, serving more than 10,000 locations throughout Thailand.

1.4 One-2-Call! Dealers

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

- **Advanced Distribution Partnerships (ADP):** Qualified Telewiz and general dealers who have the potential to distribute AIS products in specific areas and possess a strong financial background. Currently, there are 90 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 payments from AIS.
- **Advanced Retail Shops (ARS)** is a key customer touch point. 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 a bonus from AIS after achieving sales targets.

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

1.5 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) Electronics Channels

AIS promotes the use of electronic money top-up channels for prepaid customers in order to reduce scratch cards costs. Customers can top up with as little as Baht 10 via electronic channels compared to a minimum of Baht 50 with a scratch card. To support this, AIS continues to develop a variety of electronic payment channels, such as automatic top-up machines, ATMs, Phone Banking, the Internet and mPAY. AIS already has more than 400,000 electronic top-up channels but is constantly looking to add more in a bid to increase on the 80% of top-up money currently paid through electronic channels.

3) Direct Sales

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

Risk Factors

The developments in the telecommunications industry in terms of technologies, networks and communication devices, have brought about a very competitive and fast-changing environment which can create both advantage and risks for the Company. To cope with such uncertainties, it is imperative that AIS sets in place effective and proactive risk management and business strategies to ensure that the Company continues to be viable in both the long-term and short-term.

Focusing on organisational risk management, AIS has set up the Risk Management Committee whose 11 members include the Chairman of the Executive Committee, who also acts as Chairman of the Risk Management Committee; the Chief Executive Officer; and other senior executives. The committee holds a minimum of 4 meetings per year in order to discuss and classify the risks to the entire organisation; to rank the degree of risk; to provide risk management guidelines; and to assign persons responsible for arranging control measures in order to manage risks at an acceptable level. The aim of such measures is to ensure that AIS achieves set targets and maintains the confidence of the shareholders and interested individuals. The committee must also take into consideration whether there have been any changes to the identified risks or the economic conditions that may affect AIS.

In each quarter, the Risk Management Committee has submitted the results of its risk management analysis to the Executive Committee, the Audit Committee, and the Board of Directors in order to closely manage and monitor all risks to ensure they are at an acceptable level. The risk factors which may affect the operation results of AIS are summarised as follows:

1. Risks on business operations

1.1 Risk in network quality as the consequent impact from the delay of obtaining the 2.1GHz license

The delay in the issuance of licenses for the 2.1GHz frequency may cause impact on the launch of 3G services on the 2.1 GHz frequency which may be effect in an opportunity and advantage of the Company and may pose a risk in terms of managing the quality of the 900MHz and 1800MHz frequency by the main factors as follows:

1. As AIS has currently allocated part of 900MHz as the frequency to be used for 3G mobile devices and the increasing of customer using 2G service, they may be affected by inadequate capacity.
2. As AIS has currently operate the roaming on 1800MHz frequency which possesses by Digital Phone Co., Ltd., a subsidiary of AIS, thus it may be affected on the quality of the service by the expiration and uncertainty of the concession between DPC and CAT Telecom Public Company Limited (CAT) which is scheduled to expire on September 2013 as the Company shall have insufficient frequency to provide the service if AIS delay to launch 3G service.

In managing the risk, AIS has invested and expanded 900MHz network as well as studying the possibility of continuing the 900MHz and 1800MHz operations. In addition, our proposal to continue operation of 1800MHz network has been prepared and ready to be submitted as required to CAT Telecom Public Company Limited.

2. Risks on regulatory and government policies

2.1 The Jointly Undertaken 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 Enterprises B.E. 2535.

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

As the Ministry of Information Technology and Communications sent a letter to the Council of State requesting for opinion regarding the amendment of the Cellular Mobile Telephone Service Agreement (the Agreement) between TOT, formerly known as the 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 Enterprises B.E. 2535 came into effect whether the current amendment is in line with the said Act and to determine what course of action should be taken if such amendment is in breach of the said Act.

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), the Office of the Council of State stated its opinion 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 the authority in charge of the 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 invalidated by virtue of time or by other conditions. 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 rescind such amendments to the Agreement. However, if the Cabinet bases its consideration 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 Section 22 being the parties to submit the facts, justifications and opinions for the consideration of the Cabinet.”

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

The Company firmly believes in the principles and the grounds of the amendments of the Agreement and the Company has fully complied with the Jointly Undertaken 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 in the case that the amendments of the Agreement of the Company are revoked; this may result in a shortening of the term of the Agreement and/or a higher prepaid revenue share, for instance.

2.1.2 The Amendment of the Jointly Undertaken 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 Enterprises B.E. 2535 came into effect whether the current amendment is in line with the said Act, and to determine what course of action should be taken if such amendment is in breach of the said Act.

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 the 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 the private sector to jointly undertake work or to operate the work of the State and select the private sector by way of auction as prescribed in Chapter 3, but the provisions in Chapter 3 shall be applied *mutatis mutandis* in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance

with Section 13 to proceed according to Section 21 of the said Act, namely, the committee shall present the selection results including reasons, negotiated issues 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 shall be 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, shall be entitled to provide telecommunication services based on the transferred rights and obligations even though the current agreement between CAT and DPC is not in compliance with the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises. However, the current agreement is still effective as long as it is not rescinded or invalidated by time or other conditions. Therefore, CAT and DPC are bound to comply with the said Agreement.”

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

The Company firmly believes in the principles and the grounds of the amendments of the Agreement and DPC has fully complied with the Jointly Undertaken 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 in the case that the amendments of the Agreement of DPC are invalidated; this may result in a shortening of the term of the Agreement and an increase in the amount of revenue sharing which has to be additionally paid.

2.2 Disputes relating to the Excise Tax

2.2.1 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, Alternative Dispute Resolution Office, and the Office of the Judiciary, demanding the Company to pay additional revenue sharing for Baht 31,463 million.

On 20 May 2011, the Arbitral Tribunal unanimously resolved to dismiss the disputes by giving the reason which can be summarized that AIS had lawfully paid the revenue sharing. Therefore, the Company has not committed a breach of the agreement and the Company 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 the consideration of the Central Administrative Court. However, the management of the Company firmly believe that this case shall reach a positive conclusion since the Company has fully paid the revenue sharing according to the same amount of excise tax.

2.2.2 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, Alternative Dispute Resolution Office, and Office of the Judiciary, demanding DPC, a subsidiary of the Company, to pay additional 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 as DPC has paid during 16 September 2003 to 15 September 2007, and was deducted from revenue sharing pursuant to the resolution of the cabinet on 11 February 2003 and is the same standard practice of the telecommunications industry.

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

CAT submitted a request to the Central Administrative Court to set aside the award of the Arbitral Tribunal. At present, the case is pending the consideration of the Central Administrative Court. However, the management of the Company firmly believes that this case shall positively ease off since the revenue sharing demanded by CAT is the same amount of excise tax which has already been paid by the Company.

2.3 Dispute on Interconnection Charge

According to the Telecommunication Business Act B.E. 2544 and the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks B.E. 2549, the Company has the duty to enter into the interconnection agreements with other operators. However, TOT, the contract grantor, has issued a written notice to the Company stating that the Company is not a legitimate licensee of telecommunication networks and is, the refore, not entitled to enter into the interconnection agreements by virtue of the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks B.E. 2549. After having considered together with the comment of legal consultants, the management of the Company is of the opinion that non-compliance with the above interconnection agreements would be in conflict with the Notification

of NTC regarding the Use and Interconnection of Telecommunication Networks. 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 charges from the contractual parties based on the rate and calculation method of the Company and paid to TOT. However, TOT required the Company to pay the revenue sharing calculated on gross amount of 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.

On 26 January 2011, TOT sent a letter demanding the Company to pay the revenue sharing of the interconnection charges of the concession years 17–20 in the amount of Baht 17,803 million plus interest at the rate of 1.25 percent per month. However, the Company disagreed and sent a letter opposing the said claim to TOT and 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. At present, the case is pending consideration of the Arbitral Tribunal. The management of the Company firmly believes that there shall unlikely be any material impact since the Company has fully complied with the law.

2.4 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT) regarding the reduction of roaming charge between DPC and the Company

On 7 April 2010, Digital Phone Company Limited (DPC) submitted a dispute (Case no. Black 27/2553) to the Alternative Dispute Resolution Office, the Thai Arbitration Institute, requesting the Arbitration Panel to set aside the allegation of CAT that DPC was in breach of agreement on the grounds that the agreement was made without approval from CAT and would terminate the agreement as stated in a letter dated 6 January 2010, and demanding CAT to pay compensation of Baht 50 million to DPC.

On 15 July 2010, CAT submitted a dispute (Case no. Black 62/2553) to the Arbitration Institute, demanding DPC to pay additional remuneration for concession years 10-12 which incurred due to the reduction by DPC of 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 percent per month calculating from April 2010 onward.

On 12 September 2011, CAT submitted a further dispute of the concession year 12 (1 April 2009-15 June 2009) to the Arbitration Institute, Alternative Dispute Resolution Office, and the Office of the Judiciary (Case no. Black 89/2554) for the amount of Baht 113,211,582.68.

Later, the Arbitration Institute has ordered all three disputes to be considered together and, at present, such disputes are pending consideration of the Arbitral Tribunal which 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 had informed CAT of the application of the roaming rate of Baht 1.10 per minute since July 2006, to which CAT has given a written approval of such application until March 2007 and has also given additional approval during the period of January 2009 to March 2009, and during the disputed periods, CAT has never sent any refusal or objection to DPC. The roaming rate at Baht 1.10 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 using the rate of Baht 1.10 per minute as approved by NTC.

2.5 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited on Tower and Power Supply ownership

On 3 February 2009, CAT submitted a dispute (Case no. Black 8/2552) to the Arbitration Institute, Alternative Dispute Resolution Office, demanding DPC to deliver and transfer ownership of 3,343 Towers including 2,653 units of Power Supply equipment under the terms and conditions of the Digital PCN (Personal Communication Network) Agreement. If having failed to do so, CAT demanded that DPC is obligated to pay Baht 2,230 million to CAT. DPC considers that all disputed Towers and Power Supply equipment, are not included under the definition of equipment as stipulated in clause 2.1 of the Agreement of which DPC is obligated to deliver and transfer under the terms and conditions of the Agreement. The case is pending consideration of the Arbitral Tribunal.

On 18 July 2012, the Arbitrary Tribunal unanimously resolved to dismiss all of the disputes by giving the reason which can be summarised that the right of CAT to demand DPC to deliver properties which are objects of the contract shall be in accordance with Clause 12 of the Digital PCN (Personal Communication Network) which states that such a right can be exercised after 60 days upon expiration of the contract. Therefore, the submission of the dispute by CAT is prematurely. CAT has submitted a request 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. However, the management of the Company's firmly believes that the outcome of the case shall positively ease off.

2.6 The determination of Maximum Rate of Service Fee for Domestic Telecommunications Voice Services

On 2 July 2012, AIS filed a lawsuit against the Office of the National Broadcasting and Telecommunication Commission (Case no. Black 1067/2555), to the Central Administrative Court, demanding that the Court revoke the Notification on The Determination of Maximum Rate of Service Fee for Domestic Telecommunications Voice Services B.E. 2555, which allows operators to charge domestic voice services at a maximum rate of Baht 0.99 per minute, specifically applying only to operators with significant market power (which on 30 September 2010, the Office of the National Broadcasting and Telecommunication Commission specified the Company being the operators with significant market power in the retail domestic mobile phone services market and domestic mobile network service as stated in the order of the Office of the National Broadcasting and Telecommunications Commission no. 32/2553).

3. Risk on administration

3.1 Risks on the safety of information

The development of information technology enables us to connect easily from around the world and enjoy the convenience of conducting business transactions through mobile devices and such new technology as Cloud Computing. In addition, the telecommunications industry has change very fast and AIS may become exposed to threats from technology and risks relating to the safety of information.

Therefore, AIS focuses on the prevention of such threats and on the safety of information by raising the awareness of how to use information technology safely and also conduct risk assessments of the safety of information stored in the system to successfully prevent any risks that may be posed by the hacker or by system error.

3.2 Operational Risks

As a result of the worst flood occurred in Thailand in 2011, AIS has formulated an emergency plan to prevent interruption of business by setting up a business continuity plan to cope with the disasters which may cause a loss to property, adversely affect personnel, and a halt to the main business activities of the Company.

In 2012, AIS restructured the risk management operations by merging all Safety Health and Environment committee (SHE) under the supervision of the newly-formed Business Continuity Management Committee (BCMC) to ensure the effectiveness of resource management.

The BCMC approved the master plan of creating measures to prevent the halt to business across all areas, and to deal with disasters which can damage buildings, operation centers. Alternative sites are also prepared to ensure the continuity of the Company's business.

Furthermore, the emergency plan shall be reviewed to examine potential flaws in its operating system while implement the planned system changes to ensure that if there is a problem during the changes, it shall not widely affect the provision of mobile phone network or for a long time as it happened to other network in 2012. In addition, the emergency plan was also adjusted to cover any faults in the operating system to ensure that the Company can maintains as a leader in network quality and retain consumer confidence in our service when a natural disaster occurs.

Good Corporate Governance

The Board of Directors



Dr. Paiboon Limpaphayom

Chairman of the Board of Directors
and Independent Director



Mr. Somprasong Boonyachai

Vice - Chairman of the Board of Directors



Mr. Surasak Vajisit

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. Montchai Noosong
Director



The Executive Committee



Mr. Allen Lew Yoong Keong
Chairman of the Executive Committee



Mr. Wichian Mektrakarn
Member of Executive Committee



Mr. Ng Ching-Wah
Member of Executive Committee



Mrs. Suphatee 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



Mrs. Suwimol Kaewkoon
Chief Organization Development Officer



Mr. Hui Weng Cheong
Chief Operating Officer



Mrs. Vilasinee Puddhikarant
Chief Customer Officer



Mr. Somchai Lertsutiwong
Chief Marketing Officer



Mr. Pong - amorn Nimpoonsawat
Chief Finance Officer

Summary of Profile of the Directors and Management



Dr. Paiboon Limpaphayom

Age 71 years

- Chairman of The Board of Director
- Chairman of the Remuneration Committee
- Chairman of the Nomination and Corporate Governance Committee
- 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

- 2008 - Present Chairman of the Nomination and Corporate Governance Committee, Advanced Info Service Plc.
- 2004 - Present Chairman of the Remuneration Committee, Advanced Info Service Plc.
- 1998 - Present Chairman of the Board of Directors and Independent Director, Advanced Info Service Plc.
- 2007 - 2008 Chairman of the Nomination Committee, Advanced Info Service Plc.

Illegal Record in past 10 years

None



Mr. Somprasong Boonyachai

Age 57 years

- Vice-Chairman of the Board of Directors
- Member of the Remuneration Committee
- Member of the Nomination and Corporate Governance Committee
- 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

- Director Accreditation Program (DAP) Class 30/2004
- Director Certification Program (DCP) Class 65/2005
- Role of the Chairman Program (RCP) Class 21/2009

Working Experiences

- 2010 - Present Acting-President, Shin Corporation Plc.
- 2008 - Present Chairman of the Group Executive Committee, Shin Corporation Plc.
Member of the Nomination and Corporate Governance Committee, Advanced Info Service Plc.
- 2007 - Present Vice-Chairman of the Board of Directors and Member of the Remuneration Committee, Advanced Info Service Plc.
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



Mr. Aviruth Wongbuddhapitak

Age 64 years

- Director
- Chairman of the Audit Committee
- Member of the Remuneration 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

- Director Certification Program (DCP) 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 | Director, Chairman of the Audit Committee, Member of the Remuneration Committee and Independent Director, Advanced Info Service Plc. |
| 2003 - Present | 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 |
| 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



Mrs. Tasanee Manorot

Age 67 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

- Director Certification Program (DCP) Class 32/2003

Working Experiences

- | | |
|----------------|--|
| 2006 - Present | Director, Member of the Audit Committee and Independent Director, Advanced Info Service Plc. |
|----------------|--|

Illegal Record in past 10 years

None

*Includes holding by spouse and minor children



Mr. Surasak Vajisit

Age 59 years

- Director
- Member of the Audit Committee
- Member of the Nomination and Corporate Governance Committee
- Independent Director

Share Ratio (%)* None
Relationship with Management None

Highest Education

- Barrister-at-law, Lincoln's Inn

Related Training Program held by IOD

- Director Accreditation Program (DAP) Class 29/2004

Working Experiences

- 2008 - Present Member of the Nomination and Corporate Governance Committee, Advanced Info Service Plc.
- 2006 - Present Director, Member of the Audit Committee and Independent Director, Advanced Info Service Plc.
- 2005 - Present Partner, Hunton & Williams (Thailand) Limited
- 2007 - 2008 Member of the Nomination Committee, Advanced Info Service Plc.
- 1997 - 2008 Director, Thai Tollow and Oil Co., Ltd.

Illegal Record in past 10 years

None



Mr. Montchai Noosong

Age 51 years

- Director

Share Ratio (%)* None
Relationship with Management None

Highest Education

- Doctorate Degree in Computer and Network, Telecom Paris, France

Related Training Program held by IOD

- Financial Statement for Director (FSD), 2010
- Director Certification Program (DCP), 2010

Working Experiences

- 2012 - Present Director, Advanced Info Service Plc.
Acting-President, TOT Plc.
- 2010 - Present Senior Vice-President, TOT Plc.
- 2010 - 2011 Director, Tradesiam Co., Ltd.
- 2009 - 2010 Vice-President - Portfolio Management, TOT Plc.
- 2007 - 2009 Assistance President - Product Development, TOT Plc.
- 2005 - 2007 Assistance President - Sales and Service, TOT Plc.

Illegal Record in past 10 years

None

*Includes holding by spouse and minor children



Mr. Yeo Eng Choon

Age 58 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. |

Illegal Record in past 10 years

None



Mr. Allen Lew Yoong Keong

Age 57 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. |

Illegal Record in past 10 years

None

*Includes holding by spouse and minor children



Mr. Ng Ching-Wah

Age 63 years

- Director
- Member of the Executive Committee

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

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

Related Training Program held by IOD

-

Working Experiences

- | | |
|----------------|---|
| 2012 - Present | Member of the Communication Authority, Communication Authority (CA) |
| 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. |
| 2011 - 2012 | Director, China Digital TV Group Holding Ltd. |
| 2007 - 2010 | Non-executive Director, HKC International Holdings Ltd. |
| 2000 - 2007 | CEO, CSL Limited (Hong Kong) |

Illegal Record in past 10 years

None



Mr. Kim Siritaweechai

Age 44 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

- Director Certification Program (DCP) Class 116/2009

Working Experiences

- | | |
|----------------|--|
| 2012 - Present | Director, Ookbee Co., Ltd. |
| 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

*Includes holding by spouse and minor children



Mrs. Suphajee Suthumpun

Age 48 years

- Member of the Executive Committee

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Master Degree in International Finance and International Account, Northrop University, California

Related Training Program held by IOD

- Director Certification Program (DCP) 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. Director and Chief Executive Officer, Thaicom Plc. Director, Chairman of the Nomination and Corporate Governance Committee, Chairman of the Remuneration Committee, and Chairman of the Executive Committee, CS LoxInfo Plc. Chairman of the Executive Committee - Media & New Business, Shin Corporation 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 - 2007 Country General Manager, IBM Thailand Co., Ltd.

Illegal Record in past 10 years

None



Mr. Wichian Mektrakarn

Age 58 years

- Director
- Member of the Executive Committee
- Authorized Director
- Chief Executive Officer

Share Ratio (%)*

0.0005

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

- Director Certification Program (DCP) Class 107/2008

Working Experiences

- 2013 - Present Director and Member of the Executive Committee, Advanced Info Service Plc.
- 2011 - Present Member of the Executive Committee, Shin Corporation Plc.
- 2009 - Present Chief Executive Officer, Advanced Info Service Plc.
- 2010 - 2012 (Acting) Chief Marketing Officer, Advanced Info Service Plc.
- 2006 - 2009 President, Advanced Info Service Plc.

Illegal Record in past 10 years

None

(Appointed as Director and Member of the Executive Committee since 3 January 2013)

*Includes holding by spouse and minor children



Mrs. Suwimol Kaewkoon

Age 57 years

- Chief Organization Development Officer

Share Ratio (%)* 0.0035

Relationship with Management None

(Appointed as Director and Member of the Executive Committee since 1 January 2013)

Highest Education

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

Related Training Program held by IOD

- Director Certification Program (DCP) Class 102/2008

Working Experiences

- 2013 - Present Chief Organization Development Officer, Advanced Info Service Plc.
- 2007 - Present Member of the Executive Committee, Shin Corporation Plc.
- 2007 - 2013 Chief Customer Officer, Advanced Info Service 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. Hui Weng Cheong

Age 57 years

- Chief Operating Officer

Share Ratio (%)* None

Relationship with Management None

(Appointed as Director and Member of the Executive Committee since 14 January 2013)

Highest Education

- Master Degree in Business Administration, University of Southern California

Related Training Program held by IOD

-

Working Experiences

- 2013 - Present Chief Operating Officer, Advanced Info Service Plc.
- 2010 - 2012 CEO International, Singapore Telecommunications Ltd.
- 2009 - 2010 Chief Operating Officer, Advanced Info Service Plc.
- 2006 - 2009 Deputy President, Advanced Info Service Plc.
- 2005 - 2007 Director, Advanced Info Service Plc.

Illegal Record in past 10 years

None

*Includes holding by spouse and minor children



Mrs. Vilasinee Puddhikarant

Age 57 years

- Chief Customer Officer

Share Ratio (%)*	0.0001
Relationship with Management	None

(Appointed as Director and Member of the Executive Committee since 1 January 2013)

Highest Education

- Bachelor Degree in Economics, East Texas University, USA

Related Training Program held by IOD

- Director Certification Program (DCP) Class 134/2010

Working Experiences

2013 - Present	Chief Customer Officer, Advanced Info Service Plc.
2007 - 2012	Executive Vice President - Customer and Service Management, Advanced Info Service Plc.

Illegal Record in past 10 years

None



Mr. Somchai Lertsutiwong

Age 50 years

- Chief Marketing Officer

Share Ratio (%)*	0.0027
Relationship with Management	None

(Appointed as Director and Member of the Executive Committee since 1 April 2012)

Highest Education

- Master Degree in Business Administration, Chulalongkorn University

Related Training Program held by IOD

- Director Certification Program (DCP) Class 107/2008

Working Experiences

2012 - Present	Chief Marketing Officer, Advanced Info Service Plc.
2007 - 2012	Executive Vice President - Marketing, Advanced Info Service Plc.
2004 - 2007	Assistant Vice President - Wireless Communication, Advanced Info Service Plc.

Illegal Record in past 10 years

None



Mr. Pong-amorn Nimpoonsawat

Age 50 years

- Chief Finance Officer

Share Ratio (%)*	0.0012
Relationship with Management	None

Highest Education

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

Related Training Program held by IOD

- Director Certification Program (DCP) Class 109/2008

Working Experiences

2001 - Present	Chief Finance Officer, Advanced Info Service Plc.
----------------	--

Illegal Record in past 10 years

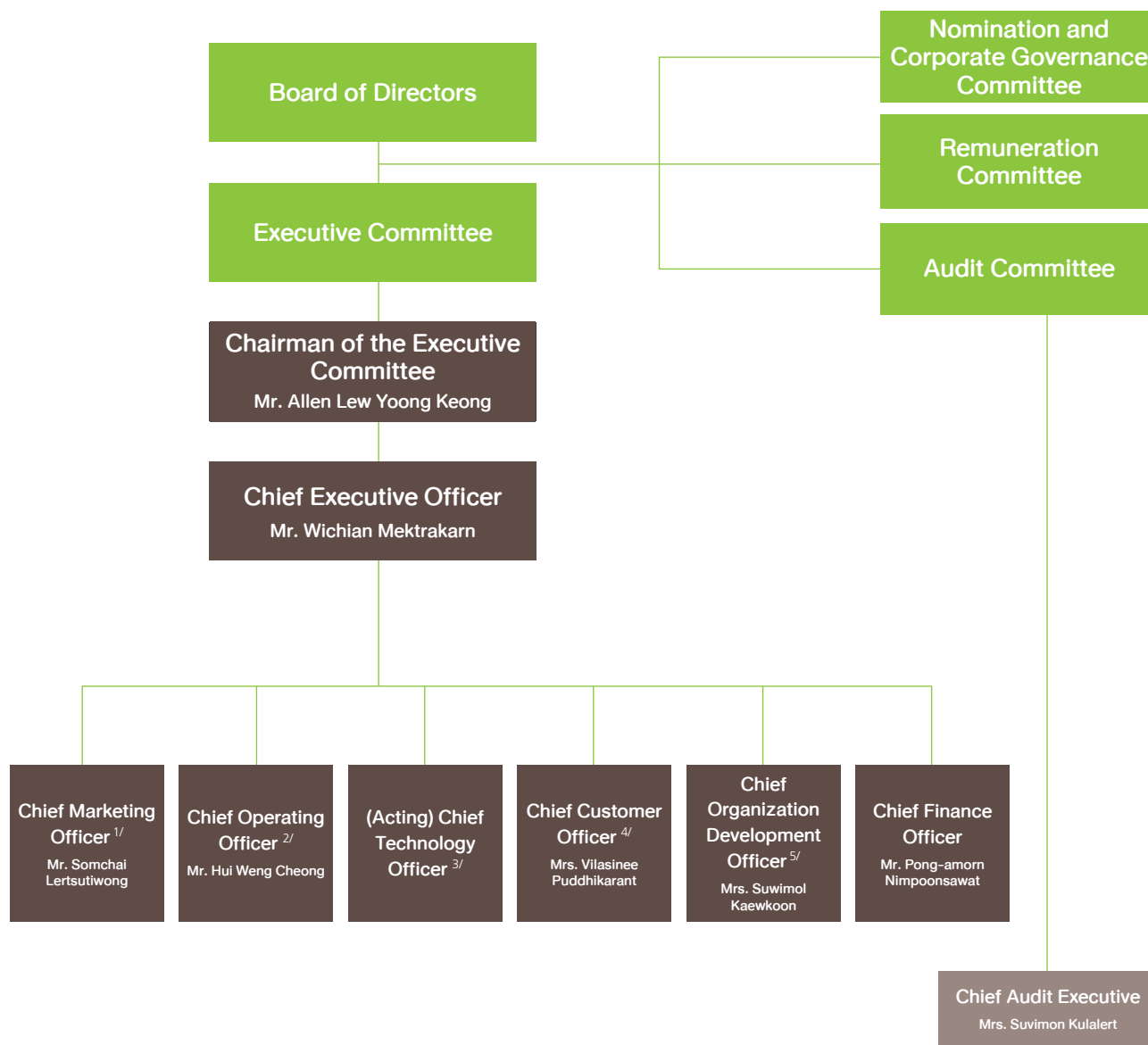
None

*Includes holding by spouse and minor children

Management Structure

Management Structure of Advanced Info Service Public Company Limited

As of 3 January 2013



^{1/} Appointed 1 April 2012

^{2/} Appointed 3 January 2013 in Replacement of Mr. Mark Chong Chin Kok

^{3/} Under nomination in replacement Mr. Vikrom Sriprataks who retired and resigned, effective from 1 January 2013

^{4/} Appointed 1 April 2013

^{5/} Appointed 1 April 2013

Management Structure

The Committee

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 3 January 2013, the Board of Directors comprises 10 members 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. Wichian Mektrakarn ^{1/} | Director and Member of the Executive Committee |
| 4. Mr. Ng Ching-Wah | Director and Member of the Executive Committee |
| 5. Mr. Aviruth Wongbuddhapitak | Chairman of the Audit Committee and Independent Director |
| 6. Mrs. Tasanee Manorot | Member of Audit Committee and Independent Director |
| 7. Mr. Surasak Vajasit | Member of Audit Committee and Independent Director |
| 8. Mr. Allen Lew Yoong Keong | Director and Chairman of the Executive Committee |
| 9. Mr. Yeo Eng Choon | Director |
| 10. Dr. Montchai Noosong ^{2/} | Director |

^{1/} To be in replacement for Mr. Vikrom Sriprataks who resigned, effective from 3 January 2013.

^{2/} Appointed as director on 28 March 2012

The Authorized Directors are

Mr. Somprasong Boonyachai and Mr. Wichian Mektrakarn* together jointly sign with the Company's seal affixed.

*Amended effective 3 January 2013

The Company Secretary is Mr. Chavin Chaivatcharaporn*

*Appointed 3 January 2013

In 2012, the Board of Directors held a total of 7 regular meetings and 3 special meetings with director's attendance as detailed below:

Name - Surname	No. of Attendance/ No. of Meeting
Dr. Paiboon Limpaphayom	10/10
Mr. Somprasong Boonyachai	10/10
Mr. Ng Ching-Wah	8/10
Mr. Aviruth Wongbuddhapitak	10/10
Mrs. Tasanee Manorot	10/10
Mr. Surasak Vajasit	8/10
Mr. Allen Lew Yoong Keong ^{1/}	2/10
Mr. Yeo Eng Choon	9/10
Dr. Montchai Noosong	5/10
Mr. Vikrom Sriprataks ^{2/}	10/10

^{1/} In case where Mr. Allen Lew Yoong Keong unable to attend the meeting, he will consider the matter and give an opinion via the Vice-Chairman of the Board of Directors in order to propose to the meeting.

^{2/} Resigned from a director effective 1 January 2013.

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 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 3 January 2013, the Executive Committee comprises 5 members as follows:

- | | |
|---|-------------------------------------|
| 1. Mr. Allen Lew Yoong Keong | Chairman of the Executive Committee |
| 2. Mr. Wichian Mektrakarn ^{1/} | Member of the Executive Committee |
| 3. Mrs. Suphajee Suthumpun | 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/} To be in replacement for Mr. Vikrom Sriprataks, effective from 3 January 2013.

In 2012, the Executive Committee held a total of 11 regular meetings and 1 special meeting and monthly reported to the Board of Directors. The summary of attendance of the member is as follows:

Name – Surname	No. of Attendance/ No. of Meeting
Mr. Allen Lew Yoong Keong	12/12
Mr. Vikrom Sriprataks ^{1/}	11/12
Mrs. Suphajee Suthumpun	7/12
Mr. Kim Siritaweechai	10/12
Mr. Ng Ching-Wah	9/12

^{1/} Resigned from executive committee effective 1 January 2013.

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 3 January 2013, the Audit Committee consists of 3 independent directors who possess qualifications as required by SEC and expertise in finance, accounting, legal and management, namely:

1. Mr. Aviruth Wongbuddhapitak Chairman of the Audit Committee and Independent Director
2. Mrs. Tasanee Manorot Member of the Audit Committee and Independent Director
3. Mr. Surasak Vajasit Member of the Audit Committee and Independent Director

The member of the Audit Committee no.1 and no. 2 have adequate expertise and experience to review creditability of the financial statements.

In 2012, the Audit Committee held a total of 12 meetings and quarterly reported to the Board of Directors. The summary of attendance of the member is as follows:

Name - Surname	No. of Attendance/ No. of Meeting
Mr. Aviruth Wongbuddhapitak	12/12
Mrs. Tasanee Manorot	12/12
Mr. Surasak Vajasit	12/12

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:
 - 8.1 an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - 8.2 an opinion on the adequacy of the Company's internal control system,
 - 8.3 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,
 - 8.4 an opinion on the suitability of an auditor,
 - 8.5 an opinion on the transactions that may lead to conflicts of interests,
 - 8.6 the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - 8.7 an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - 8.8 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.

- (1) Any transaction which causes any conflict of interest; or*
- (2) Any fraud, irregularity, or material defect in an internal control system; or*
- (3) Any infringement of the law on securities and exchange, SET's regulations, or any law relating to the Company's business,*

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 and to retain a consultant or other third person to express opinions or give advice as deemed necessary.
13. To review the Company's compliance with Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy, and acknowledge all concerns of misconduct or fraud and the final investigation report by the investigating committee.
14. To review and evaluate the scope of the performance of the Audit Committee on an annual basis.*
15. To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.*

* To be revised by the resolution of the Board of Directors' Meeting No. 3/2012, on 20 March 2012.

(4) Remuneration Committee

As of 3 January 2013, the Remuneration Committee comprises 3 members as follows:

1. Dr. Paiboon Limpaphayom Chairman
2. Mr. Aviruth Wongbuddhapitak Member of the Remuneration Committee
3. Mr. Somprasong Boonyachai Member of the Remuneration Committee

In 2012, the Remuneration Committee held a total of 4 meetings to consider the remuneration policy and remuneration amounts of independent directors and other directors for the year 2012, 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 2012, and reported to the Board of Directors. The summary of attendance of the member is as follows:

Name – Surname	No. of Attendance/ No. of Meeting
Dr. Paiboon Limpaphayom	4/4
Mr. Aviruth Wongbuddhapitak	4/4
Mr. Somprasong Boonyachai	4/4

The Scope of Authority and Duties of Remuneration Committee

1. Fix appropriate annual remuneration in monetary and/or non-monetary form for the Board members, committee members, Chairman of Executive committee, Chief Executive Officer and executives reporting directly committee 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 3 January 2013, the Nomination and Corporate Governance Committee comprises 3 members as follows:

- | | |
|------------------------------|--|
| 1. Dr. Paiboon Limpaphayom | Chairman |
| 2. Mr. Somprasong Boonyachai | Member of the
Nomination and
Corporate Governance
Committee |
| 3. Mr. Surasak Vajisit | Member of the
Nomination and
Corporate Governance
Committee |

In 2012, the Nomination and Corporate Governance Committee held a total of 4 meetings to consider the 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 summary of attendance of the member is as follows:

Name – Surname	No. of Attendance/ No. of Meeting
Dr. Paiboon Limpaphayom	4/4
Mr. Somprasong Boonyachai	4/4
Mr. Surasak Vajisit	4/4

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

- Draw up criteria and policy with respect to nomination of Board members and committees members of the Company;
- 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;
- 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;
- Consider and nominate a person to become Chairman of Executive in case of vacancy as well as criteria of succession thereof;
- Perform of other tasks as designated by the Board.

(6) Management Team

As of 3 January 2013, the Company's Management Team comprises 7 members as follows:

- | | |
|--|---|
| 1. Mr. Allen Lew Yoong Keong | Chairman of the Executive
Committee |
| 2. Mr. Wichian Mektrakarn | Chief Executive Officer |
| 3. Mr. Somchai Lertsutiwong ^{1/} | Chief Marketing Officer |
| 4. Mrs. Suwimol Kaewkoon ^{2/} | Chief Organization
Development Officer |
| 5. Mrs. Vilasinee Puddhikarant ^{3/} | Chief Customer Officer |
| 6. Mr. Hui Weng Cheong ^{4/} | Chief Operating Officer |
| 7. Mr. Pong-amorn
Nimpoonsawat | Chief Finance Officer |

^{1/} Appointed 1 April 2012

^{2/} Appointed 1 January 2013

^{3/} Appointed 1 January 2013

^{4/} Appointed in replacement of Mr. Mark Chong Chin Kok, effective from 14 January 2013

In this regards, Chief of Technology Officer under nomination in replacement of Mr. Vikrom Sriprataks who retired from 1 January 2013.

Nomination of Directors

The Company has appointed the nomination and Corporate Governance Committee to consider and prescribe criteria and policy on nomination of suitable candidates to assume position of directors, and propose to shareholders' meeting. Minor shareholders have been given opportunity as another channel to propose suitable candidates for directors. Criteria and procedures are prescribed in the Company's Articles of Association as follows:

- (1) Each shareholder shall be entitled to one vote for each shareholding;
- (2) Each shareholder shall be entitled to cast all the votes under (1) to elect one or several persons to be the Company's director but cannot distribute their votes to any particular person or persons;
- (3) Person who receives the highest votes arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed are elected to be the Company's director. In the event of a tie at lower place, which would not make the number of directors greater than the required, the Chairman of the meeting shall cast the deciding vote.

Term of Directorship

1. Term of directorship is as follows:

- 1.1 At the annual general meeting of shareholders, one-third of the directors shall vacate office. If one third is not a round number, the number closet thereto shall be the applicable number. The vacating directors may be re-elected.
- 1.2 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, according to article 68 of the Public Companies Act B.E. 2535, to serve as a new director in the next board meeting, excluding such case where the remaining term is less than two months. Such appointed directors shall assume the position for the remaining term of the vacating director.

2. Term of membership of the Audit Committee is as follows:

- 2.1 A Committee Member shall serve for a term of not exceeding three years. A retiring member may be re-elected. A Committee member who has completed a total of nine (9) years or three (3) consecutive terms, the Board shall review their respective independence qualifications each year.
- 2.2 A Committee Member who wishes to resign during his or her term of office must give notice to the Chairman of the Board of Directors. The resignation date is effective upon the Company receiving the notice in order that the Board of Directors can appoint other qualified directors for replacement with regards to the remaining term of office. The Board of Directors must fill the vacancy within 90 days from the date on which such Committee Member resigned.

In the case that all members vacate office except otherwise by reason of disqualification or as prohibited by law, the Audit Committee shall remain in office as necessary until a new Audit Committee is appointed.

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, members of the sub-committees, chairman of executive committee, chief executive officer including executives reporting to chief executive officer; provided remuneration for directors and members of the sub-committee shall be proposed to the Company's general shareholders' meeting which is held on an annual basis.

(1) Directors' remuneration

Total monetary remuneration for 6 directors as they are the Chairman of the Board, independent director, and non-executive directors was totaled Baht 7.98 million. The remuneration was paid from 2012 operating results as it was approved by general meeting of shareholders in an amount of not exceed Baht 20,000,000, which was comprised of monthly allowance, meeting allowance and bonus payments. In this regards, executive director is not entitled to receive remuneration as directors.

Directors' remuneration for the year 2012

Director	Monetary Remuneration (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) Director who is executive, staff, or shareholder of the Company is not entitled to receive such remuneration.

2) Chairman of the Board is not entitled to receive 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 2011.

The remuneration for 6 directors in year 2012 is as follows:

Name	Position	Remuneration for 2012 (Baht)
Dr. Paiboon Limpaphayom	Chairman of the Board of Directors	2,400,000
Mr. Aviruth Wongbuddhapitak	Chairman of the Audit Committee	1,575,000
Mr. Surasak Vajakit	Member of the Audit Committee	1,200,000
Mrs. Tasanee Manerot	Member of the Audit Committee	1,175,000
Mr. Ng Ching-Wah	Director	1,050,000
Dr. Montchai Noosong	Director	581,452
Total		7,981,452

(2) Management's remuneration

The total amount of remunerations for 8 of the management team as of 31 December 2012 was calculated at Baht 135.74 million comprising of salary, bonus and provident fund and other benefits.

(3) Other remuneration

- None -

Directors' Shareholding in the Company and its Subsidiaries of the Year 2012

Name / Position	ADVANC				AIR		ADC		DPC		ACC		AMP	
	Ordinary Share		Debenture		Ordinary Share		Ordinary Share		Ordinary Share		Ordinary Share		Ordinary Share	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Mr. Montchai Noosong Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-

As of 31 December 2012, the number of ordinary share and debentures includes holding by spouse and minor child

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

Corporate Governance

The Company has fully confident 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 has introduced the corporate governance policy in compliance with good practices recommended by SET since 14 November 2002. The Policy has been reviewed by the Board of Directors; the last update was on 20 March 2012 (Those who are interested in this policy may download from the Company website i.e. www.ais.co.th) and has been consistently communicated to directors, executives, and the Company's staff. The policy can be 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

In 2012, the report on the good corporate governance is as follows:

Chapter 1 The 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 B.E. 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 per cent 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 any business relationship with the Company, its parent company, subsidiaries, affiliates or juristic persons, which may have any conflict of interest, in any manner that may interfere with his or her independent judgment, and not be, or used to be, a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates or juristic persons, that may create any conflict of interest. Any audit committee member, who may 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 Capital Market Supervisory Board Re: Rules on 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, subsidiaries, affiliates or juristic persons which may have any conflict of interest and not having been a substantial shareholder, controlling person or partner of an audit firm which employs auditors of

the Company, its parent company, subsidiaries, affiliates or juristic persons which may have any conflict of interest. Any audit committee member, who may 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, subsidiaries, affiliates or juristic persons which may have any conflict of interest, and not having been a substantial shareholder, controlling person or partner of the professional advisor. Any audit committee member who may 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 conducting any business of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor being a substantial partner, shareholder holding more than one (1) percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.*
9. Not having any other manners, which may render him or her incapable of expressing independent opinions with regard to the Company's business affairs.*

* To be revised by the resolution of the Board of Directors' Meeting No. 3/2012, on 20 March 2012

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 regular meetings per year in accordance with the schedule that are planned in advance, 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.

1.7 Non-executive Directors Sessions

The non-executive directors shall conduct meetings without the presence of executive 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 2012.

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. In 2012, the Company provided 1 development program and a tour study at mobile phone operators in Portugal and Spain during 17-23 November 2012.

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.

The Board undertook a self-assessment by filling a form in which there were 6 topics of assessment as follows:

1. Structure and characteristics of the board
2. Roles and responsibilities of the board
3. Board meetings
4. The board's performance of duties
5. Relationship with management
6. Self-development of directors and executive development

Chapter 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:

- 2.1.1 The Company paid dividend to its shareholders according to their number of shareholding. In 2012, the Company paid dividend twice a year; the first dividend payment is on 23 April 2012 at the rate of Baht 4.26 per share and the second is on 6 September 2012 at the rate of Baht 5.90 per share. Such payment is compliance with the Company's dividend policy.
- 2.1.2 The Company paid an interest to its debenture holder 4 times a year in accordance with the rate disclosed in the Company's prospectus and offering circular.
- 2.1.3 The Company has its policy to protect and promote the basic shareholder rights such as participation and casting the vote in shareholders meeting, election members of the Board, fixing directors' remuneration, appointing the Company's auditor, and other matters that will be effected to the Company.
- 2.1.4 The Company organized the meeting for analysts and investors on yearly and quarterly basis via briefing with management, conference call, and domestic and international Roadshow every year. The Company's also joined 'Opportunity Day' organized by SET in every quarter in order to make more accessible channels to its minor shareholder and institutional.

2.2 Shareholders' Meetings

In 2012, the Company held its Annual General Meeting of Shareholders on 28 March 2012 during 14.00 - 17.00 hours at the Vibhavadee Ballroom, Centara Grand Central Plaza Ladprao, 1695 Phaholyothin Rd., Chatuchak, Bangkok, which is convenient to shareholders. In the meeting, voting was undertaken sequentially according to the agenda and each agenda was approved by the shareholders.

- 2.2.1 The Company invited its shareholder to propose agenda item and to nominate the qualified person to be elect as the director for the 2012 general meeting in advance. The proposal shall comply with the criteria fixed by the Company and shall propose

within October 2011 to December 2011, the Company also announced to the Stock Exchange of Thailand and on the Company's website at <http://investor.ais.co.th>. In 2012, there were no shareholder propose both agenda item and candidate.

- 2.2.2 The Company served a notice of the meeting and other supporting documents to its shareholder not less than 21 days prior to the meeting date and posted on the Company's website at <http://investor.ais.co.th> not less than 30 days in advance. Therefore, the shareholder can access the information concerning the meeting and have adequate time to consider the matter.

The notice is indicate list of identification documents or evidence required for meeting attendance, opinion of the Board in every agenda items, and channel to submit question in advance.

- 2.2.3 The Company provided the opportunity to shareholders who are unable to attend the meeting for exercising their rights by appointing other person or an independent director who is appointed by the Company to attend the meeting and cast the vote on their behalf. The Company facilitated all shareholders by providing proxy along with the notice.
- 2.2.4 On the day of the meeting, shareholders can register their right 2 hours before the meeting commences.
- 2.2.5 The Company accommodated the most convenience for shareholders in case there are any recommendations or questions concerning the meeting agenda or performance. The Chairman allocated appropriate and adequate time to shareholders. All directors, especially the Chairman of the Board of Directors and the Chairman of all sub-committee, delegated as their duty to attend the meeting in order to answer the question the shareholders might have. In addition, questions, issues or important opinions are recorded in the minutes.
- 2.2.6 The Company disclosed the resolution of the general meeting via SET's channel and the Company's website within 14 days after the meeting and also published the notice through SET's channel so as to acknowledge shareholders or investors.

2.3. 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.

2.4 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.

Chapter 3 Disclosure of Information and Transparency

Roles and Duties of the Board regarding Information Disclosure and Transparency

1. The Board of Directors has its duty to disclose the Company's financial information and non-financial information in accordance with the regulations of SEC and SET and other relating notification with accurately, completely, punctually, and transparently to all shareholders and stakeholders with equity manner.
2. The Company has set up the Investor Relations department that regularly communicates with the shareholders, investors, and analysts by channel below:

Telephone (66) 2299 5014, (66) 2615 3112
Facsimile (66) 2299 5165
Email investor@ais.co.th
Website <http://investor.ais.co.th>

In addition, the Compliance department is responsible for information disclosure all significant information to its shareholder and investor via many channels such as the Company's website, SET's channel, and annual report etc. The Company should ensure that all the information is disclosed correctly, accurately, on timely basis, and completely in accordance with details required by law, and also make a confidence to its shareholders.

3. The Company fixed the silent period for a period of 30 days ahead of results announcement date to avoid from answering any questions in regards to the upcoming operating results which will be affected to stock price. This is included the corporate news or upcoming financial results disclosed by managements and IR. The Company adheres to its principle of providing equal and accurate information to the public
4. The Company has a policy to disclose the following information to the public:
 - 4.1 The Company's objectives.
 - 4.2 The Company's financial status and operating performance, shareholding structure, and voting rights.
 - 4.3 Name lists of directors and sub-committee members, Chairman of Executive Committee, Chief Executive Officer and directors' remunerations.
 - 4.4 Risk factors and risk management policies on material and foreseeable risks, both operational and financial.
 - 4.5 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.
 - 4.6 The total attendance of each director and/or each sub-committee member at their respective meetings comparing with the total number of each meeting in each year 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 SET or the Company website <http://investor.ais.co.th>

Chapter 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. The Board also reviews the efficiency of the internal control system at least once a year. The review shall cover all matters pertaining to financial controls, operational controls, compliance controls and risk management. The report thereby provided in page 114

4.2 Internal Audit

There shall be an internal audit unit, reporting functionally and directly to the Audit Committee and Chief Executive Officer. 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. The report on its performance provided in page 114

4.3 Risk Management

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 page 114

Chapter 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 aim in year 2012 to provide high quality goods and services at reasonable prices, and maintain a good relationship with its customers. In this regards, the report on the responsibility to customers is provided in page 21

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. In this regards, the report on the responsibility to staff in year 2012 is provided in page 22

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.

In 2012, The Company's activities that protect the environment, save energy, and respect in human rights is provided in page 21

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:

5.7.1 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.

5.7.2 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.

5.7.3 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.

5.7.4 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

5.7.5 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.

5.7.6 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 Connected 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

5.15.1 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.

5.15.2 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.

5.15.3 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.

5.15.4 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.


5.15.5 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.

In 2012, AIS was evaluated by the Thai Institute of Directors (IOD) at "Excellence Level" or () for 4 consecutive years.

Relationship with Investors

We are committed to delivering the highest standards of disclosure with accuracy, completeness, fairness, transparency, quality, and timeliness in all communications with our shareholders and the investment communities.

The AIS Investor Relations Department reports directly to the Chief Finance Officer. We provide Company information including financial and operational performance as well as business direction from a management perspective. The quarterly Management Discussion and Analysis (MD&A) contains quarterly operating results, significant events affecting the financial results, guidance, and other crucial information for investors. The guidance is revisited during the year in accordance with the ongoing results.

Fully understanding the crucial importance of investor relations, AIS management allocates an appropriate amount of time for investor relations activities. Our senior management regularly participates in and presents company strategy and business direction at investor meetings, analyst briefings, quarterly results meetings, and domestic and international conferences and road shows.

AIS Investor Relations Website (<http://investor.ais.co.th>) contains essential sources of information for investors, including historical performance, financial statements, conference call replays, annual reports, Form 56-1, SET disclosure, an investor calendar, shareholder meeting announcements, AIS share information, dividends, corporate governance news, corporate social responsibility news, and more. Moreover, in order to keep investors informed about important issues, AIS regularly delivers IR news releases, including company news, earnings releases, and updated promotions.

AIS has also established the Compliance Department, which is responsible for the disclosure of information to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to ensure that the Company complies with all applicable laws and regulations.

In addition, the Company has regularly organised investor activities, which have been attended by various Company executives as shown in the following table:

Activities Related to Quarterly Results Announcement

Activity	2012	Objective	Attendees	Executive
Result conference call & webcast	Quarterly (4 times)	Quarterly results 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 results announcement and Q&A	Retail investors, private equity, analysts	Vice President of Marketing Analysis and Planning Department/ Investor Relations Department

Investor Activities

Activity	2012	Objective	Attendees	Executive
Road show/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 for discussing the Company's performance direction, and strategy	Local and foreign analysts and institutional investors	Chief Executive Officer/ Chief Finance Officer/ other members of management team

In 2012, AIS Investor Relations' achievements and standards received due recognition in the form of prestigious Best Investor Relations Awards from the Stock Exchange of Thailand's (SET) and the Securities Analysts Association of Thailand.

The AIS IR team provides shareholders and investors with a direct point of contact by telephone on: (66) 2615 3112, (66) 2299 5014; by fax on: (66) 2299 5165; or by email at: investor@ais.co.th

Internal Control, Risk Management, and Internal Audit

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 Board of Directors and Audit Committee have aware and realized an essential of Internal Control and Risk Management mechanisms, and related roles, so they assigned these 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.

The Company has defined that all employees must assess the effectiveness of Control Self-Assessment (CSA) by identifying and mitigating risks to an acceptable level which encourages 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. In addition, in the year 2012, The Company hired external consultant to assess corporate and operational risk management for developing and applying Enterprise Risk Management (ERM) framework for more effective practical operation across the organization in order to 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 good corporate 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 implemented properly 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 (COSO) which consist of COSO framework and Enterprise Risk Management (ERM) relating 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 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 which can be linked to company strategy and

governance role to ensure that the Company has well-defined internal control and risk management and good corporate governance, 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 the Information and IT Security Policy in order to provide best protection for organization's critical information security and encourage every level of employee to participate in training possess an awareness regarding information security, oversee to improve operational procedure and standard. The Company also has Business Continuity Management Policy through providing proper overseeing despite beyond-normal controlled circumstances to prevent core business processes from any interruption, including the Safety & Bio-Hygienic and Work Environment Policy to able management of working environment and safety achieve effectiveness and efficiency and conforming to regulation. In addition, the Company has the Sustainable Development Policy covering all aspects of economy, society and environment that conformed to good corporate governance concept and international standard.

In addition, the Company also recognizes the importance of each stakeholder group which motivate the Company to create Corporate Culture program as a guideline for employee so that they can be cultivated and behave in the way that reflect "AIS culture" called iHIP (i= Insightful: deeply understand and expect the needs to improve and innovate satisfying services, H=Helpful: analyze foresee and display determination in providing services to ensure that needs and problems will be responded and successfully achieved, I=Innovation: strive to offer continuous improvement regarding idea and creativity, P=Professional: transparent, sincere and thoughtful regarding customer's benefits including to create trustworthy in our professionalism toward stakeholders. These have led the Company to placed great emphasis on employee resources, which is the most valuable asset by developing a fair and clearly defined evaluation and remunerations standard, Individual Development Plans and a wide range of training opportunities 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 and the Company also routinely monitors the results. In addition, the Company regularly identifies and analyses the significant changes that may affect the defined strategies and objectives to ensure that the Company has identified risk factors that cover all significant changes (at each operational level) and routinely 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. Moreover, the Company assesses circumstances and possible fraudulent incidents or any inappropriate conduct to ensure that the Company has proper internal control system, risk management approach and monitoring covering all aspects.

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 and also define efficient key control activities covering core business process as well as the critical information systems by focusing on preventive control activities including regular evaluation and reporting. These activities are to ensure that the defined control activities are effective and meet objectives, as well as quality and timeliness. In addition, the 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.

Moreover, the Company has an efficient and effective communication channel network that enables internal 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 communicated between management and employees. In addition, the data and information are also classified according to their criticality and sensitivity as well as assigned the proper access authority. The Company also provides an efficient and timeliness communication channel for external stakeholders.

8. Monitoring

The Company tracks and monitors business performance by regularly comparing with targets or key performance indicators (KPIs) defined at each level and having an efficient monitoring performance system. As managers are required to monitor staff members' performance regularly, operations-level staff has to report any deficiencies or inefficiency to the supervisors closely and to senior management routinely to ensure internal control systems are effective and responsive to risk factors in an appropriate and timely manner including performance assessing provided by The Internal Audit Office, external auditor and external independent reviewer.

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 eleven members. In 2012, the Risk Management Committee met four 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 changes 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 management 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 summarizes the risk factors affecting the Company’s operation and financials.

At the Board of Director’s Meeting No. 2/2013 on 30 January, 2013 the Board of Directors and the Audit Committees has assessed the internal control system and related processes during 2012 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 2012, 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 supports continuous conduct of quality assessment review, at least once for every five years. The Company 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 of each staff, roles and responsibilities to support the Company’s mission, etc. The external assessor evaluated the Internal Audit Office by comparing it with international standards, best practices, and related benchmarking with other outstanding performance companies.

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), and has also performed remarkably well in relation to qualitative benchmarking against high performing internal audit functions internationally. The Internal Auditors intend to maintain this remarkable performance.

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 evaluations, according to principles of good corporate governance set by 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 risk management, the Internal Audit Office performs fraud risk assessments and provide channel for receiving a fraud complaint and auditing upon the request (Whistle Blowing) for 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, CSA validation is implemented for each business unit to ensure that operation processes of each business units can achieve its strategies and objectives and within the period specified.

In the project consultant role, the Internal Audit Office has involved in the key projects development, which may affect significance of revenue, support company strategy, regulatory risk or has a potential fraudulent risk. Involvement by review the sufficiency of application and process control for each particular selected projects as well as provide the recommendation for considering before project launched. Presently, the Internal Audit Office allocates 20% of resource for consultation in company project development.

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 such as business ethic, risk management, information security and sustainable development in order to provide valuable recommendation to organization.

The Internal Audit Office adheres to the International Professional Practices Framework (IPPF), the International Standards for the Professional Practice of Internal Auditing, COSO, ERM, Governance, Risk and Compliance (GRC), AS/NZ 4360 (ISO 31000), and ISO 22301. In the information systems, the Internal Audit Office also holds CobiT 5 IT Governance framework, ISO 27001 and The IIA GTAG (Global Technology Audit Guide) to ensure that the Company has well-defined internal control, risk management and corporate governance, including the Company's information systems are effective protected to achieve the Company's objectives. In addition, all internal auditors perform their duties professionally, independently, and objectively, according to the IIA Code of Ethics.

In addition, the Internal Audit Office maintains and seeks to improve the quality of internal audit services to

conform to the International Standards for the Professional Practices of Internal Auditing with an appropriate professional manner by joining seminar with leading domestic companies quarterly and with international companies annually. This includes encouraging internal audit staffs to develop their knowledge by taking a studying abroad trip every year and inviting foreign expert to train additional knowledge to the whole internal audit staffs. To maintain and develop an excellent standard of service, every year, the Internal Audit Office also performs quality self-assessment, 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 seven Certified Internal Auditors (CIA), four 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), CRMA (Certification in Risk Management Assurance), and CFE (Certified Fraud Examiners).

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 complete, reliable, and updated internal information for all investors and concerned parties. Accordingly, the Company monitors and tracks all the internal data usage and trading securities procedures of directors, executives, and employees to conform to the Securities and Exchange Act and ensure business transparency. Outlined below are some of the key points of the policy:

- Directors, executives, and employees at all levels are forbidden from using internal data containing crucial information that would have a significant impact on 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 1 month prior to the announcement date of the Company's results.
- The Company is responsible for announcing to the public information regarding key Company decisions and/or actions, instantly and thoroughly, via appropriate and acceptable media to ensure that all data and information are accessible to stakeholder groups in a timely manner. Release of such information must be handled 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 ownership of all securities 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 Directors on a quarterly basis.
- The Company maintains a strict policy regarding computer system usage and electronic information security in order to protect crucial information from unauthorised release. Misuse of internal Company data by directors, executives,

or employees is considered a serious breach of Company policy and, in warranted cases, offenders will be prosecuted to the fullest extent of the law. Before the announcement of the Company's results, internal data are restricted to related departments including Accounting, Finance, Investor Relations, and Compliance.

- The Investor Relations Department is forbidden from discussing forward-looking statements or making any comments on information pertaining to the following 6 months in order to comply with the SET rules and international best practices; however, the long-term view regarding the Company's strategic direction and business trends can be discussed.
- The Investor Relations Department is obliged to declare quiet periods to investor communities one month ahead of the result announcement date. During the corporate silence period, the Company refrains from answering any inquiries with regard to the upcoming financial results and Company guidance. Exceptions are made only for the 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 discussions on long-term business operations only.

The Company has a Disclosure Policy outlining the official procedures for information disclosure. The policy is developed based on the principles that the 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 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 the standards of disclosure and follows the principles of market efficiency.

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 2012 and 2011, 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 2012 (Million Baht)		31 December 2011 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
1. Shin Corporation Public Company Limited (INTOUCH)/	The Company pays a dividend to INTOUCH who is the major shareholder.					The Company pays a dividend to INTOUCH in proportion of shareholding percentage.
INTOUCH is a major shareholder, holds 40.45%, and Mr. Somprasong Boonyachai is a joint director.	1. Service income	0.74	0.74	0.17	0.18	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.
	2. Other income	0.39	0.59	0.29	0.51	
	3. Interest expense	0.24	0.24	0.33	0.33	
	4. Dividend paid	12,219.55	12,219.55	10,223.43	10,223.43	
	5. Debenture*	1.70	1.70	7.30	7.30	
	6. Trade account receivable	0.35	0.35	0.24	0.41	

Related parties / Relation to the Company	Detail of transactions	31 December 2012 (Million Baht)		31 December 2011 (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 2015. 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. Accrued expenses from related parties 5. Trade account receivable 6. Accrued income from related parties					THAICOM is the only satellite operator in Thailand. The Company is charged at the same rate as with external customers.
		2.62	2.99	2.33	2.75	
		0.09	0.73	-	0.20	
		51.58	51.58	51.12	51.12	
		4.28	4.28	4.39	4.39	
		0.96	1.18	0.18	0.22	
		-	0.02	-	0.03	
3. Matchbox Company Limited (MB)/ INTOUCH is a major shareholder, holds 99.96%, and joint directors 1. Mr. Somprasong Boonyachai 2. Mr. Vikrom Sripratak	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 expense 4. Amount due to related parties 5. Accrued expenses from related parties 6. Trade account receivable					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.
		0.01	0.01	0.09	0.09	
		-	0.02	-	-	
		875.82	982.95	1,089.04	1,199.42	
		60.40	60.55	59.17	65.11	
		118.20	124.36	299.85	322.02	
		-	-	-	0.02	
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					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%.
		1.99	1.99	2.08	2.08	
		0.10	0.87	0.02	0.03	
		16.87	45.50	21.72	55.97	
		3.55	5.80	1.27	3.79	
		-	6.94	-	1.98	
		0.48	0.98	0.59	0.61	

Related parties / Relation to the Company	Detail of transactions	31 December 2012 (Million Baht)		31 December 2011 (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 income 3. Other service expenses and advertising expenses 4. Trade account payable 5. Accrued expenses from related parties 6. Trade account receivable	0.01 2.80 - 0.02 - 0.03	0.01 2.80 59.15 37.37 7.12 0.03	0.01 - 43.10 0.41 3.72 -	0.01 - 64.64 1.25 6.27 -	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.
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. Amount due from related parties 11. Accrued income from related parties	472.42 0.21 383.89 69.35 7,044.53 - 12.12 23.62 52.72 0.04 12.52	495.58 0.21 454.56 69.35 7,044.53 6.36 12.12 29.29 56.03 0.04 15.00	535.88 - 308.63 29.66 5,113.20 - 7.85 23.62 38.65 - 15.08	560.87 - 356.05 29.66 5,113.20 3.24 7.85 27.28 40.01 - 16.40	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 2012 (Million Baht)		31 December 2011 (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.					CSL provides internet service and charge the Company at the same rate as with external customers.
	1. Service income	1.42	55.11	1.27	73.57	
	2. Other income	0.01	5.39	0.03	4.64	
	3. Rental and other service expenses	3.88	4.17	4.67	9.14	
	4. Trade account payable	0.39	0.44	0.13	0.18	
	5. Amount due to related parties	0.01	0.03	0.32	0.33	
	6. Trade account receivable	0.09	5.96	0.10	7.09	
	7. Amount due from related parties	-	-	-	0.07	
	8. Accrued income from related parties	-	1.40	-	0.72	
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.					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.
	1. Service income	12.66	12.66	12.60	12.60	
	2. Other service fee	-	0.40	0.03	1.57	
	3. Service expenses	0.10	496.13	0.14	406.48	
	4. Trade account payable	-	41.73	0.03	35.88	
	5. Accrued expenses from related parties	-	40.84	-	33.31	
	6. Trade account receivable	1.29	1.37	1.01	1.18	
	7. Accrued income from related parties	-	0.02	-	0.14	
9. DTV Service Company Limited (DTV)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiary hire DTV to create website.					DTV has a specialization in an internet service and charge the Company at the comparable rate as with other content providers.
	1. Service income	0.33	0.33	0.24	0.24	
	2. Other income	-	-	0.04	0.04	
	3. Service expense	0.01	0.75	0.02	1.96	
	4. Trade account payable	-	-	-	0.24	
	5. Trade account receivable	0.01	0.01	0.02	0.02	

Related parties / Relation to the Company	Detail of transactions	31 December 2012 (Million Baht)		31 December 2011 (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	0.79 2.50 - 0.36 0.31 -	8.48 6.64 2.25 0.08 5.16 0.69	0.57 6.14 1.61 0.46 - -	7.92 14.87 2.07 1.20 0.67 0.66	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	0.78 8.52 10.19 0.26 -	2.27 9.79 10.19 0.84 1.08	0.29 13.14 3.78 2.47 -	0.37 13.80 3.78 2.91 0.08	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	- 1.14	- 1.14	46.00 3.26	46.00 3.26	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.
13. Watta Classifieds Co., Ltd. (WTC)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiaries hire WTC to do recruitment advertising through various channels such as newspapers, magazines internet and booth activity. 1. Service income 2. Service expense 3. Trade account payable 4. Trade account receivable	0.26 0.08 0.04 0.02	0.26 0.08 0.04 0.02	0.21 0.16 - 0.02	0.21 0.16 - 0.02	WTC is a leading media publisher in Thailand, covering wide ranges of target readers such as job seekers, education and scholarship information, real estate, and car. Advertising fee between the Company and WTC is based on market rate.

Audit Committee Report 2012

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 Manerot and Mr. Surasak Vajait 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 for beneficial to all shareholders 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 2012 and members attended as follows:

- | | | |
|----|-----------------------------|----------------|
| 1. | Mr. Aviruth Wongbuddhapitak | 12 attendances |
| 2. | Mrs. Tasanee Manerot | 12 attendances |
| 3. | Mr. Surasak Vajait | 12 attendances |

At the meetings, the Audit Committee discussed and shared opinions with senior management, 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 2012, 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, completeness and reliability of the financial statements, the reasonableness of significant special items occur during the year, and the accuracy and adequacy of financial disclosures.

In addition, the Audit Committee considered and acknowledged the external auditor's management letter and proposed internal 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 internal control systems for financial reporting process 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 2012, the Audit Committee reviewed internal audit reports, 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*) and follow up results according to recommendations in internal audit and external audit reports. 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 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 all concerns of misconduct or fraud and the final investigation report by the investigating committee according to the Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy by quarterly. No fraudulent case was found in 2012.

7. The Audit Committee was responsible for overseeing the Internal Audit Department to ensure that all internal audit activities and consulting activities were performed effectively, efficiently and carried out in a manner most beneficial to the Company and its shareholders. 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 2012, in respond to present the Company's risk and situation, 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 2013, which based on the Company's key risk areas and emphasized on the evaluation of the effectiveness of key control points and control self-assessment for each process.

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.

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 reviewed the Audit Committee Charter and proposed amendments to the Board of Directors for approval to be consistent with the Corporate Governance Policy, the Notification of The Stock Exchange of Thailand, the Capital Market Supervisory Board and the Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy in the matters of qualifications, scopes of work and duties of the Audit Committee.

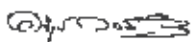
10. The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for 2013. This process entailed assessment of the current external auditor for its independence, performance from the year 2012, knowledge, competency, experience in the telecommunications 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 Mr. Supot Singhasaneh, Certified Public Accountant Registration no.2826; and/or Ms. Somboon Supasiripinyo, Certified Public Accountant Registration no.3731; and/or Mr. Charoen Phosamritlert, Certified Public Accountant registration no.4068; all of KPMG Phoomchai Audit Ltd., as the Company's auditor in 2013 for a total audit fee of Baht 5.5 million (excludes the annual audit fee of 15 subsidiaries in the amount of Baht 4.2 million). 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 2012, the assessment questionnaire was revised from the information of all relevant parties to be more complete.

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 creative comments and recommendations which were beneficial to all of the Company's stakeholders.

In summary, the Audit Committee determined that the Board of Directors, Management, and Executive Directors all performed ethically with the intent to conduct their job functions professionally 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 Vajasit
Audit Committee member

Financial Report

Report of Directors Relating to Responsibility for Financial Statements

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 2012. 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

Independent Auditor's Report

To the Shareholders of Advanced Info Service Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Advanced Info Service Public Company Limited and its subsidiaries, and of Advanced Info Service Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Advanced Info Service Public Company Limited and its subsidiaries, and of Advanced Info Service Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.



(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
7 February 2013

Statements of financial position

Advanced Info Service Public Company Limited and its Subsidiaries

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		(in Baht)			
Current assets					
Cash and cash equivalents	5	19,833,022,300	18,360,810,159	10,356,825,174	5,471,762,207
Specifically-designated bank deposits	6	3,697,851,399	3,526,166,019	-	-
Current investments	7	1,340,247,890	726,544,423	-	-
Trade accounts receivable	4,8	8,065,058,909	7,037,320,112	9,560,307,462	11,586,341,092
Other receivables	4,9	3,661,732,370	2,327,576,494	1,293,639,363	1,176,419,255
Short-term loans to related parties	4	-	-	19,305,000,000	8,105,000,000
Inventories	10	1,426,532,182	1,087,089,847	271,262,145	128,226,831
Other current assets		78,963,627	112,352,407	23,791,727	-
Total current assets		38,103,408,677	33,177,859,461	40,810,825,871	26,467,749,385
Non-current assets					
Investments in subsidiaries	11	-	-	6,993,143,008	9,468,143,007
Other long-term investments	7	107,217,762	106,426,634	93,160,750	93,160,750
Property, plant and equipment	12	11,139,837,529	7,616,337,080	1,711,812,121	2,098,799,586
Assets under the Agreements for operations	13	29,156,810,877	36,504,751,799	28,458,678,092	35,568,045,158
Goodwill	14	34,930,692	34,930,692	-	-
License for operation right in spectrum of telecommunication	15	14,576,886,251	-	-	-
Other intangible assets	16	2,032,637,358	2,275,008,742	201,430,773	232,856,937
Deferred tax assets	17	5,314,463,237	6,421,927,942	4,831,419,806	5,938,633,620
Other non-current assets		501,704,805	535,076,567	429,916,931	473,763,478
Total non-current assets		62,864,488,511	53,494,459,456	42,719,561,481	53,873,402,536
Total assets		100,967,897,188	86,672,318,917	83,530,387,352	80,341,151,921

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

Statements of financial position

Advanced Info Service Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		(in Baht)			
Current liabilities					
Trade accounts payable	4, 19	7,340,963,833	3,520,283,467	4,709,776,752	2,078,448,378
Other payables	4,20	7,444,147,767	6,058,796,384	7,137,603,149	6,759,299,843
Current portion of long-term borrowings	18	8,461,950,113	5,469,182,948	8,457,290,378	5,464,368,870
Accrued revenue sharing expenses	1	4,854,693,278	4,592,603,933	3,906,523,470	3,365,439,241
Unearned income - mobile phone service		1,699,344,990	2,363,614,681	1,925,790,790	2,539,879,055
Advanced receipts from customers		2,796,034,520	2,674,396,229	-	-
Income tax payable		3,524,842,800	4,897,346,350	3,069,438,491	3,298,492,768
Other current liabilities		165,648,825	158,217,251	58,428,389	92,113,966
Total current liabilities		36,287,626,126	29,734,441,243	29,264,851,419	23,598,042,121
Non-current liabilities					
Long-term borrowings	18	11,887,812,971	16,536,660,676	11,875,617,035	16,525,557,064
Employee benefit obligations	21	1,222,767,045	422,439,790	809,940,528	345,186,090
Swap and forward contracts payable	34	509,535,963	368,506,180	509,535,963	368,506,180
Accrued licence fee for telecommunication	15	7,312,500,000	-	-	-
Other non-current liabilities		205,803,780	146,718,086	55,578,310	48,890,910
Total non-current liabilities		21,138,419,759	17,474,324,732	13,250,671,836	17,288,140,244
Total liabilities		57,426,045,885	47,208,765,975	42,515,523,255	40,886,182,365
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	2,973,095,330	2,973,095,330	2,973,095,330
Additional paid-in capital					
Premium on ordinary shares	22	22,372,276,085	22,372,276,085	22,372,276,085	22,372,276,085
Retained earnings					
Appropriated					
Legal reserve	23	500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		17,344,196,146	13,245,952,355	15,169,492,682	13,609,598,141
Other components of equity	24	163,591,102	162,342,895	-	-
Equity attributable to owners of the Company		43,353,158,663	39,253,666,665	41,014,864,097	39,454,969,556
Non-controlling interests		188,692,640	209,886,277	-	-
Total equity		43,541,851,303	39,463,552,942	41,014,864,097	39,454,969,556
Total liabilities and equity		100,967,897,188	86,672,318,917	83,530,387,352	80,341,151,921

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

Statements of income

Advanced Info Service Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
		(in Baht)			
Continuing operations					
Revenues					
Revenues from rendering of services and equipment rentals	4	123,873,056,516	113,256,789,024	117,935,910,821	107,147,435,479
Revenue from sale of goods	4	17,695,242,411	13,180,445,480	519,177,612	619,707,064
Total revenue		141,568,298,927	126,437,234,504	118,455,088,433	107,767,142,543
Cost					
Cost of rendering of services and equipment rentals	29	(40,171,736,781)	(40,138,059,157)	(46,436,592,373)	(46,372,351,976)
Revenue sharing expense	1	(27,579,827,527)	(24,468,705,424)	(24,575,738,661)	(21,813,158,388)
Cost of sale of goods		(16,218,404,363)	(11,613,185,793)	(519,024,552)	(618,294,991)
Total cost		(83,969,968,671)	(76,219,950,374)	(71,531,355,586)	(68,803,805,355)
Gross profit		57,598,330,256	50,217,284,130	46,923,732,847	38,963,337,188
Selling and administrative expenses					
Selling expenses	29	(2,890,359,454)	(2,826,418,989)	(2,551,228,230)	(2,474,195,454)
Administrative expenses	29	(9,067,499,763)	(8,291,300,405)	(9,444,863,866)	(8,233,303,942)
Total selling and administrative expenses		(11,957,859,217)	(11,117,719,394)	(11,996,092,096)	(10,707,499,396)
Profit from sales, services and equipment rentals					
		45,640,471,039	39,099,564,736	34,927,640,751	28,255,837,792
Investment income	4,11,26	773,624,201	632,771,027	8,595,345,854	9,781,587,625
Other operating income	27	342,614,672	253,955,098	519,959,868	410,235,126
Impairment loss of assets	11,14	-	(1,541,998,338)	(2,475,000,000)	-
Net foreign exchange gain		102,307,469	46,780,462	54,865,813	49,559,456
Management benefit expenses	4	(152,639,314)	(116,151,741)	(152,304,314)	(115,806,740)
Finance costs	4,30	(1,092,793,795)	(1,665,626,981)	(1,082,488,520)	(1,774,181,774)
Profit before income tax expense		45,613,584,272	36,709,294,263	40,388,019,452	36,607,231,485
Income tax expense	31	(10,714,505,893)	(14,364,870,299)	(8,293,049,367)	(10,911,070,104)
Profit for the year		34,899,078,379	22,344,423,964	32,094,970,085	25,696,161,381
Profit attributable to:					
Owners of the Company		34,883,226,960	22,217,710,638	32,094,970,085	25,696,161,381
Non-controlling interests		15,851,419	126,713,326	-	-
Profit for the year		34,899,078,379	22,344,423,964	32,094,970,085	25,696,161,381
Earnings per share					
Basic earnings per share	32	11.73	7.48	10.80	8.65

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

Statements of comprehensive income

Advanced Info Service Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
		(in Baht)			
Profit for the year		34,899,078,379	22,344,423,964	32,094,970,085	25,696,161,381
Other comprehensive income					
Net change in fair value of available-for-sale investments		1,283,679	1,192,847	-	-
Employee benefit obligation actuarial losses	21	(723,056,490)	-	(417,477,333)	-
Income tax on other comprehensive income	31	142,238,598	-	83,495,466	-
Other comprehensive income for the year, net of income tax		(579,534,213)	1,192,847	(333,981,867)	-
Total comprehensive income for the year		34,319,544,166	22,345,616,811	31,760,988,218	25,696,161,381
Total comprehensive income attributable to:					
Owners of the Company		34,300,585,675	22,218,886,143	31,760,988,218	25,696,161,381
Non-controlling interests		18,958,491	126,730,668	-	-
Total comprehensive income for the year		34,319,544,166	22,345,616,811	31,760,988,218	25,696,161,381

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

		Consolidated financial statements										
	Note	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	Un-appropriated	Unrealised gain on Investment	Fair value changes in available-for-sale Investments	Total other components of equity			

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

		Consolidated financial statements											
	Note	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	Un-appropriated	Unrealised gain on dilution of investment	Fair value changes in available-for-sale investments	Total other components of equity				
											</		

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

	Note	Separate financial statements					
		Issued and paid-up share capital	Share premium	Advance receipts for share subscription	Retained earnings		Total equity
					Legal reserve	Unappropriated	
(In Baht)							
Year ended 31 December 2011							
Balance at 1 January 2011		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	3,019,191	199,572,716	(13,847,554)	-	-	188,744,353
Dividends to owners of the Company	4,33	-	-	-	-	(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 changes in equity

Advanced Info Service Public Company Limited and its Subsidiaries

	Note	Separate financial statements					
		Issued and paid-up share capital	Share premium	Advance receipts for share subscription	Retained earnings		Total equity
					Legal reserve	Unappropriated	
Year ended 31 December 2012							
Balance at 1 January 2012		2,973,095,330	22,372,276,085	-	500,000,000	13,609,598,141	39,454,969,556
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company	4,33	-	-	-	-	(30,201,093,677)	(30,201,093,677)
Total transactions with owners, recorded directly in equity		-	-	-	-	(30,201,093,677)	(30,201,093,677)
Comprehensive income for the year							
Profit		-	-	-	-	32,094,970,085	32,094,970,085
Other comprehensive income		-	-	-	-	(333,981,867)	(333,981,867)
Total comprehensive income for the year		-	-	-	-	31,760,988,218	31,760,988,218
Balance at 31 December 2012		2,973,095,330	22,372,276,085	-	500,000,000	15,169,492,682	41,014,864,097

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

Statements of cash flows

Advanced Info Service Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
		(in Baht)			
Cash flows from operating activities					
Profit for the year		34,899,078,379	22,344,423,964	32,094,970,085	25,696,161,381
Adjustments for					
Depreciation		2,183,059,143	2,510,884,993	860,180,299	1,501,073,660
Amortisation of intangible assets		13,446,818,269	15,164,388,039	11,951,896,741	13,678,663,115
Impairment loss of assets	11,14	-	1,541,998,338	2,475,000,000	-
Investment income	4,11,26	(773,624,201)	(632,771,027)	(8,595,345,854)	(9,781,587,625)
Finance costs		1,092,793,795	1,665,626,981	1,082,488,520	1,774,181,774
Doubtful accounts and bad debts expense		542,519,791	611,378,641	522,718,550	594,038,471
Allowance for obsolete, decline in value and write-off inventories		22,790,873	8,098,710	3,212,986	5,994,337
Allowance for obsolete assets	12	-	27,181,987	-	-
(Gain) loss on disposals and write-off of assets		363,724,008	(2,835,085)	365,804,393	(5,561,446)
Unrealised (gain) loss on exchange		78,725,479	1,173,285	81,721,689	(99,435)
Income tax expense		10,714,505,893	14,364,870,299	8,293,049,367	10,911,070,104
Cash provided by operation before changes in operating assets and liabilities		62,570,391,429	57,604,419,125	49,135,696,776	44,373,934,336
Changes in operating assets and liabilities					
Specifically-designated bank deposits		(171,685,379)	(1,359,801,077)	-	-
Trade accounts receivable		(1,564,470,326)	(1,973,663,744)	1,509,141,099	(4,968,475,805)
Other receivables		(1,003,063,859)	91,093,163	(25,496,937)	83,063,196
Inventories		(362,233,208)	31,641,347	(146,248,300)	95,580,954
Other current assets		33,388,779	(44,372,997)	(23,791,727)	49,125,402
Other non-current assets		33,371,762	(7,091,452)	43,846,547	4,689,107
Trade accounts payable		1,648,103,515	813,001,036	1,110,182,289	(1,112,098,246)
Other payables		1,406,641,977	757,650,942	399,593,901	1,219,136,263
Accrued revenue sharing expenses		262,089,345	1,264,747,878	541,084,228	579,494,134
Unearned income - mobile phone service		(664,269,691)	(12,276,893)	(614,088,265)	(86,687,089)
Advanced receipts from customers		121,638,291	1,153,215,888	-	-
Other current liabilities		(7,556,679)	7,850,030	(48,673,829)	43,687,867
Swap and forward contracts payable		(110,797,904)	71,803,506	(110,797,904)	71,803,506
Other non-current liabilities		50,613,031	19,302,329	32,095,667	17,253,068
Cash generated from operating activities		62,242,161,083	58,417,519,081	51,802,543,545	40,370,506,693
Income tax paid		(11,109,515,280)	(10,201,076,273)	(7,331,394,363)	(7,499,158,695)
Net cash from operating activities		51,132,645,803	48,216,442,808	44,471,149,182	32,871,347,998

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

Statements of cash flows

Advanced Info Service Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
		(in Baht)			
Cash flows from investing activities					
Interest received		746,495,275	619,822,954	809,252,368	473,486,126
Purchase of property, plant, equipment and computer software		(5,502,658,884)	(3,168,272,347)	(453,283,311)	(819,593,465)
Sale of property and equipment		27,619,467	12,543,202	20,599,608	276,101,029
Purchase of assets under the Agreements for operations		(4,095,461,459)	(2,538,991,345)	(3,634,676,306)	(2,305,566,615)
Payment of license for operation right in spectrum of telecommunication		(7,321,291,621)	-	-	-
Net changes increase of short-term loans to subsidiaries		-	-	(11,200,000,000)	(2,574,000,000)
Net changes (increase) decrease in current investments	7	(612,419,788)	3,494,040,477	-	2,200,000,000
Net changes increase in other long-term investments	7	(791,128)	(97,773)	-	-
Net changes decrease of investment in a subsidiary	11	-	-	-	10,805,963,427
Dividend received from subsidiaries		-	-	7,726,124,264	9,263,129,565
Net cash from (used in) investing activities		(16,758,508,138)	(1,580,954,832)	(6,731,983,377)	17,319,520,067
Cash flows from financing activities					
Interest paid		(1,102,015,007)	(1,747,634,309)	(1,101,266,235)	(1,868,789,907)
Other finance costs paid		(44,724,905)	(32,442,393)	(42,753,061)	(27,939,524)
Finance lease principal payments		(26,470,970)	(22,285,511)	(21,521,028)	(15,971,823)
Repayments of short-term loans from a subsidiary		-	-	-	(9,100,000,000)
Repayments of long-term borrowings		(5,486,147,730)	(14,050,081,600)	(5,486,147,730)	(14,050,081,600)
Proceeds from long-term borrowings		3,998,876,000	1,199,500,000	3,998,876,000	1,199,500,000
Proceeds from issue of ordinary shares		-	188,744,653	-	188,744,353
Share capital reduction paid to non-controlling interests		-	(159,433,132)	-	-
Dividend paid		(30,241,245,805)	(24,102,492,181)	(30,201,093,677)	(24,044,914,883)
Net cash used in financing activities		(32,901,728,417)	(38,726,124,473)	(32,853,905,731)	(47,719,453,384)
Net increase in cash and cash equivalents		1,472,409,248	7,909,363,503	4,885,260,074	2,471,414,681
Cash and cash equivalents at 1 January		18,360,810,159	10,451,397,637	5,471,762,207	3,000,298,507
Effect of exchange rate changes on balances held in foreign currencies		(197,107)	49,019	(197,107)	49,019
Cash and cash equivalents at 31 December		19,833,022,300	18,360,810,159	10,356,825,174	5,471,762,207
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 and licence for operation right in spectrum of telecommunication		10,291,135,939	760,459,229	2,104,628,152	542,185,166

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

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Specifically-designated bank deposits
7	Other investments
8	Trade accounts receivable
9	Other receivable
10	Inventories
11	Investments in subsidiaries
12	Property, plant and equipment
13	Assets under the Agreements for operation
14	Goodwill
15	License for operation right in spectrum of telecommunication
16	Other intangible assets
17	Deferred tax
18	Interest-bearing liabilities
19	Trade accounts payable
20	Other payable
21	Employee benefit obligations
22	Share capital
23	Legal reserve
24	Other components of equity
25	Segment information
26	Investment income
27	Other operating income
28	Provident fund
29	Expenses by nature
30	Finance costs
31	Income tax expense
32	Earnings per share
33	Dividends
34	Financial instruments
35	Commitments and contingent liabilities with non-related parties
36	Significant events, commercial disputes and litigation
37	Events after the reporting period

Notes to the Financial Statements

Advanced Info Service Public Company Limited and its Subsidiaries

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 7 February 2013.

1 General information

Advanced Info Service Public Company Limited “the Company”, is incorporated in Thailand and has its registered office at 414 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% (2011: 40.45%) of the share capital of the Company and is incorporated in Thailand. SingTel Strategic Investments Pte Ltd. is a shareholder holding 23.32% (2011: 23.32%) of the share capital of the Company and is incorporated in Singapore.

The major 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, 900MHz 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 2012, TOT owns 48.12% of ADC's total shares (2011: 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 1747.9MHz to 1760.5MHz and 1842.9MHz to 1855.5MHz, 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 2012, DPC paid the revenue sharing to CAT in a total amount of Baht 13,636 million (2011: Baht 10,353 million).

- 4) The operation of a 2.1-GHz CELLULAR TELEPHONE SYSTEM as the operator. Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission ("NBTC"), under the license certificate ("License") dated 7 December 2012, to operate and service Cellular Mobile Telephone, frequency between 1950MHz to 1965MHz and 2140MHz to 2155MHz, nationwide in accordance with the license certificate no. NBTC/FREQ/TEL/55/1. AWN started the operation commencing from 7 December 2012, ending 6 December 2027 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

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

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
Advanced Internet Revolution Co., Ltd.	Service Provider of internet	Thailand	99.99	99.99
Advanced Datanetwork Communications Co., Ltd. * (* Indirect subsidiary)	Service provider of online data communications service via telephone land line and optical fiber	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 frequency	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 telephone service/gateway	Thailand	99.99	99.99
Advanced Wireless Network Co., Ltd.	Service provider of cellular telephone network in 2.1-GHz frequency	Thailand	99.99	99.99
Super Broadband Network Co., Ltd.	Network operator and telecom service operator i.e. internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), voice over IP, and IP Television	Thailand	99.99	99.99
Wireless Device Supply Co., Ltd.	Importer and distributor of handset and accessories	Thailand	99.99	99.99
Mobile Broadband Business Co., Ltd.* (* Indirect subsidiary)	Currently not start the operation	Thailand	99.99	99.99
Advanced Mobile Broadband Co., Ltd.* (* Indirect subsidiary)	Currently not start the operation	Thailand	99.99	99.99
Fax Lite Co., Ltd.	Operate in land and building 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.	Currently not start the operation	Thailand	99.97	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”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

As at 31 December 2012, the FAP has issued during 2012 a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013. These new and revised TFRS are disclosed as follow:

TFRS	Topic	Year effective
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management has made a preliminary assessment of the potential initial impact on the consolidated or separate financial statements of these new and revised standards adoption in the period of initial application. These standards are as follows:

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.

TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group/Company's financial statements.

Based on a preliminary assessment of the potential initial impact of adoption these new and revised standard adoptions in accordance with the FAP's announcement for financial statements beginning on or after 1 January 2013, the adoption of these new and revised standards shall have no 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 3(t)	Current and deferred taxation
Note 8	Allowance for doubtful accounts
Note 10	Allowance for obsolete inventories
Note 12	Utilisation of property, plant and equipment
Note 13	Utilisation of asset under the Agreement for operation
Note 11, 14	Key assumptions used in discounted cash flow projections
Note 16	Utilisation of intangible assets
Note 21	Measurement of employee benefit obligations
Note 34	Valuation of financial instruments
Note 36	Provisions and contingencies

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

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

Business combinations

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. Judgement 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 received or paid on an interest rate derivative is recognised as a component of interest income or 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

Fixed deposit at bank presented as part of current investment with maturities over three months which not exceeding one year.

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 payments 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 3(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.

License for operation right in spectrum of telecommunication

License for operation right in spectrum of telecommunication represents the acquisition cost of license to operate a mobile phone system under 2.1-GHz.

The operation right

The operation right 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 based on 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
License for operation right in spectrum of telecommunication	Over the period of the license
The operation right	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 based on 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
Operation right of the datanet service	10 years not exceeding the remaining period of the Agreement for operation

(l) 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 or are not yet available for use, the recoverable amount is estimated 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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in 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 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 receives 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 and long-term service award

The obligation in respect of post-employment benefits that provide compensation according to labor law and long-term service award are recognised in the financial statements based on calculations by a qualified actuary using the projected unit credit method.

The Group/Company recognised all actuarial gain and loss arising from employee benefit obligations in other comprehensive income and all expenses related to employee benefit obligations in profit or loss.

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 or profit sharing plans 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 that it is probable that they will not utilise in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, 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) Basic earnings per share

The Group/Company presents basic 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.

4 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. Purchases of products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading 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, Laos and Cambodia	Shin Corporation Public Company Limited (“INTOUCH”) is a major shareholder, 40.45% shareholding and has some joint 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.
Other related parties	Thailand	Directors of related parties.

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Service income				
Subsidiaries	-	-	2,434	1,750
INTOUCH Group	85	100	22	20
SingTel Group	495	561	472	536
Total	580	661	2,928	2,306
Sales of prepaid cards				
Subsidiaries	-	-	6,961	10,113
Sales of Refill on mobile (ROM)				
Subsidiaries	-	-	857	621

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Sales of property and other assets				
Subsidiaries	-	-	3	266
Dividend income				
Subsidiaries	-	-	7,726	9,263
Interest income				
Subsidiaries	-	-	489	310
Other income				
Subsidiaries	-	-	224	207
INTOUCH Group	8	7	-	-
Total	8	7	224	207
Rental and other service expenses				
Subsidiaries	-	-	24,101	20,176
INTOUCH Group	670	601	80	127
SingTel Group	524	387	453	338
Total	1,194	988	24,634	20,641
Advertising expense				
INTOUCH Group	984	1,208	876	1,101
Sale promotion expense				
Subsidiaries	-	-	172	129
INTOUCH Group	-	5	-	1
Total	-	5	172	130
Commission expense				
Subsidiary	-	-	3,748	3,240
Purchases of property and other assets				
Subsidiary	-	30	-	30
Management employee benefit expense	153	116	152	116
Finance costs				
Subsidiaries	-	-	-	121
INTOUCH Group	1	4	1	4
Other related parties	1	-	1	-
Total	2	4	2	125
Dividend paid				
INTOUCH	12,220	10,224	12,220	10,224
SingTel	7,044	5,113	7,044	5,113
Total	19,264	15,337	19,264	15,337

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Trade accounts receivable				
Subsidiaries	-	-	2,539	5,214
INTOUCH Group	16	10	4	2
SingTel Group	56	40	53	39
Total	72	50	2,596	5,255
Accrued income				
Subsidiaries	-	-	82	109
INTOUCH Group	2	2	-	-
SingTel Group	15	16	12	15
Total	17	18	94	124
Other receivables				
- Other receivable				
Subsidiaries	-	-	11	29
- Accrued interest income				
Subsidiaries	-	-	164	93
Total	-	-	175	122
Short-term loans to related parties				
Subsidiaries	-	-	19,305	8,105

As at 31 December 2012, short-term loans at call to subsidiaries represent promissory notes, bearing interest at the rate of 4.47% per annum (2011: 4.93% per annum).

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

Loans to related parties	Separate financial statements	
	2012	2011
	(in million Baht)	
<i>Short-term loans</i>		
Subsidiaries		
At 1 January	8,105	5,531
Increase	46,150	19,235
Decrease	(34,950)	(16,661)
At 31 December	19,305	8,105

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Trade accounts payable				
Subsidiaries	-	-	1,720	832
INTOUCH Group	98	47	14	7
SingTel Group	6	3	-	-
Total	104	50	1,734	839
Other payables				
- Other payable				
Subsidiaries	-	-	949	503
INTOUCH Group	61	65	60	59
SingTel Group	12	8	12	8
	73	73	1,021	570
- Accrued expenses				
Subsidiaries	-	-	2,266	2,200
INTOUCH Group	185	372	123	311
SingTel Group	30	27	23	24
	215	399	2,412	2,535
Total	288	472	3,433	3,105

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

Loans from related parties	Separate financial statements	
	2012	2011
	(in million Baht)	

Short-term loans

Subsidiaries

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			

Long-term debentures

Subsidiary	-	-	1	1
INTOUCH Group *	2	53	2	53
Other related parties	6	11	6	11
Total	8	64	9	65

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

Significant agreements with related parties

The Group/Company has entered into agreements with related parties and has commitment for received and payments 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 among its related parties 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) Advanced Contact Center Co., Ltd., a subsidiary, has entered into a call center service agreement with Teleinfo Media Plc. ("TMC"), a related party. TMC will arrange the agents and provide call center operation to execute each of incoming call service. The contract parties have a right to terminate the agreement by giving the counterparty a written notice for 30 days in advance.
- 6) 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.
- 7) 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.
- 8) 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.
- 9) 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.
- 10) 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.
- 11) The Company and its subsidiaries have entered into an agreement with its related parties to provide or aggregate 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 advance written notice to the counterparty of not less than 30 days.

12) 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 2015.

13) MIMO Tech Co., Ltd., a subsidiary, 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.

5 Cash and cash equivalents

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Cash on hand		84	194	14	14
Cash at bank - current accounts		932	1,025	205	417
Cash at bank - saving accounts		17,810	13,407	7,926	2,450
Highly liquid short-term investments		4,705	7,261	2,212	2,591
		23,531	21,887	10,357	5,472
Less Specifically-used bank deposits	6	(3,698)	(3,526)	-	-
Total		19,833	18,361	10,357	5,472

As at 31 December 2012, the effective interest rate on cash and cash equivalents was 0.09% - 2.93% per annum (2011: 0.12% - 3.72% per annum).

6 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' held deposits at call with banks equal to the subsidiaries' outstanding balance of advance from customers which cannot be used for other purposes apart from payments to service providers as at 31 December 2012 amounting to Baht 3,698 million (2011: Baht 3,526 million).

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
<i>Current investments</i>				
Fixed deposit at financial institutions	589	-	-	-
Available-for-sale securities	751	727	-	-
	1,340	727	-	-
<i>Other long-term investments</i>				
Fixed deposit at financial institutions - pledged	14	13	-	-
Other non - marketable equity securities	93	93	93	93
	107	106	93	93
Total	1,447	833	93	93

Current and other long-term investments

As at 31 December 2012, fixed deposit at financial institutions of the Group have the interest rates of 3.10% to 3.75% per annum, respectively.

Other long-term investments

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

On 29 January 2010, the Company invested in Clearing House for Number Portability Co., Ltd., a joint investment of 5 mobile phone operators in Thailand to provide mobile number portability ("MNP") service, of 4.0 thousand ordinary shares, totaling Baht 0.4 million. Total shares invested represent 20.00% of its paid-up share capital.

Debt securities available for sale

As at 31 December 2012 and 2011, the Group had debt securities held through private funds, managed by independent fund manager and have interest rates from 0.62% to 4.75% per annum (2011: 0.75% to 4.35% per annum).

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			

Current investments

Available-for-sale securities

At 1 January	727	118	-	-
Purchases during the year	950	1,263	-	-
Sales during the year	(926)	(654)	-	-
At 31 December	751	727	-	-

8 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Related parties:	4				
- Trade accounts receivable		72	50	2,596	5,255
- Accrued income		17	18	94	124
		89	68	2,690	5,379
Other parties:					
- Trade accounts receivable		4,816	4,320	3,806	3,611
- Accrued income		3,843	3,352	3,709	3,256
		8,659	7,672	7,515	6,867
Total		8,748	7,740	10,205	12,246
Less allowance for doubtful accounts		(683)	(703)	(645)	(660)
Net		8,065	7,037	9,560	11,586
Bad and doubtful debts expense for the year		543	611	523	594

Aging analyses for trade accounts receivable are as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Related parties				
Current - 3 months	84	63	2,687	5,379
Overdue 3 - 6 months	3	2	3	-
Overdue 6 - 12 months	1	3	-	-
Overdue over 12 months	1	-	-	-
	89	68	2,690	5,379
Other parties				
Current - 3 months	6,833	6,216	5,776	5,477
Overdue 3 - 6 months	229	244	194	208
Overdue 6 - 12 months	272	201	243	191
Overdue over 12 months	1,325	1,011	1,302	991
	8,659	7,672	7,515	6,867
Less allowance for doubtful accounts	(683)	(703)	(645)	(660)
	7,976	6,969	6,870	6,207
Net	8,065	7,037	9,560	11,586

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

As at 31 December 2012, the Company had the outstanding balance of accrued income of revenue sharing in international direct dial service (IDD) of Baht 1,293 million. (part of outstanding presented in overdue 12 months of Baht 985 million) The Company has submitted a dispute to the Arbitration Institute demanding TOT Public Company Limited (“TOT”) to pay this receivable plus interest , the total amount of Baht 1,527 million (On 16 January 2013).

9 Other receivable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Prepaid expenses		1,042	1,129	698	911
Account receivables - cash card/refill on mobile		694	511	-	-
Others	4	1,926	687	596	265
Total		3,662	2,327	1,294	1,176

10 Inventories

		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Finished goods		1,328	1,011	159	39
Supplies and spare parts		173	112	67	43
Spare parts for mobile phone network maintenance		853	867	701	715
		2,354	1,990	927	797
Less allowance for obsolescence and decline in value		(927)	(903)	(656)	(669)
Net		1,427	1,087	271	128

11 Investments in subsidiaries

	Separate financial statements	
	2012	2011
	(in million Baht)	
At 1 January	9,468	20,274
Acquisitions	-	1
Capital reduction	-	(10,807)
Allowance for impairment	(2,475)	-
At 31 December	6,993	9,468

The Company recorded a loss from impairment for the year ended 31 December 2012 of Baht 2,475 million from the review of the carrying amount of investment in Digital Phone Co., Ltd. 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 and using a pre-tax discount rate of 9.9%.

Investments in subsidiaries at 31 December 2012 and 2011, and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Separate financial statements										
			Paid-up capital		Cost method		Impairment		At cost - net		Dividend income		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
	(%)		(in million Baht)										
Subsidiaries													
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	54	75	
Digital Phone Co., Ltd.	98.55	98.55	3,655	3,655	12,493	12,493	(8,014)	(5,539)	4,479	6,954	2,720	3,900	
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-	25	
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	-	-	336	336	458	150	
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	-	-	100	100	1,150	1,086	
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	829	-	
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	865	1,895	
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	1,650	2,132	
Advanced Broadband Network Co., Ltd.	99.97	99.97	1	1	1	1	-	-	1	1	-	-	
Total			15,342	15,342	15,342	15,342	(8,349)	(5,874)	6,993	9,468	7,726	9,263	

12 Property, plant and equipment

	Consolidated financial statements								
	Land	Building and building improvements	Leasehold building improvements	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 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 and 1 January 2012									
	139	500	834	35,962	1,498	13	254	956	40,156
Additions	-	-	91	3,458	51	-	47	2,123	5,770
Transfers / reclassify	-	-	-	101	-	-	-	(147)	(46)
Disposals	-	-	(129)	(177)	(29)	(5)	(46)	-	(386)
At 31 December 2012	139	500	796	39,344	1,520	8	255	2,932	45,494
Depreciation and impairment losses									
At 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 and 1 January 2012									
	-	(340)	(640)	(29,952)	(1,408)	(13)	(160)	(27)	(32,540)
Depreciation charge for the year	-	(35)	(71)	(2,002)	(41)	-	(34)	-	(2,183)
Disposals	-	-	126	169	29	5	40	-	369
At 31 December 2012	-	(375)	(585)	(31,785)	(1,420)	(8)	(154)	(27)	(34,354)
Net book value									
At 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 and 1 January 2012									
	139	160	194	6,011	90	-	93	929	7,616
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
At 31 December 2012									
Owned assets	139	125	211	7,559	100	-	13	2,905	11,052
Assets under finance leases	-	-	-	-	-	-	88	-	88
	139	125	211	7,559	100	-	101	2,905	11,140

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 amounted to Baht 25,829 million (2011: Baht 23,058 million).

	Separate financial statements						
	Building and building improvements	Leasehold building improvements	Computer, tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
	(in million Baht)						

Cost

At 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 and 1 January 2012	412	739	26,047	1,344	215	11	28,768
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Additions	-	50	252	36	39	111	488
Transfers / reclassify	-	-	-	-	-	(5)	(5)
Disposals	-	(126)	(169)	(29)	(34)	-	(358)

At 31 December 2012	412	663	26,130	1,351	220	117	28,893
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Depreciation

At 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 and 1 January 2012	(320)	(595)	(24,339)	(1,275)	(140)	-	(26,669)
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Depreciation charge for the year	(29)	(53)	(719)	(30)	(29)	-	(860)
Disposals	-	125	163	28	32	-	348

At 31 December 2012	(349)	(523)	(24,895)	(1,277)	(137)	-	(27,181)
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Net book value

At 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 and 1 January 2012

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

At 31 December 2012

Owned assets	63	140	1,235	74	11	117	1,640
Assets under finance leases	-	-	-	-	72	-	72
	63	140	1,235	74	83	117	1,712

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2012 amounted to Baht 24,766 million (2011: Baht 22,769 million).

13 Assets under the Agreements for operation

	Consolidated financial statements			
	Cost of mobile phone networks	Cost of datanet tools and equipment	Advance payment and assets under construction of mobile phone networks	Total
	(in million Baht)			
Cost				
At 1 January 2011	188,340	1,551	431	190,322
Additions	2,879	-	59	2,938
Transfers / reclassify	(184)	-	(59)	(243)
Disposals	(43)	-	-	(43)
At 31 December 2011 and 1 January 2012	190,992	1,551	431	192,974
Additions	3,797	10	2,330	6,137
Transfers / reclassify	(1,015)	-	-	(1,015)
Disposals	(1,650)	(13)	-	(1,663)
At 31 December 2012	192,124	1,548	2,761	196,433
Amortisation				
At 1 January 2011	(140,607)	(1,539)	-	(142,146)
Amortisation charge for the year	(14,498)	(3)	-	(14,501)
Transfers / reclassify	138	-	-	138
Disposals	40	-	-	40
At 31 December 2011 and 1 January 2012	(154,927)	(1,542)	-	(156,469)
Amortisation charge for the year	(12,687)	-	-	(12,687)
Transfers / reclassify	603	-	-	603
Disposals	1,273	4	-	1,277
At 31 December 2012	(165,738)	(1,538)	-	(167,276)
Net book value				
At 1 January 2011	47,733	12	431	48,176
At 31 December 2011 and 1 January 2012	36,065	9	431	36,505
At 31 December 2012	26,386	10	2,761	29,157

The gross amount of the Group's fully amortised assets under the Agreements for operation that was still in use as at 31 December 2012 amounted to Baht 92,845 million (2011: Baht 58,831 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 2011	174,911	431	175,342
Additions	2,572	-	2,572
Transfers	(184)	-	(184)
At 31 December 2011 and 1 January 2012	177,299	431	177,730
Additions	3,254	2,330	5,584
Transfers / reclassify	(1,015)	-	(1,015)
Disposals	(1,649)	-	(1,649)
At 31 December 2012	177,889	2,761	180,650
Amortisation			
At 1 January 2011	(128,691)	-	(128,691)
Amortisation charge for the year	(13,609)	-	(13,609)
Transfers	138	-	138
At 31 December 2011 and 1 January 2012	(142,162)	-	(142,162)
Amortisation charge for the year	(11,905)	-	(11,905)
Transfers / reclassify	603	-	603
Disposals	1,273	-	1,273
At 31 December 2012	(152,191)	-	(152,191)
Net book value			
At 1 January 2011	46,220	431	46,651
At 31 December 2011 and 1 January 2012	35,137	431	35,568
At 31 December 2012	25,698	2,761	28,459

The gross amount of the Company's fully amortised assets under the Agreement for operation that was still in use as at 31 December 2012 amounted to Baht 79,186 million (2011: Baht 51,625 million).

14 Goodwill

	Consolidated financial statements
	(in million Baht)
Cost	
At 1 January 2011	14,352
At 31 December 2011 and 1 January 2012	14,352
At 31 December 2012	14,352
Amortisation and impairment losses	
At 1 January 2011	(12,775)
Impairment loss	(1,542)
At 31 December 2011 and 1 January 2012	(14,317)
At 31 December 2012	(14,317)
Net book value	
At 1 January 2011	1,577
At 31 December 2011 and 1 January 2012	35
At 31 December 2012	35

During the year 2011, The Group recorded a loss from goodwill impairment for the year ended 31 December 2011 of Baht 1,542 million from the review of 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 and using a pre-tax discount rate of 10.4%.

15 License for operation right in spectrum of telecommunication

	Consolidated financial statements
	(in million Baht)
Cost	
At 1 January 2012	-
Additions	14,644
At 31 December 2012	14,644
Amortisation	
At 1 January 2012	-
Additions	(67)
At 31 December 2012	(67)
Net book value	
At 31 December 2012	14,577

On 16 October 2012, Advanced Wireless Network Co., Ltd. (AWN), a subsidiary, was the auction winner for 2.1GHz license (3G) at the bid price of Baht 14,625 million. On 7 December 2012 AWN was officially granted the license to operate 2.1GHz for 15 years from the National Broadcasting and Telecommunications Commission (NBTC). According to the auction terms and conditions, AWN paid 50% of the fee plus VAT, totaling Baht 7,824 million on 19 October 2012 and submitted bank guarantee to pay the remaining fee to the NBTC. Another 25 percent will pay in the second year, and the remainder will be paid in the third year. As at 31 December 2012, the Group has recognized the remaining fee of Baht 7,313 million (excluding VAT) as the accrued license fee in the consolidated financial statement.

16 Other intangible assets

	Consolidated financial statements		
	Operation right	Software licences	Total
	(in million Baht)		
Cost			
At 1 January 2011	6,993	4,956	11,949
Additions	-	165	165
Transfers	-	9	9
At 31 December 2011 and 1 January 2012	6,993	5,130	12,123
Additions	-	405	405
Transfers / reclassify	-	46	46
At 31 December 2012	6,993	5,581	12,574
Amortisation			
At 1 January 2011	(5,761)	(3,424)	(9,185)
Amortisation charge for the year	(455)	(208)	(663)
At 31 December 2011 and 1 January 2012	(6,216)	(3,632)	(9,848)
Amortisation charge for the year	(455)	(238)	(693)
At 31 December 2012	(6,671)	(3,870)	(10,541)
Net book value			
At 1 January 2011	1,232	1,532	2,764
At 31 December 2011 and 1 January 2012	777	1,498	2,275
At 31 December 2012	322	1,711	2,033

	Separate financial statements	
	Software licences	
	(in million Baht)	
Cost		
At 1 January 2011		3,254
Additions		28
Transfers		9
Disposals		(369)
At 31 December 2011 and 1 January 2012		2,922
Additions		10
Transfers		5
At 31 December 2012		2,937
Amortisation		
At 1 January 2011		(2,805)
Amortisation charge for the year		(70)
Disposals		186
At 31 December 2011 and 1 January 2012		(2,689)
Amortisation charge for the year		(47)
At 31 December 2012		(2,736)
Net book value		
At 1 January 2011		449
At 31 December 2011 and 1 January 2012		233
At 31 December 2012		201

17 Deferred tax

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Deferred tax assets	5,471	6,622	4,982	6,124
Deferred tax liabilities	(157)	(200)	(151)	(185)
Net	5,314	6,422	4,831	5,939

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

	Consolidated financial statements					
	At 1 January 2011	Charged/ (credited) to Profit or loss	At 31 December 2011	Charged/(credited) to		At 31 December 2012
				Profit or loss	Other comprehensive income	
		(note 31)		(note 31)		
		(in million Baht)				

Deferred tax assets

Accounts receivable (<i>doubtful accounts</i>)	179	(24)	155	(26)	-	129
Inventories (<i>allowance for obsolete and decline in value</i>)	255	(83)	172	3	-	175
Assets under the Agreement for operation (<i>amortisation difference</i>)	8,643	(3,205)	5,438	(1,196)	-	4,242
Unearned income - mobile phone service (<i>income recognised difference</i>)	788	(204)	584	(199)	-	385
Employee benefit obligations	119	(30)	89	19	142	250
Others	168	16	184	106	-	290
Total	10,152	(3,530)	6,622	(1,293)	142	5,471

Deferred tax liabilities

Prepaid expense under the Agreement for operation (<i>expense recognised difference</i>)	(178)	46	(132)	45	-	(87)
Accelerated tax (<i>amortisation difference</i>)	(32)	17	(15)	9	-	(6)
Others	(9)	(44)	(53)	(11)	-	(64)
Total	(219)	19	(200)	43	-	(157)
Net	9,933	(3,511)	6,422	(1,250)	142	5,314

	Separate financial statements					
	At 1 January 2011	Charged/ (credited) to Profit or loss	At 31 December 2011	Charged/(credited) to		At 31 December 2012
				Profit or loss	Other comprehensive income	
		(note 31)				
		(in million Baht)				

Deferred tax assets

Accounts receivable (<i>doubtful accounts</i>)	166	(20)	146	(24)	-	122
Inventories (<i>allowance for obsolete and decline in value</i>)	205	(70)	135	(4)	-	131
Assets under the Agreement for operation (<i>amortisation difference</i>)	7,909	(2,874)	5,035	(1,003)	-	4,032
Unearned income - mobile phone service (<i>income recognised difference</i>)	788	(204)	584	(199)	-	385
Employee benefit obligations	98	(25)	73	10	83	166
Others	108	43	151	(5)	-	146
Total	9,274	(3,150)	6,124	(1,225)	83	4,982

Deferred tax liabilities

Prepaid expense under the Agreement for operation (<i>expense recognised difference</i>)	(178)	46	(132)	45	-	(87)
Others	(9)	(44)	(53)	(11)	-	(64)
Total	(187)	2	(185)	34	-	(151)
Net	9,087	(3,148)	5,939	(1,191)	83	4,831

18 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Current				
Current portion of long-term borrowings, net	438	452	438	452
Current portion of long-term debentures, net	7,997	4,994	7,997	4,994
Current portion of finance lease liabilities	27	23	22	18
	8,462	5,469	8,457	5,464
Non-current				
Long-term borrowings, net	9,315	5,979	9,315	5,979
Long-term debentures, net	2,500	10,497	2,500	10,497
Finance lease liabilities	73	61	61	49
	11,888	16,537	11,876	16,525
Total	20,350	22,006	20,333	21,989

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Within one year	8,435	5,446	8,435	5,446
After one year but within five years	11,596	15,798	11,596	15,798
After five years	219	679	219	679
Total	20,250	21,923	20,250	21,923

Long-term borrowings

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

Outstanding loan in foreign currency		Interest rate (per annum)	Term of interest Payment	Principal payment term	Amount	
2012	2011				2012	2011
(Million)					(Million Baht)	
USD 70.00	USD 70.00	LIBOR plus margin	Semi-annual	Entirely redeemed in 2014	2,154	2,228
USD 78.18	USD 92.40	LIBOR plus margin	Semi-annual	20 equal installments from 2008 to 2018	2,407	2,941
USD 125.00	USD 40.00	LIBOR plus margin	Semi-annual	2 equal installments in 2015 and 2016	3,847	1,274
USD 45.00	-	LIBOR plus margin	Semi-annual	4 equal installments in 2016 and 2017	1,385	-
Total loans					9,793	6,443
Less transaction cost balance at 31 December					(40)	(11)
Net					9,753	6,432

Long-term debentures

As at 31 December 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	Amount		
						2012	2011	
						(in million Baht)		
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 years 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 years and 5.00% for the last year	Quarterly	Entirely redeemed on 23 July 2012	-	5,000	
23 January 2009	2.50	2,500	4.00% for the first two years, 5.00% for the third and fourth year and 6.00% for the last year	Quarterly	Entirely redeemed on 23 January 2014	2,500	2,500	
Total debentures							10,500	15,500
Less bond issuing cost balance at 31 December							(3)	(9)
Net							10,497	15,491

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 2012, the Group and the Company have undrawn committed loans of USD 125 million and JPY 10,440 million (2011: USD 85 million).

The carrying amounts and fair values of long-term debentures (gross of issue costs) as at 31 December are as follows:

	Consolidated and separate financial statements			
	Carrying amount		Fair values*	
	2012	2011	2012	2011
	(in million Baht)			
Long-term debentures	10,500	15,500	10,672	15,862

* 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 interest-bearing liabilities was as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
At 1 January	22,006	36,361	21,989	36,340
Additions	4,048	1,220	4,037	1,216
Borrowing cost	(36)	(11)	(36)	(11)
Repayments	(5,513)	(14,072)	(5,507)	(14,066)
Terminate cost	(5)	(3)	-	(1)
Unrealised gain on foreign exchange	(162)	(1,497)	(162)	(1,497)
Amortisation	12	8	12	8
At 31 December	20,350	22,006	20,333	21,989

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)			
Long-term borrowings	3.36	3.64	3.36	3.64
Long-term debentures	5.14	4.86	5.14	4.86
Finance lease liabilities	5.48	6.57	5.41	6.22

19 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Related parties	4	104	50	1,734	839
Other parties		7,237	3,470	2,976	1,239
Total		7,341	3,520	4,710	2,078

20 Other payable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Accrued expenses	4	5,174	4,458	4,664	4,748
Value added tax payable		528	281	476	214
Withholding tax payable		356	286	198	180
Others	4	1,386	1,034	1,800	1,617
Total		7,444	6,059	7,138	6,759

21 Employee benefit obligations

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 and long-term service awards.

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Present value of obligations	1,223	422	810	345

Movement in the present value of the employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Employee benefit obligations at 1 January	422	383	345	314
Benefits paid	(10)	(12)	(8)	(3)
Current service costs and interest	88	51	56	34
Actuarial losses in other comprehensive income	723	-	417	-
Employee benefit obligations at 31 December	1,223	422	810	345

Expense recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Current service costs	65	31	41	20
Interest on obligation	23	20	15	14
Total	88	51	56	34

The Group/Company recognised the expense in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Cost of rendering of services and equipment rental	5	2	-	-
Administrative expenses	59	28	40	19
Management benefit expenses	1	1	1	1
Finance costs	23	20	15	14
Total	88	51	56	34

Actuarial losses recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Included in retained earnings :				
At 1 January	-	-	-	-
Recognised during the year	723	-	417	-
At 31 December	723	-	417	-

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(%)			
Discount rate at	3.9	5	3.9	5
Future salary increases	8	6	8	6

Assumptions regarding future mortality are based on published statistics and mortality tables set as 100% of the 2008 Thailand Mortality rates (“TMO08”).

22 Share capital

	Par value per share (in Baht)	2012		2011	
		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 paid-up					
At 1 January					
- ordinary shares	1	2,973	2,973	2,970	2,970
Issue of new shares	1	-	-	3	3
At 31 December					
- ordinary shares	1	2,973	2,973	2,973	2,973

As at 31 December 2012 and 2011, the total issued number of ordinary shares is 2,973 million shares with a par value of 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 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.

24 Other components of equity

Unrealised gain on dilution of investment

The unrealised gain on dilution of investment comprises the cumulative net change in portion of investment until the investment is sold or otherwise disposed of.

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.

25 Segment information

Segment information is presented in respect of the Group’s business and geographic segments. The primary format, business segments, geographic segments, is based on the Group’s management and internal reporting structure.

Business segments

The Group comprises the following main business segments:

<i>Segment 1</i>	Mobile phone and call center services
<i>Segment 2</i>	Mobile phone sales
<i>Segment 3</i>	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.

(a) Business segment results

Revenues and expenses	Consolidated financial statements							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(in million Baht)							
Revenues from services and equipment rentals	123,163	112,638	67	35	643	583	123,873	113,256
Revenue from sales	-	-	17,694	13,180	1	1	17,695	13,181
Other operating income	1,067	846	35	30	15	11	1,117	887
Total revenues	124,230	113,484	17,796	13,245	659	595	142,685	127,324
Cost of sales, services and equipment rentals	(67,156)	(64,248)	(16,340)	(11,693)	(474)	(279)	(83,970)	(76,220)
Selling and administrative Expenses	(11,275)	(10,356)	(533)	(584)	(200)	(247)	(12,008)	(11,187)
Impairment losses of assets	-	(1,542)	-	-	-	-	-	(1,542)
Total expenses	(78,431)	(76,146)	(16,873)	(12,277)	(674)	(526)	(95,978)	(88,949)
Profit before finance costs and income tax expenses	45,799	37,338	923	968	(15)	69	46,707	38,375
Finance costs							(1,093)	(1,666)
Income tax expense							(10,715)	(14,365)
Profit for the year							34,899	22,344

(b) Business segment financial position

Assets and liabilities	Consolidated financial statements							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(in million Baht)							
Current assets	32,724	28,483	4,903	4,286	477	409	38,104	33,178
Non-current assets	62,374	53,157	97	97	393	240	62,864	53,494
Total assets	95,098	81,640	5,000	4,383	870	649	100,968	86,672
Current liabilities	33,991	28,031	2,038	1,575	259	129	36,288	29,735
Non-current liabilities	21,038	17,422	50	21	50	31	21,138	17,474
Total liabilities	55,029	45,453	2,088	1,596	309	160	57,426	47,209
Capital expenditure	11,584	5,880	4	5	273	140	11,861	6,025
Depreciation	2,105	2,443	12	15	66	53	2,183	2,511
Amortisation	13,444	15,159	2	2	1	3	13,447	15,164
Loss (gain) on disposal of assets	365	(3)	(1)	-	-	-	364	(3)

26 Investment income

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Dividend income					
Subsidiaries	4,11	-	-	7,726	9,263
		-	-	7,726	9,263
Interest income					
Related parties	4	-	-	489	310
Financial institutions		774	633	380	209
		774	633	869	519
Total		774	633	8,595	9,782

27 Other operating income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Bad debt recovery	97	94	93	92
Management income	-	-	163	158
Others	246	160	264	160
Total	343	254	520	410

28 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.

29 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	
	2012	2011	2012	2011
	(in million Baht)			
Depreciation on plant and equipment (Note 12)	2,183	2,511	860	1,501
Amortisation of assets under Agreement for operation (Note 13)	12,687	14,501	11,905	13,609
Amortisation of intangible assets (Note 15, 16)	760	663	47	70
Doubtful accounts and bad debts (Note 8)	543	611	523	594
Marketing expenses	2,890	2,826	2,551	2,474
Staff cost	6,093	5,815	3,543	3,362

30 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Finance costs:					
Related parties	4	2	4	2	125
Financial institutions		1,091	1,662	1,080	1,649
Total		1,093	1,666	1,082	1,774

31 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
Current tax expense					
Current year		9,450	10,855	7,100	7,772
Adjustment for prior years		15	(1)	2	(9)
		9,465	10,854	7,102	7,763
Deferred tax expense	17				
Movements in temporary differences		1,250	3,511	1,191	3,148
Total income tax expense		10,715	14,365	8,293	10,911

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2012			2011		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	(in million Baht)					

Employee benefit obligation

actuarial losses	723	(142)	581	-	-	-
Total	723	(142)	581	-	-	-

	Separate financial statements					
	2012			2011		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	(in million Baht)					

Employee benefit obligation

actuarial losses	417	(83)	334	-	-	-
Total	417	(83)	334	-	-	-

Reconciliation of effective tax rate

	Consolidated financial statements			
	2012		2011	
	Rate		Rate	
	(%)	(in million Baht)	(%)	(in million Baht)
Profit before income tax expense		45,614		36,709
Income tax using the Thai corporation tax rate	23	10,491	30	11,013
Income tax reduction		-		2,840
Expenses not deductible for tax purposes		259		51
Effect from elimination with subsidiaries		8		461
Recognition of previously unrecognised tax losses		(43)		-
Total	23	10,715	39	14,365

	Separate financial statements			
	2012		2011	
	Rate		Rate	
	(%)	(in million Baht)	(%)	(in million Baht)
Profit before income tax expense		40,388		36,607
Income tax using the Thai corporation tax rate	23	9,289	30	10,982
Income tax reduction		-		2,637
Income not subject to tax		(1,777)		(2,779)
Expenses not deductible for tax purposes		212		71
Impairment loss from investment in a subsidiary		569		-
Total	21	8,293	30	10,911

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

32 Earnings per share

The calculation of basic earnings per share for the years ended 31 December 2012 and 2011 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	
	2012	2011	2012	2011
	(in million Baht / million shares)			
Profit for the year attributable to ordinary shareholders of the Company (basic)	34,883	22,218	32,095	25,696
Number of ordinary shares outstanding at 1 January	2,973	2,970	2,973	2,970
Effect of shares issued during January to December	-	2	-	2
Weighted average number of ordinary shares outstanding (basic)	2,973	2,972	2,973	2,972
Earnings per share (basic) (in Baht)	11.73	7.48	10.80	8.65

33 Dividends

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

Year ended 31 December 2011

The resolution of:	Date of meeting	Dividend ratio	Total dividend
		(Baht/share)	Million Baht
The general shareholders	31 March 2011	3.92	11,649
The board of directors	4 August 2011	4.17	12,396

Year ended 31 December 2012

The resolution of:	Date of meeting	Dividend ratio	Total dividend
		(Baht/share)	Million Baht
The general shareholders	28 March 2012	4.26	12,662
The board of directors	10 August 2012	5.90	17,539

34 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 rates 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 rates 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	
	2012	2011	2012	2011
	(in million Baht)			
Assets				
United States Dollars	817	1,252	762	1,197
Euro Dollars	-	60	-	60
	817	1,312	762	1,257
Liabilities				
United States Dollars	(12,709)	(7,641)	(12,074)	(7,389)
Japan Yen	(66)	(19)	(40)	(18)
Singapore Dollars	(44)	(106)	(44)	(106)
Euro Dollars	(61)	(43)	(53)	(38)
Australian Dollars	(4)	(39)	(4)	(39)
	(12,884)	(7,848)	(12,215)	(7,590)
Gross statement of financial position exposure				
Currency swaps	9,434	5,869	9,434	5,869
Currency forwards	924	982	924	982
Net exposure	(1,709)	315	(1,095)	518

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Swap contracts:				
Swap contracts receivable	8,993	5,562	8,993	5,562
Swap contracts payable**	(9,434)	(5,869)	(9,434)	(5,869)
Total swap contracts payable	(441)	(307)	(441)	(307)
Forward contracts:				
Forward contracts receivable	800	880	800	880
Forward contracts payable**	(924)	(982)	(924)	(982)
Total forward contracts payable	(124)	(102)	(124)	(102)
Total swap and forward contracts:				
Swap and forward contracts receivable	9,793	6,442	9,793	6,442
Swap and forward contracts payable**	(10,358)	(6,851)	(10,358)	(6,851)
Total swap and forward contracts payable	(565)	(409)	(565)	(409)
Current assets (liabilities)				
Other current liabilities	(56)	(41)	(56)	(41)
Non-current assets (liabilities)				
Swap and forward contracts receivable	35	74	35	74
Swap and forward contracts payable	(544)	(442)	(544)	(442)
Total non-current assets (liabilities)	(509)	(368)	(509)	(368)
Total	(565)	(409)	(565)	(409)

The nominal amounts and fair values of swap and forward contracts as at 31 December are as follows:

	Consolidated and Separate financial statements			
	Nominal amounts**		Fair values*	
	2012	2011	2012	2011
	(in million Baht)			
Swap contracts	9,434	5,869	8,979	5,400
Forward contracts	924	982	838	912
Total	10,358	6,851	9,817	6,312

* 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 counterparty 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 values 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.

35 Commitments and contingent liabilities with non-related parties

a) Commitment

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million)			

Capital commitments

Contracted but not provided for

Assets under the Agreement for Operation

Thai Baht	1,120	927	1,061	899
United States Dollars	159	78	118	73
Japanese Yen	50	93	50	93
Euro	1	1	1	1

Property and equipment

Thai Baht	7,119	2,923	90	85
United States Dollars	170	26	-	-
Japanese Yen	754	816	-	-
Euro	4	4	-	-

Service maintenance agreements

Thai Baht	815	1,274	562	992
United States Dollars	19	9	12	5
Japanese Yen	33	-	33	-

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			

Non-cancellable operating lease Commitments

Within one year	1,297	1,333	616	858
After one year but within five years	1,367	1,347	517	667
After five years	15	26	15	26

Total	2,679	2,706	1,148	1,551
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Other commitments

Forward and swap contracts	11,586	9,773	11,586	9,773
Bank guarantees:				
- The Agreements for operation	12,413	11,743	8,467	8,467
- License for operation right in spectrum of telecommunication	7,824	-	-	-
- Others	2,065	519	1,726	318

Total	33,888	22,035	21,799	18,558
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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.

b) Contingent liabilities arises from withholding tax

Pursuant to the letter dated 18 January 2013, the Revenue Department has challenged the Company and Digital Phone Company Limited (“DPC”), a subsidiary, to pay surcharge of Baht 128 million and Baht 6 million, respectively, regarding the withholding tax on revenue sharing payment after excise tax deduction by giving the opinion that the excise tax is a part of revenue sharing. Therefore, the Company and DPC will be liable to pay the shortage of withholding tax amount of excise Tax which came from the revenue sharing payment without excise tax deduction. The Company and DPC are preparing to appeal to the Commission of Appeal.

36 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) *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 is listed below:

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. On 4 February 2008 TOT sent a letter to the Company informing that the Company should wait for the final judgement of the Court. Should the Company undertake the IC agreements per the NTC announcement before the final judgement 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 judgement 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 judgement 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 million 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. At present, the said dispute is pending on the Arbitration procedures.

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 obliged 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 claimed to Baht 3,410 million which calculated from the outstanding revenue sharing up to January 2008 including 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.

On 23 March 2012, the Arbitral Tribunal has dismissed the said two disputes by giving the reason which can be summarised that CAT has not yet paid the discount Baht 22/number/month to TOT. Moreover, CAT cannot prove that DPC has breached the Agreement and has made the payment of revenue sharing incorrectly. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty fine and the value added tax.

On 25 June 2012, CAT has submitted the case no. Black 1016/2555 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Presently, the said case is pending on the Central Administrative Court process.

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.

On 18 July 2012, the Arbitral Tribunal has given the arbitration award to dismiss the said disputes under the reason that the request by CAT to demand the delivery of the assets from DPC was the premature exercise of legal claim under the contract.

On 25 October 2012, CAT has submitted the case no. Black 2757/2555 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Presently, the said case is pending on the Central Administrative Court process.

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 be settled favourably 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.

8) *Revenue sharing on interconnection charge between DPC and CAT Telecom Public Company Limited (“CAT”)*

On 24 August 2012, CAT has submitted a dispute under case no. Black 110/2555 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10th - 14th operation year amounting to Baht 183 million and penalty at the rate of 1.25 percent per month of the above principal amount starting from the default date of each year until the full payment is made.

Such amount represents the revenue sharing which CAT calculated on gross interconnection charge received by DPC from other operators at the percentage rate specified in the Agreement without deduction of interconnection charge which DPC has to pay to other operators.

At present, the said dispute is pending on the Arbitration procedures. The Company’s management believes that the outcome of the said dispute shall be settled favourably 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 related 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 Advanced Info Service Public Company Limited (“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 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 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 submitted the request for the order of provisional remedial measure before delivery of judgement 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 dismissed the CAT’ request and on 20 March 2009, CAT 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 the subscribers who use international direct dialing service to believe 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.

On 16 August 2012, the Court of Appeals has issued an order confirming the dismissal of the Civil Court by dismissing the request for the order of provisional remedial measure of CAT, and CAT has submitted the petition to appeal to the Supreme Court on 19 October 2012.

37 Events after the reporting period

At the Board of Directors’ meeting held on 7 February 2013, the Board passed a resolution proposing to the annual general shareholders’ meeting the payment of dividends for the year 2012, at the rate of Baht 10.90 per share, Baht 5.90 each of which was paid as an interim dividend on 6 September 2012. The proposed dividends shall be approved by the shareholders.

Management Discussion and Analysis

EXECUTIVE SUMMARY

2012 was an outstanding year for mobile data services in the Thai telecom market, thanks to a wider availability of affordable smart devices and increased social network usage. Because there was a long delay in the allocation of the 2.1GHz frequency, AIS re-farmed a portion of its limited bandwidth on 900MHz to deploy 3G in major cities and capture the data growth market. In 2012, we achieved a further 4.5 million 3G subscriptions with our coverage of 3,500 sites in 18 key strategic cities. This drove our non-voice revenue in 2012 to grow 33%, slightly above our guidance of 30%, and drove revenue contribution to 24% compared to 20% in 2011. Meanwhile, voice services continued to grow 5% from 2011, but at a slower rate as mobile penetration reached 120%, reflecting narrower voice penetration. With our “Quality DNAs” concept, AIS mobile data services grew well, despite the constraints of our 900MHz capacity. AIS outperformed industry competitors in the voice market due to our strong nationwide network coverage. Therefore, AIS total revenue increased 12%. Despite more investment to upgrade network technology and enhance capacity, AIS retained tight cost management and achieved an EBITDA growth of 8.5% and net profit growth of 57%.

A key milestone in 2012, that will bring a structural shift to AIS’ business model, was the issuing of the 2.1GHz license in December 2012. Advanced Wireless Network (AWN), a wholly owned subsidiary of AIS, was granted a 15-year license to operate 2x15MHz bandwidth on 2.1GHz. This new license allows AIS to break away from over 20 years of a Thai telecom concession based business model, resulting in a reduced regulatory fee burden, a fully owned asset ownership and fairer terms and conditions for all industry players. AIS plans to invest Bt70bn from 2013 to 2015, inclusive, in the new 3G-2.1GHz network, while maintaining its existing 900MHz network. AIS expects service revenue to grow 6-8% in 2013, driven mainly by mobile data growth while voice growth tends to slowdown. Operating expenses are expected to increase due to rising marketing expense and additional revenue share incurred on roaming and rental charges from utilizing existing 900MHz network, thus our EBITDA margin is expected to be 41-42%. Our strong cash flow from operation and new debt (if needed) will be used to fund the investment and will continue to support our financial position and maintain our current dividend policy.

SIGNIFICANT EVENT

Impairment loss of investment in DPC in the separate financial statements

In 4Q12, the Company reviewed the carrying amount of investment in DPC, a subsidiary operating mobile service on GSM 1800MHz, by comparing net book value with the recoverable net present value of future cash generation, assuming that the Build-Transfer-Operate (BTO) contract of the 1800MHz will expire on 15 September 2013. As a result, the Company recorded a non-cash loss from impairment of Bt2,475mn, which impacted on the net income, but only in the separate financial statements. Based on the projected future cash flow and outstanding net cash on hand in DPC, the recoverable amount of investment in DPC remains at Bt4,479mn on the separate financial statements (Note 11 of the Financial Statement 2012).

Adjustment of employee benefit obligations

The Company adjusted actuarial assumptions for the calculation of employee benefit obligations, such as discount rate and future salary increase, to reflect the current situation. Because of the adjustment, the Company recorded actuarial losses on the comprehensive income of Bt723mn in the consolidated financial statements and Bt417mn in the separate financial statements. (Note 21 of the Financial Statement 2012).

Write-off obsolete equipment

In 4Q12, the Company wrote-off obsolete equipment with a value of Bt377mn, and recorded the write-off in administrative expenses. Equipment availability and functionality is checked regularly, and if it is found to be obsolete or not functional, it is written off.

RESULTS

Operational summary

AIS registered 35.7mn subscribers, which grew from 33.5mn last year and represented a 2.3mn net addition in 2012. The subscriber growth came from multiple SIMs users, in response to higher demand for mobile internet, as well as some organic growth from provincial markets. AIS continued to focus on quality subscribers, which resulted in a stable churn rate of 1.5% and 4.3% for the postpaid and prepaid segments, respectively. The trend of using mobile data expanded in both the prepaid and postpaid segments. Prepaid average revenue per user (ARPU) increased to Bt219, an increase of 7.4% YoY, while minutes of use (MOU) increased 2.2% YoY to 330 minutes, as prepaid subscribers continued to use voice while also starting to consume more data. However, in the postpaid segment, ARPU stayed flat at Bt682, while MOU declined 8% YoY to 538 minutes because of high mobile usage during the flood crisis at that time. Excluding the high usage in 4Q11, postpaid ARPU gradually rose for the first three quarters in 2012 with an average of Bt673 compared to Bt645 in 2011.

Revenue

In 2012, AIS generated total revenue of Bt141,568mn, an increase of 12% YoY, underpinned by both strong mobile usage and device sales. Service revenue, excluding IC, reached Bt108,355mn and increased 11% YoY, above our 2012 guidance, from continued growth momentum from both voice and data services. Device sales expanded to Bt17,695mn, an increase of 34% YoY, supported by growing demand for smart devices. Particularly in 4Q12, device sales increased sharply 85% YoY due to the arrival of iPhone 5.

Voice Revenue

In 2012, the competition in voice market remained stable. Due to our strong nationwide network coverage and segmentation strategy, voice revenue stood at Bt74,742mn, an increase of 5.4% YoY, supported by both postpaid and prepaid segments. Prepaid voice revenue recorded a decent growth of 4.6% YoY mainly from regional users. Meanwhile, postpaid voice revenue grew 7.6% YoY because of strong demand for postpaid subscriptions with smartphone packages. The overall voice growth somewhat decelerated from a 2011 growth of 8%, reflecting limited room for further voice penetration.

Non-voice revenue

Non-voice growth momentum continued in 2012 supported by higher demand for mobile internet, smart device adoption and social media applications. Non-voice revenue stood at Bt26,197mn, an increase of 33% YoY, supported by a strong mobile data revenue of 65% YoY. Data users increased to 12.2mn, with 4.5mn 3G-900MHz subscriptions, and represented 34% of total subscribers compared to 27% last year. During the year, smart device adoption expanded due to more affordable devices, starting at less than Bt4,000, with a total of 17% of all subscribers using smart devices. In response to increased data user and usage, AIS enhanced customer data experience through improved data capacity on 3G-900MHz coupled with a range of innovative applications, for example, AIS Guide&Go, AIS MusicStore and, AIS BookStore to match customers' digital lifestyles.

International and other revenue

Revenue from international call and other business was Bt4,611mn and increased 9.5% YoY because of higher usage and more subscribers using IDD services, encouraged by several marketing campaigns. International roaming (IR) revenue declined 7% YoY due to falling revenue from visitors roaming in Thailand (inbound), partly offset by growing revenue generated from AIS subscribers roaming internationally (outbound), particularly with data roaming. In response to the demand for mobile data, AIS launched several new roaming applications and services in 2012, focusing on international data roaming experience, for example, easy-to-activate roaming packages, bill shock prevention solutions and SMS alerts to prevent excessive and unwanted data roaming usage.

Handset sales

Sales revenue was Bt17,695mn, an increase of 34%YoY due to higher smartphone sales and increased customer demand for mobile data, particularly following the launch of iPhone 5 in 4Q12. AIS offered affordable smart devices bundled with a range of customized, attractive tariffs and valued added services, such as AIS BookStore, and targeted specific customer lifestyles and segments. However, handset pricing competition drove the sales margin lower to 8.3% from 11.9% last year.

Interconnection charges (IC)

Net interconnection revenue stood at Bt565mn and improved from Bt451 last year. This was underpinned by higher IC receipts as more all-networks promotions were promoted from peers while IC cost was stable.

EXPENSES

Cost of services excluding IC

In 2012, total cost of service, excluding IC, was stable at Bt25,219mn, due to network amortization that decreased 12%YoY to Bt14,907mn from fully amortized assets under the Build-Operate-Transfer contracts. The declined amortization was offset by rising network operating expense and other cost of service. Network operating expense increased 21%YoY to Bt5,393mn due to 3G-900MHz network expansion and an increase of voice and data capacity. Other cost of service increased 31%YoY due to the network expansion and amortization of the 2.1GHz license cost and started in December 2012 after the license was officially awarded.

Selling and general administrative expenses (SG&A)

SG&A was Bt11,958mn, an increase of 7.6%YoY, mainly from higher administrative cost as we wrote off obsolete equipment with a value of Bt377mn. To build AIS-3G awareness and customer relations activities, marketing expense slightly increased 2.3%YoY to Bt2,890mn. However, the marketing expense dropped to 2.0% of total revenue, compared to 2.2% in 2011. Bad debt decreased 11% to Bt543mn or 2.0% of postpaid revenue, compared to 2.5% in 2011. The lower bad debt indicated a quality subscriber base and an effective customer relations program.

PROFIT

Strong service revenue growth drove EBITDA to Bt61,436mn, an increase of 8.5%YoY in 2012, despite an increase of cash operating expense to serve mobile data demand. As a result of smartphone popularity, which caused the low-margin handset sales business to contribute more to the revenue mix, as well as the maintenance of 900MHz network quality, EBITDA margin declined to 43.4% from 44.8% in 2011. In 2012, net income was Bt34,883mn, increasing 57%YoY, due to a higher EBITDA, lower network amortization, lower finance cost (after repayment of Bt5.5bn interest bearing debt in 2012), reduced corporate

tax (from 30% to 23%) and no special items as in 2011; namely, the DPC goodwill impairment of Bt1,542mn and the deferred tax adjustment of Bt2,840mn. Net profit margin increased to 24.6% from 17.6% due to lower amortization, finance cost and corporate tax, in spite of lower EBITDA margin. Excluding the special items in 2011, normalized net income was 34,883mn and increased 31%YoY.

FINANCIAL POSITION AND CASH FLOW

At the end of 2012, total assets increased to Bt100,968mn from Bt86,672mn in 2011, due to the acquisition of the 2.1GHz spectrum license and an increase in current assets, including cash and trade receivable. The 2.1GHz license of Bt14,625mn was recorded as a non-current asset and will be fully amortized in 15 years in accordance with its license period. Cash was Bt23,531mn and increased from Bt21,887mn in 2011. Network under Build-Transfer-Operate (BTO) contracts continued to decrease as the contracts are approaching expiration, despite an increased CAPEX in 2012.

Interest bearing debt was Bt20,915mn and decreased from Bt22,415mn in 2011, as AIS repaid Bt5.5bn while drawing down new loans of Bt4bn in 2012. Liquidity, represented by current ratio, was 1.05 and was slightly lower from 1.12 in 2011. AIS still maintained a net cash position even though the Company paid Bt7,321mn for the first installment of the 2.1GHz license cost. Consolidated equities were Bt43,542mn and increased from Bt39,464mn in 2011 due to net income growth.

In 2012, AIS had a cash flow from operation of Bt51,133mn, an increase of 6%YoY, due to the higher EBITDA. CAPEX was Bt9,598mn and increased from Bt5,707mn in 2011 due to the 3G-900MHz project and network capacity expansion. The CAPEX was higher than the 2012 guidance of Bt8,000mn because investment on 3G-2.1GHz started after obtaining the license. Free cash flow (EBITDA-CAPEX) was Bt51,838mn and grew 1.8%YoY.

FINANCIAL RESULT

Table 1 – Revenue	(Bt million) / (% to total service revenue excluded IC)					
	2011		2012		YoY (Amount)	YoY (%)
Voice revenue	70,944	72.5%	74,742	69.0%	3,798	5.4%
Postpaid (voice)	17,374	17.7%	18,698	17.3%	1,324	7.6%
Prepaid (voice)	53,570	54.7%	56,044	51.7%	2,474	4.6%
Non-voice revenue	19,736	20.2%	26,197	24.2%	6,461	33%
International roaming	3,019	3.1%	2,805	2.6%	-214	-7.1%
Others (IDD, other fees)	4,212	4.3%	4,611	4.3%	398	9.5%
Service revenue excluding IC	97,911	100.0%	108,355	100.0%	10,444	11%

Table 2 – Sales	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Sales revenue	13,180	10.4%	17,695	12.5%	4,515	34%
Cost of sales	11,613	9.2%	16,218	11.5%	4,605	40%
Net sales	1,567	1.2%	1,477	1.0%	-90	-5.8%
Sales Margin (%)	11.9%		8.3%			

Table 3 – Interconnection (IC)	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Interconnection revenue	15,346	12.1%	15,518	11.0%	172	1.1%
Interconnection cost	14,895	11.8%	14,953	10.6%	58	0.4%
Net interconnection	451	0.4%	565	0.4%	114	25%

Table 4 – Cost of services ex IC	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Network amortization	17,017	13.5%	14,907	10.5%	-2,110	-12%
Network operating expenses	4,468	3.5%	5,393	3.8%	924	21%
Base station rental & utility	2,984	2.4%	3,575	2.5%	591	20%
Maintenance	1,484	1.2%	1,818	1.3%	333	22%
Other cost of services	3,758	3.0%	4,919	3.5%	1,161	31%
Cost of services ex. IC	25,243	20.0%	25,219	17.8%	-25	-0.1%
Revenue sharing expense	24,469	19.4%	27,580	19.5%	3,111	13%

Table 5 – SG&A	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Marketing expense	2,826	2.2%	2,890	2.0%	64	2.3%
General administrative & staff cost	7,476	5.9%	8,324	5.9%	847	11%
Bad debt provision	611	0.5%	543	0.4%	-69	-11%
Depreciation	203	0.2%	201	0.1%	-2	-1.1%
Total SG&A	11,118	8.8%	11,958	8.4%	840	7.6%
% Bad debt to postpaid revenue	2.5%		2.0%			

Table 6 – EBITDA	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Operating Profit	39,100	30.9%	45,640	32.2%	6,540	17%
Depreciation of PPE	2,511	2.0%	2,183	1.5%	-328	-13%
Amortization	15,164	12.0%	13,447	9.5%	-1,717	-11%
(Gain)/Loss on disposal of PPE	-3	0.0%	364	0.3%	367	
Management Benefit	-116	-0.1%	-153	-0.1%	-37	32%
Other financial cost	-32	0.0%	-45	0.0%	-12	38%
EBITDA	56,623	44.8%	61,436	43.4%	4,813	8.5%

Table 7 – Financial cost	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Total financial cost	1,666	1.3%	1,093	0.8%	1,666	-34%

Table 8 – Consolidated	Where	(Bt million)			
		2011	2012	YoY (Amount)	YoY (%)
Net income		22,218	34,883	12,666	57%
Add: Impairment of DPC goodwill	<i>Impairment loss</i>	1,542	0		
Add: Adjustment of deferred tax asset	<i>Income tax expenses</i>	2,840	0		
Normalized net income		26,600	34,883	8,283	31%

Table 9 – Financial Position	(Bt Million) / (% to total asset)			
	2011		2012	
Cash	21,887	25.3%	23,531	23.3%
ST investment	727	0.8%	1,340	1.3%
Trade receivable	7,037	8.1%	8,065	8.0%
Inventories	1,087	1.3%	1,427	1.4%
Others	2,440	2.8%	3,741	3.7%
Current Asset	33,178	38.3%	38,103	37.7%
License for Telecom	-	0.0%	14,577	14.4%
Networks and PPE	44,121	50.9%	40,297	39.9%
Intangible asset	2,275	2.6%	2,033	2.0%
Defer tax asset	6,422	7.4%	5,314	5.3%
Others	676	0.8%	644	0.6%
Total Assets	86,672	100.0%	100,968	100.0%
Trade accounts payable	3,520	4.1%	7,341	7.3%
CP of LT loans	5,469	6.3%	8,462	8.4%
Accrued R/S expense	4,593	5.3%	4,855	4.8%
Others	16,152	18.6%	15,630	15.5%
Current Liabilities	29,734	34.3%	36,288	35.9%
Total interest-bearing debt	22,415	25.9%	20,915	20.7%
Total Liabilities	47,209	54.5%	57,426	56.9%
Unappropriated retained earning	13,246	15.3%	17,344	17.2%
Total Equity	39,464	45.5%	43,542	43.1%

Table 10 – Key Financial Ratio	2011	2012
Debt ratio	0.54	0.57
Net debt to equity	0.01	Net cash
Net debt to EBITDA	0.01	Net cash
Total liabilities to equity	1.2	1.3
Current ratio	1.12	1.05
Interest coverage	23.9	43.5
DSCR	5.6	4.5
ROE (%)	66%	84%

Table 11 – Debt Repayment Schedule	(Bt Million)	
	Debenture	Long term loan
2012	5,000	493
1Q13	-	-
2Q13	4,000	247
3Q13	4,000	-
4Q13	-	247
2014	2,500	2,939
2015	-	2,399
2016	-	3,093
2017	-	1,187
2018	-	247

Table 12 – Source and use of fund : 2012		(Bt Million)	
Source of Fund		Use of Fund	
Operating CF before change in working capital	62,570	Dividend payment	30,241
Proceeds of long-term borrowings	3,999	Income tax paid	11,110
Interest received	746	CAPEX & Fixed assets	9,598
Sale of property and equipment	28	Payment of license fee for telecommunication	7,321
		Debt repayment	5,486
		Cash increased	1,472
		Finance cost and finance lease paid	1,173
		Net change in current/long investments	613
		Changes in working capital	328
Total	67,343	Total	67,343

FY2013 MANAGEMENT OUTLOOK & STRATEGY

Service revenue growth	6-8% YoY
Non-voice revenue growth	25-30% YoY
EBITDA margin	41-42%
CAPEX	Bt70bn in 3 years (10% allocated for 2G maintenance)
3G-2.1GHz network coverage	<ul style="list-style-type: none">• 97% population coverage, equivalent to current 900MHz network• Service launch in all 77 provinces in Thailand since the first year• Approximately 20,000 of 3G-2.1GHz sites
3G-2.1GHz subscribers	8-10 million (40% using 3G devices)

New license on 2.1GHz

The long awaited 3G licensing in Thailand was finally pushed through and the National Broadcasting and Telecommunications Commission (NBTC) granted the first 2.1GHz license in December 2012. Advanced Wireless Network (AWN), a wholly-own subsidiary of AIS, is among one of three that receives a 15-year 2.1GHz license (2x15MHz bandwidth), at the bidding cost of Bt14,625mn. The licensing of new spectrum on 2.1GHz allows AIS to unleash capacity issue and provide full scale 3G service nationwide on a different cost structure from the existing 900MHz/1800MHz BTO (Build-Transfer-Operate) contract scheme. On the license scheme, revenues are subjected to annual license fee of 5.75% and network ownership belongs to AWN. On BTO contracts, revenues are subjected to revenue share of 20-30% paid to TOT/CAT (state-owned enterprises) and network ownership is also transferred to them. The 2.1GHz license is valid for 15 years while BTO contract on 900MHz expires in 2015 and 1800MHz contract in 2013. Meanwhile, we will continue to operate 900/1800MHz (2G network) in parallel with 2.1GHz (3G network) and will optimize both networks to deliver better quality service to our subscribers. Before an expiration of BTO contract, we expect NBTC to announce direction for spectrum reallocation. We intend to operate 900/1800MHz in the long term.

Investment plan: Bt70bn in the next three years

To maintain the leader position in Thai mobile market and prepare for expiration of the 900/1800MHz contract in 2015/2013, we plan to roll-out 3G-2.1GHz network ahead of NBTC schedule requirement. We intend to build 97% population coverage in 3 years versus the license coverage requirement of 80% within 4 years. Our 2.1GHz network will cover all 77 provinces in Thailand in the first year. By 2015, we intend to have approximately 20,000 sites of 2.1GHz with coverage equivalent to the existing 900MHz network and capacity of the new network matched actual demand. To achieve this roll-out plan, we estimate the consolidated capital expenditure (CAPEX) of Bt70bn in the next three years, provided that 90% of the CAPEX is for rolling out 2.1GHz network and the remaining is for maintaining 900/1800MHz networks that AIS retains rights to operate until 2015/2013. This Bt70bn will cover investment in radio equipment, core network, partial passive infrastructure i.e. towers and transmission, and IT system/equipment.

Network sharing with 2G infrastructure

Under the Bt70bn investment budget, we intend to build a new 3G-2.1GHz network as stand-alone due to the lack of asset ownership on the existing 2G network beyond 2015. Nevertheless, we also consider the competitive advantage of fast network rollout thus some of 2.1GHz equipment will be placed on 900MHz facilities/towers and will also share parts of transmission. Some new towers are also required as 2.1GHz coverage is naturally smaller than 900/1800MHz. Tower/facility/transmission rental will be based on rental agreement between AWN, the 2.1GHz-license company, and AIS who owns operating right of existing network infrastructure until 2015. The rental revenue of AIS is subjected to revenue share to TOT according to the BTO contract. Beyond 2015, a new agreement will need to be sought out between AWN and TOT, the owner of 900MHz asset. We expect to conclude a business deal before expiration of the 900MHz BTO contract.

Roaming between 2G and 3G

For best customers' experience, 2.1GHz subscribers will seamlessly roam on nationwide 900MHz network in the areas where 2.1GHz coverage is unavailable at the beginning and when customers are not using 3G devices, hence this will incur roaming cost. Similar to the network rental above, the roaming cost is as well subjected to revenue share paid to TOT during the BTO contract period. After that, roaming charges will be subjected to negotiation with TOT. The major factors that will drive roaming cost are roaming rate and roaming traffic. Roaming rate is expected to be in-line with the NBTC's guided reference interconnection rate of Bt0.45/minute. Roaming traffic will largely depends on 3G network coverage and 3G device adoption. As 3G coverage and device adoption expands, the roaming traffic will be smaller.

Mobile growth toward data centric segment

Mobile service revenue growth is expected between 6-8% in 2013, driven mainly by mobile data growth while voice growth tends to slowdown. With the new spectrum on 2.1GHz, AIS is ready to deliver a better data experience to customers and better serve the pent-up demand for mobile internet in wider area. The 3G on 2.1GHz will essentially answers mass data connectivity for Thailand where fixed broadband infrastructure is limited and fixed line penetration is merely 10%. While overall mobile penetration today is 118%, data penetration remains low everywhere, urban or rural. We believe that nationwide 3G coverage will expand overall mobile penetration further and data penetration to be more comparable to regional peers driven by the new datacentric segment, namely smartphone and tablet. Non-voice revenue (including mobile data, messaging, contents, and other value added services) is projected to grow 25-30% in 2013.

Meanwhile, voice growth is expected to slowdown from the past few years as market is highly penetrated, and estimated around 2-3% in 2013. We believe there is some room for voice growth in low-end segment and rural penetration while their mobile data usages also increase.

Attracting customers to 3G service

To strengthen our leadership in the new market environment, "Quality DNAs" (device, network, application, and service), our commitment to excellence, continue to be our core value to customers. Leading with our network quality, we will deploy marketing campaigns to attract subscribers to the better 3G services on 2.1GHz spectrum. Through our solid nationwide distribution channels, we will push more affordable 3G devices from leading handset manufacturers bundling with segmented price plans and applications/service innovation. Moving to 3G technology, overall pricing is moving toward more bundling and data pricing is moving to volume base pricing with fair usage policy, the scheme that is more suitable to the always-on/always-connect behavior. We target to achieve around 8-10 million 3G subscribers in 2013. However, not all customers on 3G subscription will be using 3G handsets and we expect 3G device penetration to be 40% of all 3G subscription.

New cost structure

The new 2.1GHz operation will change our cost structure in many aspects as customers move from the existing 2G subscription on BTO contracts to the new 3G subscription on licensing scheme.

1. The revenue share (20-30%) on BTO contracts will gradually be replaced by annual license fee (5.75%) from increasing number of 2.1GHz subscribers with 3G devices.
2. Operating expense will increase from expansion of 2.1GHz sites while running operation on 900/1800MHz network in parallel. Marketing campaigns will be launched to achieve the 2.1GHz subscriber target and increase 3G handset penetration. Marketing spending is expected around 2.5% of total revenue.
3. As mentioned earlier, 3G service will rely on the existing 2G infrastructure in terms of network rental and roaming service. Both rental and roaming charges will be incurred on 2.1GHz company and paid to AIS, and subsequently subjected to revenue share paid to TOT during the BTO contract period. Revenue share on network rental is expected to rise as we expand 3G sites while revenue share on roaming depends on 3G handset penetration and network coverage. The larger the number of 3G handsets and network coverage, the smaller roaming charges.
4. Amortization of 2.1GHz license is based on 15-year straight line basis while 2.1GHz network equipment will depreciated according to its useful life. Asset under the 900/1800MHz Build-Transfer-Operate (BTO) contract will be fully amortized by 2015/2013.

In 2013, EBITDA margin is expected to decline to 41-42% as rising marketing expense and additional revenue share incurred on roaming and rental charges from utilizing existing 900MHz network.

Capital management: 100% dividend payout

The Company aims to maintain the same dividend policy that commits 100% payout ratio and pays dividend twice a year. The dividend payout ratio is based on consolidated earnings and subjected to the availability of retain earnings on the separated financial statement. This commitment is supported by our strong cash flow from operation and the low debt level. The CAPEX and license payment will be funded by internal cash flow and additional borrowings if required. Given that the Company is currently in net cash position and has strong financial credit rating (A- by S&P), the management is comfortable to raise gearing. If and when there is new business opportunities or significant changes that may impact future operation and investment and hence capital structure, the Company will be prompt to discuss our new direction with the investment community.

Operational Data

	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
Subscribers									
GSM Advance	2,976,500	3,027,500	3,056,200	3,116,200	3,193,600	3,288,500	3,371,900	3,452,000	3,592,800
GSM 1800	76,100	76,100	86,500	95,700	98,000	96,400	96,700	94,300	90,500
Postpaid	3,052,600	3,103,600	3,142,700	3,211,900	3,291,600	3,384,900	3,468,600	3,546,300	3,683,300
Prepaid	28,148,100	28,847,700	29,342,300	29,552,000	30,168,300	30,752,700	31,339,800	31,777,600	32,060,400
Total subscribers	31,200,700	31,951,300	32,485,000	32,763,900	33,459,900	34,137,600	34,808,400	35,323,900	35,743,700
Net additions									
Postpaid	48,100	51,000	39,100	69,200	79,700	93,300	83,700	77,700	137,000
Prepaid	650,500	699,600	494,600	209,700	616,300	584,400	587,100	437,800	282,800
Total net additions	698,600	750,600	533,700	278,900	696,000	677,700	670,800	515,500	419,800
Churn rate (%)									
Postpaid	1.8%	1.6%	1.7%	1.6%	1.5%	1.7%	1.6%	1.6%	1.5%
Prepaid	4.4%	4.4%	4.7%	5.0%	4.3%	4.4%	4.4%	4.3%	4.3%
Blended	4.2%	4.1%	4.4%	4.7%	4.1%	4.2%	4.1%	4.1%	4.0%
Subscriber market share									
Postpaid	43%	43%	43%	45%	45%	44%	43%	42%	n/a
Prepaid	44%	44%	44%	44%	44%	44%	45%	45%	n/a
Total	44%	44%	44%	44%	44%	44%	45%	44%	n/a
ARPU excl. IC (Bt)									
GSM Advance	647	649	645	652	694	678	681	683	690
GSM 1800	585	545	497	461	454	431	417	402	402
Postpaid	645	646	641	647	687	670	673	676	682
Prepaid	197	198	196	195	204	207	203	201	219
Blended	241	242	239	239	251	253	250	248	267
ARPU incl. net IC (Bt)									
GSM Advance	611	612	606	611	651	638	643	648	657
GSM 1800	576	536	484	445	437	415	401	384	388
Postpaid	610	610	602	606	644	632	637	640	650
Prepaid	203	204	202	201	209	213	208	206	225
Blended	243	244	240	240	252	254	251	250	268
MOU									
(minutes: billable outgoing only)									
GSM Advance	532	527	530	529	588	573	552	547	540
GSM 1800	496	484	479	463	499	486	484	478	482
Postpaid	532	526	529	527	585	570	550	545	538
Prepaid	292	301	299	300	323	334	322	324	330
Blended	316	323	322	322	349	358	345	346	351

Financial Covenants Compliance

Pursuance to the Terms and Conditions of the debentures of Advanced Info Service Plc.; 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.

We would like to notify you that as at 31 December 2012 the debt to equity ratio were 0.48 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 2012, the Company had the audit fee and quarterly review fee of total Baht 5.4 million and the audit fee and quarterly review fee of its subsidiaries was Baht 3.7 million.

The Company had a non-audit fee of total Baht 50,000.

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.

Additional Information

General Information of the Company

The Company name	: Advanced Info Service Public Company Limited
Symbol for trading	: ADVANC
Registered date on the SET	: 5 November 1991
Market capitalization	: Baht 621,376.92 million (as of 28 December 2012)
Registered capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,095,330
Total shareholders	: 14,400 shareholders (as of 24 August 2012, the latest book closing date for the rights to receive dividend)
Free float	: 36.22% (as of 27 February 2012)
Nature of Businesses	: <ul style="list-style-type: none"> • Provide mobile telephone service in the 900MHz frequency under the digital GSM technology • Provide mobile telephone service in the 1800MHz frequency under the digital GSM technology • Provide mobile telephone service in 2.1GHz frequency under the digital UMTS technology • 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
Website	: http://www.ais.co.th
Telephone	: (66) 2299 6000
Fax	: (66) 2299 5165

American Depositary Receipt:

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

General information of subsidiaries

as of 31 December 2012

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	percentage of Investment
Digital Phone Company Limited (DPC)					
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 1800MHz frequency	365.55	10	3,655.47	98.55
Advanced Datanetwork Communications Company Limited (ADC)					
(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 telephone landlines and optical fiber	95.75	10	957.52	51.00 ^{1/}
Advanced Contact Center Company Limited (ACC)					
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 (AMP)					
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 (AMC)					
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 (AIN)					
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)	percentage of Investment
Super Broadband Network Company Limited (SBN)					
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, IPLC and IP VPN, voice over IP, and an IP television	3	100	300	99.99
Wireless Device Supply Company Limited (WDS)					
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 (AWN)					
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, Telecommunication Business License Type III, and 2.1GHz License from NBTC	3.5	100	350	99.99
Mobile Broadband Business Company Limited (MBB)^{2/}					
(indirect subsidiary via AWN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok	Currently not start the operation	1.2	100	120	99.99

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	percentage of Investment
Advanced Mobile Broadband Company Limited (AMB)^{2/} (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 (AIR) 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 (MMT) 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 (FXL) 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 (ABN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok	Currently not start the operation	0.01	100	1	99.97

Joint Venture	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	percentage of Investment
Clearing House for Number Portability Company Limited (CLH)					
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. (BMB)					
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	USD 1	USD 23 Million	10.00

¹¹ The remaining 49% of shares, holding by person who has not conflict of interest.

²¹ On 7 February 2013, BOD's resolutions of Advanced Info Service Plc. approved the dissolution of two subsidiaries; Mobile Broadband Business Co., Ltd. and Advanced Mobile Broadband Co., Ltd. The dissolution currently is under the legal and liquidation process.

Other References

Ordinary Share Registrar

Thailand Securities Depository Company Limited
The Stock Exchange Thailand Building,
62, Ratchadapisek Road,
Klongtoey, Klongtoey, Bangkok 10110
Tel : (66) 2229 2800
Fax : (66) 2359 1259
Call Center : (66) 2229 2888

Auditor

Mr. Winid Silamongkol
Certified Public Accountant Registration Number 3378
KPMG Phoomchai Audit Limited
195, Empire Tower 48th – 51st Floor,
South Sathorn Road, Sathorn, Bangkok 10120
Tel : (66) 2677 2000
Fax : (66) 2677 2222

Debenture Registrar

TMB Bank Public Company Limited
3000, Phahon Yothin Road, Chatuchak, Bangkok 10900
Tel : (66) 2299 1111, (66) 2617 9111



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