



total access communication plc.  
annual report 2011

# customer centricity



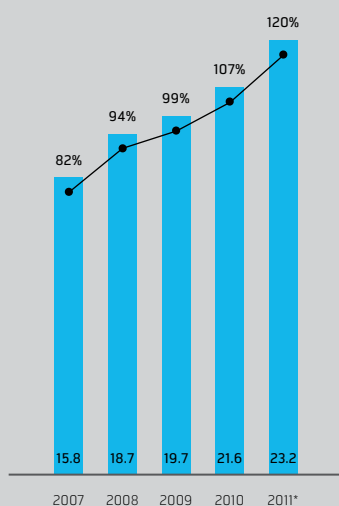
# customer centricity

We consider our customers as the center, enabling us to develop products and services that will help ensure our customers' best network experience and best service quality by dtac.

# contents

002	financial highlights
012	corporate information and references
014	messages from the Chairman and CEO
016	board of directors
022	executive management
027	group structure
030	business performance
034	corporate social responsibility
037	milestones
041	risk & mitigation
051	management
061	corporate governance
072	interested & connected person transactions
082	shareholder structure
084	dividend policy
087	management discussion and analysis
095	report of the board of directors' responsibility for the financial reports
096	audit committee's report
098	report of independent auditor
104	financial statements
109	notes to consolidated financial statements
156	glossary

# financial highlights

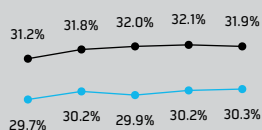


**23.2** million subs

## Subscribers and Penetration rate

dtac Subscribers  
Penetration Rate in Thailand

\* Company's estimate

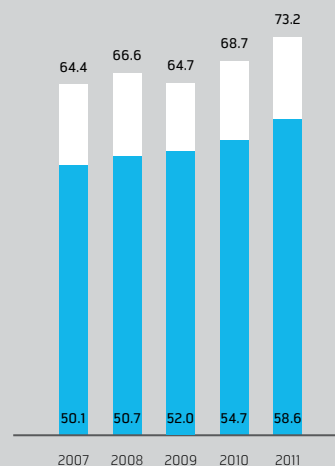


**31.9%** rev.mkt.share

## Subscribers and Revenues Market Share

dtac Subscribers  
Revenues

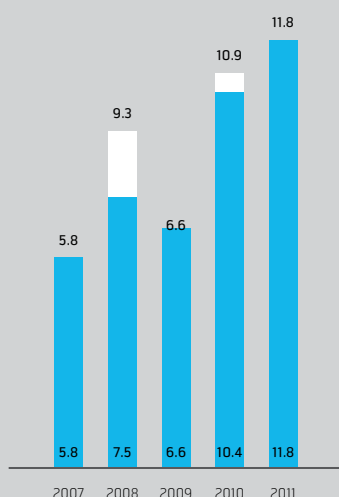
\* Company's estimate



**73.2**

## Service Revenues (billion THB)

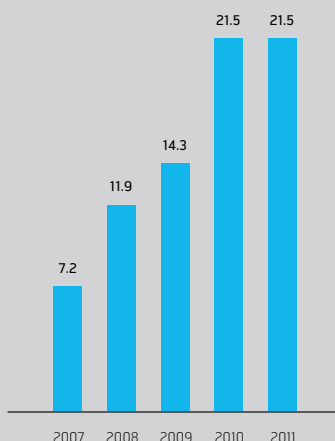
Service Revenues  
Service Revenues including IC



**11.8**

## Net Profit (billion THB)

Net Profit  
Normalized Net Profit



**21.5**

## Operating Free Cash Flow (billion THB)

### Note:

- Definition of prepaid subscribers was changed in 2007, from validity +45 days to active within 90-day period.
- Interconnection revenue was booked for the first time in 2007, starting from 1 February.
- There was one time gain from DPC settlement case of THB 1.8 billion in 2008.
- In 2010, there was retroactive net IC gain from CAT/Hutch and gain from disposal of Chai Building.



Total Access Communication Public Company Limited, operating under “dtac” brand, was founded in August 1989 to provide wireless telecommunication service in 800 MHz and 1800 MHz frequency bands in Thailand under a 27-year “Built-Transfer-Operate” concession granted by the CAT Telecom Public Company Limited (formerly known as the Communications Authority of Thailand-“CAT”).

	2007	2008	2009	2010	2011
<b>Operating Results (in million THB)</b>					
Service Revenue	64,434	66,600	64,684	68,749	<b>73,188</b>
Total Revenue	65,533	67,695	65,685	72,351	<b>79,298</b>
EBITDA	18,893	23,193	20,215	25,686	<b>27,296</b>
Operating Profit	10,613	11,483	9,973	14,786	<b>16,663</b>
Net Profit	5,841	9,325	6,614	10,885	<b>11,812</b>
Operating Free Cash Flow *	7,229	11,911	14,262	21,512	<b>21,463</b>
<b>Balance Sheet (in million THB)</b>					
Total Assets	100,862	104,435	100,530	99,313	<b>103,847</b>
Total Liabilities	48,996	44,944	37,982	30,435	<b>68,959</b>
Total Shareholders' Equity	51,866	59,491	62,548	68,878	<b>34,888</b>
<b>Ratio</b>					
EBITDA Margin	28.6%	34.0%	30.6%	35.1%	<b>34.1%</b>
Operating Profit Margin	16.2%	17.0%	15.2%	20.4%	<b>21.0%</b>
Net Debt : EBITDA	1.5	0.9	0.6	N/A	<b>N/A</b>
Net Debt : Equity	0.5	0.4	0.2	N/A	<b>N/A</b>
<b>Shares</b>					
No. of shares (million)	2,368	2,368	2,368	2,368	<b>2,368</b>
Earnings per share (THB)	2.50	3.94	2.80	4.60	<b>4.99</b>
Book value per share (THB)	22.20	25.12	26.42	29.09	<b>14.73</b>
Share price**					
SET (THB / Share)	39.25	32.00	35.75	42.00	<b>69.75</b>
SGX (USD / Share)	1.15	0.88	1.07	1.42	<b>1.97</b>

\* defined as EBITDA – CAPEX

\*\* as of 30 December or the last trading day of each year

Note: On 17 May 2007, dtac reduced the par value of its ordinary shares from THB 10 to THB 2 per share.



we are bringing you the world's

# best technology

---

dtac is embarking on one of the most ambitious network upgrades in the telecom industry. Over the course of this year, we have started to replace all our existing network components with the latest and most advanced equipment available on the market—Our customers deserve the best.

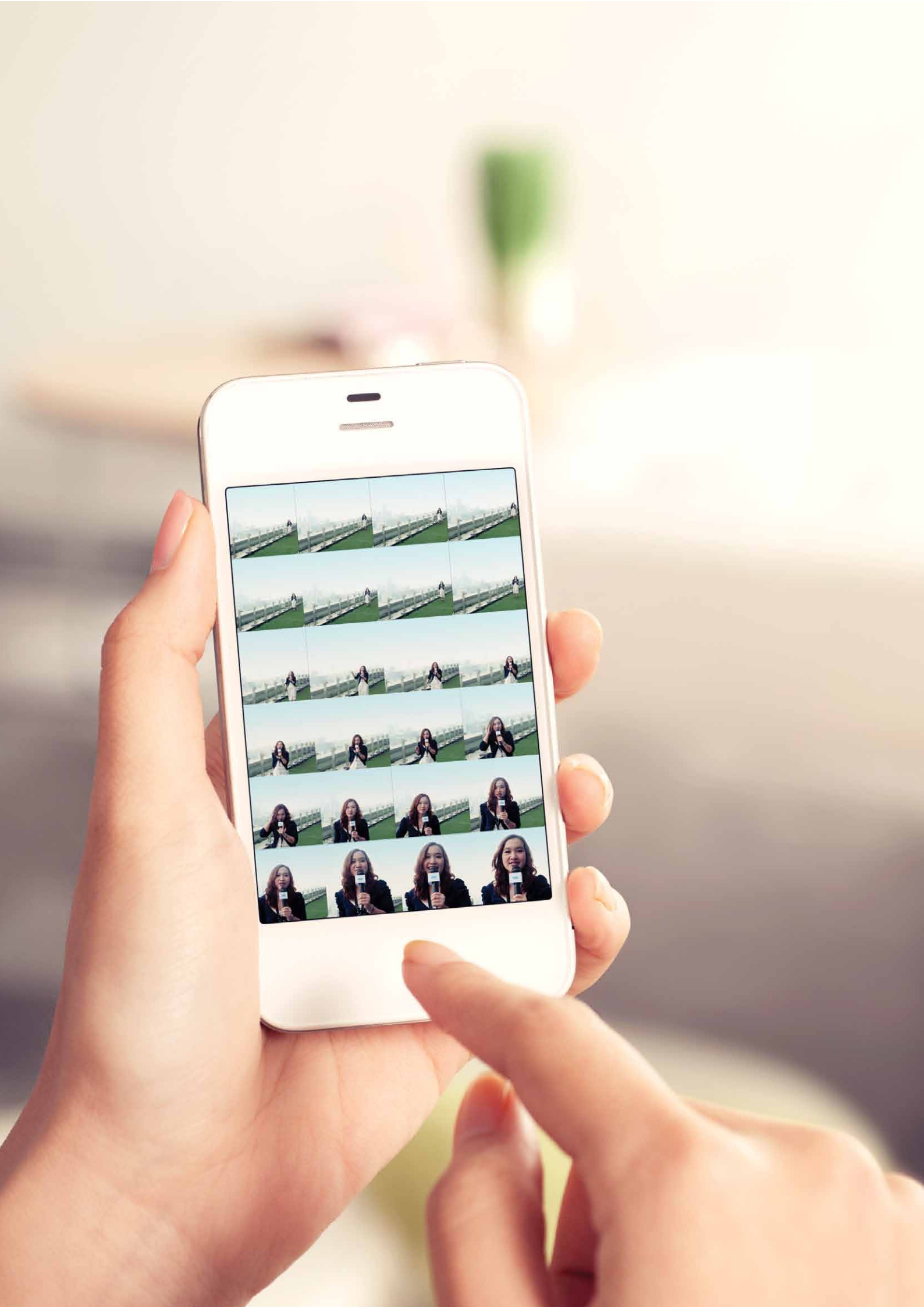




# network for better life

---

Under dtac's "Life Network," we continuously improve our network in 2G, 3G and WiFi as well as improve our connectivity with customers and we would invest further in this.



we believe in

# high growth in data usage

---

The increase in our data usage and data users made us confident that we are becoming the telecom industry leader in this area. We will continue focusing on mobile internet, online social network and other advanced data services.





we believe in

# best to our customers

---

We are committed to provide the best experience to our customers in all segments as well as to continuously put an emphasis on operational efficiency for the best of our organization.

# corporate information and references

---

## Corporate Information

---

<b>Name</b>	Total Access Communication Public Company Limited
<b>Initial</b>	dtac
<b>Registered Number</b>	107538000037
<b>Type of Business</b>	operates mobile business on 800 MHz and 1800 MHz frequency bands
<b>Registered Capital</b>	THB 4,744,161,260 (2,372,080,630 ordinary shares of THB 2.00 per share)
<b>Paid-up Capital</b>	THB 4,735,632,000 (2,367,811,000 ordinary shares of THB 2.00 per share)
<b>Location</b>	319 Chamchuri Square Building, 22 <sup>nd</sup> - 41 <sup>st</sup> Floors, Phayathai Road, Pathumwan, Bangkok 10330 Tel: (66 2) 202 8000 Fax: (66 2) 202 8929 Website: <a href="http://www.dtac.co.th">www.dtac.co.th</a>

---

---

## References

---

### Share Registrar

Thailand Securities Depository Company Limited  
62 the Stock Exchange of Thailand Building, Ratchadapisek Road,  
Klongtoey, Bangkok 10110, Thailand  
Tel: (66 2) 229 2800  
Fax: (66 2) 654 5427  
Call Center: (66 2) 229 2888  
Website: [www.tsd.co.th](http://www.tsd.co.th)

Boardroom Limited  
50 Raffles Place #32-01 Singapore Land Tower Singapore 048623  
Tel: (65) 6536 5355

---

### Auditor

Ms. Ginkarn Atsawarangsarit  
Certified Public Accountant (Thailand) No.4496  
Ernst & Young Office Limited  
33<sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137 New Ratchadapisek Road, Klongtoey, Bangkok 10110  
Tel: (66 2) 264 0777  
Fax: (66 2) 264 0789-90  
Website: [www.ey.com](http://www.ey.com)

---

### Debenture Registrar

Siam Commercial Bank Public Company Limited  
9 Ratchadapisek Road, Jatujak, Bangkok 10900  
Tel: (66 2) 256 2323-8  
Fax: (66 2) 256 2405-6

---

# message from the chairman and CEO



**Mr. Jon Eddy Abdullah**  
Chief Executive Officer

**Mr. Boonchai Bencharongkul**  
Chairman of the Board of Directors



## Dear Stakeholders,

2011 was a significant year for dtac as well as the industry and regulatory framework in which we operate.

For dtac, there were two significant milestones which will put us on a strong foothold to stay ahead of our competitors. We began our network upgrade to the latest generation technology and products and moved forward with our 3G launch on 850 MHz. These investments clearly set us apart from the competition and give us a strong edge in our ability to compete on quality, capacity and speed to market with 2.1 GHz 3G and 4G.

Our industry, although mature with over 110% SIM penetration, has seen further revenue growth on the back of strong mobile data and advanced services adoption. Since such services in Thailand are still at an early stage, the imminent expansion of 3G networks and proliferation of smart phones, will ensure an even greater upward trend in revenue growth. This will provide a strong impetus for the industry to continue along a steady and healthy expansion in the foreseeable future.

In 2011, we also saw the evolution of the National Broadcasting and Telecommunications Commission (NBTC) to become a full-fledged regulator and the subsequent release of the draft Industry and Frequency Master plans, both of which are key towards the growth and development of the telecom industry and Thailand.

### New Advanced Technology

During the past year, dtac has made significant investments in upgrading our entire network to the latest technology at more than 10,000 of our cell sites nationwide, core and transmission systems, along with supporting equipment, thereby enabling faster and more reliable internet and data access. In addition, we have built and commissioned hundreds of new cell sites to ensure better coverage and call quality. We are committed to ensuring all customers – whether existing 2G or new 3G users – get the best experience that today's technology enables. This network upgrade will be completed in 2012.

### 3G HSPA Service on 850 MHz

In August 2011, dtac launched our 3G HSPA service on 850 MHz, which provides customers with high speed internet at the maximum speed of 42 Mbps. We have received overwhelming response from our customers, as reflected in the growth of both data revenue and number of data users. Under the "Life Network" campaign, dtac has continued to build the Brand of humanizing technology, whether 2G, 3G or wifi. The ability to connect with our customers and drive customer emotion is a core pillar in our Brand and this is something we will continue to invest in throughout 2012.

### Strong Growth in Data Revenue

Over the course of the year, we have continued to invest in new products, pricing and bundling packages, as well as a new organization structure in order to deliver a better data experience. Given the growth in revenue, data usage and users, we believe we are well on our way towards securing an industry-leading position in this area and will continue to focus on the internet, social networking and advanced data services.

This is in line with our belief that, in the coming future, mobile data usage will be greatly accelerated by the rapid growth in Smartphone's, local and international content, as well as competitive pricing. We also believe that dtac's collaboration with industry-leading brands and investments in device logistics will further strengthen our position as devices become a bigger part of our business and overall revenue growth.

### Formation of The National Broadcasting and Telecommunications Commission

In October 2011, the National Broadcasting and Telecommunications Commission (NBTC), as the regulator governing the broadcasting, radio, television, and telecommunication sectors including frequency allocation, was officially established. We see this as a positive development in the telecommunication industry. Given the release of the draft frequency and industry master plans, the potential for the migration from a concessionary operating model to full licensing is now a possibility. dtac will actively work with regulators to push for the licensing of the 2.1 GHz band for the expansion of industry-wide 3G services under a license regime.

We would like to send our appreciation to all our valued shareholders, customers, employees, management, relevant government authorities and business partners for your continued support and confidence in dtac. We will continue our focus on providing the best experience to our customers, while at the same time placing more emphasis on operational excellence. Finally, we stand by our commitment to be a key driver and catalyst in developing the Thai telecom industry for the betterment of the Thai society, and to provide the best products and services to our customers while at all times adhering to the highest corporate governance.

# board of directors



## Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

Age: 57 years

**Training Program** Role of the Chairman Program (11/2005) by Thai Institute of Directors Association (IOD)

**Academic Background** Honorary Doctoral Degree in Economic Science, Ramkhamhaeng University, Thailand  
B.Sc. in Management, Northern Illinois University, USA

### Work Experience

**1990 - present** Chairman of the Board of Directors, Total Access Communication PLC

**1990 - present** Chairman of the Board of Directors, Benchachinda Holding Co., Ltd.

**1989 - present** Chairman of the Board of Directors, Private Property Co., Ltd.

**1998 - present** Chairman, Ruam Duay Chuay Kan Sam Nuek Rak Ban Kerd Foundation

**2001 - present** Chairman, Ruam Duay Chuay Kan Co-Operative Limited

**2002 - present** Director, United Distribution Business Co., Ltd.

**2001 - 2006** Chairman, Hornbill Research Foundation

**2002 - 2005** Chief Executive Officer and President, United Communication Industry PLC

**2001 - 2002** Chief Executive Officer, Total Access Communication PLC

**2000 - 2001** Managing Director, Total Access Communication PLC

**1984 - 1999** Chairman of the Executive Committees, United Communication Industry PLC

### Royal Decorations

**2003** The Grand Cross (Third Class, Higher Grade) of the Most Illustrious Order of Chula Chom Klao

**1997** The Knight Grand Cross (First Class) of the Admirable Order of the Direkgunabhorn

**1994** The Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand



## Mr. Sigve Brekke

Vice Chairman of the Board of Directors

Age: 52 years

**Training Program** -

**Academic Background** Master Degree in Public Administration, John F. Kennedy School of Government, Harvard University, USA  
Bachelor Degree Program in Management, Norwegian school of Management, Buskerud, Norway  
Bachelor Degree in Business and Administration, Telemark College, Norway

### Work Experience

**2010 - present** Nominated MD, Unitech Wireless Ltd., India Bachelor Degree Program in Management, Norwegian School of Management, Buskerud, Norway

**2009 - present** Director, Unitech Wireless Ltd., India Bachelor's degree Bachelor Degree in Business and Administration, Telemark College, Norway

**2009 - present** Chairman of the Board of Directors, Grameenphone Ltd., Bangladesh

**2009 - present** Chairman of the Board of Directors, DiGi, Malaysia

**2008 - present** Director and Executive Vice President Telenor Group, Head of Region Asia, Telenor Asia Pte. Ltd.

**2008 - present** Vice Chairman of the Board of Directors, Total Access Communication PLC

**2006 - 2008** Director and Chief Executive Officer, Total Access Communication PLC

**2005 - 2008** Director and Chief Executive Officer, United Communication Industry PLC

**2005 - 2006** Chief Executive Officer, Total Access Communication PLC

**2002 - 2005** Co-Chief Executive Officer, Total Access Communication PLC

**2000 - 2005** Director, Total Access Communication PLC

**2000 - 2002** Managing Director, Telenor Asia Pte. Ltd.

**1999 - 2000** Manager, Business Development, Telenor Asia Pte. Ltd.



## Mr. Jon Eddy Abdullah

Director

Chief Executive Officer

Age: 45 years

### Training Program

-

### Academic

### Background

Bachelor of Science, Electrical Engineering from the Montana State University, USA

### Work Experience

<b>2011 - present</b>	Director and Chief Executive Officer, Total Access Communication PLC
<b>2008 - present</b>	Chairman, Tameer Microfinance Bangkok Limited
<b>2008 - 2011</b>	Director and Chief Executive Officer, Telenor Pakistan Pvt Ltd, Pakistan
<b>2007 - 2008</b>	Chief Operating Officer, Maxis Telecommunications Bhd, Malaysia
<b>2002 - 2007</b>	Chief Technology Officer, DiGi Telecommunications Sdn Bhd, Malaysia
<b>1999 - 2002</b>	Chief Technology Officer, Cesky Mobil (Oskar), Czech Republic



## Mr. Chulchit Bunyaketu

Independent Director / Chairman of the Audit Committee

Member of the Remuneration Committee

Age: 68 years

### Training Program

Director Accreditation Program (DAP) (38/2005) by Thai Institute of Directors Association (IOD)

### Academic

### Background

Bachelor's degree  
Master of Arts in Political Science, Kent State University, USA  
Bachelor of Law, Chulalongkorn University, Thailand

### Work Experience

<b>2006 - present</b>	Independent Director, Chairman of the Audit Committee, and Member of the Remuneration Committee, Total Access Communication PLC
<b>2004 - present</b>	Group Deputy Chairman, King Power International Group Co., Ltd.
<b>2000 - present</b>	Director, Total Access Communication PLC
<b>1998 - 2003</b>	Managing Director, Thai Oil Power Co., Ltd.
<b>1998 - 2003</b>	Managing Director, Thai Oil Co., Ltd.
<b>1994 - 1998</b>	Deputy Managing Director, Thai Oil Co., Ltd.



### Mr. Soonthorn Pokachaiyapat

Independent Director / Member of the Audit Committee  
Member of the Remuneration Committee  
Age: 74 years



### Mr. Sompol Chanprasert

Director  
Age: 59 years

<b>Training Program</b>	Director Accreditation Program (DAP) (48/2005) by Thai Institute of Directors Association (IOD)
<b>Academic Background</b>	Bachelor of Law, Thammasat University, Thailand
<b>Work Experience</b>	
2005 - present	Vice Chairman of the Board of Directors, Wave Entertainment PLC
2004 - present	Advisor, Five Star Production Co., Ltd.
2000 - present	Independent Director, Member of the Audit Committee, and Member of the Remuneration Committee, Total Access Communication PLC
1974 - present	Advisor, Bangkok Entertainment Co., Ltd. (Channel 3)
1974 - present	Director and Head of Chaipayat Law Office
2001 - 2002	Chairman of Executive Directors, Thai Airways International PLC
1994 - 1995	Director, Telephone Organization of Thailand
1994 - 1995	Chairman of the Board of Directors, State Railway of Thailand

<b>Training Program</b>	-
<b>Academic Background</b>	Master of Business Administration, Thammasat University Master of Engineering (Electrical) Chulalongkorn University Bachelor of Engineering (Electrical) Chulalongkorn University Certificate, National Defense College of Thailand Certificate, Public Law and Management for Executives, The College of Politics and Governance, King Prajadhipok's Institute
<b>Work Experience</b>	
2006 - present	Director, Total Access Communication PLC
2008 - present	Senior Executive Vice President for Broadband Business, CAT Telecom PLC
2009	Act for Senior Executive Vice President for Marketing Business, CAT Telecom PLC
2007 - 2008	Senior Advisor class 13, CAT Telecom PLC Certificate
2006 - 2007	Senior Executive Vice President for Information Technology, CAT Telecom PLC
2005 - 2006	Senior Executive Vice President for Business Partner, CAT Telecom PLC
2005	Act for Senior Executive Vice President for Sales and Marketing, CAT Telecom PLC
2004 - 2005	Senior Executive Vice President for Corporate Strategy, CAT Telecom PLC
1996 - 2004	Vice President, Telecommunication Service Group, The Communications Authority of Thailand
1994 - 1996	Director, Data Telecommunication Service Division, The Communications Authority of Thailand
1993 - 1994	Director, Policy and Planning Division, The Communications Authority of Thailand
1990 - 1994	Assistant Director, Data Telecommunication Service Division, The Communications Authority of Thailand





## Mr. Lars Erik Tellmann

Director

Member of the Remuneration Committee

Age: 39 years

### Training Program

-

### Academic

Master of Business and Administration (MBA),

### Background

Edinburgh Business School,

Heriot-Watt University, Scotland

Master of Science in Business (M.Sc./Sivilokonom),

Bodo Business School, International Business & Finance

### Work Experience

**2011 - present** Director, and Member of the Remuneration Committee, Total Access Communication PLC

**2011 - present** Director, and Member of the Audit Committee, Digi.com Berhad

**2011 - present** Director, Digi Telecommunications Sdn Bhd

**2011 - present** Director, Grameenphone Ltd.

**2010 - present** Director, Telenor Pakistan Ltd.

**2010 - present** Director, Telenor Key Partners

**2010 - present** Vice President, Telenor Asia Pte. Ltd.

**2009 - 2010** Vice President, Telenor ASA

**2006 - 2009** Head of Program and Process Management, DiGi Telecommunications Shd



## Mr. Stephen Woodruff Fordham

Independent /Chairman of the Remuneration Committee

Member of the Audit Committee

Age: 61 years

### Training Program

-

### Academic

MA Jurisprudence, Oxford University, UK

### Background

### Work Experience

**2007 - present** Independent Director, Chairman of the Remuneration Committee, and Member of the Audit Committee, Total Access Communication PLC

**2003 - present** Partner, Wikborg Rein

**1998 - 2003** Consultant, Watson, Farley & Williams

**1998 - 2000** Managing Director, Argonaut Shipping Pte Ltd.

**1986 - 1998** Partner, Sinclair Roche & Temperley



## Mr. Håkon Bruaset Kjøl

Director

Age: 39 years

### Training Program

-

### Academic

Bachelor Degree in Marketing and Communication,

### Background

Norwegian School of Management (BI)

### Work Experience

2011 - present	Director, Total Access Communication PLC
2011 - present	Director, Telenor Asia Pte Ltd.
2011 - present	Director, Telenor India Limited
2010 - present	Director, and Member of the Remuneration Committee, DiGi.com Berhad
2010 - present	Director, DiGi Telecommunications Sdn Bhd
2008 - present	Senior Vice President, Business Environment Management, Telenor Group, Asia Region
2006 - present	Director, Telenor Corporate Development Sdn
2007 - 2011	Director, Telenor Pakistan Ltd



## Mrs. Chananyarak Phetcharat

Independent Director

Age: 48 years

### Training Program

Director Certification Program (DCP) (49/2004) by Thai Institute of Directors Association (IOD)

### Academic

Master Degree in Management Information System, West Virginia University, USA

### Background

Certificate, Special Management Program, Marshall University, USA

Bachelor Degree in Business Management majoring in Accounting, Ramkhamhaeng University

### Work Experience

2011 - present	Independent Director, Total Access Communication PLC
2008 - present	Managing Director, DHL Express International (Thailand) Ltd.
2004 - 2008	Country Manager, Mobile Devices Sector, Motorola (Thailand) Ltd.



## Mr. Gunnar Johan Bertelsen

Director

Age: 55 years

### Training Program

-

### Academic

### Background

Master of Business Administration (Hons),  
University College Dublin, Ireland  
Dip. Advanced Management,  
University College Dublin Ireland  
Dip. Social & Human studies, National University  
of Ireland Maynooth Radio & Telecommunication Dip.,  
Norwegian Nautical College

### Work Experience

**2010 - present** Director, Total Access Communication PLC  
**2009 - present** Director, Regulatory Affairs Asia,  
Telenor Asia (ROH) Ltd.  
**2005 - 2009** Senior Vice President, Regulatory Affairs,  
Total Access Communication PLC  
**2004 - 2005** Senior Strategic Advisor,  
United Communication Industry PLC  
**2000 - 2004** Vice President/Project Director,  
Telenor Asia Pte Ltd.  
**1999 - 2000** Managing Director & Country Manager,  
Telenor Ireland Ltd.  
**1997 - 1999** Business Development Manager,  
Telenor Ireland Ltd.



## Mr. Morten Tengs

Director / Member of the Remuneration Committee

Age: 50 years

### Training Program

-

### Academic

### Background

Master of Business & Administration,  
BI Norway Bachelor of Engineer, AID Norway

### Work Experience

**2011 - present** Director, and Member of the Remuneration Committee,  
Total Access Communication PLC  
**2011 - present** Senior Vice President, Performance Management,  
Telenor Asia (ROH) Ltd  
**2010 - 2011** Senior Vice President, Telenor Corporate Development  
**2008 - 2010** Chief Executive Officer, Telenor Cinclus Technology AS  
**2006 - 2008** Chief Executive Officer, Telenor Satellite Services AS

# executive management



01

**Mr. Jon Eddy Abdullah**  
Director and Chief Executive Officer

03

**Mr. Petter Børre Furberg**  
Chief Marketing Officer

02

**Mrs. Vanna Pornsinsiruk**  
Chief Financial Officer

04

**Mr. Khalid Shehzad**  
Chief Technology Officer





05

**Mr. Ali Amin Sattar**  
Chief Strategy Officer

07

**Mr. Chaiyod Chirabowornkul**  
Chief Customer Officer

06

**Acting Sub Lt. Darnp Sukontasap**  
Chief Corporate Affairs Officer

08

**Miss Tipayarat Kaewsringarm**  
Chief People Officer

## 01

**Mr. Jon Eddy Abdullah \***

Director and Chief Executive Officer

**Academic Background**

Bachelor of Science, Electrical Engineering from the Montana State University, USA

**Work Experience**

2011 - present	Director and Chief Executive Officer, Total Access Communication PLC
2008 - present	Chairman, Tameer Microfinance Bangkok Limited
2008 - 2011	Director and Chief Executive Officer, Telenor Pakistan Pvt Ltd, Pakistan
2007 - 2008	Chief Operating Officer, Maxis Telecommunications, Malaysia
2002 - 2007	Chief Technology Officer, DiGi Telecommunications Sdn Bhd, Malaysia
1999 - 2002	Chief Technology Officer, Cesky Mobil (Oskar), Czech Republic

## 02

**Mrs. Vanna Pornsinsiriruk \***

Chief Financial Officer

**Academic Background**

Master of Accounting, Thammasat University, Thailand

**Work Experience**

2010 - present	Chief Financial Officer, Total Access Communication PLC
2007 - 2009	Assistant to Executive Committee Member for the area South Asia/ASEAN, Holcim, Switzerland
2005 - 2007	Senior Business Analyst, Lafarge Building Materials GmbH, Germany

## 03

**Mr. Petter Børre Furberg \***

Chief Marketing Officer

**Academic Background**

Master of Science in Business Administration, Norwegian School of Economics and Business  
 Administration European Certified Financial Analyst

**Work Experience**

2011 - present	Chief Marketing Officer, Total Access Communication PLC
2010 - 2011	Chief Commercial Officer, Total Access Communication PLC
2009 - 2010	Senior Vice President, Head of Services, Corporate Development, Telenor Group
2007 - 2009	Senior Vice President, Head of Financial Services, Global Coordination, Telenor Group
2004 - 2007	Chief Financial Officer, Total Access Communication PLC
2001 - 2004	Deputy Chief Financial Officer, Total Access Communication PLC
2000 - 2001	Vice President, Finance, Telenor Mobile Communications
1998 - 1999	Business Controller, Telenor International
1997 - 1998	Manager, DNB Corporate Banking Department
1994 - 1997	Permanent Secretary for the standing committee on Finance and Economics of the Norwegian Parliament

## 04

**Acting Sub Lt. Darnp Sukontasap \***

Chief Corporate Affairs Officer

**Academic Background**

PhD, Fletcher School of Law and Diplomacy, Tufts University, Medford, USA  
 M.A.L.D, Fletcher School of Law and Diplomacy, Tufts University, Medford, USA  
 B.A. in Political Science, Chulalongkorn University

**Work Experience**

2011 - present Chief Corporate Affairs Officer, Total Access Communication PLC  
 2005 - 2011 Senior Vice President and Director, Ek-Chai Distribution System (Tesco Lotus)  
 2005 - 2006 Senior Vice President, Siam Commercial Bank PLC

## 05

**Mr. Chaiyod Chirabowornkul \***

Chief Customer Officer

**Academic Background**

Master of Engineering Management, University of Missouri-Rolla, Missouri, USA  
 Master of Electrical Engineering, Louisiana State University, Louisiana, USA  
 Bachelor of Electrical Engineering, Chulalongkorn University, Thailand

**Work Experience**

2011 - present Chief Customer Officer, Total Access Communication PLC  
 2010 - 2011 Senior Vice President, Distribution Division, Total Access Communication PLC  
 2009 - 2010 Senior Vice President, dtac Business Division, Total Access Communication PLC  
 2007 - 2009 Senior Vice President, Postpaid Business Division, Total Access Communication PLC  
 2005 - 2007 Senior Vice President, Commercial Development Division, Total Access Communication PLC  
 2004 - 2005 Group Director of Marketing, Total Access Communication PLC  
 2002 - 2004 Senior Vice President, Marketing Strategy and Planning, Hutchison CAT Wireless Multimedia Ltd. (HCWML)  
 1999 - 2002 Retail Strategy and Development Manager, Shell Oil Product-Asia Pacific  
 1997 - 1999 Retail Business Manager, Shell Thailand  
 1996 - 1997 Product Development (Fleet Card) Manager, Shell Thailand

## 06

**Miss Tipayarat Kaewsringarm \***

Chief People Officer

**Academic Background**

Master of Business Administration, Saint Louis University, Missouri, USA

**Work Experience**

2011 - present Chief People Officer, Total Access Communication PLC  
 2008 - 2011 Chief Customer Officer, Total Access Communication PLC  
 2007 - 2008 Division Head, Strategic Project Management Office, Total Access Communication PLC  
 2003 - 2007 Vice President, Product and Distribution Management Department, Bangkok Bank PLC  
 1998 - 2003 Marketing Specialist, Asia-Pacific Marketing Practice, McKinsey and Company (Thailand)

## 07

**Mr. Ali Amin Sattar \***

Chief Strategy Officer

**Academic Background**

Bachelor of Science, Engineering and Management Systems, Columbia University, New York, USA

**Work Experience**

2011 - present	Chief Strategy Officer, Total Access Communication PLC
2009 - 2011	Senior Advisor, Total Access Communication PLC
2007 - 2009	Vice President, NBK Capital (UAE)
2004 - 2007	Finance Director, Telenor Pakistan

## 08

**Mr. Khalid Shehzad \***

Chief Technology Officer

**Academic Background**

Master of Business Administration from Karachi University, Karachi, Pakistan

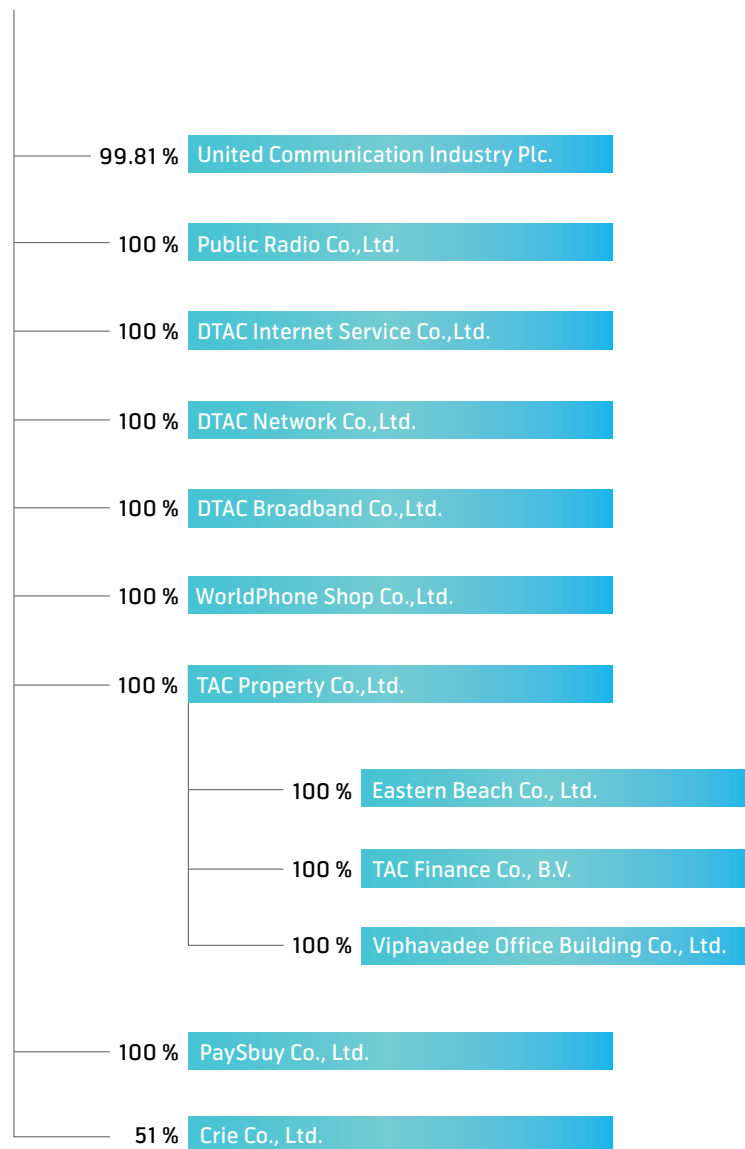
Bachelor of Science (Computer science), California State University, Northridge, California

**Work Experience**

2011 - present	Chief Technology Officer, Total Access Communication PLC
2004 - 2011	Vice President and Chief Technology Officer, Telenor Pakistan (Pvt) Limited
2003 - 2004	Head of IT, Tanzania Telecommunication Co., Ltd, Tanzania
2002 - 2003	Vice President Information Technology, PTML (Ufone), Pakistan

# group structure

## total access communication PLC



dtac is one of the largest wireless communication service providers in Thailand. We are committed to deliver innovative products and services to satisfy the needs of our customers. The Company was founded in August 1989 to provide wireless telecommunication service in 800 MHz and 1800 MHz frequency bands in Thailand under a 27-year “Built-Transfer-Operate” concession granted by CAT Telecom Public Company Limited (formerly known as Communications Authority of Thailand-“CAT”). As of 31 December 2011, dtac had 23.2 million subscribers with the market share of subscribers at around 30%.

At the end of 2011, dtac had in total 12 subsidiaries, and 1 associated company, namely United Distribution Business Co.,Ltd.. dtac has continued its focus on mobile business and the establishment of subsidiaries is mainly to support its core business and asset management. Furthermore, we are committed to invest in businesses that create long term value for our shareholders.

## Details of Subsidiaries as of 31 December 2011

Company's Name	Address	Nature of Business	Paid-Up Capital	Percentage of Shareholding
<b>United Communication Industry Public Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Sale of voucher cards and sale on right of E-Refill service	THB 313.6 mil. divided into 434.7 mil. ordinary shares with a par value of THB 0.625 each and THB 271.7 mil. paid up.	99.81
<b>Public Radio Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Incorporate to provide taxi radio services (not yet commenced operation)	THB 1 mil. divided into 10k ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>DTAC Internet Service Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Incorporate to provide internet service (not yet commenced operation)	THB 25.75 mil. divided into 257,500 ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>DTAC Network Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	International call services	THB 60 mil. divided into 600k ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>DTAC Broadband Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Incorporate to provide mobile phone services (not yet commenced operation)	THB 175 mil. divided into 1.75 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>WorldPhone Shop Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Ceased operations in 2003	THB 450 mil. divided into 4.5 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>TAC Property Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Asset management	THB 1 mil. divided into 100k ordinary shares with a par value of THB 10 each and fully paid up.	100



Company's Name	Address	Nature of Business	Paid-Up Capital	Percentage of Shareholding
<b>Eastern Beach Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Land development	THB 80 mil. divided into 800k ordinary shares with a par value of THB 100 each and fully paid up.	100 (through TAC Property Company Limited)
<b>TAC Finance Company B.V.</b>	Teleportboulevard 140, 1043 E.I. Amsterdam Netherlands	Finance company	USD 0.1 mil. divided into 200 ordinary shares with a par value of USD 520 each and USD 0.02 mil. paid up.	100 (through TAC Property Company Limited)
<b>Viphavadee Office Building Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Property development (office building)	THB 208.6 mil. divided into 2,086 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100 (through TAC Property Company Limited)
<b>PaySbuy Company Limited</b>	128/215 Phayathai Building, 20 <sup>th</sup> FL., Tung-Phayathai, Rajthevee, Bangkok	Incorporate to provide an online payment service	THB 200 mil. divided into 2 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>Crie Company Limited</b>	99 Software Park Building, Room 2101, 11 <sup>th</sup> FL., Cheangwattana Rd., Klongklea, Pakkred, Nonthaburi	Value added services on mobile phone	THB 0.2 mil. divided into 2k ordinary shares with a par value of THB 100 each and fully paid up.	51

## Details of Associated Company as of 31 December 2011

Company's Name	Address	Nature of Business	Paid-Up Capital	Percentage of Shareholding
United Distribution Business Company Limited	499 Moo 3, Benchachinda Building, Viphavadi Rangsit, Ladyao, Chatuchak, Bangkok	SIM card, voucher card and handset distribution	THB 200 mil. divided into 20 mil. ordinary shares with a par value of THB 10 each and fully paid up.	25*

\* The remaining 75% shareholding is held by Benchachinda Holding Co.,Ltd. The Company believes that the share structure will deliver the greatest benefit to the Company although Benchachinda Holding Co.,Ltd. is related party to the Company as the Company's main business is not the distribution which will create more burden in managing inventory and logistics system. Furthermore, the company has a strict policy governing the connected transactions, interested person transactions or transactions that may lead to conflict of interests to ensure that they are in compliance with the laws and the SET's and SGX-ST's rules and regulations.

# business performance



## Operational Highlights

Despite several challenges during the course of 2011, we produced a solid operating performance, thanks to the focus on good network experience to customers, ongoing operational efficiency, simplified product and service offerings, and increasing popularity of smart phones and social network applications. Moreover, subscriber growth for the market was from approximately 6.0 million in 2010 to 5.0 million in 2011, bringing total market subscriber base to 76.7\* million. We were able to maintain our subscriber market share by acquiring 1.6 million net additional subscribers, or approximately 32.2%\* of market net additional subscribers. As a result, at the end of 2011, our total subscriber base stood at 23.2 million which accounted for 30.3%\* of total market subscribers and 31.9%\* of total market revenue

As mentioned above, we have been focusing on improving our operational efficiency, while ensuring the highest quality of services for our customers. Cost efficiency programs implemented in 2009 as well as new initiatives this year have delivered satisfactory results as reflected in continued growth in EBITDA and net profit despite the cost pressure from the increased revenue sharing in late quarter 3. Furthermore, the ongoing focus on high quality subscriber resulted in strong improvement in provision for bad debt.

The great steps dtac took in 2011 which would put us on a strong foothold to stay ahead of our competitors were our network upgrade to the latest generation technology and products and our moving forward with our 3G launch on 850 MHz. These investments clearly set us apart from the competition and give us a strong edge in our ability to compete on quality, capacity and speed to market with 2.1 GHz 3G and 4G.

In this year, dtac has emphasized on "Customer Centricity" in expanding our network, improving network quality, offering products packages and value added services that match the needs of customers in each group through Micro Segmentation methodology, and providing our service for the best satisfaction of customers.

## Financial Highlights

In 2011, dtac delivered another year of solid financial results, which further strengthened its financial position. Total revenue was THB 79.3 billion, an increase of 9.6% from THB 72.4 billion in 2010. The growth was mainly driven by growth in voice revenue, sharp increase in the use of data services and higher handset sales. EBITDA was THB 27.3 billion and net profit was THB 11.8 billion, a robust growth of 6.3% and 8.5% from the previous year respectively. Furthermore, we could generate operating free cash flow at THB 21.5 billion, ahead of the original target of THB 19.0 billion. The strong performance was a result of substantial revenue growth combining with positive improvement in cost base.

\* Company's estimate



In 2011, we made a repayment of debentures and long-term loans amounting to THB 4.3 billion; thus, making the outstanding interest-bearing debt declining from THB 8.9 billion at the end of 2010 to THB 4.6 billion at the end of 2011. In December, dtac made an announcement of our capital restructuring as an effort towards optimum financial cost. In this regards, we announced a special dividend of THB 16.46 per share with payment in January 2012.

## Voice Services

In 2011, revenue from voice services was THB 44.1 million, an increase of 3.9% from 2010 along with the strong expansion of subscriber base although the industry was mature with over 110% SIM penetration.

We maintained our focus on segmentation approach to provide the services that best suited our customers' usage patterns. This approach, for example, reflected in the launch of Muan-Shuen SIM, targeting customers making calls to various service operators with attractive rate for long calls during festivals. Happy 40-Satang SIM resulting from Customer Centricity strategy was targeting customers making calls to various service operators with attractive rate for long calls.

In 2011, we also emphasized on offering customized packages to best serve customers e.g. MiniME package for parents and kids to make free calls during specified time, dtac Voice package with special call rate based on usage.

Moving into 2012, we will continue to strengthen our brand value, to focus on our image as service provider with Customer Centricity, as well as to develop new plans and packages to serve customers, which we gain insight analysis using business intelligence tool.

## Value Added Services (VAS)

Value added services (VAS) were the major revenue growth driver in 2011 from the popularity of smart phones and mobile Internet usage, particularly on social network applications. In 2011, revenue from VAS represented 17.4% of total service revenues excluding IC, a notable increase from 13.9% in 2010.

VAS tariff plan was designed to be simple and suit the behavior of each customer segment, such as a combination of data and messaging plan, a pure data plan for data intensive user, and a plan to bundling data services with smart phones and other devices. Besides

simplicity, dtac was determined to provide the best network experience under “Life Network” and the popularity in social network applications also reflected our prepaid customers. We launched “Social Apps” and “Happy Social SIM” to provide customers who did not use smart phones the access to social network. These were the center of all popular social network applications which were Facebook, Twitter, MSN (Windows Live Messenger), Google Talk and Hi5.

Recognizing the explosive demand for mobile Internet, we constantly upgraded our network quality. In 2011, we launched the 3G HSPA service on 850 MHz which gave customers the connectivity to internet at the maximum speed of 42 Mbps in the area of heavy traffic. We will put more effort to develop innovative features and services to serve future demand and also to continue being the market leader in VAS which had strongly high growth.

## Smart Phones and Tablets

Adoption of tablets started to gain significant momentum in 2011. Many vendors launched their products as iPad 2 from Apple, Galaxy Tab 10.1 from Samsung. This drove the trend of multi-SIMer, in line with the penetration rate at higher than 110%, and the data usage. Moreover, smart phone usage also grew significantly in 2011 primarily driven by the popularity of social network applications. Many models with different key features and at different price levels were introduced to the market. Smart phone has been the key driver of data traffic growth due to its capability of faster data transmission through internet. In 2011, dtac became the seller of all popular smart phones such as iPhone, Blackberry, Samsung and HTC. We will partner up with smart phone vendors to introduce more models to the market for the years to come.

Smart phones and tablets were obviously proven to be key data growth driver in 2011. Throughout the year, we introduced several models of smart phones and tablets as part of the effort to encourage data usage. Furthermore, we also partnered with key handset manufacturers to offer bundled data and handset packages. Given the current smartphone penetration rate of approximately 14% which was relatively low compared to telecommunication markets in other regions, huge opportunity still exists for us to capture.

Apart from basic data plans, we also offered packages specifically designed for smart phone users, such as Faster Series of which rates vary by various usage demand including data only and data with calls or data with SMS and MMS, and BB Me package that serves the need of Blackberry users. Moreover, we also set up dedicated customer service and call center agents to handle smart phone enquiries.

## Service

We are committed to continuously improve our service quality to deliver outstanding customer experience and retain our valued customers. In 2011, we adapted segmentation approach with customer relationship management (CRM) strategy. We introduced “BB Jai Dee” service as the ninth in “Jai Dee Services” family. Since the rebranding of prepaid service to Happy in 2003, we continued to roll out series of CRM services under Jai Dee family such as emergency refill (Jai-dee Hai Yuem), balance transfer service (Jai-dee Hai Oan) and BB Jai Dee which allows customers to continue their usage even no balance. This service was initiated from customers’ need under Customer Centricity from Thammasat university students who are real users and offered service based on their experience.

We are committed to deliver the greatest service experience to our customers. In 2011, we continued to upgrade our service centers to better serve our customers e.g. 3G corner which advises customers on handset setup to use dtac 3G data service. Furthermore, we developed business intelligence tools that enhanced our ability to understand customer behavior and better serve their needs through in-depth analysis and analytical model such as type of device used, calling and refill pattern, churn prediction and location-based intelligence. For campaign management, we have established a stealth marketing methodology for targeted below-the-line campaigns in order to match the best offers to our customers. Going forward, we will continue to offer innovative and attractive solutions to our customer to further strengthen our position in service quality.

## Network and IT Investment

As a part of our commitment to deliver the greatest customer experience, we continued to invest to upgrade our network to cope with the rising demand of mobile internet. In 2011, we installed base stations for 3G service on 850 MHz to uplift our network capacity for increasingly high data usage, and to improve service quality of network as a whole. Furthermore, as a part of cost efficiency driving

program, some of our core network and radio network elements had also been modernized into newer generation equipment, which has lower power consumption and requires smaller footprint. This initiative rendered long-term cost saving on various operation expenses such as electricity, floor space expenses, and maintenance fees.

Moving into 2012, the effort to drive for optimum cost efficiency and best quality services to our customers continues with our total network swap program where almost all of active network elements, starting from base stations, transport network, core network elements as well as service platforms, will be replaced with the latest technology available products in the market to date. The network swap program would ensure that dtac will have the best modern network that is ready for future generation services and with highest capacity for future traffic potential.

## Competition and Business Outlook

In 2012, all operators will focus on mobile internet service especially 3G. We expect to gain new subscribers from the multiple SIM phenomena from smart phones, tablets and other IT devices in addition to tapping into under-penetrated regions. Revenue from data services in 2011 clearly outperformed other revenue streams and we believe that the growth momentum of VAS especially data services will continue well into 2012.

Thai economy bounced back strongly after suffering the first contraction a year earlier, even though major floods in the second half of the year. In 2011, industry mobile revenue replicated strong growth of the overall economy, and was still dominated by voice service. Revenue from data services, though relatively small, has begun to gain traction and will be the main driver for growth for the coming years. Players in the market are now focusing more on enhancing its own strength and competitiveness rather than competing on price, which has been stable for quite some time. Furthermore, customers are increasingly engaged with their smart phones and internet devices to support their work and private life. The lower price trend of new smartphone models will make them more affordable to medium and low-end segments, resulting in robust expansion of smart phone customer base. The increasing use of social network and rich applications will in turn consume more data network capacity. We believe we are staying ahead through our strong commitment in constantly upgrading our network and service quality to capture this high growth potential market.

Operationally, we will continue to initiate and implement cost efficiency measures to further improve our cost base. The initiatives being implemented since the beginning 2009 yielded satisfactory results, as proven by our 2011 revenue and net profit growth despite the effect from increased revenue sharing in late quarter 3. We anticipate continued benefits to be realized in 2012 from initiatives implemented this year. The network swap project is one of the initiatives to be implemented in 2012 that will help us reduce network OPEX in the long run. The sustained improvement in operating cost will help strengthen our financial position in long term.

# corporate social responsibility



## Corporate Social Responsibility (CSR) Activities

Throughout 2011, dtac's corporate social responsibility project has been continuously carried out under the "Doing Good Deeds Every Day" project by dtac along with Telenor's corporate responsibility policies "Enable, Safe and Climate Change" which focus on enabling technologies to integrate with diverse lifestyles (Enable), strengthening safety in telecommunication service (Safe) and doing business with care for our environment (ClimateChange). dtac manifests these policies to converge with our social-cultural context to develop the right corporate responsibility activities which could match Thais' needs and the concept of **"Doing Good with Technology, Knowledge and Heart."** All of which adhere to His Majesty the King's "Sufficiency Economy."

In 2011, "Doing Good Deeds Every Day" project won ICT Excellence Awards 2010 by Thailand Management Association among 48 projects from 32 organizations. **"\*1677 Farmer Information Superhighway (phase 3)" and "Geo Chat Program – Epidemic Alert through SMS and Google Map" won ICT for Sustainable Development Project.** **"\*1677 Farmer Information Superhighway Project"** has continuous and sustainable development which result in winning ICT excellence award for 3 consecutive years. Moreover, in 2011, "Doing Good Deeds Every Day" project also won an Outstanding Corporate Social Responsibility Awards 2011 from SET Award for 3 consecutive years.

dtac is committed to maintain our social responsibility in corporation with network of government and private organizations through activities in year 2011 as following:

### Enable: "Doing Good Deeds with Technology"

**\*1677 Farmer Information Superhighway Database for Thai Farmers** provides free SMS and MMS and video clip updates on agriculture-related information and news as well as free consulting service over the phone. This is a practical example of how to utilize communication technology to solve problems and bring knowledge both on production and development to rural communities. Provided since 2008, this additional service has been established by dtac based on corporate responsibility policies, allowing both of our postpaid and prepaid customers to subscribe for this service free of charge. Currently, there are over 250,000 subscribers. Thai farmers nationwide can access these services through mobile phone, internet (<http://www.rakbankerd.com>) and DFM radio station. Throughout 3 years of continuous service, dtac has expanded this service from providing technical supports in improving, developing and increasing productivity to opening new channels in markets, advertising and trading in preparation for competition and trading opportunities in ASEAN when Asian Economic Community becomes effective in 2015. These projects will accentuate integration in agricultural development to create sustainable economy growth for the country.





**Geo Chat Program–Epidemic Alert through SMS and Google Map** is a real-time monitoring and reporting system designed for healthcare personnel to notify any outbreak of communicable disease via SMS from anywhere in the country. The project is the collaboration among the Ministry of Public Health, dtac’s “Doing Good Deeds Every Day” project, the Department of Communicable Disease Control, the Bureau of Epidemiology, the subcommittee on the prevention and control of the spread of influenza type A (H1N1) under the Thai Health Promotion Foundation, the inSTEDD Organization, the Google foundation (USA), and Open Dream Co., Ltd. (Thailand) in developing a database, exchanging information and issuing public warning so that a health situation assessment could be done real time on 24-hour basis. This program truly enhances preventive services for public health via technology through mobile phones creatively.

### Safe: “Doing Good Deeds with Knowledge”

**Sam Nuek Rak Ban Kerd Foundation for Community Development:** Since 1997, dtac has continuously granted scholarships to a selected group of 999 students from every province and, at present, 684 students have received their bachelor degrees and brought their skills and knowledge back to their hometowns. Some of the students join \*1677 Farmer Information Superhighway project to merge knowledge and technology together in order to develop their community and hometown. Moreover, in 2011, dtac has initiated a program to create over 20 sustainability schools which adapt self-reliant concept to daily education in library and on-site practice such as vegetable garden, fish pond, duck and chicken farm. In terms of introducing knowledge in CSR to youths.

dtac has educated about CSR knowledge as well as how to utilize and adapt technology, mobile phones and computers properly to young people, organizations and people in 77 cities through CSR Campus and CSR Day with the total of 50,000 trainees.

**Cycling for Children Project Year 3:** “Doing Good Deeds Every Day” project, DFM radio station, CSR club of Thai Listed Companies Association and Benchachinda company create Cyclist Charity Campaign to provide new bicycle for rural school and students. Cyclists will raise THB 10 for each kilometer they travel and dtac will subsidize the costs in which the aim for 2011 was 1,000 bicycles and the additional distance would be valuable supports for bicycle maintenance and lead to development for the youths. In this third year, the campaign has transformed from previous years by holding activities in 10 cities which each had thousands of participants and millions of supporters thought telecommunication system. This program has immense responses from all over the country, reaching 260,847 kilometers and the target of 1,000 bicycles distributed to regions. To be eligible to win a bicycle, one has to complete an essay that explains how the bicycle would additionally support the education, occupation to help their family, to protect and create great health, to conserve energy and protect environment, and to create love, sharing and unity through using the bicycle with care and transferring to others. And as a result, we will have valuable human resources which could sustainably move the country forward.

**Doing Good Deeds for Happiness and Smiles of Thai Children Year 5:** Thai children's life quality improvement project has been conducted in honor of his majesty the king on the occasion of the 84th birthday while dtac joint with Operation Smile foundation and Kids Action for Kids group from Norway launched a campaign for its customers to send SMS to 1677 and each SMS would contribute THB 1 to support operations for children with cleft lips and palates. The rest were supports to the children and their families. This was overwhelming responded with the new record of over 5 million SMS. This campaign is simultaneous with fund raising from Kids Action for Kids group in Norway which conducts shoe polish service, toilet cleaning and several other activities to support this campaign in Thailand. In 2011, financial support for medical surgery could help 100 children, as good deeds in honor of his majesty the king, with the total of 264 children in 3 years.

## Climate Change: "Doing Good Deeds with Heart for Sustainable Environment"

**Mobile Battery for Life** campaign is in cooperation with Robinson Department Store to encourage public to dispose used batteries properly. The activity has been on-going throughout 2011, and has expanded to include a recycle and proper disposal of used mobile handsets and other devices of over 21,000 pieces, more than 100,000 pieces throughout 3 years which dtac disposed them properly according to the environmental policy standard. In this year, dtac increased battery disposal spots in several organizations such as Siam Cement Group, Thai Chamber of Commerce University, Thammasart University, The Bangchak Petroleum Plc., Thai Red Cross, Ayudthaya Park Rungsit department store. dtac encourages environmental friendly activities along with civil duties and ethics to youths nationwide through "Love Our Nation Youth Camp" with Thai royal army, and school music from Love, Care & Sharing project.

**Reforestation Project In Honor Of The King:** Continuing Corporate Responsibility Policy from dtac and Telenor in encouraging environment conservation and reducing effects to environment, "Doing Good Deeds Every Day" project joined "Reforestation in 4 Regions Project in Honor of His Majesty the King on the occasion of the 84th Birthday" initiated by the Royal Thai Army since 2008. In 2011, this project had additional support from other government organizations such as the Ministry of Agricultural and Cooperatives and the Ministry of Natural Resources and Environment in holding activities for environment in every region nationwide. dtac was taking part in reforestation of 100 Rais at the wildlife sanctuary in Ang-lue-nai district, Chachoengsao province, reforestation of 30 Rais to prevent fog and smoke and building 20 dams in Chiangmai, reforestation of 84 Rais and building 200 dams in Sakonnakorn province and expanding canals along 7 bridges in total of 5 kilometers in Trang province.

**Flood Relief and Donation 2011:** In 2011, many parts of Thailand encountered severe flooding. dtac was one of the first private organizations that seriously helped relieve the situation to our employees, customers, business partners and community in cooperation with all related parties in urgently setting up helping system and measure to react to the needs of the victims. Moreover, dtac collaborated with government and private organization to revive current situation and develop plans to handle future threats from climate change.

With our faith and commitment to good deeds, "Doing Good Deeds Every Day" project cooperates with organizations to host social responsibility activities, to have fund raising to support charity organizations, and to promote volunteer spirits among our employees including searching for methodology in development to sustainability for oneself, community, country and everyone in this world.

**"We cannot do everything,  
but we can do good deeds every day  
and doing good deeds is easy  
to perform but hard to forget."**

# milestones

The Company was established as a limited company in August 1989 by Bencharongkul family to provide wireless telecommunications services in 800 MHz and 1800 MHz frequency bands under a "Built-Transfer-Operate" concession granted by CAT Telecom Public Company Limited in 1991 and 1994 respectively.

## The Company's landmark developments in the subsequent years include:

### 1990



#### November

dtac was granted a concession from CAT to operate wireless services on a revenue sharing basis under the term of "Build-Transfer-Operate".

### 1994



#### February

dtac entered into an Access Charge Agreement with TOT Public Company Limited (formerly known as Telephone Organization of Thailand, "TOT") in order to access their networks.

### 1995



#### February

dtac was registered as a public company.

#### October

dtac sold 13 percent of its paid-up capital to the public and listed the shares on the Singapore Exchange Trading Limited.

#### November

dtac issued new 42.8 million shares to TOT and TOT agreed to provide discounts on access charge payments.

### 1996



#### November

CAT agreed to extend concession period until 2018.

### 1999



#### July

dtac commercially launched prepaid product, so-called "Prompt".

### 2000



#### May

United Communication Industry Public Company Limited ("UCOM") sold 5.5 million outstanding shares of dtac to Telenor Asia Pte ("Telenor").

#### August

dtac issued new 48.5 million shares and sold these shares to Telenor, as a result, Telenor held 29.94 percent equity interest in the Company.

## 2001

### March

Launched new brand “dtac” and adopted a radically different approach to doing business in the Thai market.

### April

TOT agreed to amend the basis of calculation of the access charge for prepaid services from THB 200 per month per number to 18 percent of the value of the prepaid vouchers sold.

### November

Launched GPRS-based data service across the entire dtac network.

## 2002

### April

Unlocked IMEI (International Mobile Equipment Identity) codes to allow all mobile handsets to use the Company's network.

### May

Discontinued handset and accessories sales and distributions by transferring this business to UD, a company in which the Company and UCOM has 25 percent and 75 percent equity interest respectively. (At present, UCOM assigns all of the rights and benefits to Benchachinda Holdings).

## 2003

### January

Excise Tax was enforced.

### October

Received “Disclosure Report Award 2003” from the Securities and Exchange Commission.

## 2004

### December

Won “Technology Fast 500 Asia Pacific 2004 Award” of Asia Pacific from Deloitte.

## 2005

### June

TOT agreed to cancel 16.4 million of its shares in the Company by way of capital decrease.

## 2006

### August

The completion of capital reduction in respect of the 16.4 million shares held by TOT.  
NTC approved the term of reference on the interconnection charge as a basis for negotiation among operators.

### September

Implemented of 10-digit mobile phone numbers by replacing the prefix 0 with 08.

### November

dtac signed Interconnection agreement with True Move and AIS.

### December

dtac signed Interconnection agreement with Triple T Broadband

# 2007



## June

dtac issued 82 new million shares to be listed in Stock Exchange of Thailand and become the first dual listing (SET and SGX) company in Thailand.

Won "Mobile Operator of the Year Award" in Thailand from Asian MobileNews Awards 2007, organized by Asian MobileNews Magazine.

## August

Won "Marketing Excellence Awards 2006" from Thailand Corporate Excellent Awards, organized by Thailand Management Association (TMA) and Sasn Graduate Institute of Business Administration of Chulalongkorn University.

## December

Refreshed brand with an aim to make customers 'feel good'.

# 2008



## January

Took over "PaySbuy", a company operated online payment system.

dtac together with CAT tested HSDPA technology on 850MHz in Mahasarakham.

## March

Introduced "ATM SIM" with which customer can conduct their financial transactions via mobile phones.

## April

Fitch Ratings withdrew Rating Watch Negative (RWN) assigning to dtac on February 2007.

dtac acquired FAT radio.

## June

HAPPY 5th years anniversary, launched "HAPPY Home dial \*100"

## July

Standard & Poor's announced dtac's rating at BB+ and stable outlook.

## September

dtac opened a new call center in Rangsit

Fitch Ratings upgraded dtac's credit ratings for Long-term Foreign Currency Issuer Default to BBB-, National Long-term rating to A+(tha), and Senior Unsecured Debenture rating to A+(tha)

TRIS Rating upgraded dtac's rating to A+ with stable outlook.

## October

Added value to ATM SIM by connecting with 7 additional banks

## November

ATM SIM was awarded the "Best Mobile Service" from Asia Mobile Award 2008, organized by GSMA's Mobile Congress.

# 2009



## January

ATM SIM was awarded the "Project of the Year" from Thailand ICT Excellence Awards 2008.

dtac's \*1677 Farmer Information Super-highway project was awarded the "Business Enabler" from Thailand ICT Excellence Awards 2008.

## March

dtac and Vodafone signed exclusive strategic partnership agreement

## July

dtac relocated its headquarter from Chai Building to its new house at Chamchuri Square.

## August

dtac commenced the trial service "dtac mobile internet on 3G" based on HSPA technology over dtac's existing 850MHz frequency, covering the inner Bangkok area.

## November

dtac deployed dSmart solution to monitor network performance and customer experience from a single center which aimed to deliver the greatest satisfaction to its customers.

dtac's CSR Project "Doing Good Deeds Everyday" won CSR Award from SET awards 2009.

## December

dtac introduced BlackBerry service with the new BlackBerry smart phone, including a special edition white model.

2010



### March

dtac internet was awarded "Commart Innovation Awards 2010".

dtac officially launched iPhone in Thailand.

### July

dtac signed Interconnection agreement with CAT/Hutch.

dtac introduced Micro SIM.

### October

TRIS Rating upgraded dtac's credit rating to AA- with stable outlook.

### November

Fitch Ratings upgraded dtac's credit ratings:

Long-term Foreign Currency Issuer Default Rating (IDR) and Long-term Local Currency IDR to BBB,

National Long-term Rating to AA- (tha),

National Short-term Rating to F1+ (tha), and

Senior Unsecured Debenture ratings to AA- (tha).

dtac declared special interim dividend for the first time.

dtac was awarded the "Brand of the Year" in Mobile Operator category, from Excellent Brand Survey Awards 2010, organized by HWM Thailand magazine.

### December

dtac and other 4 mobile operators soft-launched Mobile Number Portability (MNP) service.

The new Frequency Allocation Act (B.E.2553) was enforced, which preceded the establishment of new regulator.

2011

### August

dtac launched 3G HSPA service on 850 MHz.

### October

The National Broadcasting and Telecommunications Committee (NBTC) obtained royal endorsement.

dtac won "Hall of Fame: A Decade of Excellence 2001-2010" as one of top ten Thai leading business organizations with excellent management for the decade based on data by Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

dtac announced special dividend for its financial restructuring.

### December

dtac's CSR Project "Doing Good Deeds Every day" won CSR Award from SET awards 2011 for 3 consecutive years.



"We are bringing World's Best Technology."



# risk & mitigation

The Company is exposed to a number of risks that may affect its business and the value of its shares. The following sets out some of the significant risks that may affect the Company. However, there are some risks that may be unknown to the Company and other risks that the Company currently considers to be immaterial. These risks could have an impact upon the operation of the Company in the future.

## 1. Risks from Business Operation

The reform of the Thai telecommunications sector has led to major changes in the provision of telecommunications services in Thailand, both in terms of technology and related regulations, which may render the business operation of the Company vulnerable to the following risks:

### Risk involving long-term operations

The Company's core business is the operation and provision of cellular system radio telecommunications services under the Telecommunications Act. Section 80 of the Telecommunications Act allows the Company to continue providing such services pursuant to the terms of the Concession Agreement between the Company and CAT until the expiration of the Concession Agreement, without being required to obtain a license from the NBTC. Under the Concession Agreement, CAT may exercise its rights, including the right to terminate the Concession Agreement, if the Company is in breach of the provisions of the Concession Agreement, which results in damages to CAT, and fails to rectify the breach within the specified period, or if the Company becomes disqualified under the Foreign Business Act. Therefore, if the Company is in breach of the Concession Agreement, it is possible that CAT may terminate the Concession Agreement. If such termination is validly and legally made, it may have a material adverse effect on the business, financial condition, results of operations, and business opportunity of the Company.

### Risk from expiration of the Concession Agreement

The Company's core business is the operation and provision of cellular system radio telecommunications services under the Concession Agreement between the Company and CAT dated 14 November 1990, which has a term of 27 years (following its amendments). The Concession Agreement will expire on 15 September 2018. Following the enactment of the Telecommunications Act, CAT no longer has the authority to grant concession to any person to operate telecommunications business. A person wishing to operate telecommunications business must obtain a license from the NBTC. Therefore, if the Company wishes to continue operating its telecommunications business after the expiration of the Concession Agreement, the Company will have to apply for a license to operate telecommunications business from the NBTC. However, it remains uncertain whether the Company will be granted a license to operate telecommunications business from the NBTC, and, if granted, what terms and conditions will be imposed upon the Company. Such uncertainty may have a material adverse effect on the business, financial condition, results of operations, and business opportunity of the Company.

The concession agreements of other operators may expire before that of the Company. However, other operators may apply for a license to continue its telecommunications business operation from the NBTC, or may enter into a resell agreement of mobile telecommunications services (Mobile Virtual Network Operator: MVNO) with other operators. It is possible that the costs of other operators may then be lower than the amount of revenue share payable by the Company to CAT under the Concession Agreement. As a result, the Company may be in a disadvantaged competitive position, and such may have a material adverse effect on the business, financial condition and results of operations of the Company.

### Risks from changes in laws, regulations and government policies concerning telecommunications business

#### (a) The telecommunications industry is under a transitional period and there are uncertainties on regulation and supervision and related laws and regulations

At present, the telecommunications business is governed by two main acts, namely the Frequency Act and the Telecommunications Act. However, there are uncertainties over various issues under such acts and other relevant laws.

In October 2004, the NTC was established as an independent organization under the Constitution of the Kingdom of Thailand B.E. 2543 (1997) to regulate the telecommunications sector in Thailand. The NTC was empowered, under the Act on Organization for Allocation of Frequency and Supervision of Radio and Television Broadcasting and Telecommunications Business B.E. 2543 (2000) (the **"former Frequency Act"**) and the Telecommunications Act, to issue a number of policies and regulations that may have a significant impact on the telecommunications sector, including those relating to (i) free and fair competition among telecommunications business operators, (ii) fees and tariffs for telecommunications services, (iii) allocation of frequency and other telecommunications resources, (iv) consumer protection, (v) promotion of other specific areas of telecommunications services which are beneficial to economic and social development, and (vi) establishment of emergency telecommunications services.

The Constitution of the Kingdom of Thailand B.E. 2540 (1997) was cancelled and replaced by the Constitution of the Kingdom of Thailand B.E. 2550 (2007). Section 47 of the Constitution of the Kingdom of Thailand B.E. 2550 (2007) requires for an establishment of a new independent organization to be responsible for the allocation of frequency and the supervision of radio and television broadcasting business and telecommunications business in place of the NTC.

By virtue of such constitutional provision, the Act on Organization for Allocation of Frequency and Supervision of Radio and Television Broadcasting and Telecommunications Business B.E. 2553 (2010) (the **"new Frequency Act"**) was enacted and became effective on 20 December 2010. The new Frequency Act cancelled the former Frequency Act, and requires for an establishment of a National Broadcasting and Telecommunications Commission (the **"NBTC"**) to be responsible for the allocation of frequency and the supervision of radio and television broadcasting business and telecommunications business in place of the NTC.

On 7 October 2011, the NBTC members were appointed in accordance with the new Frequency Act, which became effective on 7 October 2011. However, because the NBTC has just begun its duty, the Company is unable to predict the policy and direction in which the NBTC will regulate the telecommunications business, as well as the enforcement of the legislation and regulations, both at present and which may be enacted in the future.

The uncertainties arising as a result of this significant reform of the telecommunications regulatory regime may adversely affect the Company's ability, among other things, to implement its business strategy or successfully adapt to any changes in market conditions.

#### (b) Legal implications concerning the amendments to the Concession Agreement are being considered by the Government

Under the Act on Private Participation in State Undertaking B.E. 2535 (1992) (the **"Private Participation Act"**), which became effective on 8 April 1992, a governmental agency wishing to engage a private entity to join or undertake a government project with a capital investment of THB 1,000 million or more must comply with the process set out in the Private Participation Act. This process is divided into three phrases, namely (1) project proposal phase, in which the state agency that is the project owner submits a report on the study and analysis of the project to the Ministry of Finance to obtain approval from the Cabinet; (2) project implementation phase, in which the project owner selects a private entity to join or undertake the project, including negotiating the terms of agreement (in particular those relating to the state's interest); and (3) supervision and monitoring phase, in which the project owner establishes a coordinating committee under Section 22 of the Private Participation Act to supervise and monitor the implementation of the agreement, and report the results of operations, progress, problems and proposed solutions to the Minister in charge.

The Company entered into the Concession Agreement with CAT on 14 November 1990, which was before the Private Participation Act became effective. The project under the Concession Agreement had a capital investment of more than THB 5,500 million with a term of 15 years. The Private Participation Act allows any project, which had commenced before the Private Participation Act became effective,

to remain valid, provided that it proceeds with the subsequent phases in accordance with the Private Participation Act. Therefore, the Concession Agreement, which was entered into before the Private Participation Act became effective, remains valid without having to comply with Phase (1) and Phase (2) described above. Only Phase (3) under the Private Participation Act, which involves the supervising and monitoring of the implementation of the agreement by the coordinating committee under Section 22, must be complied with.

However, after the Private Participation Act became effective, the Company entered into three amendment agreements with CAT, namely the Amendments to the Concession Agreement No. 1/2536 on 23 July 1993, No. 2/2539 on 26 June 1996, and No. 3/2539 on 22 November 1996. The provisions of the Concession Agreement which were the subject of the amendments included the term of the agreement and the rates of the revenue share payable by the Company to CAT.

On 23 January 2007, the Cabinet resolved to assign the Council of State to opine on the following legal issues: whether CAT, as the project owner, was required to comply with, and if that was the case, whether it had complied with, the process set out in the Private Participation Act with respect to the three Amendments to the Concession Agreement. The Council of State gave its opinion (No. 292/2550) that the three Amendments to the Concession Agreement were not proposed to the coordinating committee under Section 22 for consideration and to the Cabinet for approval. Accordingly, the three Amendments to the Concession Agreement were considered not made in accordance with the process set out under the Private Participation Act. Nevertheless, the Council of State further opined that the three Amendments to the Concession Agreement were still enforceable, but the Cabinet would be able to revoke such Amendments if it considered such revocation to be appropriate, taking into consideration the benefits of the state and the public interest. However, if the Cabinet considered that there was a particular reason or necessity for the public interest or benefits of the state, and for the continuation of public services, the Cabinet could exercise its discretion to approve the Amendments to the Concession Agreement as appropriate.

The opinion of the Council of State mentioned above is merely a legal opinion, which is not binding on the Company. However, at present, CAT has established a coordinating committee under Section 22 of the Private Participation Act to consider the issue on the three Amendments to the Concession Agreement as per the opinion of the Council of State. The coordinating committee under Section 22 has provided its preliminary opinion to the Minister of Information and Communication Technology that it does not acknowledge the third Amendment to the Concession Agreement. However, to date, the Minister of Information and Communication Technology has not yet proposed such opinion to the Cabinet for consideration.

If the Cabinet resolves to revoke any of the three Amendments to the Concession Agreement, or requires the Company to return any benefits, which the state should otherwise have received, to the state, this could have a material adverse effect on the business of the Company.

### **(c) Uncertainty on the dispute relating to payment of the interconnection charge**

TOT is a party to the Access Charge Agreements entered into with the Company in 1994 and 2001. The Access Charge Agreements require that the Company pay an access charge to TOT at a flat rate per number in respect of a postpaid customer and a fixed percentage of the value of the prepaid vouchers in respect of a prepaid customer.

However, after the announcement of the Telecommunications Act, the use and interconnection of networks between operators must be in accordance with the Telecommunications Act and the NTC Notification on Interconnection, which require that the interconnection charge be determined on a fair, cost-oriented and non-discriminating basis.

In this regard, on 17 November 2006, the Company informed TOT and CAT that it would pay the access charge pursuant to the criteria and at the rate prescribed by the applicable laws, instead of the access charge prescribed in the Access Charge Agreements. The Company believes that the access charge under the Access Charge Agreements is not in compliance with the Telecommunications Act and the Interconnection Notification of the NTC, which require operators to charge the interconnection charge at a fair, reasonable and cost-oriented rate.

TOT argued that the Company is obliged to pay the access charge at the rate originally specified in the Access Charge Agreements. On 9 May 2011, TOT submitted a claim against the Company before the Administrative Court requesting CAT and the Company to be jointly liable for the access charge payment in the total amount of THB 113,319 million, including VAT and interests, and requesting CAT and the Company to comply with the Access Charge Agreements. Currently, the case is being considered by the Administrative Court.

Based on the opinion of the legal counsel of the Company, the management of the Company strongly believes that the Company has no obligations to pay the access charge as requested by TOT. This is because the Access Charge Agreements are not in compliance with the Telecommunications Act, and the NTC Notification on Interconnection, and the Company has already served a notice to terminate the Access Charge Agreements.

However, if the relevant regulatory body or the court issues an order or judgment requiring the Company to pay the access charge as requested by TOT, such order or judgment may have a material adverse effect on the financial condition of the Company.

**(d) Risk from changes to the accounting guideline which may affect the Company's accounting method regarding the calculation of the access charge**

After the Company notified TOT of the termination of the Access Charge Agreements on 8 November 2007, the Company has changed its accounting method in relation to the access charge. The Company has ceased to record the access charge in its financial statements because the Company viewed that its obligations to pay the access charge had already been terminated. The Company has recorded its revenues and expenses using the rates of the interconnection charge set out in the Reference Interconnection Offers (RIO) of the Company and TOT, which have been approved by the NTC.

However, there is currently no guideline relating to the accounting method for recording revenues and expenses accrued in such manner, and there has been no final court judgment on the issue relating to the access charge. If later there is an accounting guideline on this issue, or if the court has rendered a final judgment on the issue relating to the access charge, the Company may have to change its accounting method in relation thereto. The change of the accounting method may have a material adverse effect on the profits and financial condition of the Company. (See further details in "Uncertainty on the dispute relating to payment of the interconnection charge" above.)

**(e) Risk from legal or contractual restrictions on foreign ownership**

Restrictions on foreign shareholding differ from statute to statute and contract to contract. Any breach of these restrictions may result in revocation of licenses or termination of contracts, and/or may render the Company being unable to operate its telecom business pursuant to Section 80 of the Telecommunications Act.

Restrictions on foreign shareholding imposed by laws can be summarized as follows:

- (i) The Land Code prohibits a foreigner from owning land, unless permission is granted in accordance with the law. Any foreigner who possesses the land without permission is required to sell such land within the specified period, which shall not be less than 180 days and not more than 1 year.
- (ii) The term "foreigners" under the Land Code is defined to include a public or private company, in which non-Thai nationals hold more than 49 percent of its registered capital, or in which more than half of the total number of its shareholders are non-Thai nationals.
- (iii) The Foreign Business Act prohibits a "foreigner" (as defined in the Foreign Business Act) from undertaking certain types of business, including the provision of telecommunications services, unless prior permission is obtained from the Director-General of the Department of Business Development, the Ministry of Commerce.

The Telecommunications Act stipulates that an applicant of Type 2 and Type 3 licenses must not be a foreigner under the Foreign Business Act.

In addition, the Concession Agreement requires that the Company maintains its qualifications under the Foreign Business Act.

Although the Foreign Business Act has been in force for more than 10 years, there has been no Supreme Court precedent relating to the provisions of the Foreign Business Act (including the provisions relating to a “nominee” arrangement under Section 36 of the Foreign Business Act, which prohibit a Thai national from holding shares or performing any act on behalf of a foreigner with the view to circumventing the foreign shareholding restrictions under the Foreign Business Act), and no regulatory body (particularly, the Ministry of Commerce which is the agency that is directly responsible under the Foreign Business Act) has yet established a clear guideline regarding the “nominee” arrangement in order for the Company to evaluate or assess the impact of the enforcement or interpretation of such provisions under the Foreign Business Act that may have on the Company.

Based on the list of shareholders of the Company, there was not more than 50 percent of the total shares of the Company held by foreigners. Therefore, the Company is regarded as a Thai company under Section 4 of the Foreign Business Act.

The Company’s management believes that the Company has complied with the Foreign Business Act, particularly Section 4 of the Act, and has completely and accurately followed various practices in relation thereto in Thailand.

However, if any of the shareholders of the Company is considered (by the judgment of the Supreme Court, which is regarded as final) to hold shares or act on behalf of a foreigner shareholder, the Company may be considered as a non-Thai company under the Foreign Business Act and the Telecommunications Act. Such event may be regarded as a breach of a contract, and may constitute a ground for the counterparties (including the NBTC) to terminate the Concession Agreement or certain commercial contracts. Furthermore, the Company and/or its subsidiaries may also be considered to be in breach of the conditions of the licenses held by it and/or its subsidiaries (as the case may be), if the conditions of such licenses require the Company to maintain its status as a Thai company or to comply with the Foreign Business Act. As a result, if such event is not corrected, the Company may not be able to continue its telecommunications business.

In addition, on 14 June 2011, True Move Co., Ltd. submitted an allegation to the Royal Thai Police to take a criminal action against the Company, its directors, certain shareholders of the Company, and their directors, alleging that the Company operates the telecommunications business in violation of the Foreign Business Act. Currently, the case is being considered by the Royal Thai Police.

Furthermore, on 22 September 2011, a minority shareholder of the Company (holding 100 shares in the Company) filed a lawsuit against certain state agencies, including the NBTC, before the Administrative Court, claiming that the Company is a “foreigner” under the Foreign Business Act. In the interest of justice, the court had issued an order calling the Company to be a co-defendant. Currently, the case is being considered by the court.

#### **(f) Prohibition on acts which constitute foreign dominance**

As at 5 January 2012, each of Telenor and Thai Telco Holdings Co., Ltd. is a major shareholder of the Company, holding 42.6 percent and 23.5 percent of the total issued shares of the Company, respectively. The Company has seven non-Thai directors from a total of 12 directors.

Section 8 of the Telecommunications Act empowers the NBTC to require applicants of certain or type of licenses that are juristic persons to impose restrictions on acts which constitute foreign dominance.

On 30 August 2011, the NTC (acting for the NBTC) issued a NBTC Notification on Determination of Foreign Dominance Restrictions B.E. 2554 (2011) (the “NBTC Notification on Foreign Dominance”), which became effective on 31 August 2011 and applying to applicants and existing licensees of Type II and Type III licenses, including licensees, concessionaires, or contractual party of CAT (such as the Company) and TOT.

The Company is of the opinion that the NBTC Notification on Foreign Dominance is not applicable to the Company and its subsidiary because the rights of the Company to operate the telecommunications business as a concessionaire, and the subsidiary as an existing

licensee, are protected by the Constitution and the first paragraph of Section 80 of the Telecommunications Act until the expiry of the Concession or the license (as the case may be). Therefore, on 25 November 2011, the Company and its subsidiary filed a lawsuit against the NBTC before the Administrative Court requesting the Court to render a judgment or issue an order to revoke the Notification. Currently, the case is being considered by the court.

Although the Company has taken necessary legal actions at the court and/or the relevant agencies, the Company cannot assure that the Company's telecommunications business (whether under the Concession or under a telecommunications license, which the Company would have to apply for from the NBTC later on) will not be significantly affected while the enforcement of the NBTC Notification on Foreign Dominance is still unclear, and there is still no judgment or order of the court or the relevant agencies revoking or restraining the enforcement of such Notification.

**(g) Inspection of contracts or agreements entered into between the Company and foreign governments, international organizations or persons residing overseas**

Section 54 of the Telecommunications Act and the NTC Notification on Approval of Contracts relating to Telecommunications Business to be Made with Foreign Governments, International Organizations or Persons Residing Overseas B.E. 2549 (2006) (the **"NTC Notification on Foreign Contract"**) prescribes that any contracts or agreements (including any amendment thereto or cancellation thereof) relating to the business operation or provision of telecommunications services (as prescribed by the NBTC) to be entered into between the licensee and foreign governments, international organizations, or individuals or juristic persons residing overseas, requires prior approval from the NBTC. The NTC Notification on Foreign Contract requires the licensees to submit a copy of the contract to be made with a foreign counterparty to the NBTC for prior approval before entering into such contract, except for contracts relating to regular procurements or contracts exempted by the NBTC. In addition, the NBTC is empowered to order the licensees to amend or cancel any contracts made with foreign counterparties, where the terms and conditions of such contracts are not in compliance with the applicable laws, or may monopolize or restrict competition in a manner that is unfair to service users. As such, the authority of the Company to enter into such contracts may be restricted by the above regulation, which may have an impact on the business and business opportunity of the Company.

**(h) Determination of maximum tariffs**

The NBTC has the authority to prescribe the maximum tariffs that the Company and other telecommunications service providers may charge for providing various types of telecommunications services in Thailand. At present, the NBTC is preparing a guideline for prescription of the maximum tariffs. Should the NBTC enforce such guideline in setting out the rates of tariffs and service fees to be charged by the telecommunications service providers, such rates of tariffs and service fees may differ from those currently charged by the Company, which may require the Company to adjust its rates of tariffs and service fees currently charged to its customers, and may affect the Company's ability to compete in the market. As a result, such event may affect the business, financial condition and results of operations and business opportunity of the Company.

**(i) Risk from changing of calculation standard for interconnection charge**

The Telecommunications Act prescribes that the collection of interconnection charge must be reasonable and fair to licensees who have their own telecommunications network and those who request for usage or interconnection of the telecommunications network, and must be equal amongst all who request for usage or interconnection of the telecommunications network.

Currently, the NBTC is preparing a calculation standard for interconnection charge. If such calculation standard becomes effective, it may have an impact on the interconnection rate that the Company is currently charging from other operators, and may affect the income from business operation, financial condition, results of operations, and business opportunity of the Company.

**(j) The operating costs of the Company may change due to the collection of excise tax**

In 2003, amendments were made to the Excise Tax Act B.E. 2527 (1984) and the Excise Tax Tariff Act B.E. 2527 (1984) to expand the imposition of excise tax to cover telecommunications business. Excise tax would be collected from the mobile phone or cellular system radio communications services at the rate of 10 percent of the income from domestic mobile phone services.



On 28 January 2003 and 11 February 2003, the Cabinet passed resolutions allowing private operators of wireless or cellular system radio communications, which were required to pay excise tax, to deduct the excise tax (excluding interest, penalty or any surcharge), which had been paid during the year, from the annual revenue sharing payable to the state-owned enterprises under the relevant agreements. Thereafter, CAT issued a letter dated 27 March 2003 allowing the Company to deduct the paid excise tax from the annual revenue sharing to be paid to CAT under the Concession Agreement.

Consequently, on 23 January 2007, the Cabinet resolved to revoke the above Cabinet resolutions, and further resolved to instruct the Ministry of Finance to consider reducing the rate of the excise tax to be collected from the telecommunications services to 0 percent.

Nevertheless, if the Government decides to increase the rate of the excise tax in the future, the Company, as well as other telecommunications business operators, will have to bear the excise tax liability. If the excise tax is not deductible from the revenue sharing, the operating costs of the Company for providing telecommunications services will increase, which may have an impact on the business, financial condition and results of operations of the Company.

In addition, on 11 January 2008, CAT submitted a dispute to the Thai Arbitration Institute, demanding that the Company pays additional revenue sharing for the concessionary years 12 to 16, including penalty, and VAT, in the amount of approximately THB 23,164 million. CAT claimed that the Company did not pay the revenue sharing for those concession years in full. This was because the revenue sharing was deducted by the excise tax paid by the Company prior to making the payment to CAT in accordance with the Cabinet resolutions and the letter from CAT. The dispute is currently under the arbitration process, which could take several years to complete.

However, in 2011, it appeared on the news that the arbitral tribunal in the disputes between CAT and DPC, and between TOT and AIS (which disputes were similar to the Company's dispute) issued a decision to dismiss the dispute proposals of CAT and TOT which demanded DPC and AIS to pay additional revenue share on the ground that DPC and AIS did not breach the concession agreement. Both DPC and AIS had paid all revenue share and all debts had already been settled. Therefore, CAT and TOT have no right to demand DPC and AIS to pay such debts again.

### Risk from competition

#### (a) The Thai telecommunications industry is highly competitive and sensitive to price competition

The Thai mobile telecommunications industry is highly competitive. If price competition gets more intensive and the Company is unable to respond to such competition in a timely and cost-effective manner, such competition may have an adverse effect on the business, financial condition, results of operations, and business opportunity of the Company.

#### (b) The Company may face increased competition from new market entrants

The regulatory reform to liberalize the Thai telecommunications market may add to an increase in competition in the market. At present, the NBTC has the authority to issue telecommunications business licenses to new operators on the basis of free and fair competition. The Company cannot anticipate how many new entrants will be granted licenses from the NBTC. If the NBTC grants the licenses to new operators, the competition in the market could become more intense as the new operators, having lower operation costs, may adopt an aggressive pricing policy or employ a subsidy approach in order to increase their market share. This may affect the ability of the Company to compete in the market and may affect the business, financial condition, results of operations, and business opportunity of the Company.

#### (c) The Company may be affected by technological changes

For the provision of services on the 1800 MHz frequency band, the Company currently uses GSM technology to provide mobile phone services and using EDGE platforms to provide hi-speed data transmission services, with nationwide coverage. For the provision of services on the 850 MHz frequency band, the Company uses HSPA technology under the Concession Agreement. The coverage area is not yet nationwide because the Company has just received approval to provide the service using HSPA technology under the Concession Agreement in August 2011.

However, technological changes in the telecommunications industry have been continuous and rapid. The Company must face more intense competition from the introduction of new technologies or the improvement of existing technologies. If the Company cannot respond to such competition on a timely and cost-effective manner, this could have an adverse effect on the quality of services, business, financial condition, results of operations, and business opportunity of the Company.

### **Risk relating to the Company's operations**

#### **(a) Risk from equipment, operational systems, computer systems, networks and other assets used in operations of the Company**

The Company's operation relies on modern telecommunications equipment and devices in order to respond to quick technological changes and higher demand of services from its customers. It also relies on network and system management, such as information system, billing system, network management system and customer services, all of which must function efficiently at all times in order to satisfy customer demand.

The Company perceives the risks which may occur and has developed a monitoring system and maintenance procedure for its network and equipment in order to ensure that all network and equipment are in satisfactory condition to provide services to its customers. In addition, the Company has developed a business continuity plan in case of an emergency, which encompasses additional investment in important equipment and safety systems, such as fire protection system and real-time network and equipment monitoring system. The Company regularly conducts trainings for its staffs on their responsibilities and relevant procedures to be carried out in the event of operational failure. Furthermore, the Company has procured insurance policies to cover network and equipment damages due to external factors. However, such insurance policies do not provide coverage for damages due to business interruption.

In addition, the Company has set up a revenue assurance function to identify and stop potential leakages of revenue in order to increase its revenue generating capacities. The Company has also employed a software program for use in its revenue assurance process to monitor its service fee collection.

The Company has developed and maintained an appropriate risk assessment and management system, which is conducted under the supervision and recommendation of the Audit Committee and the management of the Company. The Company carries out a risk assessment on a regular basis and undertakes appropriate measures to ensure that all risk mitigation procedures function well. Nevertheless, the Company cannot be assured that each of the measures adopted by the Company will be sufficient to prevent or mitigate the above mentioned risks. In addition, any defects or failures of such systems could affect the telecommunications network and the ability of the Company to provide services to its customers, and may affect the business, financial condition, results of operations, and business opportunity of the Company.

#### **(b) The Company relies on third parties to maintain telecommunications equipment**

The Company employs complex telecommunications equipment, including mobile telecommunications network and 11,683 base stations nationwide (information as of 31 December 2011). The success of the Company's business therefore depends on the effective maintenance and repair of its network and equipment. At present, the Company engages third parties to provide maintenance and repair services for all base stations and transmission network of the Company. If the third parties are unable to perform their obligations under the agreement, or are unable to perform their obligations in a timely and cost-effective manner, the Company may have to bear higher operating costs. In addition, it may affect the speed and quality of the services of the Company, which may result in a loss of customers and a significant amount of revenues. As a result, this may affect the business, financial condition, results of operations, and business opportunity of the Company.

#### **(c) Risk from reliance on United Distribution Co., Ltd. (UD)**

The Company does not focus on direct distribution of starter kits and refill vouchers to customers, which would create additional workload for the Company in inventory management, including logistics and document storage. The Company has appointed UD (an affiliated company, in which the Company and Benchachinda Holdings Co., Ltd. holds 25 percent and 75 percent of the total issued shares, respectively) as the principal distributor of starter kits, refill vouchers and other products to distributors and wholesale and retail outlets. Most of these products are sold to UD for further distribution through the Company's distribution network. The Company

provides UD with a credit term of 45-50 days and supports UD in its marketing campaigns, which are considered on a campaign by campaign basis. In 2011, sales of starter kits and refill vouchers through UD were THB 12,956.9 million.

At present, the Company has expanded its distribution channel to sell refill vouchers directly to customers via Happy Online, which has helped reduce reliance on the distributors. Furthermore, the volume of sales of refill vouchers via Happy Online has been increasing continuously.

As of 31 December 2011, the Company's accounts receivable owed by UD was THB 2,249.7 million, or 34.9 percent of the total accounts receivable of the Company. Any failure or delay on the part of UD to pay such amounts owed to the Company may have a material adverse effect on the business, financial conditions, results of operations, and business opportunity of the Company.

## 2. Financial Risks

### Risks from exchange rate fluctuation

The Company is exposed to exchange rate risk. The principal revenues of the Company are denominated in Thai Baht currency, while parts of the Company's expenditures are denominated in foreign currencies. Such expenditures can be classified as expenditures relating to long-term loans which are denominated in foreign currencies, and capital expenditures or operating costs which are denominated in foreign currencies (such as trade creditors from purchasing of equipment and devices).

As of 31 December 2011, the Company's long-term loans which are denominated in foreign currencies were THB 2,589.4 million, or 3.8 percent of the total liabilities of the Company. However, since the long-term loans which are denominated in foreign currencies have a definite repayment term, the Company has hedged this exposure against the foreign exchange fluctuation risk by entering into cross currency swap contracts, covering 100 percent of the total amount of the long-term loans which are denominated in foreign currencies.

Furthermore, as of 31 December 2011, the Company's total trade accounts payable from purchasing of equipment and devices, and capital expenditures in new technologies was partly denominated in foreign currencies. The Company has hedged this exposure against the exchange rate fluctuation risk by entering into forward exchange contracts for every transaction that the Company incurs capital expenditures or operating costs in foreign currencies.

Although the Company has entered into hedging agreements against the exchange rate fluctuation risk in relation to all or almost all of its liabilities denominated in foreign currencies, the Company cannot assure that the Company would receive the best offer or conditions in entering into each hedging agreement under the conditions of the foreign exchange market at that particular time. This may cause an increase in the operating costs of the Company.

### Risk from collection of mobile phone service fees

The risk of accounts receivable is mainly from postpaid customers who do not pay or make late payment of mobile phone service fee, resulting in the total trade accounts receivable, as of 31 December 2011, of THB 2,483.5 million, or 18.9 percent of the total income of the Company. However, the Company has set up allowance for doubtful accounts for revenues from postpaid services in each aging period on a progressive basis. As of 31 December 2011, the Company's trade accounts receivable which had been past due over 180 days was THB 147.1 million, or 5.9 percent of the total accounts receivable from telephone services.

### Risk from interest rate fluctuation

Changes in interest rates in the market affect the financial liabilities of the Company, causing the operating costs of the Company to be higher. However, the Company has a policy to manage interest rate risk by entering into interest rate swap contracts with financial institutions whose rating is equivalent to or higher than that of the country so that the risk from interest rate fluctuation is maintained at an appropriate level in accordance with the prevailing situation. As of 31 December 2011, the Company's financial liabilities with floating interest rates (after entering into the interest rate swap contracts) was THB 1,052 million, or 22.9 percent of the total interest bearing liabilities of the Company.

### Risk from economic slowdown

The Thai economy has been affected by negative factors both within the country, and outside the country, such as the flood, slowdown in the manufacturing, export and tourism sectors, unemployment and political tension. These factors have a material adverse effect on consumers' income, purchasing power, spending behavior and level of confidence.

Such economic situation also affects the mobile phone service industry through a reduction in mobile phone usage and an increased risk of not being able to collect mobile phone service fees. However, mobile phone usage has become an essential part of the present day life and therefore may be less affected by the economic situation than other industries. Moreover, the Company has developed various types of services and made adjustments to its marketing strategies in order to boost customers' usage and reduce the risk of cancellation of services, as well as implemented a cost efficiency program in order to suit the economic situation. However, the Company cannot be assured that the business, financial condition, results of operations, and business opportunity of the Company will not suffer any material adverse effect if such economic situation persists.

## 3. Other Risks

### Risk from natural disasters

Risks from natural disasters may occur and may have an impact on the business operation of the Company. For example, the tsunami disaster, the outbreak of the new strain of Influenza, and the recent flood disaster in various provinces of Thailand led to a reduction in purchasing power and subscribers' ability to repay debts, number of tourists, as well as caused damages to a number of base stations in certain areas.

In order to ensure the continuity of its business activities and services to its customers, the Company has developed a recovery plan for technical interruption. To alleviate telecommunications network problems, the Company has in readiness mobile cell sites, which will be deployed in areas that have network problems. In addition, the Company has procured insurance policies to cover damages which may occur to its network equipment. The compensation received from such insurance policies will be used for repair or replacement of lost or damaged equipment in accordance with the terms of the Concession Agreement.

Moreover, the Company has created a back-up system for billing and customer data, which the Company regularly updates on its system. Notwithstanding these measures, the Company cannot be assured that the business, financial condition, results of operations, and business opportunity of the Company will not be materially affected by any natural disasters in the future.

### Major shareholders may have influence on decisions of the Company

Currently, Telenor and Thai Telco Holdings Co., Ltd are major shareholders of the Company, holding collectively 66.1 percent of the total issued shares of the Company (information as of 5 January 2012). As a result, the major shareholders may exert influence over corporate decisions of the Company, including the election and removal of members of the board of directors of the Company, and any decisions to be made by the shareholders meeting (except for matters which the major shareholders are not eligible to vote due to any special interest or conflict of interest relating thereto).

# management

The management structure of the Company comprises the Board of Directors, the Audit Committee, and the Remuneration Committee. Additional subcommittees have also been established to supervise the implementation of the policies to ensure maximum performance within the organization. These subcommittees include the Corporate Governance Committee, the Investment Committee, the Company Assets Committees, the Vendor Selection Committees, the Write-off Inventory Committees, the Debt Investigation Committee, the Investigation Committee, the Risk Management Committee, and the Safety, Health and Environment Committee. Details of the subcommittees are shown in the registration statement of the Company (Form 56-1).

## Board of Directors

The Board of Directors of the Company consists of 12 directors, namely:

Names of Directors	Position
Mr. Boonchai Bencharongkul	Chairman
Mr. Sigve Brekke	Vice Chairman
Mr. Sompol Chanprasert	Director
Mr. Chulchit Bunyaketu	Independent Director
Mr. Soonthorn Pokachaiyapat	Independent Director
Mr. Stephen Woodruff Fordham	Independent Director
Mr. Gunnar Johan Bertelsen	Director
Mr. Jon Eddy Abdullah	Director
Mr. Lars Erik Tellmann	Director
Mrs. Chananyarak Phetcharat	Independent Director
Mr. Håkon Bruaset Kjøl	Director
Mr. Morten Tengs	Director

Authorized signatories of the Company are any two of these four directors: (i) Mr. Boonchai Bencharongkul, (ii) Mr. Sigve Brekke, (iii) Mr. Jon Eddy Abdullah and (iv) Mr. Lars Erik Tellmann, signing jointly with the Company's seal affixed.

The duties and responsibilities of the Board of Directors are set forth in the Articles of Association of the Company, the Public Limited Company Act, the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand, and the regulations of the SGX-ST.

The power, duties and responsibilities of the Board of Directors are as follows:

- (1) To authorize and delegate responsibilities for the performance of the Company's business in accordance with applicable laws, the Company's objectives and Articles of Association, and resolutions of shareholders passed at general meetings of shareholders;
- (2) To recruit qualified persons with the appropriate knowledge and skills set to hold high ranking executive positions and to authorize executives to perform works in furtherance of the Company's objectives;
- (3) To declare interim dividends to shareholders from time to time when the Board of Directors is of the view that the Company has derived sufficient profits to do so;

- (4) To make complaints and taking any legal proceedings on behalf of the Company;
- (5) To establish the Company's vision, goals, policies and budget and supervise the management in the implementation thereof;
- (6) To provide appropriate risk management systems;
- (7) To ensure the Company has adequate and appropriate internal control systems, including an internal audit unit and an audit committee to oversee matters relating to interested person transactions and report the results thereof to shareholders and regulators;
- (8) To ensure that accounts are accurately and completely prepared and the document filing system allows for subsequent verification of information so as to enable the Board of Directors to monitor the performance of the management;
- (9) To approve various transactions or proposing fair and reasonable opinions to shareholders to grant approval for transactions, by taking into account the Company's best interest;
- (10) To evaluate the results of operations and determining the management's remuneration; and
- (11) To report accurate and sufficient financial and other relevant information to shareholders and general investors.

## Independent Directors

The Company has four independent directors, namely Mr. Chulchit Bunyaketu, Mr. Stephen Woodruff Fordham, Mr. Soonthorn Pokachaiyapat and Mrs. Chananyarak Phetcharat.

The independent directors carry out their functions in accordance with the instructions of the Board of Directors of the Company and are independent from any major shareholders and the management of the Company. The independent directors are fully qualified pursuant to the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, which are as follows:

- (1) Holding shares not exceeding one per cent of the total voting shares of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including shares held by related persons of the independent director;
- (2) Not being or having been an executive director, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of appointment;
- (3) Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and children, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary;
- (4) Having no business relationship with the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, in a manner which may interfere with his independent judgement, and not being or having been a major shareholder, non-independent director, executive of any person having business relationship with the Company, its parent company, subsidiary, or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of appointment;
- (5) Not being or having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the audit firm in which the auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest is employed, unless such characteristic ceases at least two years prior to the date of appointment;
- (6) Not being or having been any professional advisor, including legal advisor or financial advisor which receives service fee of more than THB two million per year from the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the professional advisor which is a juristic person, unless such characteristic ceases at least two years prior to the date of appointment;

- (7) Not being a director appointed as representative of a director of the Company, its major shareholder, or shareholder which is a related person of the major shareholder of the Company; and
- (8) Not having any characteristics which render him incapable of expressing independent opinion regarding the Company's business operation.

## Company Secretary

The Company has appointed Mrs. Veeranuch Kamolyabutr, Head of Legal Division, as the company secretary.

## Audit Committee

The Audit Committee consists of 3 independent directors, namely:

Names of Directors	Position
Mr. Chulchit Bunyaketu	Chairman of the Audit Committee
Mr. Stephen Woodruff Fordham	Member of the Audit Committee
Mr. Soonthorn Pokachaiyapat	Member of the Audit Committee

The members of the Audit Committee have all the qualifications of an "independent director". They are not authorized by the Board of Directors to make decisions on the business operation of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and are not directors of its parent company, subsidiary or affiliate, which is a listed company. Mr. Chulchit Bunyaketu has the knowledge and experience in the areas of finance and accounting, sufficient to review the creditability of financial statements of the Company.

Duties and responsibilities of the Audit Committee are as follows:

- (1) To review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the Company's internal control system and internal audit system, which include accounting controls, financial controls, operational and legal controls, risk management policies and other control systems established by the management of the Company, to ensure their suitability and efficiency. Such review should be conducted by an internal auditor and/or an independent auditor at least once a year;
- (3) To review the effectiveness of the Company's internal control unit at least once a year to ensure the adequacy of its resources and the appropriateness of its position within the Company;
- (4) To review the independency of the internal audit unit, as well as approving the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of an internal audit;
- (5) To review the Company's compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the SGX-ST and any other laws and regulations relevant to the business operation of the Company;
- (6) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration and terms of engagement, as well as to attend a non-management meeting with such auditor at least once a year;
- (7) To review the independency of the Company's auditor at least once a year;
- (8) To review the scope, performance and cost effectiveness of the Company's auditor, its independency and objectivity;
- (9) To review by which the Company's employees may report, in confidence, incidents on possible improprieties in financial reporting or other matters, including to arrange for investigation and take appropriate follow-up action on such matter;
- (10) To review connected transactions, transactions with interested persons, or transactions that may lead to conflicts of interest,



to ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand and the SGX-ST, and are reasonable and for the best interest of the Company;

(11) To prepare and disclose in the Company's annual report, an Audit Committee's report, which must be signed by the Chairman of the Audit Committee and consists of at least the following information:

- an opinion on the accuracy, completeness and creditability of the Company's financial report;
- an opinion on the adequacy of the Company's internal control system;
- an opinion on the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the SGX-ST, and any other laws and regulations relevant to the business operation of the Company;
- an opinion on the suitability of the auditor;
- an opinion on the transactions that may lead to conflicts of interest;
- the number of the Audit Committee meetings and the attendance of each members of the Audit Committee;
- an opinion or overview comment of the Audit Committee from its performance in accordance with the charter; and
- any other matters 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; and

(12) To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

## Remuneration Committee

The Remuneration Committee consists of 5 directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Remuneration Committee
Mr. Chulchit Bunyaketu	Member of the Remuneration Committee
Mr. Soonthorn Pokachaiyapat	Member of the Remuneration Committee
Mr. Lars Erik Tellmann	Member of the Remuneration Committee
Mr. Morten Tengs	Member of the Remuneration Committee

Duties and responsibilities of the Remuneration Committee are as follows:

- (1) To review and recommend the remuneration of the Chairman and other directors;
- (2) To review and approve the remuneration of the Chief Executive Officer;
- (3) To review the on-going appropriateness and relevance of the remuneration policy;
- (4) To ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;
- (5) To report to the Board of Directors regarding the remuneration of the Chief Executive Officer (including base pay, incentive payments, equity awards and retirement or severance rights), having regard to the remuneration policy and whether in respect of any elements of remuneration, any shareholder approvals are required;
- (6) To review the contractual rights of the Chief Executive Officer on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances;
- (7) To provide the Board of Directors with minutes of Remuneration Committee meetings and to report the Remuneration Committee's actions to the Board of Directors with appropriate recommendations;
- (8) To provide a statement for inclusion in the annual report that describes the Remuneration Committee's composition and how its responsibilities were discharged;

(9) To review annually and update the Remuneration Committee's charter for approval by the Board; and

(10) To perform such other functions as may be assigned to it by the Board of Directors.

## Management

The management of the Company consists of 8 executives, namely:

Name – Surname	Position
Mr. Jon Eddy Abdullah	Chief Executive Officer
Mr. Petter-Børre Furberg	Chief Marketing Officer
Mr. Chaeyod Chirabowornkul	Chief Customer Officer
Mr. Khalid Shehzad	Chief Technology Officer
Miss Tipayarat Kaewringarm	Chief People Officer
Mr. Ali Amin Sattar	Chief Strategy Officer
Acting Sub Lt. Darnp Sukontasap	Chief Corporate Affairs Officer
Mrs. Vanna Pornsinsiruk	Chief Financial Officer

**Note:** The executives listed above are executives under the definition of the Securities and Exchange Commission, which includes directors, managers or persons holding the top four management positions after the managers, and every person holding a position equivalent to the fourth management position, including persons holding an accounting or finance position at the level of department head or higher.

## Nomination of Directors and Management

Appointment, removal and retirement of a director from the Board of Directors of the Company must comply with the Articles of Association of the Company as follows:

- (1) The Board of Directors must have at least five members and at least half of whom must have a permanent residence in Thailand;
- (2) The shareholders must appoint members of the Board of Directors in the following manners:
  - (a) the votes of the shareholders shall be in proportion to the number of shares held by them;
  - (b) votes can be cast for a particular candidate or group of candidates but cannot be split between different candidates; and
  - (c) candidates receiving the highest number of votes in descending order will be appointed as directors of the Company. In the event of a tie, the chairman of the meeting will have the casting vote;
- (3) A director wishing to resign from his position must submit a letter of resignation to the Company. Resignation takes effect upon receipt of the letter of resignation by the Company;
- (4) The shareholders' meetings may resolve to remove any director before the expiration of his/her term by not less than three-fourths of the number of shareholders attending the meeting and having the right to vote with not less than one-half of the shares held by all the shareholders attending the meeting and having the right to vote; and
- (5) At every annual general meeting of shareholders, one-third of the directors who have served for the longest terms must retire from their office but such directors are eligible for re-election.

The Company has not yet established a nomination committee to select and propose candidates for election as new directors of the Company, and to assess the performance of the Board of Directors of the Company. To select a candidate for nomination as a new director of the Company, the Board of Directors will take into consideration all the qualifications, including experience, expertise and past performance as a director.

## Remuneration of Directors and Management

### Directors Remuneration

The remuneration of directors consists of monthly allowance, meeting allowance, and bonus. At present, the Company does not offer any kind of remuneration payable in the form of equity rewards to its directors. In 2011, the total remuneration of directors of the Company was THB 7,596,751 as follows:

(Unit: THB)

Names	Monthly Allowance	Meeting Allowance	Bonus	Total Allowance
Mr. Boonchai Bencharongkul	2,580,000	-	738,000	3,318,000
Mr. Sigve Brekke	-	-	-	-
Mr. Knut Borgen <sup>(1)</sup>	-	-	-	-
Mr. Chulchit Bunyaketu	645,000	569,750	184,000	1,398,750
Mr. Stephen Woodruff Fordham	645,000	360,126	184,000	1,189,126
Mr. Soonthorn Pokachaiyapat	645,000	505,250	184,000	1,334,250
Mr. Sompol Chanprasert	-	48,375	-	48,375
Mr. Tore Johnsen <sup>(2)</sup>	-	-	-	-
Mr. Knut Snorre Bach Corneliussen <sup>(3)</sup>	-	-	-	-
Mr. Charles Terence Woodworth <sup>(4)</sup>	-	-	-	-
Mr. Gunnar Johan Bertelsen	-	-	-	-
Mrs. Hilde Merete Tonne <sup>(5)</sup>	-	-	-	-
Mr. Jon Eddy Abdullah <sup>(6)</sup>	-	-	-	-
Mr. Lars Erik Tellmann <sup>(7)</sup>	-	-	-	-
Mrs. Chananyarak Phetcharat <sup>(8)</sup>	215,000	32,250	61,000	308,250
Mr. Håkon Bruaset Kjøl <sup>(9)</sup>	-	-	-	-
Mr. Morten Tengs <sup>(10)</sup>	-	-	-	-
<b>Total</b>	<b>4,730,000</b>	<b>1,515,751</b>	<b>1,351,000</b>	<b>7,596,751</b>

**Note:** (1) Mr. Knut Borgen resigned from the Board of Directors on 5 September 2011.

(2) Mr. Tore Johnsen resigned from the Board of Directors on 28 February 2011.

(3) Mr. Knut Snorre Bach Corneliussen resigned from the Board of Directors on 20 July 2011.

(4) Mr. Charles Terence Woodworth resigned from the Board of Directors on 5 September 2011.

(5) Mrs. Hilde Merete Tonne resigned from the Board of Directors on 21 October 2011.

(6) Mr. Jon Eddy Abdullah was appointed as a director pursuant to the resolution of the 2011 Annual General Meeting of Shareholders held on 21 April 2011.

(7) Mr. Lars Erik Tellmann was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 4/2011 held on 20 July 2011, in place of Mr. Knut Snorre Bach Corneliussen.

(8) Mrs. Chananyarak Phetcharat was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 5/2011 held on 5 September 2011, in place of Mr. Knut Borgen.

(9) Mr. Håkon Bruaset Kjøl was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 5/2011 held on 5 September 2011, in place of Mr. Charles Terence Woodworth.

(10) Mr. Morten Tengs was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 6/2011 held on 21 October 2011, in place of Mrs. Hilde Merete Tonne.

### Management Remuneration

The remuneration of the management consists of monthly salary, bonus and provident fund contribution. At present, the Company does not offer any kind of remuneration payable in the form of equity awards to its management. In 2011, the total remuneration of the management of the Company was THB 115,064,563.50.

## Information Handling

The Company has developed a policy and a code of conduct for the handling of information in order to protect against unduly handling of information for personal benefits or the benefits of other persons. It is the responsibility of the directors, executives and employees of the Company to prevent access to by unauthorised persons, and disclosure of, non-public information that may affect the market price of the Company's shares and other financial instruments issued by the Company, before the Company discloses such information via the stock exchange's disclosure system, or before the information ceases to be sensitive. The directors, executives and employees shall not trade in the shares or financial instruments before the information has been made public or ceases to be sensitive.

In addition, the Company has developed a policy for directors and executives on dealing in the Company's securities. The directors and executives of the Company are prohibited from dealing in the Company's securities from the date commencing one month prior to the announcement of the Company's operating results for each quarterly accounting period to the day following the date the Company's operating results are made public, and from trading at any time on short-term considerations. The directors and executives are required to notify the Company of any acquisition or change of their shareholdings in the Company (including the shareholdings of their spouses or minor children) within 24 hours from the date of acquisition or change.

In addition, the directors and management are required to submit a report on their interests, and the interests of their related persons, in the administration and management of the Company and its subsidiaries within 15 days from the end of each calendar year, and within 15 days from the date of any changes in their interests. The purpose of the report is for monitoring and compliance with the requirements on connected transactions, which may be transactions that give rise to conflicts of interest.

The above code of conduct can be found on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) and on the Company's intranet.

## Human Resource Development

The Company has a policy to continuously develop the qualifications, knowledge, ability, and quality of its employees. The Company regards the employees as its valuable resources and fundamental to its success. Therefore, the Company aspires to develop and adjust itself to be an "Organisation of Development and Learning" by combining all aspects of knowledge, skills, and capabilities, in parallel with cultivating corporate culture and code of conduct. The Company has provided the following training and development programs in accordance with its strategies and business operation in order to best response to the development and advancement of the telecommunications industry and the customers' demand:

### Learning by Experience and on the Job Training

The Company encourages and provides on the job training to its employees in order to promote coaching and knowledge transfer. In addition, the Company supports the employees to have the courage to try new things and learn from mistakes. As a result, they will see weakness, problems and how to find solution which will lead to self-development.

### Development through Evaluation

The Company encourages and provides opportunity for 'coaching' and/or 'consulting' among supervisors and colleagues so that they are able to exchange their opinions, provide feedback, and give advice on team working, during general working hours and evaluation period, which is scheduled to take place twice a year.

### Development through Additional Education and Academic Training

The Company arranges a training program called "dtac school" where the employees will have the opportunity to attend courses they deem necessary or interested, as follows:

- Basic Program, compulsory courses for all employees, such as orientation course for new employees, cultivation course for corporate culture and code of conduct, and potential leader development course, etc. The Company continuously arranges training courses and activities in order to promote compliance with the corporate culture and code of conduct.

- General Program, courses for potential development of employees of all levels, namely operational level, junior level management, mid level management and senior level management. Courses offered includes communications, management and planning, finance human resource, English language skill, computer skill, and business knowledge, etc. These courses, upon their supervisors' approval, are available to the employees as they deem appropriate and necessary for their responsibilities.
- Specific Program, courses designed for developing and enhancing particular knowledge and capability directly relating to duties and responsibilities of the employees and executives in each division. Courses offered include advanced management skill, work and service efficiency development, sustainable customer relationship development, and understanding of the Company's products and services, as well as other products and services available in mobile phone market.

In addition, the Company further supports the employees and executives to attend training course with external expert institutes, in order to improve specific knowledge and abilities relating to their duties and responsibilities, and to enable employees and executives to better apply their knowledge and experience to improve work efficiency and to adjust to changes within the industry at present or in the future.

The Company had set up budget for human resource development at the total of THB 40.4 million, and approximately 47.4 percent of the total number of employees attended trainings in 2011.

## Internal Control

The internal control system of the Company is a process administered by the Board of Directors, the management and other staff designed to provide reasonable assurance regarding the achievement of the following objectives:

- Effective and efficient use of resources
- Safeguarding company assets
- Ensuring the reliability of financial reporting; and
- Ensuring compliance with the Company's governing policy and applicable laws and regulations

The Board of Directors has established an Audit Committee to assist it with oversight duties and responsibilities for the purpose of ensuring effective financial reporting and internal control procedures. The Board of Directors of the Company, at the Board of Directors' Meeting No. 1/2012, which was held on 6 February 2012, acknowledged the opinion of the Audit Committee on the sufficiency of the Company's internal control system.

The Audit Committee accorded with the opinion of the auditor that the Company's internal control system was sufficient and suitable for the Company's business and capable of safeguarding the Company's assets from unduly or unauthorized use by the management.

The auditor did not find any material deficiencies in the internal control system, including any wrongful act, which may have a material adverse effect on the preparation of the financial report of the Company and its subsidiaries.

The internal control system of the Company consists of 5 components which can be described below.

### (1) Organizational environment

The Company has established an organizational structure that efficiently supports the management and employees in performing their work.

The Company has set up clear and reasonable business goals by taking into consideration the possibility of achieving these goals, and has communicated these goals to its employees as guidance in performing their work at least once a year.

The management and employees of the Company have been assigned appropriate levels of authority and responsibility through a Corporate Authority Index approved by the Board of Directors.

The Company has developed a code of conduct, which covers restrictions on the management and employees in engaging in any action which may give rise to a conflict of interest with the Company, conducts towards various stakeholders, both internal as well as external, including employees, customers, business partners, competitors and government agencies, and matters relating to environment, assets, internal control, accounting, reporting and disclosure, information handling and protection of personal data.

Employees may consult or report incidents of violation of the Code of Conduct directly to the Compliance Manager. The policy and the Code of Conduct have been developed based on fairness towards stakeholders and for the long term benefits of the Company.

The Company has set up a "Governance and Internal Control Unit" to oversee and support activities concerning internal control over financial reporting (ICFR) and to assisting the Company in the development/ adoption of its governance policies and procedures. The responsibility of the Governance & Internal Control Unit includes monitoring and reporting on the status of internal controls over financial reporting to the management, the Audit Committee and the Board of Directors periodically, in order to enhancing the accuracy and credibility of the Company's financial statements.

The Company has also set up a unit responsible for occupational health, safety, security and environment (HSSE Unit). The HSSE Unit follows the OHSA 18001 and ISO 14001 standards as its framework. The Company takes into consideration its responsibilities towards the environment, particularly on the carbon emissions. The Company has developed a plan to cut back on, and to continuously monitor, the carbon emissions.

## **(2) Risk Management**

The Company has established a "Risk Management Committee" to consider, review, oversee and manage identified risks of the Company. The risk management is an integral part of the Company's corporate culture. Managers, at all levels, are responsible for risk management within their areas. A quarterly risk assessment and mitigation are prepared and made with key stakeholders and risk owners and presented to the Board of Directors for its review.

## **(3) Management Control Activities**

The Company has developed policies and procedures for various management matters, including policies and procedures for entering into financial, procurement and general management transactions.

The Company has set up a clear and appropriate scope of authority and approval limits for management at each level. The approval function is segregated from the recording of accounts and information, and safeguarding of assets for checks and balances purpose.

The Company has also put in place strict measures for monitoring transactions with major shareholders, directors, executives, and their related persons, in order to ensure that the transactions are entered into in accordance with the procedures and approval process, so as to prevent any conflicts of interest and for the best interest of the Company.

## **(4) Information and Communication**

The Company places emphasis on information and communication system in order to ensure that accurate and sufficient information has been communicated to the Board of Directors, management, shareholders and other related persons to make informed decisions.

The Company has adopted accounting policies, which are in accordance with generally accepted accounting principles and suitable for the type of business in which the Company engages. All accounting records and supporting documents are being appropriately kept and maintained for verification at all time.

The Company has prepared meeting invitations and supporting documents, including minutes of meetings, and proposed the same to the Board of Directors and shareholders (as the case may be) for consideration in advance of the meetings and in accordance with the law.

### (5) Monitoring

There are clear processes for monitoring the system of internal control and reporting any significant control failings or weaknesses together with details of corrective action. These include both ongoing monitoring and periodic evaluations by management to ensure that strong internal controls are present and functioning.

Ongoing monitoring activities include regular performance reviews by senior management of key operating and financial information, quality assurance reviews of the internal audit function, a self assessment sign off process over key ICFR controls, analysis of, and appropriate follow-up on operating reports or metrics that might identify anomalies indicative of a control failure, etc.

#### **Key periodic evaluations include:**

- The activities of the Internal Audit Division which examines business processes through an approved internal audit plan and highlights any internal control weaknesses and recommendations thereon. The internal audit unit reports its findings directly to the Audit Committee, following up on the progress of any corrective actions with the management, and providing a summary report on the results of such actions to the Audit Committee on a monthly basis.

In addition, the management is required to immediately report to the Board of Directors cases or suspected cases of fraud, violation of laws, or other misconduct which may have a material adverse effect on the reputation and financial position of the Company.

In 2011, the internal audit division conducted its audit according to the audit plan approved by the Audit Committee. There were no material deficiencies in the internal control system of the Company, which might cast significant risks to its operation. Although the internal audit division reported findings on non-compliance of certain business units, the responsible management has proceeded to rectify such non-compliance without delay. The Audit Committee considered the risks of such non-compliance to be limited.

- Review of any internal control issues highlighted by our external auditor. The auditor of the Company has reviewed and assessed the accounting control of the Company and its subsidiaries and found no material findings which may have a material effect on its opinion on the financial statements of the Company and its subsidiaries as of 31 December 2011.

The management testing of key internal controls over financial reporting was carried out in 2011 by Pricewaterhouse Coopers to enhance the independence of the testing process.



# corporate governance

The Board of Directors and the management of the Company are committed to the practice of good corporate governance pursuant to the Principles of Good Corporate Governance for Listed Companies 2006 of the Stock Exchange of Thailand and the Code of Corporate Governance 2005 of the SGX-ST in order to maintain and strengthen long-term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of all stakeholders in order to be in line with international standard and acceptable by shareholders, investors, regulators and other stakeholders.

A Corporate Governance Committee, which comprises the senior management of the Company, has been established to promote the Company's adherence to the principles of good corporate governance in accordance with internationally accepted practices and standards recognized by shareholders, investors, regulators and other stakeholders. The Company has developed and maintained a code of conduct, which applies to all directors, management and employees of the Company, and others acting on behalf of the Company. The Code of Conduct can be found on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) and its intranet.

With reference to the Principles of Good Corporate Governance for Listed Companies 2006 of the Stock Exchange of Thailand, details of the Company's good corporate governance are set out in 5 categories as follows:

## Section 1 Right of Shareholders

The Board of Directors realizes and give importance on the fundamental rights of shareholders, namely the rights to trade and transfer of shares, receive profit distribution, independently and equally attend and vote at general meetings, decide on important matters, appoint or remove directors, determine directors' remuneration, appoint auditors, and receiving the Company's information promptly, completely, and sufficiently through an easy-to-access channel. The Company encourages its shareholders to fully exercise their rights through the general meetings so that shareholders can participate in any decision-making, which affects or relates to their rights and benefits.

The Company held the 2011 Annual General Meeting of Shareholders on 21 April 2011 and the Extraordinary General Meeting of Shareholders No. 1/2011 on 31 May 2011 at Napalai Ballroom, Dusit Thani Hotel Bangkok. There were 10 directors and senior management attending the 2011 Annual General Meeting of Shareholders, and 11 directors and senior management attending the Extraordinary General Meeting of Shareholders No. 1/2011, in order to provide details of the agenda and response to any questions raised by the shareholders.

The Company engaged the Thailand Securities Depository Co., Ltd., its registrar, to send the invitation notice, together with the supporting documents, to the shareholders at least 7 days in advance of the meeting. The Company also posted such invitation notice and supporting documents on its website at [www.dtac.co.th](http://www.dtac.co.th) at least 30 days before the meeting in order to facilitate the shareholders easy and prompt access to the information relating to the meeting.

The Company arranged a barcode system for registration and vote counting to expedite the registration and vote computation process. For the convenience of the shareholders, the Company also had stamp duty readily available for shareholders who appointed a proxy.

Before the meeting began, the Company explained to all shareholders the voting procedures. There was also an external legal advisor who supervised the meeting and the voting process to ensure that they were conducted in accordance with applicable laws and the Articles of Association of the Company.

The Company invited the shareholders to submit questions on the agenda in advance of the 2011 Annual General Meeting of Shareholders during 1 November–31 December 2010. However, no question was submitted. At the Meeting, the Chairman of the Meeting provided opportunities for the shareholders to express their opinions and to make inquiries relevant to the Company and the respective agenda.

## Section 2 Equitable Treatment of Shareholders

The Board of Directors gives importance on fair and equitable treatment of shareholders; as a result, the following actions have been implemented:

During 1 November–31 December 2010, the Company invited the shareholders to propose matters which they considered necessary for inclusion in the agenda of the 2011 Annual General Meeting of Shareholders, and to nominate candidates for election as directors. The Company also posted the rules and procedures in relation thereto on its website at [www.dtac.co.th](http://www.dtac.co.th). However, no shareholders proposed matters for inclusion in the agenda of the Meeting nor nominated any candidates for election as directors.

The shareholders who could not attend the Meeting in person might appoint an independent director of the Company or any other person to attend and vote on their behalf. The Company prepared proxy forms in accordance with the relevant notification of the Ministry of Commerce, whereby the shareholders may give their proxies voting instruction. The proxy forms were delivered to the shareholders together with the invitation notice of the Meeting. Additionally, the shareholders could download the proxy forms from the Company's website at [www.dtac.co.th](http://www.dtac.co.th).

At the 2011 Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders No. 1/2011, the Chairman of the Meeting conducted the Meeting in order of the agenda set forth in the invitation notice. No agenda was added without prior notification to the shareholders.

The Company appointed the Thailand Securities Depository Co., Ltd. to proceed with the registration and vote counting on its behalf, and provided the shareholders with voting ballots for each agenda. As for the agenda regarding election of directors, the Company provided the shareholders an opportunity to elect each director individually. The vote counting in each agenda was conducted openly and transparently and the voting ballots were collected for further examination.

The Company prepared the minutes of the 2011 Annual General Meeting of Shareholders, and posted it and the video record of the meeting on the Company's website at [www.dtac.co.th](http://www.dtac.co.th), within 14 days after the meeting

The Company has developed a policy and a code of conduct for handling of information, which apply to directors, management and employees of the Company, and other persons acting on behalf of the Company, in order to protect against unduly handling of information for personal benefits or the benefits of other persons. It is the responsibility of the management in each division to ensure that the employees and relevant persons acknowledge and comply with the Code of Conduct. Further details on information handling can be under section "Management–Information Handling".

## Section 3 Roles of Stakeholders

The Company realizes the rights of all groups of stakeholders, whether within or outside the Company, and has undertaken measures to ensure that such rights are well protected, in order to create good understanding and co-operation between the Company and its stakeholders, which will bring benefit to the operation of the Company, build confidence and security for the Company and its stakeholders and increase the ability of the Company to compete in the long term.

In addition, the Company also supports the internationally proclaimed human rights, including UN Declaration and Conventions on Human Rights. Directors, management and employees of the Company, and others acting on behalf of the Company, must respect the personal dignity, privacy, and rights of each individual whom he or she interacts with during the course of work and must not in any way cause or contribute to the violation or circumvention of human rights, as prescribed in the Code of Conduct.

In this regard, the Company has provided a communication channel through the Company's website at [www.dtac.co.th](http://www.dtac.co.th), whereby the shareholders and stakeholders will have an opportunity to express their opinion and submit their complaints directly to the Board of Directors of the Company in the event that they have been treated unfairly or have suffered from the Company's action. In addition, the Company has provided channels for its employees to consult or whistle-blow directly to the Compliance Manager any incidents, which they find to be, or have doubt to be, illegal or in violation of the Code of Conduct, which have, or may have, an impact on them, other stakeholders and the Company. The Compliance team would investigate the incidents, submit a summary report on the incidents to the internal audit unit and the Audit Committee for consideration and recommendation, and provide remedy or compensation, or take any legal action for the wrongdoing. The whistleblowers' identity and details of the incidents received by the Compliance team will be kept confidential.

#### (1) Rights of shareholders

The Company realizes and gives importance to the rights of the shareholders, which are the owners of the Company. The Company has ensured equal and fair treatment towards every shareholder through its accurate, transparent and timely disclosure of information and maintenance of its assets. The Company aspires to operate its business in a manner which makes profits and maintains sustainable growth, so as to increase long-term value for the shareholders. Further details on rights of shareholders are shown in Section 1 Rights of Shareholders and Section 2 Equitable Treatment of Shareholders.

#### (2) Rights of employees

The Company has always regarded its employees as valuable resources, whose role is important in bringing about success to the Company. Accordingly, the Company aspires to increase the potential of its employees throughout their career path by improving skills, knowledge and aptitude of its employees, providing every employee with an opportunity to progress in its career on an equitable basis, as well as offering appropriate remuneration to its employees. In 2011, the Company has initiated an Organization Optimization (O2) Project to study and review the organization structure of the Company, role and responsibility of each unit, job evaluation, career track and career path, in order to build capability and organisation readiness for development into the best organisation.

The Company gives importance to the welfare and safety of its employees. The Company provides basic benefits and welfare as required by law, such as working hours, holidays, annual leaves, and any other types of leave, as well as social security, compensation fund and provident fund, and constantly communicating the same to its employees.

In addition to those prescribed by law, the Company also provides other welfare to its employees such as health insurance, which covers treatment of outpatient and inpatient and dental visits, life insurance, personal accident insurance, annual health check-up, and in-house medical and nursing treatment, with doctors and nurses standing by at the Company's office during working hours, as well as providing healthcare measure, such as communication of preventive measure for epidemics and provision of protective masks and alcohol-based hand gel for its employees and visitors. Furthermore, the Company encourages its employees to exercise for good health by providing facilities, sport equipment and other sport activities, such as yoga, aerobics, etc. The Company also promotes good family relationship by providing various areas and activities, such as kids' room, library, nursing room and activities during school breaks, to support employees who have the necessity to bring their children to work.

Furthermore, the Company also provides monetary aid to its employees in various cases, such as wedding, child birth, ordination, death of close relatives, natural disasters, etc. In 2011, a number of the Company's employees were affected by flood in many areas in Thailand. The Company arranged a Flood Relief Program to help its employees in many aspects, such as housing and travelling allowances for employees who had to evacuate from their affected homes, hotel accommodation near the Company's office and temporary shelter at the Company's premises for its employees and families during the flood crisis. The Company also provided food for

those who took shelter at the Company's premises. In addition, the Company provided home repair loans to employees with affected homes as a result of the flood. The Company provided the aforementioned activities without any discrimination, and employees at all levels received appropriate and full aid.

The Company has set up a unit to oversee matters relating to occupational health, safety, security and environment (HSSE Unit), and established a policy and a code of conduct on the matters, which requires and promotes good health care and working environment, as well as security and relevant measures to prevent accidents and illness from work performance in accordance with the internationally accepted standards. In 2011, the Company organized a workshop on safety and working environment (HSSE Workshop) in order to promote a culture of safe working environment within the organization and to create awareness and codes of conduct in relation to the same, through a self virtual learning program, which was available to all employees. The Company has also set up a HSSE committee, which consists of representatives from its employees and management, working together to report and recommend solution and improvement for safe working environment, and promote and encourage safe working activities. The HSSE committee meets on a monthly basis.

In order to develop and improve the organization to truly meet the needs of its employees, the Company invites its employees to complete an online questionnaire on the Company as an organization (dtac check-up) on an annual basis. The questionnaires cover employees' opinions on their line managers, working teams and the Company, as well as ways and suggestions to help develop the Company to its full potential. For this purpose, employees are free to express their feelings and opinions on the questionnaire. The information obtained from the questionnaire will be kept confidential.

### (3) Rights of community, society and environment

The Company realizes that it is part of the society and community and gives importance to responsibility to community, society and environment. The Company has initiated the "Doing Good Deeds Every Day Project", which focuses on enabling technologies to integrate with diverse lifestyles (Enable), strengthening safety in telecommunication service (Safe) and doing business with care for the environment (Climate Change) under the concepts of doing good deeds with technology, doing good deeds with knowledge, and doing good deeds with heart.

In 2011, the Doing Good Deeds Every Day Project offered various types of activities, which are undertaken in co-operation with several organizations, whether public or private, with the objectives of helping community, society and environment as follows:

The doing good deeds with technology involves helpful activities using telecommunications technology. Examples of activities include \*1677 Farmers Information Superhighway Database for Thai Farmers, which provides free SMS and MMS and video clip updates on agriculture-related information and news as well as free consulting service over the phone, and Geo Chat Program-Epidemic Alert through SMS and Google Map, which is a real-time monitoring and reporting system designed for healthcare personnel to notify any outbreak of communication disease via SMS.

The doing good deeds with knowledge involves educational activities. Examples of activities include Sam Nuek Rak Ban Kerd Foundation for Community Development, which grants scholarships and school supplies to children, and Cycling for Children Project Year 3, which is a cyclist charity campaign to raise fund for the distance travelled in order to provide new bicycles for rural children, aims to develop community leader by donating of educational materials and equipment to children, and the 3rd Ride for Kids, which cyclists collect milage as a fund to purchase new bikes for children in remote areas.

The doing good deeds with heart involves charity activities for children, community, society, tourism and environment. Examples of activities include Doing Good Deeds for Happiness and Smiles of Thai Children Year 5, which is a children's life quality improvement project which subsidizes operation costs for children with cleft lips and palates, Doing Good Deeds with Heart for Sustainable Environment, which encourages environment conservation and reducing effects to the environment, such as Mobile Battery for Life Campaign (which encourages public to dispose used batteries properly), Reforestation Project In Honour Of The King (which includes reforestation and activities for the environment in every region nationwide), and Flood Relief Program 2011 (which sets up help system and measure for flood victims, which included employees, customers, business partners and community, whereby the Company made donation, as well as encouraging its customers to send SMS messages to make donation, prepared relief bags for distribution to flood victims during

the flood crisis and relive bags after the flood crisis, prepared food for distribution to flood victims, gave away THB 30 free top up to flood victims and volunteers, and setting up service points to offer free value top up and free phone call services to flood victims).

In addition, the Company also gives importance to environmental management within its organization. The Company has a policy to protect the environment, which will be implemented to promote responsibility towards the environment, develop and use technologies that are more environmental friendly. The Company has continuously taken action to reduce and control activities that may have environmental impact, including waste management from the Company's operation, such as recycling of used batteries from base stations, campaigning for optimal energy efficiency, particularly in the reduction of carbon emission, from office use and at the base stations (in which the Company has designed its office at Chamchuri Square Building to save energy), campaigning for employee to use electricity efficiently, and promoting usage of communication technology (such as e-conference, which will help reduce carbon emission from energy consumption for travelling). Furthermore, the Company has changed equipment at its base stations to allow for more energy efficiency. Such activity could reduce carbon emission by 166,732 tons in 2010.

The Doing Good Deeds Everyday Project received Outstanding Corporate Social Responsibility Awards 2011 at the SET Awards 2011, which was jointly held by the Stock Exchange of Thailand and Money & Banking Magazine. Furthermore, the \*1677 Farmer Information Superhighway (Phase 3) and the Geo Chat Program–Epidemic Alert through SMS and Google Map also received ICT for Sustainable Development Project Award at the ICT Excellence Award 2010, organized by Thailand Management Association.

#### (4) Rights of customers

The Company aspires to enhance the efficiency in providing its services, offer products and services which meet customers' demand and undertake relevant actions to ensure that customers will be confident and satisfied with the services of the Company. Every customer will be equitably and fairly treated with respect and good manner. Based on the principle of "customer centricity" or customer focus, the Company places emphasis on understanding customers' needs; and every employees shall adhere to this principle in performing their work on various matters.

Currently, the Company provides two main channels for supporting customers, namely the Service Center and the Call Center. Customers can visit the Company's Service Centers, which are located in the prime locations of Bangkok, its vicinities and upcountry, or dial 1678 to the Call Center, for any inquiries, requests or complaints.

Additionally, the Company has set up the "Consumer Complaint Center" to accept and handle complaints from customers without fees or charges. The Company has publicized the criteria for accepting complaints on its website at [www.dtac.co.th](http://www.dtac.co.th).

The Company has the policy of protecting personal data of the customers, under which any processing of personal data must be undertaken cautiously and carefully. The processing of personal data must be limited to the extent required to perform the work, provide services to the customers in an efficient manner and carry out related commercial activities in accordance with the law.

#### (5) Rights of business partners

It is the policy of the Company to treat all business partners equitably and fairly. The Company has established written, easy to understand and standardized procedures for procurement, so as to assure its business partners' confidence in the vendor selection process of the Company at all events. The Company would arrange for competitive bidding whenever possible. Negotiation of contracts between the Company and its business partners are undertaken based on general commercial terms.

The Company has the policy of requiring its business partners to comply with the Supplier Code of Conduct in relation to various matters, such as labor, health, safety, security, environment and corruption. The Supplier Code of Conduct requires the same standard that is also applicable to the Company, and which is in line with the internationally accepted standards. The Company conducts an onsite visit, and send questionnaires to its business partners, on a regular basis in order to follow-up on the business partners' compliance with the Supplier Code of Conduct, and as a consequence improving the standard of doing business and build sustainable growth of the business partners of the Company.

In addition, the Company also gives importance and respects the intellectual property rights of business partners and other third parties. It is the Company's policy that directors, management and employees of the Company, and others acting on behalf of the Company, shall avoid contravention of intellectual property rights of business partners and other third parties. At the same time, directors, management and employees of the Company, and others acting on behalf of the Company, shall protect and administer the Company's intellectual property in the interest of the Company, as prescribed in the Code of Conduct.

#### (6) Rights of competitors

The Company encourages and supports fair and open competition. The Company will not perform any act which would result in violation of competition law or cause damage to reputation of its competitors. The Company's competitiveness in the market is based on good products and services at right price. The Company will meet with its competitors in an honest and professional manner.

Furthermore, the Company has its own anti-corruption policy which prohibits its directors, management and employees, and other persons acting on behalf of the Company, from giving or receiving illegal or inappropriate gifts, whether in cash or in kind, in order to achieve business advantages, as prescribed the Code of Conduct.

#### (7) Rights of creditors

The Company has a policy to treat its creditors equitably and fairly by providing correct, transparent and verifiable information to its creditors, and to strictly honor the terms and conditions of the contracts it has with its creditors.

## Section 4 Disclosure of Information and Transparency

The Company complies with the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and the SGX-ST in respect of disclosure of significant information, in particular, disclosure of financial information, the Company's development, operational information, business performance, and other relevant information of the Company, through the websites of the Stock Exchange of Thailand and the SGX-ST to ensure transparent and equitable disclosure. In addition, the Company regularly posts updated information, both in Thai and English, regarding its financial information, registration statement (Form 56-1), annual report, policies and CSR activities on its website at [www.dtac.co.th](http://www.dtac.co.th). The Company also holds an analyst briefing in each quarter to announce its quarterly operating results to shareholders, investors, analysts, fund managers, and other interested persons. The analyst briefing is attended by the management of the Company who will clarify and answer inquiries raised by attending persons.

The Company realizes that the Company's information, whether financial or non-financial information, will influence decision-making of its shareholders and other general investors. Therefore, to ensure that significant information is disclosed accurately, promptly and transparently, the Company has established an investor relations department to efficiently and regularly communicate with its shareholders and investors. Any interested persons can obtain the Company's information from the Investor Relations Department, at telephone number +66 2202 8882 or email address [IR@dtac.co.th](mailto:IR@dtac.co.th).

The Board of Directors of the Company is responsible for the Company's financial statements and financial information contained in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting principles in Thailand. The Company has chosen an appropriate accounting policy and has applied the same accounting standard for each accounting period. The Board of Directors has appointed the Audit Committee to be responsible for the quality of the financial statements and internal control system of the Company, as well as sufficient disclosure of significant information in the notes to the financial statements, in order to ensure all accounting records are accurate, complete and adequate for the benefit of the shareholders and general investors.

## Section 5 Responsibilities of the Board of Directors

### (1) Composition of the Board of Directors

At present, the Board of Directors of the Company consists of 12 directors. Four directors are independent directors and one director is a representative from CAT pursuant to the Concession Agreement.

The Chairman of the Board of Directors and the Chief Executive Officer are not the same person. They have separated functions and responsibilities. The Chairman has been elected by the directors of the Company and acts as the chairman of the meeting. He has the responsibility to ensure that the meetings of the Board of Directors of the Company proceed in accordance with the agenda, encourage all directors to participate in the meeting (such as asking questions or making remarks), give advice and recommendation to the management and support the business operation of the Company. However, he will not interfere with the management of the Company. The Chief Executive Officer is responsible for managing the business of the Company and supervising the business operation of the Company to ensure that it complies with the resolutions of the shareholders' meetings and the Board of Directors' meetings, policies and business plans of the Company and applicable laws.

The Board of Directors of the Company is composed of directors who possess qualifications, knowledge, expertise and experiences in various areas, including finance and accounting, business administration, law and telecommunications business. The independent directors also possess the minimum qualifications as required by the Securities and Exchange Commission and the Stock Exchange of Thailand, details of which are provided under section "Management-Independent Directors".

The Company does not fix the term of its directors, nor does it designate a number of companies in which its directors can hold a position. The Articles of Association of the Company requires one third of its directors to vacate the office at each annual general meeting, provided that the vacating directors may be re-elected for another term of office. In addition, the Company does not require that the Chairman of the Board of Directors be an independent director, given that the telecommunications business has unique and complex nature and is subject to rigorous regulation. The Company believes that its Chairman and Board of Directors possess knowledge, capacity and good understanding of the nature of the telecommunications business, which are necessary in a decision-making process in order to bring the utmost benefits to the Company and its shareholders as a whole. Moreover, the Company has good internal control system, which can create confidence for its shareholders and general investors.

The Company has appointed Mrs. Veeranuch Kamolyabutr, Head of Legal Division, as the Company Secretary to be responsible for giving legal advice and relevant regulations to the Board of Directors, taking care of activities of the Board of Directors and coordinating to ensure compliance with the resolutions of the Board of Directors' meetings.

### (2) Roles, duties and responsibilities of the Board of Directors of the Company

The Board of Directors of the Company approves the vision, strategy, business direction and operational policy, business plan and annual budget of the Company, and directs the business units to perform in compliance with the established policies and plans for business operation, applicable laws, objectives and Articles of Association of the Company, and resolutions of the Board of Directors' and shareholders' meetings, taking into account the utmost benefits of the Company and the stakeholders, in order to build sustainable growth of the Company and increase long-term value for the shareholders. Further details on the power, duties and responsibilities of the Board of Directors can be found under section "Management – Board of Directors".

The Board of Directors of the Company has promoted the establishment of a written policy on corporate governance and code of conduct. In this respect, the Company has introduced a code of conduct, which applies to its directors, management, employees and other persons



acting on its behalf. The Code of Conduct has been in effect since 2006 and has been regularly updated to cover various subjects, such as human rights, labor, occupational health, safety, security, environment, conflicts of interest, handling of information, corruption, internal control, disclosure of information, etc. The Company has taken actions to raise awareness and understanding of the Code of Conduct on a regular basis, for instance, at an orientation for new employees and additional training on the subject from time to time.

The Board of Directors of the Company ensures compliance with the requirements on actions to be undertaken and disclosure of information concerning transactions which may give rise to conflicts of interest, pursuant to the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant regulators by setting up the Audit Committee to be responsible for considering, approving and giving recommendation in relation to transactions which may give rise to conflicts of interest. In addition, the Company has introduced the General Mandate for Interested Person Transactions, which sets out the types and approval procedures for transactions which may give rise to conflicts of interest, which are undertaken by the Company in its normal course of business. The Company will propose the scope of transactions with interested persons for consideration by the shareholders in each annual general meeting. The Board of Directors and interested shareholders, including their related persons, will not be eligible to vote on such matter.

The Board of Directors conducts an evaluation on the performance of the Board of Directors, and a director self assessment on an annual basis in order to provide an opportunity for each director to express his or her view on the performance of the Board of Directors as a whole, and to consider and review the results, problems and obstacles on its performance, over the previous year.

### (3) Meetings of the Board of Directors

A meeting of the Board of Directors of the Company is held at least every quarter. The Company will inform the directors of the date and time of the meeting in advance, so that the directors can manage their schedule to attend the meeting. There will be a clear agenda for each meeting. The Company will send a meeting invitation, together with supporting documents, to the directors no later than seven days in advance to allow the directors sufficient time to study information prior to the meeting. Each meeting takes at least two hours, in which the senior management will join the meeting in order to clarify and answer queries of the Board of Directors. The Chairman will allow every director to express his/her opinion before proceeding with the vote and concluding a resolution of the meeting in each agenda. The directors having interest, whether directly or indirectly, will not be eligible to vote and will have to leave the meeting during the consideration of the relevant agenda.

The Company has recorded minutes of the meetings in writing and kept the originals with the meeting invitation and the supporting documents. Electronic copies of the documents are also maintained for convenience of the directors and relevant persons to inspect.

In 2011, the Company held 7 Board of Directors' meetings, the attendance of each director is as follows:

Name-Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr.Boonchai Bencharongkul	Chairman	29 October 1990	27 April 2010	7
Mr. Sigve Brekke	Vice Chairman	8 February 2006	21 April 2011	3
Mr. Knut Borgen <sup>(1)</sup>	Director	8 February 2006	27 April 2010	4
Mr. Chulchit Bunyaketu	Independent Director	6 March 2000	21 April 2011	7
Mr. Stephen Woodruff Fordham	Independent Director	17 November 2006	27 April 2010	3
Mr. Soonthorn Pokachaiyapat	Independent Director	6 March 2000	30 April 2009	7
Mr. Sompol Chanprasert	Director	6 Jun 2006	21 April 2011	3
Mr. Tore Johnsen <sup>(2)</sup>	Director	19 August 2008	30 April 2009	2

Name-Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr. Knut Snorre Bach Corneliussen <sup>(3)</sup>	Director	12 December 2007	21 April 2011	1
Mr. Charles Terence Woodworth <sup>(4)</sup>	Director	23 Sep 2009	27 April 2010	2
Mr. Gunnar Johan Bertelsen	Director	27 April 2010	27 April 2010	6
Ms. Hilde Merete Tonne <sup>(5)</sup>	Director	23 August 2010	23 August 2010	4
Mr. Jon Eddy Abdullah <sup>(6)</sup>	Director	21 April 2011	21 April 2011	5
Mr. Lars Erik Tellmann <sup>(7)</sup>	Director	20 July 2011	20 July 2011	2
Mrs. Chananyarak Phetcharat <sup>(8)</sup>	Independent Director	5 September 2011	5 September 2011	1
Mr. Håkon Bruaset Kjøl <sup>(9)</sup>	Director	5 September 2011	5 September 2011	2
Mr. Morten Tengs <sup>(10)</sup>	Director	21 October 2011	21 October 2011	1

Note: (1) Mr. Knut Borgen resigned from the Board of Directors on 5 September 2011.

(2) Mr. Tore Johnsen resigned from the Board of Directors on 28 February 2011.

(3) Mr. Knut Snorre Bach Corneliussen resigned from the Board of Directors on 20 July 2011.

(4) Mr. Charles Terence Woodworth resigned from the Board of Directors on 5 September 2011.

(5) Ms. Hilde Merete Tonne resigned from the Board of Directors on 5 September 2011.

(6) Mr. Jon Eddy Abdullah was appointed as a director pursuant to the resolution of the 2011 Annual General Meeting of Shareholders held on 21 April 2011.

(7) Mr. Lars Erik Tellmann was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 4/2011 held on 20 July 2011, in place of Mr. Knut Snorre Bach Corneliussen.

(8) Mrs. Chananyarak Phetcharat was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 5/2011 held on 5 September 2011, in place of Mr. Knut Borgen.

(9) Mr. Håkon Bruaset Kjøl was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 5/2011 held on 5 September 2011, in place of Mr. Charles Terence Woodworth.

(10) Mr. Morten Tengs was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 6/2011 held on 21 October 2011, in place of Ms. Hilde Merete Tonne.

#### (4) Subcommittees

The Board of Directors of the Company has set up subcommittees to perform duties on behalf of the Board of Directors as follows:

##### Audit Committee

The Audit Committee consists of three independent directors and is responsible for reviewing the financial reporting process of the Company, the internal control system and internal audit system, compliance with laws relating to the business of the Company, considering and selecting the Company's auditors and reviewing connected transactions, transactions of interested persons or transactions which may give rise to conflicts of interest, etc. Further details about the duties and responsibilities of the Audit Committee can be found under section "Management-Audit Committee".

In carrying out its duty on the selection of the auditors of the Company, the Audit Committee will consider the selection of auditors pursuant to the Company's assessment criteria, which consists of the auditors' experience, performance, understanding of the telecommunications business, and expertise on auditing telecommunications companies, as well as independence in performing their works during the past year, in order to propose the appointment of the auditors to the Board of Directors and the shareholders for consideration. At the 2011 Annual General Meeting of Shareholders, which was held on 21 April 2011, Mrs. Gingkarn Atsawarangsali, certified public accountant no. 4496, Mr. Sophon Permsirivallop, certified public accountant no. 3182, Ms. Runnapa Lertsuwankul, certified public accountant no. 3516, and Ms. Pimjai Manitkajohnkit, certified public accountant no. 4521, all of Ernst & Young Office Limited were appointed as the auditors of the Company and its subsidiaries. Mrs. Gingkarn Atsawarangsali was the auditor in charge of auditing the Company, and had expressed opinions on the financial statements of the Company for the year ended 31 December 2011. She was first appointed at the 2010 Annual General Meeting of Shareholders, held on 27 April 2010. The Company had not paid any non-audit fees to the auditors in 2011.

In performing its duty on the audit of the internal control and audit system, the Audit Committee will meet with the auditors of the Company at least once a year without the presence of the management of the Company. Furthermore, where the Audit Committee deems necessary and appropriate, the Audit Committee may request clarification and opinion from the internal audit unit and the auditors of the Company on information relating to financial and accounting matters to support the performance of its duty.

A meeting of the Audit Committee is held on average once a month. In 2011, the Company held 12 Audit Committee meetings, the attendance of which was as follows: Mr. Chulchit Bunyaketu attended 12 meetings, Mr. Soonthorn Pokachaiyapat attended 12 meetings, and Mr. Stephen Woodruff Fordham attended 11 meetings.

### Remuneration Committee

The Remuneration Committee of the Company consists of 5 directors, being three independent directors and 2 non-executive directors. The Remuneration Committee is responsible for considering and giving recommendation on remuneration of the Chairman and other directors, considering and approving remuneration of the Chief Executive Officer, considering the correctness and appropriateness of the remuneration policy, etc. Further details about duties and responsibilities of the Remuneration Committee can be found under section "Management – Remuneration Committee".

In determining the remuneration of the Board of Directors of the Company and subcommittees (i.e. the Audit Committee and Remuneration Committee), the Remuneration Committee will review the remuneration structure every three years and propose the matter to the Board of Directors and shareholders for consideration and approval. The Remuneration Committee will take into account various factors, such as business and performance of the Company, the market and industry norms, the current economic situation and the duties and responsibilities of the directors and the members of the subcommittees, etc. At the 2011 Annual General Meeting of Shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees for 2011 in the amount not exceeding THB 7,600,000, which was the same as the previous year and consisted of monthly allowance, meeting allowance and bonus, as follows

	Monthly Allowance	Meeting Allowance
Chairman	215,000	-
Independent director	53,750	32,250
Director (CAT's representative)	-	16,125
Chairman of the Audit Committee	-	26,875
Members of the Audit Committee	-	21,500
Chairman of the Remuneration Committee	-	13,438
Members of the Remuneration Committee	-	10,750

Other directors do not receive the above remuneration.

In determining the remuneration of the Chief Executive Officer, the Remuneration Committee will consider the performance of the Chief Executive Officer during the previous year pursuant to the specified key performance indicators (KPIs), each of which has different weighted scores.

A meeting of the Remuneration Committee is held at least once a year. In 2011, the Company held 2 Remuneration Committee meetings and all members of the Remuneration Committee were present in every meeting.

### (5) Development of Directors and Management

When appointing a new director, the Company will prepare material information about business operation of the Company for the director upon his request, so that the new director can familiarize himself with the business and the corporate governance of the Company. The Company also encourages its directors to attend the trainings relating to duties of directors, which are organized by

Thai Institute of Directors Association and other institutes. The Company will inform its directors of relevant trainings which would be useful for the directors in carrying out their duty as the directors of the Company. At present, there are four directors of the Company who have attended the training organized by the Thai Institute of Directors Association.

The Company regularly reviews the performance and skill sets of its management, and based upon this review, individual development plans are being made and executed. Succession planning for critical positions is also part of this review.

The Company has arrangement for various courses for development of the management, both internally and externally. Further details about human resource development can be found under section "Management – Human Resource Development".

# interested & connected person transactions

As shown in the Note 8 to the Financial Statements for the year ended 31 December 2011, the Company and subsidiaries had significant business transactions with related parties. These transactions have been concluded on commercial terms and have been agreed upon in the ordinary courses of businesses between the Company and those companies. Below is a summary of those transactions.

## 1. Transactions with Benchachinda Holding Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director and shareholder of Benchachinda Holding with 40% interest.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payments		
- Service fees for network operation and management	4.4	0.4
- Revenue from sales of telephone set	0.2	-
- Accounts payable	12.5	10.2
- Advances	0.03	0.03

### Rationale for the transactions:

- The Company hired Benchachinda to operate and maintain the Company's entire transmission network and to install additional transmission case of network expansion. The maintenance fee is charged in fixed amount based on the number of existing cell sites while the installation fee is charged on actual quantity of work carried out during the year. In considering the extension of the service agreement, the Company compares service fees proposed by Benchachinda with the rate the Company would otherwise pay to an independent service provider, who can render similar service in a particular area, to ensure the reasonableness of new pricing.

## 2. Transactions with BB Technology Co., Ltd.

Benchachinda holds 100% interest in BB Technology. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue		
- Revenue from sales of telephone set	-	0.02
2. Expenses and other payments		
- Service fees of network operation and management	833.6	827.2
- Accounts payable	424.7	438.5
- Advances	0.01	-

#### Rationale for the transactions:

- The Company switched service providers for these services from Benchachinda and UTEL to BB Technology Co.,Ltd. since the fourth quarter of 2008. The Company hired BB Technology to operate and maintain the Company's entire transmission network. The maintenance fee and contract renewal is similar to what the Company agreed with Benchachinda and UTEL.

### 3. Transactions with Connect One Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director of Connect One Co., Ltd. and holds 20% interest, and I.N.N. group holds 30% interest.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payments		
- Information service fee	0.4	0.1
- Accounts payable	0.04	0.03

#### Rationale for the transactions:

- Connect One is a content provider providing information service to mobile phone users.

#### 4. Transactions with I.N.N. Group

Mr. Boonchai Bencharongkul is a director and a shareholder of I.N.N.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue		
- Rental revenue	0.09	0.2
- Revenue from sales of telephone set	-	0.2
2. Expenses and other payments		
- Marketing expense	39.1	43.6
- Information service fee	33.0	67.4
- Accounts payable	12.6	23.1
- Advances	2.9	4.0

##### Rationale for the transactions:

- I.N.N. Radio Co., Ltd. rented office space for 21 wah-square in Pitsanulok province from the Company and the rental term was one-year.
- The Company purchased airtime from I.N.N. Radio Co., Ltd. to advertise company's product via radio. The advertising rate is of normal commercial terms.
- The Company entered into a content provider access agreement with I.N.N. News (Thailand) to provide content service to dtac customers.

#### 5. Transactions with International Cold Storage and Agricultural Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director of International Cold Storage and holds 25% interest.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payments		
- Rent for office space	11.9	12.0

##### Rationale for the transactions

- The Company rent office space to install switching centers with 3-year term at a rate comparable with market rate.



## 6. Transactions with Private Property Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Private Property Co., Ltd. with 25% shareholding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue		
- Mobile service revenue	0.2	0.2
- Accounts receivable	0.005	0.003
2. Expenses and other payments		
- Rent for space in Benchachinda Building	7.0	5.3
- Advances	0.02	0.02

### Rationale for the transactions:

- The Company rent the space in Benchachinda Building to install transmission networks with 3-year term at a rate comparable with market rate.

## 7. Transactions with Telenor Group

Telenor is a major shareholder of dtac with 42.62% shareholding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue		
- Revenue from international roaming service	188.6	108.9
- Revenue from telephone service	6.9	8.0
- Revenue from sales of telephone set	0.2	0.2
- Revenue from interconnection	8.3	8.4
- Revenue from management service	-	2.5
- Accounts receivable	10.7	8.5
- Advances	0.5	1.5
2. Expenses and other payments		
- Fees to Telenor under a service agreement	414.1	371.8
- Software and system maintenance fee	3.4	120.1
- Other payables	133.5	417.8
- International Roaming Service Cost	12.8	5.3
- Cost of interconnection	197.2	166.1
- Rental signaling	11.4	12.6
- IP transit service	4.3	-
- Accounts payable	377.3	331.0

**Rationale for the transactions:**

- It is a policy that Telenor provides secondments with appropriate experience and capacity as requested by the Company to jointly manage the business operations for the shareholders' best interest by charging an applicable service fee. The Internal Audit Division submits the report on this matter to the Audit Committee for review and approval.
- Revenue from telephone service arises from the telephone services charged to Telenor Asia (ROH) which has the office in Thailand.
- Revenue from international roaming service arises from the usage of Telenor subsidiaries' customers who travel to Thailand and use the roaming service on dtac's network. The fee is charged in accordance with the agreement.
- Revenue and cost from interconnection, including related costs on rental signaling and IP transit service, arise from the interconnection between DTAC Network Company Limited and Telenor Global Services.
- The Company purchased computer software and made annual maintenance contract to improve operational efficiency of the Company.

**8. Transactions with United Distribution Business Co., Ltd. (UD)**

UD is a subsidiary of Benchachinda Holding with 75% shareholding and an associate of the Company with 25% shareholding. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue		
- Sales of SIM cards, SIM card packages, refill vouchers and Starter Kits	14,211.0	12,956.9
- Dividend	25.0	25.0
- Accounts receivable	2,919.0	2,249.7
2. Expenses and other payments		
- Purchase of mobile handsets	29.3	64.9
- Marketing support expense	12.4	24.8
- Rental fee	14.6	22.5
- Accounts payable	11.2	5.4
- Advances	3.8	11.9

**Rationale for the transactions:**

- In June 2002, the Company and UCOM transferred their sales and distribution business to UD. UD also has an exclusive right to distribute and sell the Company's telecommunication products. The business relationship is beneficial as it allows the Company to concentrate on core business while controlling the cost of distribution.
- The Company purchases handsets from UD for resale at dtac shops and services centers.

## 9. Transactions with United Information Highway Co., Ltd. (UIH)

UIH is a subsidiary of Benchachida Holding with 100% shareholding. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue		
- Revenue from base station sublease include electricity charge	2.2	2.0
- Revenue from sales of telephone set	-	0.2
- Advances	0.5	0.4
2. Expenses and other payments		
- Rental expense for high speed leased circuit	8.4	10.8
- Cost of equipment and service for WiFi	-	126.3
- Advances	9.1	5.4
- Accounts payable	-	125.9

### Rationale for the transactions:

- UIH provides high-speed data communication service via a nationwide leased optical fiber network to public and private organizations. UIH has one of the most extensive and high quality fiber optic networks in Thailand and has been providing consistent and high quality data communication services to the Company and its subsidiaries for many years.
- It is beneficial to conduct business with UIH as currently the Company does not have such data communication networks. In addition, UIH has one of the most extensive and high quality fiber optic network coverage throughout Thailand.
- Procurement team will obtain quotations from at least 3 service providers as part of the review of pricing arrangements. The Company will continue to rent the high speed leased circuits from UIH if the pricing arrangements continue to be more favorable to the Company than those extended by other service providers, taking into consideration various factors i.e. reputation, the size and quality of the leased circuit, the switching cost and strategic purposes of the transaction.
- dtac Broadband company limited, a subsidiary, has entered an agreement for high speed circuit at a rate comparable with market rate and an agreement for equipment and service of Wifi with normal commercial terms.

## 10. Transactions with United Telecom Sales and Services Co., Ltd. (UTEL)

UTEL is a subsidiary of Benchachinda Holding with 100% shareholding. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payments		
- Installation and maintenance expense for base stations and cell site equipment	39.8	-
- Accounts payable	11.8	2.0
- Advances	0.07	0.01

### Rationale for the transactions:

- UTEL provides fully integrated services in the areas of system design, project implementation, distribution, leasing of telecommunications equipment, consulting services and system maintenance of telecommunications, information technology, broadcasting and network equipment. Such services are provided on a project-by-project basis and are subject to tender processes along with other unrelated third party service providers.
- The Company hires UTEL for maintenance service and installation of cell site equipment. This is to ensure that our high service quality and the widest coverage which are critical factors to retain our competitiveness.
- Contractual prices are obtained by price bidding prior to entering into the agreement. Senior management (with no direct or indirect interest) will obtain quotations from at least two services providers. The Company will award the agreement to the party with the most competitive pricing, taking into consideration various factors, i.e. the working relationship, quality of service, the timeframe, project size and the reputation of the service provider.

## 11. Transactions with Bang-san Townhouse Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director of Bang-san Townhouse.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payments		
- Rent for land	0.5	0.5

### Rationale for the transactions:

- The Company leased a plot of land to build switching center with 3-year term at a rate comparable with market rate.
- The Company leased land and building to store our asset and equipment with 3-year term at a rate comparable with market rate.

## 12. Transactions with King Power Suvarnabhumi Co., Ltd.

Mr. Chulchit Bunyaketu, a director of the Company, is Vice Chief Executive Officer of King Power Suvarnabhumi Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payment		
- Rental expense	2.3	2.7
- Other payables	0.2	0.2

### Rationale for the transactions:

- The Company was granted the right from King Power Suvarnabhumi Co., Ltd. to provide mobile rental service for dtac customers who will bring mobile phone to use in other countries, and also provide other services including sale of SIM card, payment transactions, and other mobile phone services. The right was charged at one-time payment and monthly revenue shares from services provided at the airport. The agreement term is 5-year starting from the open of the airport.
- The Company leased the space for service hall in order to provide service for dtac customers at the airport. The agreement term is 7-year and it was charged on annual basis at the rate comparable to market rate.

## 13. Transactions with Top Up 4U Co., Ltd.

Benchachinda holds 100% interest. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue and other gains		
- Revenue from sales of top-up service	10.0	94.0
- Accounts receivable	0.6	4.4

### Rationale for the transactions:

- The Company hired Top Up 4U Co., Ltd. to be an E-refill distributor at a contract rate in order to expand our top-up channels.

## 14. Transactions with BB Content & Multimedia Co., Ltd.

Benchachinda holds 100% interest. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payments		
– Service fee	0.1	0.1
– Accounts payable	0.05	0.05

### Rationale for the transactions:

- The Company signed a content provider access agreement with BB Content & Multimedia to provide content service to dtac customers.

## 15. Transactions with LMG Insurance Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is related to Mr. Somchai Bencharongkul who is a director of LMG Insurance.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Expenses and other payments		
– Car insurance fee	1.4	0.2
– Rent space for base station	0.4	1.3

### Rationale for the transactions:

- The Company entered into car insurance and rental agreement for installing cell site and antenna equipment with LMG Insurance at a fair market rate.

## 16. Transactions with Mr. Jon Eddy Abdullah

Mr. Jon Eddy Abdullah is a director and Chief Executive Officer of the Company.

Principal Transactions	Aggregate value of transactions during the financial year (Million THB)	
	2010	2011
1. Revenue and other gains		
– Revenue from car rental	–	0.05
– Accounts receivable	–	0.03

### Rationale for the transactions:

- The Company entered into an agreement with Mr. Jon Eddy Abdullah for car rental at appropriate and fair rate and Mr. Jon Eddy Abdullah is responsible for the maintenance during the rental period.

Other than the Interested Person transactions set out above, there was no material contract involving the interests of any of the Chief Executive Officer, Directors and controlling shareholders, either still subsisting at the end of the financial year ending 31 December 2011, or if not subsisting at the end of the financial year ending 31 December 2011, entered into since the end of the previous year ending 31 December 2010.

According to the Annual General Shareholders' Meeting for the year 2011, the shareholders approved the general mandate for interested person transactions, which are recurrent transactions of a revenue or trading nature or are necessary for the Company's day-to-day operations, such as the purchase and sale of supplies and equipment (but not in respect of the purchase or sale of assets, undertakings or business) that may be carried out with interested persons.

# shareholder structure

## Total Access Communication Public Company Limited

Information on Share Capital and Shareholding

As at 5 January 2012

### Share Capital

Authorized Share Capital : THB 4,744,161,260

Issued Share Capital : THB 4,735,622,000

Class of Share : Ordinary Shares of THB 2 each

Voting Rights : One vote per share

### Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	25,814	72.12	2,414,329	0.10
1,000	-	10,000	8,403	23.48	25,475,759	1.08
10,001	-	1,000,000	1,517	4.24	107,427,505	4.54
1,000,001	and	above	60	0.17	2,232,493,407	94.29
Total			35,794	100.00	2,367,811,000	100.00

**Note:** Includes CDP (details of shareholding statistics in the CDP are shown in the topic for Detail of the Shareholdings by the Central Depository (Pte) Limited in Singapore)

### Substantial Shareholdings (Holding 5% and above)

	Direct Interest		Indirect Interest <sup>1</sup>	
	No. of Shares	%	No. of Shares	%
Telenor Asia PTE LTD <sup>2</sup>	1,008,822,497	42.61	1,564,322,497	66.07
Thai Telco Holdings Limited	555,500,000	23.46	-	-
TOT Public Company Limited	132,145,250	5.58	-	-

1. Telenor is a major shareholder of Thai Telco Holdings. Accordingly, Telenor is deemed to have an indirect interest in the 555,500,000 Shares owned by Thai Telco Holdings Limited.

2. Excluding shares held through CDP.



## Top Largest Shareholders

No.	Name	No. of Shares	%
1	Telenor Asia Pte Limited	1,008,822,497	42.61
2	Thai Telco Holdings Limited	555,500,000	23.46
3	Thai NVDR Company Limited	252,512,858	10.66
4	TOT Public Company Limited	132,145,250	5.58
5	Thai Securities Depository	36,665,269	1.55
6	State Street Bank Europe Limited	34,218,125	1.45
7	Social Security Fund	14,138,400	0.60
8	State Street Bank and Trust Company	12,980,594	0.55
9	The Central Depository (PTE) Limited - Listed Securities	12,242,921	0.52
10	Bangkok Life Assurance Public Company Limited	9,800,000	0.41

## Details of the Shareholdings by the Central Depository (Pte) Limited in Singapore

As at 5 January 2012

## Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	24	5.58	8,047	0.07
1,000	-	10,000	291	67.67	1,137,067	9.29
10,001	-	1,000,000	113	26.28	6,159,551	50.31
1,000,001	and	above	2	0.47	4,938,256	40.34
Total			430	100.00	12,242,921	100.00

Pursuant to SGX-ST's Rule 723 that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed are at all times held by the public, Total Access Communication Public Company Limited would like to confirm that we have complied with this rule as 28.34% of our issued shares were held as part of the public float (as of 5 January 2012).

## Top Largest Shareholders

No.	Name	No. of Shares	%
1	Citibank Nominees Singapore Pte Ltd	3,286,256	26.84
2	HSBC (Singapore) Nominees Pte Ltd	1,652,000	13.49
3	DBS Nominees Pte Ltd	986,350	8.06
4	Telenor Asia Pte Ltd	350,000	2.86
5	Lam Hup Sum	340,000	2.78
6	Nomura Singapore Limited	316,016	2.58
7	UOB Kay Hian Pte Ltd	209,000	1.71
8	United Overseas Bank Nominees Pte Ltd	145,600	1.19
9	Chin Kee Choy	130,000	1.06
10	Choo Seng Kwee Ltd	130,000	1.06

# dividend policy

dtac's policy is to pay out dividends at no less than 50% of consolidated net profit, depending on the company's performance and future business plans.





# management discussion and analysis

## Executive Summary

dtac 2011 operations were strong in terms of both net profit and operating free cash flow. 2011 net profit stood at THB 11.8 billion, 8.5% up from the previous year and the operating free cash flow for the year 2011 was THB 21.5 billion, equal to that of last year even though this year CAPEX was THB 1.6 billion higher.

Total revenues for 2011 grew at 9.6% YoY to THB 79.3 billion from the increase in voice revenue and value added service especially data service revenue. Our EBITDA was still strong and we could maintain our level of high free cash flow despite the floods in many areas of the country and the increase in revenue sharing under concession in quarter 3.

2011 was another year of continuing popularity in mobile internet as in robustly higher mobile phone usage as a result of the popularity in smart phones and social network applications. This momentum will still be carried into 2012.

Net additional subscribers increased for 1.6 million in 2011. Although the growth was slower than that of last year, considering the mature market with the penetration rate at over 110%, such increase in net additional subscribers showed the growth prospect of the industry. The main drivers of the increase were the success from the launch of 3G HSPA on 850 MHz and our continuous effort in maintaining our customer base.

In addition, in December, dtac entered into a facility agreement of THB 30 billion with a local financial institution and announced a special dividend payment at THB 16.46 per share for the purposes of capital restructuring and future investments.

On the regulatory update, in August, dtac officially launched the service of 3G HSPA on 850 MHz and in October, The National Broadcasting Communications and Telecommunications Commission (NBTC), as the regulator governing the broadcasting, radio, television, and telecommunication sectors including frequency allocation, was officially established. The formation of NBTC demonstrated the development of the Thai telecommunication industry with a clear direction leading to the frequency and industry master plans, frequency allocation and licensing processes accordingly.

## Operation Summary

	2011	2010
Postpaid	2,399	2,326
Prepaid	20,817	19,294
Total	23,217	21,620

Table 1 : Total active subscribers (in thousand)

	2011	2010
Postpaid	73	35
Prepaid	1,523	1,929
Total	1,596	1,963

**Table 2 :** Net additional subscribers (in thousand)

At the end of 2011, total subscriber base rose to 23.2 million, net additional subscribers were 1.6 million from the previous year. Although the growth was slower than that of last year, considering the mature market with the penetration rate at over 110%, such increase in net additional subscribers showed the growth prospect of the industry. Postpaid net additional subscribers for the full year 2011 were 73,197, 110% increase from the earlier year, reflecting the success in our launch of 3G HSPA on 850 MHz and our continuous effort in maintaining our customer base.

	2011	2010	%YoY
Postpaid	501	512	-2.1%
- w/o IC	372	386	-3.5%
Prepaid	270	295	-8.6%
- w/o IC	222	243	-8.7%
Blended	293	318	-7.9%
- w/o IC	237	259	-8.2%

**Table 3 :** MOU (minutes/sub/month)

Mobile phone usage in 2011 dropped from last year as a result of our effort in modifying packages by reducing free minutes. MoU without IC and with IC decreased for 8.2% and 7.9% from a year earlier. Such decrease could be explained by the floods in many areas of the country.

	2011	2010	%YoY
Postpaid	692	677	2.3%
- w/o IC	565	557	1.6%
Prepaid	218	221	-1.3%
- w/o IC	172	172	-0.1%
Blended	266	270	-1.5%
- w/o IC	212	213	-0.8%

**Table 4 :** ARPU (THB/sub/month)

Blended ARPU with and without IC in 2011 slightly decreased at 0.8% and 1.5% from the previous year respectively. The decrease rate slowed down due to the growth in value added service usage especially mobile phone usage.

Postpaid MoU declined at 3.5% for the full year 2011 but ARPU without IC increased by 1.6% from 2010 as the increase in VAS revenue offsetting the reduction in voice revenue. However, in 2011, prepaid ARPU without IC slightly decreased by 0.1% from 2010 but MoU sharply declined at 8.7% from our effort in modifying packages by reducing free minutes.

## Financial Summary

	2011	2010	%YoY
Service revenues	58,577	54,659	7.2%
Interconnection revenue	14,611	14,091	3.7%
Handsets and starter kits sale	5,844	3,082	89.6%
Other operating income	266	520	-48.9%
<b>Total revenues</b>	<b>79,298</b>	<b>72,351</b>	<b>9.6%</b>
regulatory fees	16,705	14,688	13.7%
Cost of services	7,014	6,739	4.1%
Interconnection cost	13,531	13,279	1.9%
Cost of handset and starter kits	5,128	2,536	102.2%
<b>Total operating costs</b>	<b>42,379</b>	<b>37,242</b>	<b>13.8%</b>
<b>Gross profit</b>	<b>36,919</b>	<b>35,109</b>	<b>5.2%</b>
SG&A	9,777	10,024	-2.5%
Other income	154	600	-74.3%
<b>EBITDA</b>	<b>27,296</b>	<b>25,685</b>	<b>6.3%</b>
Depreciation and amortization	10,479	10,300	1.7%
Interest income	579	203	185.5%
Gain/Loss on foreign exchange	113	-23	593.0%
<b>EBIT</b>	<b>17,509</b>	<b>15,565</b>	<b>12.5%</b>
Financial cost	-431	-1,010	-57.3%
Income tax	-5,266	-3,670	43.5%
<b>Net profit for the period</b>	<b>11,812</b>	<b>10,885</b>	<b>8.5%</b>

**Table 5 :** Income statement (million THB)

\* 2010 figures included retroactive IC settlement with CAT/Hutch and gain from the disposal of Chai Building

## Operating Revenues

Total operating revenues for 2010 amounted to THB 79.3 billion, growing 9.6% from the previous year which well achieved our target of high single digit growth and 10.1% growth from normalized 2010 revenue. The strong growth was mainly from continuously increasing number of subscribers and robustly high mobile internet as seen in the strongest growth in VAS. As a result, the contribution from VAS to service revenues without IC highly rose from 13.9% in 2010 to 17.4% in 2011 although voice revenue was still the biggest contributor to the company's overall service revenues.

	2011		2010		%YoY
	Amount	%	Amount	%	
Voice	44,099	75.3%	42,427	77.6%	3.9%
- postpaid	11,062	18.9%	11,199	20.5%	-1.2%
- prepaid	33,036	56.4%	31,228	57.1%	5.8%
VAS	10,169	17.4%	7,574	13.9%	34.3%
IR*	2,106	3.6%	2,509	4.6%	-16.1%
Others	2,203	3.8%	2,149	3.9%	2.5%
Service revenues ex. IC	58,577	100.0%	54,659	100.0%	7.2%
IC*	14,611		14,091		3.7%
Service revenues	73,188		68,749		6.5%

**Table 6 :** Breakdown of service revenues (million THB)

\* 2010 figures included a one-time retroactive IC cost to CAT/Hutch.

Operating revenues consists of:

1. Voice revenue for 2011 increased at 3.9% YoY from strong expansion of subscriber base. Revenue from voice service accounted for 75.3% of total service revenues without IC, decreasing from 77.6% in 2010 due to higher contribution from VAS.
2. Revenue from Value Added Services (VAS) for 2011 showed the strongest growth of 34.3% YoY from continuously increasing in mobile internet usage as a result of growing number of smart phone users. Revenue from VAS represented 17.4% of service revenues without IC, rising from 13.9% in 2010.
3. Revenue from International Roaming (IR) service in 2011 declined 16.1% YoY following the contraction of tourism industry due to floods in many areas of the country in the second half of the year. Moreover, as growth in voice revenue and VAS revenue was higher, the contribution from IR revenue to service revenue without IC in 2011 stood at 3.6%, decreasing from 4.6% in 2010.
4. Interconnection Revenue (IC) for 2011 increased for 3.7% from 2010.



5. Other service revenues, comprising mainly revenues from IDD services and other fees, increased for 2.5% from 2010.

Revenue from telephone sets and starter kits sale for the full year grew due to the popularity in smart phones and tablets from Apple, Samsung and Blackberry. It strongly increased at 89.6% from last year.

### Operating Costs

Increase in revenue sharing to 30% in September 2011 directly impacted the operating costs, which increased by 7.3% from last year despite the reduction in network OPEX. Excluding regulatory and IC costs, operating costs increased at 4.1% from the earlier year.

	2011	2010	%YoY
Regulatory	16,705	14,688	13.7%
Network	3,149	3,289	-4.3%
IC*	13,531	13,279	1.9%
Others	3,866	3,450	12.0%
Operating cost of services	37,251	34,706	7.3%

**Table 7 :** Breakdown of operating cost of services (million THB)

\* 2010 figures included a one-time retroactive IC cost to CAT/Hutch.

Operating costs mainly include:

- 1) Regulatory costs comprised of revenue sharing to CAT and numbering fee to the regulator. For 2011, the regulatory costs increased at 13.7% YoY in line with service revenue growth and the increase in revenue sharing effective in the late September.
- 2) Network OPEX declined 4.3% from 2010, driven by lower electricity and maintenance costs from replacement of old equipment and renegotiation of service agreements with external service providers.
- 3) Interconnection cost (IC) declined for 2011 increased at 1.9% from 2010. Moreover, dtac had net IC balance for the year 2011 at Baht 1,080 million from Baht 159 million in 2010 (excluding a one-time retroactive IC revenue from CAT at Baht 653 million).
- 4) Other cost of services, including prepaid card production costs and commissions, IR and IDD costs, insurance costs and other operating costs, for 2011 increased at 12.0% from last year from network expansion and increase in insurance affected from flooding.

Cost of telephone sets and starter kits for 2011 increased at 102.2% from 2010 following the increase in corresponding revenues but at a larger extent due to lower margin in handsets than that of starter kits.

### Selling, General and Administrative Expenses (SG&A)

SG&A slightly improved for the 3rd consecutive year since the start of cost efficiency programs in the beginning of 2009. For 2011, SG&A decreased by 2.5% from 2010 mainly from lower provision for doubtful accounts.

	2011	2010	%YoY
Selling & marketing expenses	2,909	2,783	4.5%
General administrative expenses	6,702	6,563	2.1%
Provision for bad debt	166	678	-75.6%
<b>SG&amp;A expenses</b>	<b>9,777</b>	<b>10,023</b>	<b>-2.5%</b>

**Table 8 :** Breakdown of SG&A (million THB)

SG&A comprise:

- 1) Selling and marketing expenses for the year 2011 increased at 4.5% from last year while the proportion to total revenues dropped from 3.8% in 2010 to 3.7% in 2011.
- 2) General administrative expenses for 2011 increased at 2.1% from last year. The proportion to total revenues for the year stood at 8.5%, decreasing from 9.1% in 2010.
- 3) Provision for doubtful accounts for 2011 strongly decreased by 75.6% from last year as a result of continued focus on quality of subscribers and change in method of doubtful accounts provisioning from percentage of revenue to aging method.

### Depreciation and Amortization

	2011	2010	%YoY
Amortization of deferred right	8,540	8,504	0.4%
Depreciation and amortization - SG&A	1,940	1,796	8.0%
<b>D&amp;A expenses</b>	<b>10,479</b>	<b>10,300</b>	<b>1.7%</b>

**Table 9 :** Depreciation and amortization expenses (million THB)

- 1) Amortization of deferred rights for 2011 slightly rose by 0.4% from 2010 from network expansion and shorter amortization period from fewer years under concession. The network was expanded to serve increasing demand especially in mobile internet.
- 2) Depreciation and amortization of SG&A for the year 2011 increased by 8.0% from last year from investment in computer system and new social network applications.

### EBITDA and Net Profit

EBITDA in 2011 was THB 27.3 billion, increasing by 6.3% from 2010 and 9.7% in normalized EBITA as a result of strong revenue and continued cost efficiency. EBITDA margin, however, decreased to 34.1% from the increase in revenue sharing despite our continued cost efficiency.

Net profit for the year 2011 grew at 8.5% from 2010 from increasing EBITDA and lower financial cost from debentures repayment and the growth of normalized net profit YoY was 14.1%.

## Balance Sheet and Key Financial Information

	2011	2010
Cash and cash equivalent	21,973	12,648
Other current assets	9,152	8,853
Non-current assets	72,722	77,813
<b>Total assets</b>	<b>103,847</b>	<b>99,313</b>
Current liabilities	64,850	25,178
Non-current liabilities	4,109	5,258
<b>Total liabilities</b>	<b>68,959</b>	<b>30,435</b>
Shareholders' equity	34,888	68,878
<b>Total liabilities and shareholders' equity</b>	<b>103,847</b>	<b>99,313</b>

**Table 10 :** Balance sheet (million THB)

Total assets at the end of 2011 stood at THB 103.8 billion increasing from THB 99.3 billion at the end of 2010 from the increase in cash and cash equivalent.

Interest-bearing debt at the end of 2011 was THB 4.6 billion, decreasing from THB 8.9 billion at the end of 2010 as a result of debentures and long-term loans repayment.

Shareholders' equity at the end of 2011 was THB 34,888 billion, decreasing from THB 68,878 billion as a result of capital restructuring and special dividend announcement of THB 16.46 per share.

Operating free cash flow (defined as EBITDA - CAPEX) for the full year 2011 was THB 21.5 billion, higher than our target of THB 20.0 billion as a result of growing revenue despite the higher CAPEX for the year 2011 at THB 5.8 billion, THB 1.6 billion up from 2010, which focused on network upgrade to serve higher demand in data as well as network improvement and expansion. In addition, dtac's cash flow used in financing activities stood at THB 11.8 billion from debentures and long-term loans repayment and dividend payment of THB 7.4 billion. In total, for the year 2011, dtac generated a net cash inflow of THB 9.3 billion and our cash including short-term investments stood at THB 22.0 at the end of 2011.

# report of the board of directors' responsibility for the financial reports

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of 31 December 2011 have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorised auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

The Board of Directors has established and maintained an appropriate and efficient internal control system and internal audit system to ensure that all accounting records are accurate, complete and sufficient to safeguard the Company's assets and prevent corruptions and materially irregular practices.

The Board of Directors has appointed an Audit Committee, which consists of independent directors who are responsible for the accuracy and adequacy of the financial reports, the appropriateness and efficiency of the internal control system and internal audit system, and compliance with laws and regulations related to the Company's business. The opinion of the Audit Committee is provided in the Report of the Audit Committee as presented in this annual report.

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of 31 December 2011.

On behalf of the Board of Directors  
Total Access Communication Public Company Limited  
6 February 2012



(Mr. Lars Erik Tellmann)

Director



(Mr. Jon Eddy Abdullah)

Director and Chief Executive Officer

# audit committee's report

To Shareholders of Total Access Communication Public Company Limited

The Audit Committee of Total Access Communication Public Company Limited comprises three independent directors, who are qualified in finance, accounting, law, and business management. All members of the Audit Committee are not executive directors, employees or advisors of the Company. They are as follows:

- |                                 |                             |
|---------------------------------|-----------------------------|
| 1. Mr. Chulchit Bunyaketu       | Chairman of Audit Committee |
| 2. Mr. Soonthorn Pokachaiyapat  | Member of Audit Committee   |
| 3. Mr. Stephen Woodruff Fordham | Member of Audit Committee   |

The Audit Committee Charter, approved by the Board of Directors, requires that an audit committee meeting be held at least once every quarter. In 2011, the Company held 12 Audit Committee meetings. These meetings were attended by the relevant executive management, Head of Internal Audit, Head of Risk Management and external auditor pertaining to the agenda. Proceedings of all meetings were reported to the Board of Directors. The meeting attendance of each member of the Audit Committee was as follows:

Name-Surname	Position	Numbers of Attendance
Mr. Chulchit Bunyaketu	Chairman of Audit Committee	12
Mr. Soonthorn Pokachaiyapat	Member of Audit Committee	12
Mr. Stephen Woodruff Fordham	Member of Audit Committee	11

Activities undertaken by the Audit Committee according to its duties and responsibilities can be summarised as follows:

- Reviewed the quarterly and annual financial statements of the Company for the year 2011 for submission to the Board of Directors for approval. These financial statements were prepared in accordance with generally accepted accounting principles and all information has been sufficiently disclosed;
- Reviewed the adequacy and assessment of the internal control system, risk management and compliance with laws governing the Company's business, as well as conducting meetings with the management and internal audit unit to make recommendations for the benefits of the Company's business operations;
- Approved the annual audit plan, which was prepared based on the Risk Based Approach, and considered the audit reports of the internal audit unit. It was concluded that the Company had an effective internal control system and no significant weakness area;
- Reviewed connected transactions, interested person transactions, or transactions which may have conflicts of interests, to ensure that the transactions are in the ordinary course of the Company's business operations and in compliance with the laws governing securities and exchange;

- Reviewed the Company's risks and followed up the progress of risk management as proposed by the Risk Management Unit;
- Performed a self-assessment in accordance with the Audit Committee Charter and the best corporate governance practices. The result was satisfactory; and
- Considered the nomination and appointment of external auditors and annual audit fee for 2012 for consideration by the Board of Directors.

Based on the activities mentioned above, the Audit Committee is of the opinion that the financial statements of the Company were prepared in accordance with the generally accepted accounting principles, with all information sufficiently disclosed. The Company has maintained an effective and adequate internal control system and internal audit system; no material weakness was found. All businesses have been undertaken in compliance with the laws and regulations concerning the business operation of the Company and the connected transactions were reasonable and for the best interest of the Company.

The Audit Committee has considered the nomination and appointment of external auditors pursuant to the Company's assessment criteria, the external auditors' experience, performance and independence in performing their works during the past year. The Audit Committee found the work of the auditors of Ernst & Young Office Limited to be satisfactory. In addition, Ernst & Young Office Limited has worldwide recognition. The Audit Committee therefore recommends the reappointment of the auditors of Ernst & Young Office Limited as auditors of the Company for the year 2012 and proposes the annual audit fee to the Board of Directors for further approval by the shareholders of the Company.



**Mr. Chulchit Bunyaketu**

Chairman of Audit Committee

February 6, 2012

# report of independent auditor

To the Shareholders of Total Access Communication Public Company Limited

I have audited the accompanying consolidated statements of financial position of Total Access Communication Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Total Access Communication Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Total Access Communication Public Company Limited and its subsidiaries and of Total Access Communication Public Company Limited as at 31 December 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the following matters:

- a) As discussed in Note 33 to the financial statements, the Company is involved in proceedings and commercial disputes with TOT Public Company Limited ("TOT") in relation to the access charge payment. For the period from 18 November 2006 to 7 November 2007, the Company accrued the access charge in the financial statements at the interconnection charge rate payable, and this amounted to Baht 1,973 million. On 8 November 2007, the Company sent TOT a notice to terminate the two Access Charge Agreements, and so from 8 November 2007 to 31 December 2011 the Company did not accrue the access charge in its financial statements because the Company's management believes that its obligation to pay access charges under the Access Charge Agreements is ended. To date, TOT has not entered into an interconnection charge agreement with the Company. In addition, on 16 June 2011, the Central Administrative Court notified the Company that TOT had filed a plaint on 9 May 2011, and a petition to amend the plaint on 7 June 2011, demanding that CAT Telecom Public Company Limited and the Company jointly pay damages resulting from the access charge up to 9 May 2011 (the filing date of the plaint) which, including VAT and default interest, amounted to Baht 113,319 million.

Currently, the commercial dispute is under discussion and in the legal process, and litigation is under court proceedings. The outcome of the dispute cannot be determined and depends on the results of the discussion and future proceedings as part of the legal and judicial processes.

Based on advice from the Company's legal counsel, the Company's management is confident that the Company is not obliged to make payment of access charge under the agreements because the Company's management believes that such agreements do not comply with current legal principles (NTC notification) and the Company has already terminated the Access Charge Agreements. The Company's management believes that the outcome of the discussion, litigation process and court's decision will not have a substantial impact on the Company's financial position.



- b) As discussed in Note 34 to the financial statements, the Company has significant other outstanding litigation and commercial disputes. At present, such litigation and disputes are under legal and formal arbitration proceedings. Their outcomes cannot be determined and depend on the future judicial process.
- c) As discussed in Note 35.5 to the financial statements regarding the 3rd Amendment to the Concession Agreement, the issue of reduction of revenue sharing is being considered by the Ministry of Information and Communication Technology, before being proposed to the Cabinet for consideration. Currently, the Company is not able to determine the potential impact of this matter.
- d) The matter as discussed in Note 35.6 to the financial statements regarding the risk from legal or contractual restrictions on foreign ownership.
- e) The matter as discussed in Note 35.7 to the financial statements regarding the NBTC Notification on Foreign Dominance, B.E. 2554.
- f) As discussed in Note 3 to the financial statements, during the current year, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in preparation and presentation of the financial statements.

These financial statements have been prepared under accounting principles generally accepted in Thailand. Appendix 1 describing significant differences between accounting principles generally accepted in Thailand and International Financial Reporting Standards (IFRS) is not a required part of basic financial statements prepared under accounting principles generally accepted in Thailand and is presented for the purpose of giving preliminary information only. I have applied certain limited procedures to this information which consisted principally of enquiries of management regarding the methods of its measurement and presentation. However, I did not audit such information and do not express any audit opinion on it.



Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

Ernst & Young Office Limited

Bangkok: 6 February 2012

Total Access Communication Public Company Limited and its subsidiaries

# statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	7	21,873,144,993	12,547,614,977	20,469,191,844	11,652,393,970
Current investments		100,000,000	100,000,000	-	-
Trade and other receivables	8	6,575,235,019	6,719,709,672	6,590,747,404	6,716,313,085
Inventories	10	384,169,910	255,689,730	384,169,910	255,587,785
Deferred cost of unearned revenue from telephone services		688,146,199	605,065,200	688,146,199	605,065,200
Other current assets	11	1,504,661,347	1,272,330,470	1,485,794,154	1,245,840,605
Total current assets		31,125,357,468	21,500,410,049	29,618,049,511	20,475,200,645
Non-current assets					
Restricted bank deposits	32.3	398,059	398,059	-	-
Investment in associated company	12	306,258,459	296,019,733	50,000,000	50,000,000
Investments in subsidiaries	13	-	-	809,897,315	611,147,315
Other long-term investments	14	51,400,000	199,667,056	51,400,000	199,667,056
Amount due from related parties	9	432,148	432,148	530,396,786	530,393,286
Property, plant and equipment	15	5,503,533,049	5,938,034,222	4,733,474,561	5,241,619,602
Deferred right to use of equipment	16	57,142,543,763	64,338,155,600	57,142,136,249	64,337,721,069
Equipment under installation		5,587,744,122	2,168,763,805	5,587,744,122	2,168,763,805
Deferred tax assets	25	706,779,504	1,007,671,829	727,431,801	1,028,324,126
Goodwill		19,171,700	19,171,700	-	-
Other non-current assets	17	3,403,240,696	3,844,427,796	3,278,998,148	3,742,377,195
Total non-current assets		72,721,501,500	77,812,741,948	72,911,478,982	77,910,013,454
Total assets		103,846,858,968	99,313,151,997	102,529,528,493	98,385,214,099

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

Total Access Communication Public Company Limited and its subsidiaries

# statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

(Cont. Data)					
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	18	19,480,389,705	15,623,565,811	19,676,498,923	15,877,332,223
Dividend payable	29	38,370,658,732	-	38,370,658,732	-
Current portion of long-term loans	19	1,320,758,462	1,320,758,462	1,320,758,462	1,320,758,462
Current portion of debentures	20	-	3,000,000,000	-	3,000,000,000
Unearned revenue from telephone service		3,348,651,079	3,111,981,290	3,348,651,079	3,111,981,290
Income tax payable		1,519,785,004	1,421,302,290	1,327,375,209	1,273,675,578
Other current liabilities		809,812,273	700,030,370	723,931,516	654,359,292
Total current liabilities		64,850,055,255	25,177,638,223	64,767,873,921	25,238,106,845
Non-current liabilities					
Long-term loans - net of current portion	19	1,268,659,229	2,589,417,691	1,268,659,229	2,589,417,691
Debentures - net of current portion	20	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Provision for long-term employee benefits	21	120,766,343	96,378,428	120,766,343	96,378,428
Other non-current liabilities		719,686,042	571,967,205	605,273,944	433,960,206
Total non-current liabilities		4,109,111,614	5,257,763,324	3,994,699,516	5,119,756,325
Total liabilities		68,959,166,869	30,435,401,547	68,762,573,437	30,357,863,170

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

Total Access Communication Public Company Limited and its subsidiaries

# statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2011	2010	2011	2010
Shareholders' equity					
Share capital					
Registered					
2,372,080,630 ordinary shares of Baht 2 each		4,744,161,260	4,744,161,260	4,744,161,260	4,744,161,260
Issued and fully paid					
2,367,811,000 ordinary shares of Baht 2 each		4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000
Premium on ordinary shares		23,543,446,204	23,543,446,204	23,543,446,204	23,543,446,204
Retained earnings					
Appropriated - statutory reserve	22	560,057,915	560,057,915	560,057,915	560,057,915
Unappropriated		4,384,401,813	38,376,607,899	3,280,691,576	37,541,087,449
		4,944,459,728	38,936,665,814	3,840,749,491	38,101,145,364
Other components of shareholders' equity		1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361
Equity attributable to owners of the Company		34,870,665,293	68,862,871,379	33,766,955,056	68,027,350,929
Non-controlling interest of the subsidiaries		17,026,806	14,879,071	-	-
Total shareholders' equity		34,887,692,099	68,877,750,450	33,766,955,056	68,027,350,929
Total liabilities and shareholders' equity		103,846,858,968	99,313,151,997	102,529,528,493	98,385,214,099

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

Total Access Communication Public Company Limited and its subsidiaries

# income statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2011	2010	2011	2010
<b>Revenues from sales and services</b>				
Revenue from telephone services	73,187,889,761	68,749,421,707	72,462,668,774	68,182,886,324
Revenue from sales of telephone sets and starter kits	5,844,072,916	3,081,526,641	5,844,277,599	3,081,545,145
Other operating income	266,162,129	520,424,296	394,876,524	648,651,902
<b>Total revenues from sales and services</b>	<b>79,298,124,806</b>	<b>72,351,372,644</b>	<b>78,701,822,897</b>	<b>71,913,083,371</b>
<b>Cost of sales and services</b>				
Cost of telephone services	45,790,352,389	43,210,851,747	46,276,076,120	43,447,275,264
Cost of sales of telephone sets and starter kits	5,128,343,367	2,535,648,263	5,128,343,367	2,535,648,263
<b>Total cost of sales and services</b>	<b>50,918,695,756</b>	<b>45,746,500,010</b>	<b>51,404,419,487</b>	<b>45,982,923,527</b>
<b>Gross profit</b>	<b>28,379,429,050</b>	<b>26,604,872,634</b>	<b>27,297,403,410</b>	<b>25,930,159,844</b>
Interest income	578,908,609	202,796,709	548,873,487	201,077,570
Gain on foreign exchange	113,216,013	-	112,050,564	-
Other income	118,897,175	544,748,827	603,207,340	545,999,307
<b>Income before expenses</b>	<b>29,190,450,847</b>	<b>27,352,418,170</b>	<b>28,561,534,801</b>	<b>26,677,236,721</b>
Selling and service expenses	(2,909,477,499)	(2,782,915,734)	(2,925,564,345)	(2,800,399,156)
Administrative expenses	(8,807,090,326)	(9,036,334,969)	(8,710,051,084)	(8,774,674,292)
Loss on foreign exchange	-	(22,964,340)	-	(32,581,355)
<b>Total expenses</b>	<b>(11,716,567,825)</b>	<b>(11,842,215,043)</b>	<b>(11,635,615,429)</b>	<b>(11,607,654,803)</b>
<b>Profit before share of income from investment in associate, finance cost and corporate income tax</b>	<b>17,473,883,022</b>	<b>15,510,203,127</b>	<b>16,925,919,372</b>	<b>15,069,581,918</b>
Share of income from investment in associated company	12 35,238,726	54,872,034	-	-
<b>Profit before finance cost and corporate income tax</b>	<b>17,509,121,748</b>	<b>15,565,075,161</b>	<b>16,925,919,372</b>	<b>15,069,581,918</b>
Finance cost	24 (430,950,050)	(1,009,857,204)	(430,942,583)	(1,009,638,335)
<b>Profit before corporate income tax</b>	<b>17,078,171,698</b>	<b>14,555,217,957</b>	<b>16,494,976,789</b>	<b>14,059,943,583</b>
Corporate income tax	25 (5,266,040,233)	(3,670,477,206)	(4,950,316,139)	(3,352,515,068)
<b>Profit for the year</b>	<b>11,812,131,465</b>	<b>10,884,740,751</b>	<b>11,544,660,650</b>	<b>10,707,428,515</b>
<b>Profit attributable to:</b>				
Equity holders of the Company	11,812,850,437	10,891,513,971	11,544,660,650	10,707,428,515
Non-controlling interests of the subsidiaries	(718,972)	(6,773,220)	-	-
	<b>11,812,131,465</b>	<b>10,884,740,751</b>		
<b>Earnings per share</b>				
26				
Basic earnings per share				
Profit attributable to equity holders of the Company	4.99	4.60	4.88	4.52

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

Total Access Communication Public Company Limited and its subsidiaries

# statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Profit for the year</b>	11,812,131,465	10,884,740,751	11,544,660,650	10,707,428,515
<b>Other comprehensive income</b>	-	-	-	-
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	11,812,131,465	10,884,740,751	11,544,660,650	10,707,428,515
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	11,812,850,437	10,891,513,971	11,544,660,650	10,707,428,515
Non-controlling interests of the subsidiaries	(718,972)	(6,773,220)	-	-
	11,812,131,465	10,884,740,751		

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

# statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

Consolidated financial statements									
Equity attributable to the owners of the Company									
		Other components of equity							
		Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date				Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of subsidiaries	Total shareholders' equity	
	Note	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 31 December 2009</b>									
Dividend payment	29	4,735,622,000	23,543,446,204	560,057,915	32,039,728,545	1,647,137,361	21,652,273	62,547,644,298	
Total comprehensive income for the year		-	-	-	(4,554,634,617)	-	-	(4,554,634,617)	
Non-controlling interests of subsidiary from sales of investment in a subsidiary		-	-	-	10,891,513,971	-	(6,773,220)	10,884,740,751	
<b>Balance as at 31 December 2010</b>									
		4,735,622,000	23,543,446,204	560,057,915	38,376,607,899	1,647,137,361	14,879,071	68,877,750,450	18
<b>Balance as at 31 December 2010</b>									
Dividend payment	29	4,735,622,000	23,543,446,204	560,057,915	38,376,607,899	1,647,137,361	14,879,071	68,877,750,450	
Total comprehensive income for the year		-	-	-	(45,805,056,523)	-	-	(45,805,056,523)	
Non-controlling interests of subsidiary from sales of investment in a subsidiary		-	-	-	11,812,850,437	-	(718,972)	11,812,131,465	
<b>Balance as at 31 December 2011</b>									
		4,735,622,000	23,543,446,204	560,057,915	4,384,401,813	1,647,137,361	17,026,806	34,887,692,099	2,866,707

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

Total Access Communication Public Company Limited and its subsidiaries

# statements of changes in shareholders' equity <sup>(continued)</sup>

For the years ended 31 December 2011 and 2010

(Unit: Baht)

		Separate financial statements					Other components of equity	
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date	Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated			
<b>Balance as at 31 December 2009</b>		4,735,622,000	23,543,446,204	560,057,915	31,388,293,551	1,647,137,361	61,874,557,031	
Dividend payment	29	-	-	-	(4,554,634,617)	-	(4,554,634,617)	
Total comprehensive income for the year		-	-	-	10,707,428,515	-	10,707,428,515	
<b>Balance as at 31 December 2010</b>		4,735,622,000	23,543,446,204	560,057,915	37,541,087,449	1,647,137,361	68,027,350,929	
<b>Balance as at 31 December 2010</b>		4,735,622,000	23,543,446,204	560,057,915	37,541,087,449	1,647,137,361	68,027,350,929	
Dividend payment	29	-	-	-	(45,805,056,523)	-	(45,805,056,523)	
Total comprehensive income for the year		-	-	-	11,544,660,650	-	11,544,660,650	
<b>Balance as at 31 December 2011</b>		4,735,622,000	23,543,446,204	560,057,915	3,280,691,576	1,647,137,361	33,766,955,056	

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



Total Access Communication Public Company Limited and its subsidiaries

# statements of cash flows

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Profit before tax	17,078,171,698	14,555,217,957	16,494,976,789	14,059,943,583
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Share of income from investment in associated company	(35,238,726)	(54,872,034)	-	-
Dividend received from associated company	-	-	(25,000,000)	(25,000,000)
Dividend received from subsidiary	-	-	(499,794,169)	(419,995,100)
Dividend received from other long-term investments	(42,590,440)	(57,474,000)	(42,590,440)	(57,474,000)
Gain from sales of investment in subsidiary	(15,751,193)	-	(52,035)	-
Decrease of inventory to net realisable value	36,022,200	3,795,524	36,022,200	3,795,524
(Reversal of) allowance for doubtful accounts - trade and other receivables	(194,940,509)	53,829,247	(194,940,509)	53,637,618
Reversal of impairment of investment in subsidiary	-	-	(10,031,911)	-
Reversal of impairment of other current assets	(10,237)	(6,452)	-	-
Impairment of goodwill and intangible assets	-	490,417	-	-
Depreciation and amortisation (Note 27) 27)	10,515,343,875	10,365,012,936	10,433,815,994	10,271,570,053
Fixed assets written-off	175,000	318,065	89,359	73,860
Gain from sales of property, plant and equipment	(2,326,907)	(333,220,563)	(2,326,907)	(4,010,400)
Provision for asset retirement obligation	(7,176,876)	(8,147,022)	(7,176,876)	(8,147,022)
Provision for long-term employee benefits	24,387,915	20,944,085	24,387,915	20,944,085
Finance cost	430,950,050	1,009,857,204	430,942,583	1,009,638,335
<b>Income from operating activities before changes in operating assets and liabilities</b>				
	27,787,015,850	25,555,745,364	26,638,321,993	24,904,976,536
Decrease (increase) in operating assets				
Trade and other receivables	336,071,413	202,894,829	320,506,190	260,364,277
Inventories	(164,563,825)	(76,034,000)	(164,604,325)	(76,188,808)
Other current assets	(345,680,503)	(122,504,776)	(323,034,548)	(115,036,912)
Increase (decrease) in operating liabilities				
Trade and other payables	3,232,667,482	1,362,305,244	3,127,363,029	1,513,531,075
Other current liabilities	635,924,978	(58,725,597)	583,950,695	(81,732,156)
Other non-current liabilities	141,913,208	118,689,614	165,508,109	107,217,456
Cash flows from operating activities	31,623,348,603	26,982,370,678	30,348,011,143	26,513,131,468
Cash paid for interest expenses	(453,410,846)	(962,322,184)	(453,403,379)	(962,103,314)
Cash paid for corporate income tax	(4,874,436,148)	(3,187,665,202)	(4,601,943,531)	(2,976,024,745)
<b>Net cash flows from operating activities</b>	<b>26,295,501,609</b>	<b>22,832,383,292</b>	<b>25,292,664,233</b>	<b>22,575,003,409</b>

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

Total Access Communication Public Company Limited and its subsidiaries

# statements of cash flows (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from investing activities</b>				
Decrease in current investments	-	1,278,100,411	-	998,100,411
Increase in investment in subsidiaries	-	-	(198,750,000)	-
Decrease (increase) in other long-term investments	148,267,056	(276,638)	148,267,056	(276,638)
Dividend received from subsidiary	-	-	499,794,169	419,995,100
Dividend received from associated company	25,000,000	25,000,000	25,000,000	25,000,000
Dividend received from other long-term investments	42,590,440	57,474,000	42,590,440	57,474,000
Decrease (increase) in amount due from related companies	-	22,800	(3,500)	659,232,382
Proceed from sales of investment in subsidiary	52,035	-	10,083,946	-
Decrease in cash and cash equivalents from sales of investment in subsidiary	(3,945,735)	-	-	-
Acquisition of plant and equipment	(1,077,293,198)	(448,864,593)	(930,167,989)	(456,304,406)
Proceeds from sales of property, plant and equipment	4,707,400	711,702,912	4,707,400	12,081,186
Acquisition of deferred right to use of equipment and equipment under installation	(3,898,897,877)	(2,504,801,227)	(3,898,877,877)	(2,504,801,227)
Decrease in deposits and prepayment for purchase and installation of equipment	14,496,961	44,642,378	14,496,961	44,642,378
Increase in other non-current assets	(469,792,422)	(941,162,450)	(437,850,712)	(933,677,282)
<b>Net cash flows used in investing activities</b>	<b>(5,214,815,340)</b>	<b>(1,778,162,407)</b>	<b>(4,720,710,106)</b>	<b>(1,678,534,096)</b>
<b>Cash flows from financing activities</b>				
Repayment of long-term loans	(1,320,758,462)	(6,564,728,563)	(1,320,758,462)	(6,564,728,563)
Repayment of debentures	(3,000,000,000)	(3,500,000,000)	(3,000,000,000)	(3,500,000,000)
Dividend paid	(7,434,397,791)	(4,554,634,617)	(7,434,397,791)	(4,554,634,617)
<b>Net cash flows used in financing activities</b>	<b>(11,755,156,253)</b>	<b>(14,619,363,180)</b>	<b>(11,755,156,253)</b>	<b>(14,619,363,180)</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,325,530,016</b>	<b>6,434,857,705</b>	<b>8,816,797,874</b>	<b>6,277,106,133</b>
Cash and cash equivalents at beginning of year	12,547,614,977	6,112,757,272	11,652,393,970	5,375,287,837
<b>Cash and cash equivalents at end of year</b>	<b>21,873,144,993</b>	<b>12,547,614,977</b>	<b>20,469,191,844</b>	<b>11,652,393,970</b>

## Supplemental cash flow information:

Non-cash items:

Purchase of deferred right to use of equipment and equipment under installation that have

not yet been paid

2,679,790,620 2,007,986,946 2,679,790,620 2,007,986,946

Bad debt written-off

- 80,000,000 - -

Dividend payable

38,370,658,732 - 38,370,658,732 -

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

Total Access Communication Public Company Limited and its subsidiaries

# notes to consolidated financial statements

For the years ended 31 December 2011 and 2010

## 1. General information

### 1.1 Corporate information

Total Access Communication Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Singapore in 1995 (the Company changed the listing status on the Main Board of the Stock Exchange of Singapore from a primary listing to a secondary listing in April 2011) and listed on the Stock Exchange of Thailand in 2007. The Company has two major shareholders who are Telenor Asia Pte Ltd., a company incorporated in Singapore and Thai Telco Holding Co., Ltd., a company incorporated in Thailand. The Company is principally engaged in the provision of wireless telecommunications services and the sale of handsets and accessories.

The Company's registered address is 319 Chamchuri Square Building, 22nd-41st Fl., Phayathai Road, Pathumwan, Bangkok.

### 1.2 Agreements to operate cellular telephone services or Concession Agreement

On 14 November 1990, the Company entered into an agreement with the Communications Authority of Thailand (CAT), (currently, CAT has been corporatised under the State Corporation Act B.E. 2542 (1999) to become CAT Telecom Public Company Limited), to provide cellular telephone services. Under the Concession Agreement, the Company has an obligation to transfer certain operating assets to CAT free of charge. The value added tax imposed on the transfer of these assets has been charged to CAT and recorded as "Value added tax refundable from CAT" in the statements of financial position.

The Concession Agreement originally covered a 15-year period, but the Concession Agreement was amended on 23 July 1993 and 22 November 1996, and the concession period extended to 22 years and then 27 years, respectively. The service rates and fees charged to subscribers are subject to approval by CAT (now approval by the National Broadcasting and Telecommunications Commission ("NBTC") (formerly the National Telecommunications Commission ("NTC"))). The Company is obliged to comply with various conditions and pay fees in accordance with the Concession Agreement.

The fee, which is the annual revenue sharing, is calculated based on a percentage of revenues from services provided under the Concession Agreement and must not be less than a stipulated minimum amount each year. However, the agreement does not specify a minimum cumulative amount over the full term of the agreement. The percentages of revenues from services for each year and minimum annual revenue sharing payments are as follows:

Annual revenue sharing from the revenue from services		
Year	Percentage of revenues from services per annum	Minimum annual payment (Million Baht)
1 - 4	12	22 to 154
5	25	353
6 - 15	20	382 to 603
16 - 20	25	748 to 770
21 - 27	30	752 to 1,200

The Company commenced commercial operations on 16 September 1991.

### 1.3 Interconnection charge

The Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2549 (the “Interconnection Notification”) stipulates that telecommunication business operators who have telecommunication networks are required to grant other operators effective access to their networks.

The Company received an approval from NTC for the Reference of Interconnect Offer (RIO) on 29 August 2006. As stipulated in the Interconnection Notification, the licensee who owns network and the licensee who request for interconnection shall negotiate among themselves in relation to the Interconnection Charge Contract pursuant to the RIO of the interconnection provider, within 90 days from the receiving date of the intention letter.

In case the licensees cannot reach an agreement within the mentioned period it shall be considered that a dispute has occurred. Each party shall have the right to submit the case according to the dispute dissolution pursuant to the Interconnection Notification.

The Company has entered into interconnection charge agreements with other operators and the effective periods of the agreements are listed below.

Operators	Effective period
a) True Move Co., Ltd.	17 November 2006 onwards
b) Advance Info Service Plc.	30 November 2006 onwards
c) Triple T Broadband Co., Ltd.	22 December 2006 onwards
d) DTAC Network Co., Ltd.	9 July 2007 onwards
e) Digital Phone Co., Ltd.	16 July 2007 onwards
f) CAT Telecom Plc.	6 July 2010 onwards
g) True Universal Convergence Co., Ltd.	1 September 2011 onwards

Copies of interconnection agreements mentioned above have already been submitted to the NTC in accordance with the procedure of law.

Pursuant to the Concession Agreement, the Company shall pay revenue sharing to CAT every year based on a percentage of revenues from services provided under the Concession Agreement but not less than a minimum annual revenue sharing payment as specified in it. However, following the entry into the interconnection charge agreements, there has been an uncertainty on the revenue share calculation payable to CAT under the Concession Agreement. Therefore, from the concessionary year 17 onward, the Company has decided to calculate revenue sharing payable to CAT on the basis of service revenue, excluding net interconnection charges, until a resolution is reached with CAT. Nevertheless, CAT has recently submitted a statement of claim requesting the Company to pay revenue share on interconnection charge for the concessionary year 16 (please refer to Clause 34.2 (f) of the Notes for more details).

## 2. Basis of preparation

**2.1 The financial statements have been prepared** in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the Thai Accounting Standard No. 12 regarding “Income Taxes”, which the Company had early adopted before the date of enforcement.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 Percent	2010 Percent
Subsidiaries directly held by the Company				
WorldPhone Shop Company Limited	Ceased operations in 2003	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
TAC Service Company Limited	Dissolution and liquidation	Thailand	-	100
DTAC Network Company Limited	Provide international call and internet services	Thailand	100	100
DTAC Broadband Company Limited	Incorporate to provide WiFi services (not yet commenced operation)	Thailand	100	100
DTAC Internet Service Company Limited	Incorporate to provide MVNO service (not yet commenced operation)	Thailand	100	100
Public Radio Company Limited	Incorporate to provide taxi radio services (not yet commenced operation)	Thailand	100	100
United Communication Industry Public Company Limited	Sale of voucher cards and sale on right of E-Refill service	Thailand	99.81	99.81
PaySbuy Company Limited	Incorporate to provide an online payment service	Thailand	100	100
Crie Company Limited	Value added services on mobile phone	Thailand	51	51
Fat Degree Company Limited	Media, advertising, radio and publication	Thailand	-	51
Subsidiaries held through TAC Property Company Limited				
Eastern Beach Company Limited	Land development	Thailand	100	100
TAC Finance Company B.V.	Ceased operations (Finance company, financial statements presented in US dollars)	Netherlands	100	100
Viphavadee Office Building Company Limited	Property development (office building)	Thailand	100	100

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date that when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements. Book value of investments and shareholder's equity of its subsidiaries have also been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

### 3. Adoption of new accounting standards during the year

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

#### Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

#### Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

#### Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
----------	--

#### Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
--------	--

These accounting standards do not have any significant impact on the financial statements

## 4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

### Accounting standards:

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

### Accounting Standard Interpretations:

SIC 10	Government Assistance – No Specific Relation to Operating Activities
SIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

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

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### Prepaid

Unearned revenue from telephone service of prepaid system represents the unused portion of the face value of prepaid phone cards. It is deferred and recognized based on the actual usage or the expiration of the usage as stated on cards, depending on which comes first.

#### Postpaid

Unearned revenue from postpaid service represents the unused portion of monthly airtime fee that subscribers can carry forward to the next period and not exceeding 365 days.

#### Revenue from telephone services

Revenue related to domestic calls, international calls and roaming service calls is recognized when the telephone services have been rendered.

Discounts are often provided in the form of cash discount, free products or free services. Discounts are recorded systematically throughout the period the discounts are earned. Cash discounts and free products are recorded as revenue reductions.

As for discount schemes (such as loyalty programs, etc.), the accrued discounts must not be higher than estimated discounts, based on past liable discount estimation. The exact amount and income period of the discount are estimated with estimation techniques and reconciled in the period where there is an adjustment to estimation or the final outcome is known.

#### Interconnection charge income/expense

Interconnection charge income derived from the other licensed operators for incoming calls from these operators' networks is recognised on an accrual basis at the rates stipulated in the agreements. Costs of interconnection charges paid to the other licensed operators for outgoing calls to these operators' networks are recognised on an accrual basis at the rates stipulate in the agreements.

**Revenue from sales of telephone sets and starter kits**

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

Revenue arrangements with multiple deliverables are divided into separate units of accounting is objective and reliable evidence of the fair value of delivered items. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

**Other operating income**

Other operating revenues are recognized when the economic benefit flows to the entity and the earnings process is complete.

Revenues are shown excluding of value added tax.

**Interest income**

Interest income is recognised on an accrual basis based on the effective interest rate.

**Dividends**

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

**5.2 Cash and cash equivalents**

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

**5.3 Trade accounts receivable and allowance for doubtful accounts**

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

**5.4 Inventories**

Inventories are finished goods valued at the lower of cost (moving average basis) and net realisable value.

**5.5 Investments**

- a) Investment in associates is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for loss on diminution in value (if any).
- c) Other long-term investments in marketable securities which the Company intends to hold as available-for-sale, are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

- d) Other long-term investments in non-marketable equity securities, which the Company holds as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

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



## 5.6 Property, plant and equipment/depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to profit or loss.

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

Buildings	20 - 40 years
Building and leasehold improvements	5 - 20 years
Equipment for supporting Cellular Telephone Services	The remaining life of the Concession period and 10 years
Equipment network for supporting International Telephone service	8 years
Telephone transmission station improvements	20 years
Others	3 years and 5 years

Depreciation is included in determining income.

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

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

## 5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 5.8 Intangible assets and amortisation

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

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

Amortisation is calculated by reference to cost on a straight-line basis over the expected future period of economic benefit of each type of intangible asset, as follows:

- Deferred right to use of equipment is amortised on a straight-line basis over the remaining life of the concession period.
- Deferred charges, which are mainly expenditures relating to transmission facilities and software fees are amortised on a straight-line basis over periods of 3 to 10 years or the remaining life of the concession period.
- Deferred financial costs, which are mainly expenditures relating to loan arrangement fees, bond underwriting fees and fees for the extension of loan agreements are amortised over the borrowing and bond period.

## 5.9 Goodwill

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

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

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

## 5.10 Related party transactions

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

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

## 5.11 Long-term lease

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## 5.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

### 5.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### 5.14 Employee benefits

#### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### ***Post-employment benefits***

#### **Defined contribution plans**

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

#### **Defined benefit plans**

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the defined benefit obligation at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

### 5.15 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rates applying at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates applying at the end of reporting period. Gains and losses on exchange are included in determining income.

### 5.16 Derivative instrument

#### Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealise gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

#### Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts is recognised as income or expenses on an accrual basis.

#### Cross currency swap agreements

Payables and receivables arising from the cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealise gains and losses from the translation are recognised in profit or loss.

### 5.17 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follow:

#### Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and assessments.

#### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

**Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Deferred tax assets**

Deferred tax assets are recognised for temporary difference arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the end of reporting period. Significant management judgment is used in considering whether it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these deferred tax assets.

**Post-employment benefits under defined benefit plans**

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality tables for the country. Actual post-retirement costs may ultimately differ from these estimates.

**Deferred right to use of equipment, intangible assets and goodwill**

Deferred right to use of equipment are systematically amortised over the remaining life of the concession period, and are subject to impairment if there is an indication they may be impaired. Intangibles are systematically amortised over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired. Goodwill is not amortised but is subject to testing for impairment on an annual basis, or when there is an indication that it may be impaired. The initial recognition and measurement of deferred right to use of equipment, intangible assets and goodwill, and subsequent impairment analysis, requires management to make subjective judgments concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis which are derived from the current operating information. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

**Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using estimated discounted future cash flow of the such financial instruments. The input to these models is taken from observable markets, and includes consideration of liquidity risk, credit risk, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Assets retirement obligation**

Provision for expenses to be incurred with respect to the retirement of networks located on lease area for which the rental agreement can not be extended is set by using estimates of the present value of such expenses, based on the rate of average actual retirement expense incurred on 1% of the number of networks installed during the year. Such provision is recorded as part of concession assets and amortised over the concession period, but not more than 10 years. However, the actual amounts incurred may differ from the estimated amounts.

### Commercial disputes and litigation

The Company and subsidiaries has contingent liabilities as a result of commercial disputes and litigation. The Company's management has used judgment to assess of the results of the commercial disputes and litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period. However, actual results could differ from the estimates.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	2,252	2,662	2,200	2,599
Bank deposits	5,869,755	5,640,883	4,800,990	5,026,809
Bills of exchange	16,001,138	6,904,070	15,666,002	6,622,986
Total	21,873,145	12,547,615	20,469,192	11,652,394

As at 31 December 2011, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.10 percent per annum and 3.35 percent per annum (2010: between 0.10 percent per annum and 1.95 percent per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Trade receivables - related parties</b>				
Trade receivable - related parties	2,265,433	2,933,209	2,343,770	2,959,743
Less: Allowance for doubtful accounts	(2,623)	(2,632)	(2,623)	(2,632)
Total trade receivables - related parties, net	2,262,810	2,930,577	2,341,147	2,957,111
<b>Trade receivables - unrelated parties</b>				
Trade receivables - telephone services	2,483,527	2,331,425	2,483,527	2,331,425
Trade receivables - international telephone roaming services	721,059	744,551	721,059	744,551
Trade receivables - sales of telephone sets and starter kits	1,115,429	957,161	1,100,910	942,642
Trade receivables - others	263,445	175,739	169,975	105,515
Total	4,583,460	4,208,876	4,475,471	4,124,133
Less: Allowance for doubtful accounts	(404,471)	(621,918)	(343,253)	(538,186)
Total trade receivables - unrelated parties	4,178,989	3,586,958	4,132,218	3,585,947
Total trade receivables - net	6,441,799	6,517,535	6,473,365	6,543,058
<b>Other receivables</b>				
Other receivables - related parties	8,125	9,604	19,086	15,486
Account receivable - CAT	30,899	149,066	30,899	149,066
Others	102,497	51,705	73,508	14,814
Total	141,521	210,375	123,493	179,366
Less: Allowance for doubtful debts	(8,085)	(8,200)	(6,111)	(6,111)
Total other receivables, net	133,436	202,175	117,382	173,255
Total trade and other receivables - net	6,575,235	6,719,710	6,590,747	6,716,313

The aging of the outstanding balances of trade receivables - related parties as at 31 December 2011 and 2010, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Aged on the basis of due dates				
Not yet due	1,828,741	2,225,256	1,912,327	2,253,034
Past due				
Up to 1 month	429,317	703,857	428,616	703,857
1 - 3 months	1,501	613	50	4
3 - 6 months	5,835	314	2,777	6
Over 6 months	39	3,169	-	2,842
Total	2,265,433	2,933,209	2,343,770	2,959,743
Less: Allowance for doubtful accounts	(2,623)	(2,632)	(2,623)	(2,632)
Total trade receivables - related parties, net	2,262,810	2,930,577	2,341,147	2,957,111

The aging of the outstanding balances of trade accounts receivable - telephone services as at 31 December 2011 and 2010, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Aged on the basis of due dates		
Not yet due	1,654,521	1,543,665
Past due		
Up to 1 month	453,671	352,770
1 - 3 months	152,662	100,717
3 - 6 months	75,596	92,821
Over 6 months	147,077	241,452
Total	2,483,527	2,331,425
Less: Allowance for doubtful accounts	(299,148)	(514,244)
Accounts receivable - telephone services, net	2,184,379	1,817,181

The Company has set up allowance for doubtful accounts based on collection experience. The Company establishes the allowance for doubtful accounts at the period-end at a certain percentage of all accounts receivable - telephone services in each aging period on a progressive basis.

The aging of the outstanding balances of trade accounts receivable - international telephone roaming services as at 31 December 2011 and 2010, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Aged on the basis of due dates		
Not yet due	570,565	633,171
Past due		
Up to 1 month	63,604	50,638
1 - 3 months	58,289	38,333
3 - 6 months	10,390	7,884
Over 6 months	18,211	14,525
Total	721,059	744,551
Less: Allowance for doubtful accounts	(25,833)	(14,525)
Trade accounts receivable - international telephone roaming services, net	695,226	730,026

The aging of the outstanding balances of trade accounts receivable - sales of telephone sets and starter kits as at 31 December 2011 and 2010, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Aged on the basis of due dates				
Not yet due	1,060,200	930,651	1,060,200	930,651
Past due				
Up to 1 month	9,933	4,190	9,933	4,190
1 - 3 months	1,223	434	1,223	434
3 - 6 months	6	878	6	878
Over 6 months	44,067	21,008	29,548	6,489
Total	1,115,429	957,161	1,100,910	942,642
Less: Allowance for doubtful accounts	(27,534)	(21,146)	(13,092)	(6,704)
Trade accounts receivable - sales of telephone sets and starter kits, net	1,087,895	936,015	1,087,818	935,938



The aging of the outstanding balances of trade accounts receivable - others as at 31 December 2011 and 2010, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Aged on the basis of due dates				
Not yet due	177,766	99,110	156,832	98,815
Past due				
Up to 1 month	6,885	3,798	1,747	3,160
1 - 3 months	14,239	50	1,702	50
3 - 6 months	7,761	14	351	14
Over 6 months	56,794	72,767	9,343	3,476
Total	263,445	175,739	169,975	105,515
Less: Allowance for doubtful accounts	(51,956)	(72,004)	(5,180)	(2,713)
Trade accounts receivable - others, net	211,489	103,735	164,795	102,802

## 9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and agreed upon between the Company and those related parties.

### Transactions with associated company, subsidiaries and related companies

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2011	2010	2011	2010	

#### Transactions with subsidiaries (eliminated from the consolidated financial statements)

Service income	-	-	422	158	as per agreement
Rental and service expenses	-	-	1,191	827	as per agreement
Interest income	-	-	-	8	as per agreement
Dividend income	-	-	500	420	as declared
Purchases of assets	-	-	-	39	as per agreement
Sales of assets	-	-	-	7	as per agreement

#### Transactions with associated company: United Distribution Business Co., Ltd.\*

Sales of goods	12,957	14,211	12,957	14,211	selling price less a certain margin, as per agreement
Dividend income	25	25	25	25	as declared
Purchases of goods	65	29	65	29	market price
Rental and service expense	23	15	23	15	as per agreement

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2011	2010	2011	2010	
<b>Transactions with other related companies</b>					
International roaming service income	109	189	109	189	as per agreement
Service income	22	21	13	9	market price
Sale on right of online refill service	94	10	94	10	as per agreement
Sales of goods	1	-	1	-	market price
Service expenses	668	714	489	459	as per agreement
Service fees for installation of cell site equipment	613	536	487	536	as per agreement
Management fee	413	415	413	415	as per agreement
Purchases of assets	79	2	79	2	as per agreement

\* The Company paid marketing support expense for year ended 31 December 2011 at Baht 25 million (2010: Baht 12 million) to dealers through United Distribution Business Co., Ltd.

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Trade and other receivables - related parties (Note 8)</b>				
<b>Trade receivables - related parties</b>				
Subsidiaries	-	-	85,436	35,774
Associated company (Note 9.1)	2,249,748	2,918,989	2,249,748	2,918,989
Related companies <sup>(1)</sup>	15,685	14,220	8,586	4,980
Total	2,265,433	2,933,209	2,343,770	2,959,743
Less: Allowance for doubtful accounts	(2,623)	(2,632)	(2,623)	(2,632)
Total trade receivables - related parties - net	2,262,810	2,930,577	2,341,147	2,957,111
<b>Other receivables - related parties</b>				
Subsidiaries	-	-	10,961	8,301
Related companies <sup>(1), (2)</sup>	8,125	9,604	8,125	7,185
Total	8,125	9,604	19,086	15,486
Less: Allowance for doubtful accounts	(6,111)	(6,111)	(6,111)	(6,111)
Total other receivables - related parties - net	2,014	3,493	12,975	9,375
Total trade and other receivables - related parties - net	2,264,824	2,934,070	2,354,122	2,966,486
<b>Amounts due from related parties</b>				
Subsidiary (Note 9.2)	-	-	530,397	530,393
Related companies <sup>(1), (2)</sup>	26,775	45,742	-	-
Total	26,775	45,742	530,397	530,393
Less: Allowance for doubtful accounts	(26,343)	(45,310)	-	-
Total amounts due from related companies - net	432	432	530,397	530,393

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Trade and other payables - related parties (Note 18)</b>				
Trade payables - related parties				
Subsidiaries	-	-	490,201	326,468
Associated company	5,398	11,214	5,398	11,214
Related companies <sup>(1), (2)</sup>	930,797	838,973	782,686	785,089
<b>Total trade payables - related parties</b>	<b>936,195</b>	<b>850,187</b>	<b>1,278,285</b>	<b>1,122,771</b>
Other payables - related parties				
Subsidiaries	-	-	8,013	107,157
Associated company	11,931	3,841	11,931	3,841
Related companies <sup>(1), (2)</sup>	430,377	154,926	427,460	145,899
<b>Total other payables - related parties</b>	<b>442,308</b>	<b>158,767</b>	<b>447,404</b>	<b>256,897</b>
<b>Total trade and other payables - related parties</b>	<b>1,378,503</b>	<b>1,008,954</b>	<b>1,725,689</b>	<b>1,379,668</b>

Relationship with the related companies

<sup>(1)</sup> have same ultimate shareholder<sup>(2)</sup> have same directors**9.1 The aging of trade account receivable - associated company as at 31 December 2011 and 2010**

based on due date, is as follow:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Age of receivables		
Not yet due	1,825,545	2,215,249
Past due less than 1 month	424,203	703,740
<b>Trade account receivable - associated company</b>	<b>2,249,748</b>	<b>2,918,989</b>

**9.2 The amount due from a subsidiary, TAC Property Co., Ltd.,**

comprises receivables arising from sales of equipment to support cellular telephone services. There is no fixed term for repayment and no interest is charged.

### 9.3 Directors and management's benefits

During the years ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Short-term employee benefits	114,355	112,594
Post-employment benefits and other long-terms benefits	18,131	11,716
Total	132,486	124,310

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
	Cost		Decrease to net realisable value		Inventories-net
	2011	2010	2011	2010	2011 2010
Finished goods	427,328	269,902	(43,158)	(14,212)	384,170 255,690
Total	427,328	269,902	(43,158)	(14,212)	384,170 255,690

(Unit: Thousand Baht)

Separate financial statements					
	Cost		Decrease to net realisable value		Inventories-net
	2011	2010	2011	2010	2011 2010
Finished goods	426,773	268,244	(42,603)	(12,656)	384,170 255,588
Total	426,773	268,244	(42,603)	(12,656)	384,170 255,588

## 11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Value added tax suspension	928,439	758,741	912,945	740,643
Prepaid expenses	161,514	153,951	160,949	150,351
Prepaid rental - land for cell sites	359,929	312,554	357,942	312,554
Value added tax refundable	53,958	42,292	53,958	42,293
Withholding tax deducted at source	12,041	16,022	-	-
Total	1,515,881	1,283,560	1,485,794	1,245,841
Less: Provision for impairment of assets	(11,220)	(11,230)	-	-
Total other current assets	1,504,661	1,272,330	1,485,794	1,245,841

## 12. Investments in associated company

### 12.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Carrying amounts based on equity method			
			Cost					
			2011	2010	2011	2010	2011	2010
			Percent	Percent				
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	306,258	296,020

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost				Carrying amounts based on cost method - net	
					Allowance for impairment of investments					
			2011	2010	2011	2010	2011	2010	2011	2010
			Percent	Percent						
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipments	Thailand	25	25	50,000	50,000	-	-	50,000	50,000

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investments in associates during the year		Dividend received during the year	
	2011	2010	2011	2010
United Distribution Business Co., Ltd.	35,239	54,872	25,000	25,000

## 12.2 Summarised financial information of associate

Financial information of the associated company is summarised below. (2010: Audited financial statements, 2011: Management's accounts)

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities at		Total revenues for the years ended		Profit for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
United Distribution Business Co., Ltd	200	200	3,758	4,299	2,533	3,138	20,301	21,788	141	188

## 13. Investments in subsidiaries

Separate financial statements										
	Paid-up share capital		Percentage of shareholding		Investments at cost		Impairment loss on investments		Net	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht

### Subsidiaries directly held by the Company

WorldPhone Shop Co., Ltd.	450	450	100	100	450,000	450,000	(450,000)	(450,000)	-	-
TAC Service Co., Ltd.	-	20	-	100	-	19,998	-	(19,998)	-	-
TAC Property Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
DTAC Network Co., Ltd.	60	60	100	100	60,000	60,000	-	-	60,000	60,000
DTAC Broadband Co., Ltd.	175	1	100	100	175,000	1,000	-	-	175,000	1,000
DTAC Internet Service Co., Ltd.	26	1	100	100	25,750	1,000	-	-	25,750	1,000
Public Radio Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
United Communication Industry Plc. (UCOM)	272	272	99.81	99.81	271,161	271,161	-	-	271,161	271,161
Paysbuy Co., Ltd.	200	200	100	100	236,756	236,756	-	-	236,756	236,756
Crie Co., Ltd.	0.2	0.2	51	51	39,230	39,230	-	-	39,230	39,230
Fat Degree Co., Ltd.	-	0.2	-	51	-	51,000	-	(51,000)	-	-

### Subsidiaries held through TAC Property Co., Ltd.

Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
TAC Finance Company B.V.	0.5	0.5	100	100	-	-	-	-	-	-
Viphavadee Office Building Co., Ltd.	208.6	208.6	100	100	-	-	-	-	-	-
Total investments in subsidiaries, net					1,259,897	1,132,145	(450,000)	(520,998)	809,897	611,147

- a) On 3 February 2011, the Company sold its investment in Fat Degree Co., Ltd. to the former shareholder of such company.
- b) TAC Service Company Limited, a subsidiary, registered its dissolution and liquidation with the Ministry of Commerce on 18 March 2011.
- c) On 22 July 2011, an extraordinary meeting of the shareholders of DTAC Broadband Co., Ltd. approved the increase of the company's registered share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 175 million (1.75 million ordinary shares of Baht 100 each) through the issuance of 1.74 million additional ordinary shares with a par value of Baht 100 each to the Company. DTAC Broadband Co., Ltd. called up and received full payment of the additional shares and registered the increase in its share capital with the Ministry of Commerce on 25 July 2011.
- d) On 18 August 2011, an extraordinary meeting of the shareholders of DTAC Internet Service Co., Ltd. approved the increase of the company's registered share capital from Baht 1 million (10,000 ordinary shares at a par value of Baht 100 each) to Baht 100 million (1 million ordinary shares at a par value of Baht 100 each) through the issuance of 990,000 additional ordinary shares with a par value of Baht 100 each to the Company. DTAC Internet Service Co., Ltd. called up and received payment of 25% of the additional shares, or a total of Baht 24.75 million, and registered the increase in its share capital with the Ministry of Commerce on 30 August 2011.
- e) During year 2011, DTAC Network Co., Ltd., a subsidiary, paid dividend amounting to Baht 500 million to the Company (2010: Baht 420 million).
- f) Currently, UCOM is defendant in a number of lawsuits brought in respect of UCOM's former operations. As stipulated under the Master Sale and Purchase Agreement dated 26 February 2006, UCOM can claim any amount to which UCOM becomes liable in respect of the former operations. All contingent liabilities in respect of the above cases are thus transferred to the purchaser company. The purchaser company's responsibility for such liabilities is subjected to those to be actually incurred and paid by UCOM, with no limit on their amount, within two years from the asset transfer date, or until UCOM's obligations and responsibilities end. UCOM therefore did not make any provision for loss from these lawsuits in its financial statements.

## 14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Debt securities	-	67
Other investments		
Digital Phone Co., Ltd.	49,400	197,600
Other companies	32,333	32,333
Less: Allowance for impairment loss	(30,333)	(30,333)
Other companies - net	2,000	2,000
Total other investments - net	51,400	199,600
Total other long-term investments - net	51,400	199,667

On 21 June 2011, the Extraordinary General Meeting of shareholders of Digital Phone Co., Ltd. passed a resolution to approve the reduction of the Company's registered share capital and that company registered the decrease in its share capital with the Ministry of Commerce on 6 October 2011. The Company already received a return of capital cash amounting to Baht 148 million. In addition, during year 2011, the Company received dividend amounting to Baht 42 million from Digital Phone Co., Ltd.

## Consolidated financial statements

(Unit: Thousand Baht)

[illegible]



## Consolidated financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
<b>Cost</b>											
31 December 2010	1,032,266	1,519,879	1,017,597	2,559,939	213,011	754,973	4,536,860	82,433	945,058	309,597	12,971,613
Purchases	-	29,820	29,189	139,218	-	19,713	496,481	13,194	319,863	29,815	1,077,293
Disposals/written-off	-	(375)	(6,586)	-	-	(27,321)	(2,213)	(93)	(205,709)	(9,931)	(252,228)
Transferred in (out)	-	79,246	40,180	-	-	19,036	654,402	2,686	(849,293)	53,743	-
31 December 2011	1,032,266	1,628,570	1,080,380	2,699,157	213,011	766,401	5,685,530	98,220	209,919	383,224	13,796,678
<b>Accumulated depreciation</b>											
31 December 2010	-	623,136	255,327	1,412,995	105,854	503,348	3,840,837	63,132	-	131,510	6,936,139
Depreciation for the year	-	177,469	98,313	160,755	10,534	95,149	703,768	10,190	-	46,914	1,303,092
Depreciation - disposal/written-off	-	(375)	(6,499)	-	-	(26,870)	(1,630)	(31)	-	(8,121)	(43,526)
Transferred in (out)	-	-	1	(18,910)	18,910	(11)	(1,733)	128	-	1,615	-
31 December 2011	-	800,230	347,142	1,554,840	135,298	571,616	4,541,242	73,419	-	171,918	8,195,705
<b>Allowance for impairment loss</b>											
31 December 2010	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
Transferred in (out)	-	-	-	-	-	-	-	-	-	-	-
31 December 2011	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
<b>Net book value</b>											
31 December 2010	1,029,266	896,743	762,270	1,146,944	107,157	251,625	684,558	19,301	945,058	95,112	5,938,034
31 December 2011	1,029,266	828,340	733,238	1,144,317	77,713	194,785	1,132,823	24,801	209,919	128,331	5,503,533
<b>Depreciation included in the income statements for the years</b>											
2010											1,281,359
2011											1,303,092

As at 31 December 2011, certain equipment items of the Company and subsidiaries have been fully depreciated. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 7,094 million (2010: Baht 5,907 million).

## (Unit: Thousand Baht)

Equipment for supporting										
Buildings and building improvement		Leasehold improvement		cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others
Land	improvement	improvement	improvement	services	improvement	equipment	equipment	equipment	progress	Total
Cost										
31 December 2009	751,783	1,318,612	1,210,727	1,680,176	86,942	1,029,695	6,131,026	130,261	907,642	207,327
Purchases	-	41,273	23,411	27,184	-	18,465	52,611	606	273,155	19,599
Disposals/written-off	(294)	(16,249)	(283,991)	-	-	(304,969)	(1,864,388)	(49,708)	-	(10,728)
Transferred in (out)	-	175,689	39,544	4,740	-	(16,518)	44,905	127	(249,479)	992
31 December 2010	751,489	1,519,325	989,691	1,712,100	86,942	726,673	4,364,154	81,286	931,318	217,190
Accumulated depreciation										
31 December 2009	-	474,654	424,055	709,924	37,526	694,232	4,862,187	102,392	-	75,358
Depreciation for the year	-	160,642	86,878	110,233	4,231	85,533	721,231	9,154	-	16,527
Depreciation - disposals/written-off	-	(12,766)	(283,104)	-	-	(302,755)	(1,863,963)	(49,562)	-	(10,033)
Transferred in (out)	-	51	(51)	-	-	(985)	-	-	-	985
31 December 2010	-	622,581	227,778	820,157	41,757	476,025	3,719,455	61,984	-	82,837
Allowance for impairment loss										
31 December 2009	3,000	-	-	-	-	-	-	-	-	82,975
31 December 2010	3,000	-	-	-	-	-	-	-	-	82,975
Net book value										
31 December 2009	748,783	843,958	786,672	970,252	49,416	335,463	1,268,839	27,869	907,642	48,994
31 December 2010	748,489	896,744	761,913	891,943	45,185	250,648	644,699	19,302	931,318	51,378
Depreciation included in the income statements for the years										
2009	1,233,697									
2010	1,194,429									

## Separate financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
<b>Cost</b>											
31 December 2010	751,489	1,519,325	989,691	1,712,100	86,942	726,673	4,364,154	81,286	931,318	217,190	11,380,168
Purchases	-	29,820	29,189	139,218	-	19,460	494,846	12,982	183,205	21,448	930,168
Disposals/written-off	-	(272)	(6,130)	-	-	(26,905)	(1,305)	(93)	(205,709)	(9,931)	(250,345)
Transferred in (out)	-	79,246	40,180	-	-	19,148	694,421	2,559	(835,554)	-	-
31 December 2011	751,489	1,628,119	1,052,930	1,851,318	86,942	738,376	5,552,116	96,734	73,260	228,707	12,059,991
<b>Accumulated depreciation</b>											
31 December 2010	-	622,581	227,778	820,157	41,757	476,025	3,719,455	61,984	-	82,837	6,052,574
Depreciation for the year	-	177,469	98,225	125,273	4,231	94,813	702,667	10,139	-	17,317	1,230,134
Depreciation - disposals/written-off	-	(272)	(6,129)	-	-	(26,669)	(945)	(31)	-	(8,121)	(42,167)
Transferred in (out)	-	-	-	-	-	-	(111)	111	-	-	-
31 December 2011	-	799,778	319,874	945,430	45,988	544,169	4,421,066	72,203	-	92,033	7,240,541
<b>Allowance for impairment loss</b>											
31 December 2010	3,000	-	-	-	-	-	-	-	-	82,975	85,975
31 December 2011	3,000	-	-	-	-	-	-	-	-	82,975	85,975
<b>Net book value</b>											
31 December 2010	748,489	896,744	761,913	891,943	45,185	250,648	644,699	19,302	931,318	51,378	5,241,619
31 December 2011	748,489	828,341	733,056	905,888	40,954	194,207	1,131,050	24,531	73,260	53,699	4,733,475
<b>Depreciation included in the income statements for the years</b>											
2010											1,194,429
2011											1,230,134

As at 31 December 2011, certain equipment items of the Company have been fully depreciated. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 6,980 million (2010: Baht 5,793 million).

As at 31 December 2011, the Company had vehicles under finance lease agreements with net book values amounting to Baht 49 million (2010: Baht 47 million).

## 16. Deferred right to use of equipment

Deferred right to use of equipment represents the cost of tools and equipment for providing cellular telephone services that are required to be procured by the Company and transferred to CAT under the Concession Agreement from CAT outlined in Note 1.2 to the financial statements. Ownership of the tools and equipment were transferred to CAT at the date of commencing service or when the equipment was put into use.

The cost of such tools and equipment is deferred and amortised over the remaining life of concession period.

Deferred right to use of equipment consists of the following:

(Unit: Thousand Baht)

Consolidated financial statement			
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 1 January 2010	126,816,010	772,207	127,588,217
Acquisition	2,182,221	221,386	2,403,607
At 31 December 2010	128,998,231	993,593	129,991,824
Acquisition	1,157,647	20,495	1,178,142
Transfer in / Transfer out	46,916	(43,824)	3,092
At 31 December 2011	130,202,794	970,264	131,173,058
<b>Amortisation and impairment:</b>			
At 1 January 2010	(57,112,019)	(359,545)	(57,471,564)
Amortisation	(8,078,799)	(102,815)	(8,181,614)
Impairment	(490)	-	(490)
At 31 December 2010	(65,191,308)	(462,360)	(65,653,668)
Amortisation	(8,285,184)	(62,149)	(8,347,333)
Transfer in / Transfer out	(29,513)	-	(29,513)
At 31 December 2011	(73,506,005)	(524,509)	(74,030,514)
<b>Net book value:</b>			
At 31 December 2010	63,806,923	531,233	64,338,156
At 31 December 2011	56,696,789	445,755	57,142,544
<b>Amortisation included in income statements</b>			
2010	8,078,799	102,815	8,181,614
2011	8,285,184	62,149	8,347,333

(Unit: Thousand Baht)

Separate financial statement			
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 1 January 2010	126,814,934	772,207	127,587,141
Acquisition	2,182,221	221,386	2,403,607
At 31 December 2010	128,997,155	993,593	129,990,748
Acquisition	1,157,627	20,495	1,178,122
Transfer in / Transfer out	46,916	(43,824)	3,092
At 31 December 2011	130,201,698	970,264	131,171,962
<b>Amortisation and impairment:</b>			
At 1 January 2010	(57,111,895)	(359,545)	(57,471,440)
Amortisation	(8,078,772)	(102,815)	(8,181,587)
At 31 December 2010	(65,190,667)	(462,360)	(65,653,027)
Amortisation	(8,285,137)	(62,149)	(8,347,286)
Transfer in / Transfer out	(29,513)	-	(29,513)
At 31 December 2011	(73,505,317)	(524,509)	(74,029,826)
<b>Net book value:</b>			
At 31 December 2010	63,806,488	531,233	64,337,721
At 31 December 2011	56,696,381	445,755	57,142,136
<b>Amortisation included in income statements</b>			
2010	8,078,772	102,815	8,181,587
2011	8,285,137	62,149	8,347,286

## 17. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Deferred expenses - net	2,747,976	3,188,620	2,698,338	3,141,969
Deferred underwriting fees / arrangement fees for loans and debentures - net	52,262	88,405	52,262	88,405
Deposits	197,094	218,504	191,335	217,621
Income tax refundable	153,144	153,144	153,144	153,144
Leasehold rights	34,762	38,682	34,762	38,682
Others	218,003	171,401	149,157	102,556
Total	3,403,241	3,858,756	3,278,998	3,742,377
Less: Allowance for impairment	-	(14,328)	-	-
Total other non-current assets	3,403,241	3,844,428	3,278,998	3,742,377
Amortisation included in the income statements	864,919	902,040	856,396	895,554

## 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade payables for the purchase of equipment for providing telephone services	3,320,589	1,874,696	3,320,589	1,874,696
Trade payables - related parties (Note 9)	936,195	850,187	1,278,285	1,122,771
Trade payable - CAT	5,621,298	4,345,749	5,611,249	4,339,183
Trade payable - TOT	1,267,473	1,261,851	1,258,964	1,261,851
Trade payables - Interconnection charge	17,388	24,387	17,388	24,387
Trade payables - international telephone roaming services	1,803,505	1,268,922	1,803,505	1,268,922
Other trade payables	952,694	991,997	854,529	952,555
Other payables - related parties (Note 9)	442,308	158,767	447,404	256,897
Other payables	2,526,444	2,007,701	2,502,144	1,958,085
Accrued expenses	2,559,534	2,740,567	2,549,480	2,719,243
Interest payables	32,962	98,742	32,962	98,742
<b>Total trade and other payables</b>	<b>19,480,390</b>	<b>15,623,566</b>	<b>19,676,499</b>	<b>15,877,332</b>

## 19. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
19.1 USD 40 million loan facility from Nordic Investment Bank	1,052,160	1,348,080
19.2 USD 170 million loan facilities from Finnish Export Credit Ltd. Finnish Export Credit Ltd.	1,537,257	2,562,096
<b>Total</b>	<b>2,589,417</b>	<b>3,910,176</b>
Less: Current portion	(1,320,758)	(1,320,758)
<b>Long-term loans - net of current portion</b>	<b>1,268,659</b>	<b>2,589,418</b>

### 19.1 On 31 May 2005, the Company entered into a Facility Agreement with Nordic Investment Bank ("NIB")

The principal terms of this facility are:

Facility	: USD 40 million (Fully drawn down)
Interest rate	: LIBOR plus 1.0 percent per annum
Interest period	: every six months
Principal repayment schedule	: 11 semi-annual installments in the amounts stipulated in the payment schedule of the agreement between 2010 and 2015

In order to hedge the foreign exchange rate and interest rate risks associated with the above loan, the Company entered into a cross currency swap agreement to swap the full amount of the loan to a Baht 1,644 million loan, with a fixed Baht interest rate as stipulated in the agreement for the period from 30 November 2005 to 30 November 2007, and a floating interest rate as stipulated in the agreement from 30 November 2007 onwards. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments provided in Note 30.5 to the financial statements.

### 19.2 On 8 September 2005, the Company entered into a Facility Agreement of USD 170 million with Finnish Export Credit Ltd ("FEC").

The principal terms of this facility are:

#### Tranche A

Facility	: USD 85 million (Fully drawn down)
Interest rate	: 4.55 percent per annum
Interest period	: every six months
Principal repayment schedule	: 13 equal semi-annual installments, from 30 June 2007 to 30 June 2013

#### Tranche B

Facility	: USD 85 million (Fully drawn down)
Interest rate	: 4.77 percent per annum
Interest period	: every six months
Principal repayment schedule	: 13 equal semi-annual installments, from 30 June 2007 to 30 June 2013

In order to hedge the foreign exchange rate and interest rate risks associated with the above loan, the Company entered into cross currency and interest swap agreements with the Thailand branch of a foreign financial institution, to swap the full amount of the Tranche A and Tranche B to a Baht 6,661 million loan, with a fixed Baht interest rate as stipulated in the agreements. The possible future financial impact of these agreements is reflected in the estimates of the fair value of derivative instruments provided in Note 30.5 to the financial statements.

### 19.3 On 15 December 2011, the Company entered into a Facility Agreements with a financial institution.

The principal terms of this facility are:

#### Tranche A

Facility	: Baht 20,000 million
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: every three months
Principal repayment schedule	: 10 equal semi-annual installments, commencing on 30 June 2012

#### Tranche B

Revolving Facility	: Baht 10,000 million
Interest rate	: Money Market Rate
Interest period	: every one month, three months, or six months depending on selection period
Principal repayment schedule	: as agreement but not exceed six months and not extend beyond final maturity date

At the end of the reporting period, the Company had not yet drawn down such credit facilities. However, in January 2012 the Company drew down the full amount of the Tranche A and some amount of Tranche B facilities.

The above credit facilities agreement contain covenants relating to various matters, such as the maintenance of financial ratio, restrictions on creating or permitting the subsistence of security interest on property and assets, a prohibition on making loans or granting guarantees except under certain conditions.

## 20. Debentures

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Thai Baht debentures	2,000	5,000
Less: Current portion	-	(3,000)
Thai Baht debentures - net of current portion	2,000	2,000

The movements of Thai Baht debentures for the year ended 31 December 2011 are as follows:

(Unit: Million Baht)

(Cont. Mitted Baht)

		Tenor	Balance as at 1 January 2011	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2011
20.1	Debentures of Baht 3,000 million (issued on 24 August 2006)	5 years	3,000	-	(3,000)	-
20.2	Debentures of Baht 2,000 million (issued on 27 August 2009)	5 years	2,000	-	-	2,000
			5,000	-	(3,000)	2,000

20.1 On 24 August 2006, the Company issued Baht 3,000 million (3,000,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with a trustee, with interest rate at 6.35 percent per annum. This debenture matured in August 2011 and were fully redeemed by the Company.

20.2 On 27 August 2009, the Company issued Baht 2,000 million (2,000,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, and unsecured debentures with a trustee, with interest rate at 4.40 percent per annum and redemption in full in August 2014.

Some of the Thai Baht debentures contain covenants relating to various matters such as the maintenance of financial ratio, restrictions on creating or permitting the creation of security interest on property and assets, a prohibition on making loans or granting guarantees except under certain conditions, and restrictions on the payment of dividends.

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011 and 2010, which are compensations on employees' retirement, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2011	2010
Defined benefit obligation at beginning of year	208,154	131,391
Current service cost	24,294	16,420
Interest cost	8,322	6,150
Benefits paid during the year	(19,056)	(6,769)
Actuarial gain/loss	(3,085)	60,962
Defined benefit obligation at end of year	218,629	208,154
Unrecognised actuarial gain/loss	(97,863)	(111,776)
Provisions for long-term employee benefits at end of year	120,766	96,378



Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2011 and 2010, were as follows:

(Unit: Thousand Baht)

	<b>Consolidated financial statements / Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>
Current service cost	24,294	16,420
Interest cost	8,322	6,150
Actuarial loss	10,829	5,382
Long-term employee benefit expenses included in the profit or loss for the year	43,445	27,952

Principal actuarial assumptions at the valuation date were as follows:

	<b>Consolidated financial statements / Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>
	(% per annum)	(% per annum)
Discount rate	3.7	4.0
Future salary increase rate (depending on age)	5.5	6.0
Staff turnover rate	0 - 25	0 - 25

Amounts of defined benefit obligation for the current and previous four periods are as follows:

	<b>Consolidated financial statements / Separate financial statements</b>
	(Thousand Baht)
Year 2011	218,629
Year 2010	208,154
Year 2009	131,391
Year 2008	94,831
Year 2007	80,851

## 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net income after deducting accumulated deficits brought forward (if any), until the reserve reaches 10 percent of the registered share capital. The statutory reserve is not available for dividend distribution.

## 23. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Salary and wages and other employee benefits	3,686,357	3,546,354	3,655,420	3,509,435
Depreciation	1,303,092	1,281,359	1,230,134	1,194,429
Amortisation expenses	9,212,252	9,083,654	9,203,682	9,077,141
Rental expenses from operating lease agreements	1,739,034	1,681,639	2,164,736	1,871,346
Purchases in inventories	5,136,299	2,579,499	5,137,401	2,578,625
Changes in inventories of finished goods	(157,426)	(73,064)	(158,529)	(73,219)

## 24. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Interest expense	393,901	936,221	393,894	936,002
Amortisation on deferred financial cost	36,143	65,066	36,143	65,066
Other finance cost	906	8,570	906	8,570
Total finance cost	430,950	1,009,857	430,943	1,009,638

## 25. Corporate income tax

Corporate income tax expenses for the years ended 31 December 2011 and 2010 comprised:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Current income tax:</b>				
Current income tax charge	4,966,508	4,000,236	4,649,424	3,686,349
Adjustment in respect of current income tax of previous year	(1,360)	(27,659)	-	(31,734)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(5,613)	(302,100)	(5,613)	(302,100)
Effects of changes in the applicable tax rates	306,505	-	306,505	-
Income tax expense reported in the income statement	5,266,040	3,670,477	4,950,316	3,352,515

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2011 and 2010

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Accounting profit before tax	17,078,172	14,555,218	16,494,977	14,059,944
Applicable tax rate	0% - 30%	0% - 30%	30%	25%
Accounting profit before tax multiplied by applicable tax rate	5,268,574	3,901,092	4,948,493	3,514,986
Adjustment in respect of current income tax of previous year	(1,360)	(27,659)	-	(31,734)
Effects of changes in the applicable tax rates	306,505	-	306,505	-
Effects of:				
Tax exempted revenue	(166,276)	(216,904)	(166,276)	(150,741)
Non-deductible expenses	32,423	13,948	35,420	20,004
Effects of adjustment deferred tax	(135,000)	-	(135,000)	-
Others	(38,826)	-	(38,826)	-
Income tax expenses reported in the income statement	5,266,040	3,670,477	4,950,316	3,352,515

As at 31 December 2011 and 2010 the deferred tax assets/liabilities arose from the following temporary differences:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Allowance for doubtful accounts :				
accounts receivable - trade	317,421	453,686	317,421	453,686
Allowance for diminution in value of investment/loss on the subsidiary	450,000	-	450,000	-
Allowance for diminution in value of inventories	42,603	12,657	42,603	12,657
Accrued expenses	898,238	763,003	898,238	763,003
Amortisation of intangible assets	900,151	932,011	900,151	932,011
Unrealised loss on derivative instruments for long-term loans and debentures	493,647	935,546	493,647	935,546
License on mobile money business (premium from subsidiary acquisition)	(68,841)	(68,841)	-	-
Others	344,397	330,844	344,397	330,844
	3,377,616	3,358,906	3,446,457	3,427,747
Deferred tax assets/liabilities calculated from tax rate 30%	-	1,007,672	-	1,028,324
Deferred tax assets/liabilities calculated from tax rate 23%	292,409	-	292,409	-
Deferred tax assets/liabilities calculated from tax rate 20%	414,371	-	435,023	-
	706,780	1,007,672	727,432	1,028,324

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 – 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

## 26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit attributable to equity holders of the Company (Thousand Baht)	11,812,850	10,891,514	11,544,661	10,707,429
Weighted average number of ordinary shares (Thousand shares)	2,367,811	2,367,811	2,367,811	2,367,811
Earnings per share (Baht/share)	4.99	4.60	4.88	4.52

## 27. Depreciation and amortisation expenses

Depreciation and amortisation expenses for the years ended 31 December 2011 and 2010 comprised:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Depreciation expense</b>				
Plant and equipment	1,303,092	1,281,359	1,230,134	1,194,429
<b>Amortisation expense</b>				
Deferred right to use of equipment	8,347,333	8,181,614	8,347,286	8,181,587
Other non-current assets				
- group as selling and administration expenses	828,776	836,973	820,253	830,488
- group as finance cost	36,143	65,067	36,143	65,066
Total depreciation and amortisation expenses	10,515,344	10,365,013	10,433,816	10,271,570

## 28. Operating income before interest, taxes, depreciation and amortisation (EBITDA)

(Unit: Thousand Baht)

Consolidated financial statements			
	Note	2011	2010
Profit for the year		11,812,131	10,884,741
Add (less) : Finance cost	24	430,950	1,009,857
: Corporate income tax	25	5,266,040	3,670,477
: Depreciation expense	15	1,303,092	1,281,359
: Amortisation expense		9,176,109	9,018,587
: Interest income		(578,909)	(202,797)
: (Gain) loss on foreign exchange		(113,216)	22,964
: Loss from write-off fixed assets		89	249
: Loss from write-off intangible assets		-	491
EBITDA		27,296,286	25,685,928

## 29. Dividends

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend on 2009 operating result	Annual General Meeting of the shareholders on 27 April 2010	3,264	1.39
Interim dividend	Meeting of the board of directors on 22 October 2010	1,291	0.56
<b>Total year 2010</b>		<b>4,555</b>	
Dividend on 2010 operating result	Annual General Meeting of the shareholders on 21 April 2011	7,434	3.21
Special interim dividend	Meeting of the board of directors on 15 December 2011	38,371	16.46
<b>Total year 2011</b>		<b>45,805</b>	

On 15 December 2011, a meeting of the Company's board of directors approved a special interim dividend payment paid from the Company's retained earnings, to be distributed on 12 January 2012.

## 30. Financial instruments

### 30.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investments, trade accounts receivable, investments, accounts payable, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### 30.2 Interest rate risk

The Company's and subsidiaries' exposure to interest rate risk relate primarily to their deposits at financial institutions, short-term investments, debentures and long-term loans.

As at 31 December 2011 the significant financial assets and liabilities (Part of these are under derivative instruments as described in Notes 19 to the financial statements) are classified by type of interest rate as follows:

(Unit: Million Baht)

Consolidated financial statements					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
Financial assets					
Cash and cash equivalents		5,707	16,074	92	21,873
Short-term investments		-	100	-	100
Trade and other receivables		-	-	6,575	6,575
Financial liabilities					
Trade and other payables		-	-	19,480	19,480
Dividends payable		-	-	38,371	38,371
Long-term loans	19	1,052	1,537	-	2,589
Debentures	20	-	2,000	-	2,000

Financial assets and liabilities carry fixed interest rates can be classified by maturity (or the date of new interest rate is introduced) (if any).

(Unit: Million Baht)

Consolidated financial statements					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
Financial assets					
Cash and cash equivalents		16,074	-	16,074	0.10% - 3.35%
Short-term investments		100	-	100	3.70%
Financial liabilities					
Long-term loans	19	1,025	512	1,537	5.39%, 5.50%
Debentures	20	-	2,000	2,000	4.40%

### 30.3 Foreign currency risk

The Company and subsidiaries' exposure to foreign currency risk arised mainly from purchasing of equipment transactions, trade receivables - international telephone roaming services, and borrowings that are denominated in foreign currencies. The Company and subsidiaries primarily utilise forward exchange contracts and currency swap agreements to manage the exchange rate risk arising from these instruments (Note 19).

As at 31 December 2011 the Company and subsidiaries had the following foreign currency assets and liabilities:

	Consolidated financial statements		Exchange rate as at 31 December 2011
	Amount	Foreign currency	
	(Million)		(Baht per foreign currency)
<b>Assets</b>			
Deposits at financial institutions	2.45	USD	31.4525
	0.58	EUR	40.5938
	0.49	GBP	48.3516
Trade accounts receivable - other companies	15.26	SDRs	48.6725
	1.48	USD	31.4525
Trade accounts receivable - related companies	0.01	SDRs	48.6725
	0.23	USD	31.4525
<b>Liabilities</b>			
Trade accounts payable	32.71	USD	31.8319
	0.41	EUR	41.3397
	37.05	SDRs	48.6725
Amount due to related companies	49.95	NOK	5.3220
	0.10	EUR	41.3397
	6.34	SDRs	48.6725
	5.32	USD	31.8319
Accrued expenses	2.32	NOK	5.3220
Net assets (liabilities)	(33.87)	USD	
	0.07	EUR	
	0.49	GBP	
	(28.12)	SDRs	
	(52.27)	NOK	

As at 31 December 2011, the Company entered into selling and buying forward exchange contracts amounting to USD 30 million and USD 86 million, respectively, to reduce foreign currency risk arises mainly from trade receivables - international telephone roaming service amounting to SDRs 15.26 million, account payable from purchasing of equipment amounting to USD 32.71 million, and capital commitments. Generally, the forward contracts mature within one year.

### 30.4 Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company's management manages the risk by adopting credit control policies and procedures. In addition, the Company does not have high concentration of credit risk since it has a large customer base. Therefore, the Company does not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the statements of financial position.

### 30.5 Fair value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, such as discounted cash flow, etc.

Given that all financial assets are short-term, parts of financial liabilities are short-term, the Company's management believes that the fair value of financial assets and short-term financial liabilities does not materially differ from their carrying value.

The carrying value (original value excluded the carrying value of related forward exchange and cross currency swap contracts) and fair value of long-term financial liabilities and the fair value of derivative instruments as at 31 December 2011 are presented below.

(Unit: Million Baht)

Consolidated financial statements		
	Carrying value	Fair value
<b>Unhedged</b>		
Loan from Nordic Investment Bank	815	832
Loan from Finnish Export Credit Ltd.	1,249	1,299
Thai Baht debentures	2,000	2,044
<b>Derivative instruments</b>		
Unfavourable derivative instruments	-	(15)

The fair value of financial instruments is estimated on the following criteria.

- The fair value of long-term loans has been determined based on discounted cash flow analysis, by using discount rates equal to the prevailing rates of return as of the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of Thai Baht debentures are presented at their fair value, based on the latest yield rated quoted by the Thai Bond Market Association as of the date on which the investments are valued or the discounted cash flow method. The discount rate is based on the prevailing rates of return as of the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of derivative instruments have been calculated using quoted market rates to terminate the contracts at the end of reporting period.

## 31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company and its subsidiaries manage their capital position with reference to its debt-to-equity ratio in order to comply with a condition in long-term loan agreements with financial institutions. As at 31 December 2011, debt to equity ratio in the consolidated financial statements is 0.14:1 (the separate financial statements: debt to equity ratio is 0.14:1).

No changes were made in the objectives, policies or processes during the years end 31 December 2011 and 2010.

## 32. Commitments

### 32.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements for office buildings and land and building for base stations. The terms of the agreements are generally between 1 - 3 years and 12 years.



As at 31 December 2011, future minimum lease payments under these operating leases contracts were as follows.

	Million Baht
Payable within:	
Less than 1 year	1,104
1 to 5 years	2,322
More than 5 years	2,076

During the year 2011, the Company and its subsidiaries recognised rental expenses of Baht 1,549 million (2010: Baht 1,464 million).

### 32.2 Capital commitments

As at 31 December 2011, the Company has capital commitments of USD 58 million and EUR 0.03 million (2010: Baht 42 million and USD 22 million) mainly in respect of the purchase of tools and equipment for providing cellular telephone services and Baht 245 million and USD 0.9 million (2010: Baht 179 million, USD 11 million and AUD 0.4 million) relating to the construction of cell sites and acquisition of software for the Company's operations.

### 32.3 Pledged deposits at banks

As at 31 December 2011, bank deposits of subsidiaries amounting to Baht 0.4 million (2010: Baht 0.4 million) are pledged with the banks to secure facilities granted by the banks.

### 32.4 Bank guarantees

As at 31 December 2011, there were outstanding bank guarantees of Baht 3,385 million (2010: Baht 3,425 million) issued by banks on behalf of the Company in respect of certain performance bonds required in the normal course of business of the Company. Bank guarantees are primarily issued to CAT to guarantee the revenue sharing to be paid under the Concession Agreement.

### 32.5 Agreement to install cell site equipment and maintain transmission networks

As at 31 December 2011, the Company has a commitment to BB Technology Co., Ltd., a related company, relating to the installation of cell site equipment and maintenance of transmission networks. This related company will provide transmission engineering network design and configuration, installation and maintenance services for transmission networks. The Company is committed to pay service fees at the rate specified in the agreement.

### 32.6 Agreement for supply of equipment and services for Wi-Fi project

As at 31 December 2011, the Company and a subsidiary had commitments to United Information Highway Co., Ltd., a related company, relating to the supply of equipment and services for the subsidiary's Wi-Fi project. This related company will procure and provide relevant equipment, software systems, required infrastructure, and provide operation support, including technical support services, for the project. In return, the Company and its subsidiary are committed to pay compensation in compliance with the terms and conditions stipulated in the agreement.

### 32.7 Long-term agreement commitment

- a. During year 2009, the Company entered into a Partner Market agreement with Vodafone Marketing Sarl granting the Company exclusive access to Vodafone' range of products, devices, and services. The Company is committed to pay fees at the rates and terms indicated in the agreement. The agreement will be terminated in March 2012.
- b. During year 2010 and 2011, the Company entered into a purchase and resale agreement with a company that granted the Company the right to distribute products, equipment and support services in Thailand related to that company's mobile phones and tablet computer. The Company is committed to terms indicated in the agreement and to future minimum purchase orders stipulated under the agreement.

- c. During year 2010, the Company entered into frame contracts with two companies who will supply network infrastructure and services for the Company's telecommunication network. Goods and service prices are set in accordance with the terms and conditions stipulated in the agreement.

### 33. Court proceedings and commercial dispute between the Company and TOT Plc. (TOT) in relation to the access charge payment

- 1) TOT, CAT and the Company entered into the Postpaid Access Charge Agreement on 22 February 1994 and the Prepaid Access Charge Agreement on 2 April 2001. Under these Agreements, TOT agreed to interconnect its network with that of the Company in consideration of an access charge of Baht 200 per month for the postpaid service and 18 percent of the price specified on the prepaid card, including VAT, for the prepaid service.

On 17 May 2006, the NTC issued the Interconnection Notification requiring all licensees (who have their own telecommunication networks) (licensees) to allow interconnection by other licensees upon request, in order to ensure good cross-network connections, and the licensees who provide the interconnection is entitled to collect an interconnection charge that reflect its costs.

On 2 October 2006, the Company issued a letter to TOT requesting TOT to enter into negotiation with the Company regarding an interconnection agreement between the Company's network and TOT's network. On 17 November 2006, the Company sent a notice to TOT and CAT informing them that the Company would change the rates for calculating the access charge under the Access Charge Agreements entered into with TOT on the ground that the rate and the collection of access charge under the Access Charge Agreements were contrary to the law in a number of respects and the Company also informed TOT and CAT that it would pay the interconnection charge to TOT at the rate which is in compliance with the law or at the provisional rate announced by NTC while negotiation with TOT on the interconnection agreement has not been concluded.

On 23 November 2006, TOT issued a letter to the Company informing the Company that it was not entitled to interconnect its network with that of TOT because the Company was not a licensee, whose license was granted by NTC, and did not have its own telecommunication network. TOT also claimed that the Access Charge Agreements did not violate any law and, as a result, demanded the payment of the access charge in accordance with the rate and the collection of access charge specified under the Access Charge Agreements. TOT also refused to accept payment of the interconnection charges by the Company.

On 1 February 2007, the Company issued a letter to TOT informing that the Company was pleased to pay the interconnection charge to TOT at the rate under TOT's Reference of Interconnect Offer (RIO) as approved by NTC.

- 2) On 18 June 2007, according to the Award No. 1/2550 rendered by NTC on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate with the Company within 7 days and enter into an interconnection agreement with the Company within 30 days from the date of the commencement of the negotiation. NTC Secretary General ordered TOT to negotiate an interconnection agreement with the Company in line with NTC's Award but TOT appealed such order to NTC Secretary General. In addition, on 9 October 2007, NTC unanimously resolved to confirm NTC Secretary General's order requiring TOT to negotiate an interconnection agreement with the Company. TOT had filed a lawsuit with the Central Administrative Court under case no. 1523/2550, petition for the cancellation of such NTC and NTC Secretary General's orders. The Central Administrative Court had taken the view that the Company had an interest in this case, and for the benefit of the court's consideration of the case thus named the Company as co-defendant with NTC. On 15 September 2010, the Central Administrative Court dismissed the TOT's plaint. TOT appealed against the Central Administrative Court's verdict to the Supreme Administrative Court. Currently, the case is under the consideration of the Supreme Administrative Court.
- 3) As TOT still refused to enter into an interconnection agreement with the Company, on 8 November 2007, the Company sent TOT a notice regarding the interconnection charges informing TOT that it would like to cancel its previous offer in which it agreed to pay TOT the interconnection charges at a rate to be agreed between the parties in good faith and its offer to pay TOT the interconnection charges at a rate specified in TOT's Reference of Interconnect Offer (RIO) which had already been approved by NTC. In addition, the Company also cancelled the two Access Charge Agreements. The Company accrued in its financial statements the access charge at the interconnection charge rate for the period from 18 November 2006 to 7 November 2007, amounting to Baht 1,973 million. The Company stopped accruing the access charge from 8 November 2007 in its financial statements following the termination of the Access Charge Agreements.

- 4) On 16 June 2011, the Company was notified by the Central Administrative Court that TOT filed a plaint (black case no. 1097/2554) dated 9 May 2011 and a petition to amend the plaint dated 7 June 2011 demanding CAT and the Company to jointly pay for damages from the access charge, i.e. (1) damages from access charge in connection with Postpaid and Prepaid Access Charge Agreements calculating from 18 November 2006 to 9 May 2011 (the filing date of the plaint) including VAT and default interest at the rate of 1.25 percent per month; and (2) damages from access charge under Postpaid and Prepaid Access Charge Agreements amounting to half of revenue sharing which CAT received from the Company calculating from 16 September 2006 to 9 May 2011 (the filing date of the plaint) including VAT and default interest at the rate of 7.5 percent per annum. As a result, TOT has claimed against the Company to be liable for the damages at Baht 113,319 million. The Company submitted a defense to the court on 26 January 2012. Presently, this case is under consideration of the Central Administrative Court.
  
- 5) According to the NTC's Award No. 1/2550 on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate an interconnection agreement with the Company but no agreement had been reached after the 30 days limit had passed until now. In February 2010, the Secretary General of the NTC served a warning notice upon TOT stating that an administrative fine could be imposed on TOT if TOT did not enter into interconnection agreement with the Company within 15 days. NTC had rendered the Award No. 4/2551 ordering TOT to immediately enter into interconnection agreement covering all telecommunication numbers. However, TOT did not comply with such order. In addition, as True Corporation Public Company Limited and TT&T Public Company Limited had not entered into interconnection agreement with the Company yet, NTC then issued another order ("Order") dated 9 April 2010 requiring TOT, True Corporation Public Company Limited and TT&T Public Company Limited to enter into a negotiation of interconnection agreement with the Company within 7 days from the date on which the Order was received and to conclude interconnection agreements within 30 days from the first date of negotiation. The Order further said that if the negotiation does not succeed within the above timeframe, the Company and the three companies mentioned above shall be deemed to enter into the interconnection regime in accordance with the Interconnection Notification and the RIOs of each party as from the date on which the parties receive the Order. The Order also specifies the interim reference interconnection rates for the parties which shall be applicable for 1 year as from the date on which the Order was received. On 1 October 2010, the Secretary General of the NTC issued an administrative order requiring TOT to pay fine in the amount of Baht 20,000 per day if TOT failed to enter into an interconnection agreement with the Company within 7 days from the date on which TOT received the order. By the letter dated 8 November 2010, the Secretary General of the NTC confirmed to take the administrative sanction in accordance with the letter dated 1 October 2010. However, the Company has been informed by NTC that TOT filed a complaint with the Central Administrative Court, black case No. 1033/2553 requesting the court to revoke the NTC Award No. 4/2551, the Order dated 9 April 2010. Furthermore, as requested by TOT, the Central Administrative Court has issued the injunction order in favour to TOT and temporarily suspended the NTC's administrative enforcement until the final verdict of the court is issued. The court viewed that the administrative enforcement was not necessary and that there has already been a physical interconnection between TOT and the Company then the parties were already entitled to claim interconnection charge at the rate as determined by the NTC. Later, the Central Administrative Court has summoned the Company to be a co-defendant. The Company has then filed an appeal against the order of the Central Administrative Court with the Supreme Administrative Court arguing that even though the Company is entitled to demand interconnection charge from TOT but it is still necessary for the NTC to issue the administrative enforcement against TOT in order to force TOT to enter into an interconnection agreement with the Company as soon as possible. Presently, this case is under consideration of the Supreme Administrative Court.

Based on legal advice from the Company's external legal counsel, the Company's management is confident that the Company is not obliged to make payment of access charge under the Access Charge Agreements because the Access Charge Agreements do not comply with the current legal principles (in particular the Interconnection Notification) and the Company has already terminated the Access Charge Agreements. As a result, the Company's management believes that the outcome of the dispute and the judicial process would not have an adverse impact on the Company's financial position in a material respect.

The net effect (before income tax) in ceasing to recognise the access charge under the Access Charge Agreements as from 18 November 2006 to 31 December 2011 has resulted in a reduction of the Company's expenses amounting to approximately Baht 43.7 billion.

Despite the non-accrual of the access charge as from 8 November 2007, the Company has made provision for expenses that may arise from the resolution of the dispute or the judicial process, in an amount that the Company deems appropriate.

## 34. Significant other litigation and other commercial disputes

The Company is subject to significant outstanding legal proceedings and claims arising out of its businesses as follows:

### 34.1 Outstanding litigation

On 25 September 2008 CAT filed a complaint against the Company before the Civil Court demanding the Company (the first defendant) and Dtac Network Co., Ltd. (the second defendant), a subsidiary of the Company, to pay damages for wrongful act in an approximate amount of Baht 156 million, including interest at the rate of 7.5 percent per annum from the date of filing the complaint until the discharge of the payment of the damages amount to CAT. CAT claimed that during the period between 2 August 2007 to 30 September 2007, the Company and its subsidiary jointly committed the wrongful act by transferring the international traffic, occurring from customers pressing the plus sign (+) or "001", which should be routed to CAT's network, to the network of the Company's subsidiary.

On 31 March 2011, the Civil Court rendered a judgment that the Company and DTAC Network Co., Ltd. did not commit any wrongful act against CAT and, as a result, dismissed CAT's complaint. CAT submitted an appeal. The case is currently under the Appeal Court's proceedings.

### 34.2 Commercial disputes

- (a) **Dispute between the Company and CAT regarding fees payable by the Company from amounts received from the cellular mobile telecommunications network roaming agreement with Digital Phone Co.,Ltd ("DPC").**

In 2002, CAT requested the Company to pay fees to it from amounts received from DPC as a result of DPC's roaming on the Company's telecommunications network. CAT subsequently submitted a letter dated 25 August 2003 requesting the Company to pay such fees in the total amount of Baht 477 million.

On 31 August 2004, CAT submitted the dispute to the Arbitration Institute demanding payment by the Company of such fees together with the penalty in the total amount of Baht 692 million (calculated up to the date of the submission of the dispute). The Company's management considers that the revenue received from DPC under the cellular mobile telecommunications network roaming agreement with DPC is to compensate it for the costs incurred to expand the network to accommodate the increase in the network traffic. Therefore, the revenue does not form part of the revenue which is the basis for the calculation of the fees payable by the Company to CAT under the Concession Agreement made between the Company and CAT. In addition, DPC has already paid fees to CAT on the revenue that it has generated from its roaming on the Company's network. Therefore, as at 31 December 2011, the Company has not accrued the fees requested by CAT in its financial statements. The dispute is currently under arbitration proceedings which could take several. However, the Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

- (b) **Dispute between the Company and CAT regarding the calculation methodology for the revenue sharing in relation to the reduction of the access charge fees.**

On 18 May 2005 and 19 July 2005, CAT submitted a letter to the Company informing that the Company's calculation methodology for the revenue sharing from the date of its receipt of approval from TOT for the reduction of the access charge fee was incorrect, resulting in Baht 448 million (calculated from 16 September 1996 to 15 September 2004) of the revenue sharing not paid by the Company to CAT. However the Company considers that it has adopted the methodology previously notified to it by CAT, to which the Company agrees. The issue arises because the management of CAT at that time disagreed with the calculation methodology previously notified to the Company, therefore, claimed that the Company's calculation methodology was incorrect. CAT requested that the Company make such payment to it but the Company disagreed and has not, therefore, accrued such amount in its financial statements. On 16 August 2007, CAT submitted the dispute to the Arbitration Institute, demanding for the payment of the additional amount of the revenue sharing and penalty in the total amount of Baht 749 million. The dispute is currently under arbitration proceedings which could take several. However, the Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

- (c) **Dispute between the Company and CAT regarding fees on revenues received from network roaming and corresponding receivables from customers who submitted fraudulent documents.**

On 4 April 2006, CAT submitted the dispute to the Arbitration Institute in relation to additional fees payable by the Company from fees on revenues from network roaming in the amount of Baht 8 million, which the Company charged other operators in consideration for the use of the Company's network and fees on uncollectible receivables from customers of the 1800 system who submitted fraudulent documents in the amount of Baht 39 million

As at 31 December 2011, the Company has not accrued the additional fees requested by CAT, which includes interest (calculated up to the date of the submission of the dispute to the Arbitration Institute), in the total amount of Baht 58 million in its financial statements because the Company's management believes that the additional fees do not constitute the revenue which forms the basis for the calculation of the fees payables to CAT and CAT has formerly waived the payment of the fees from fraudulent service revenues.

Currently, the dispute is under arbitration proceedings which could take several years. The Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

**(d) Dispute between the Company and CAT regarding revenue sharing payment under the Concession Agreement**

On 11 January 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to make concession revenue sharing payments for the 12th - 16th concession years in the aggregate amount of Baht 16,887 million, together with penalties, totaling Baht 21,982 million. The Company defended and filed its answer on 29 May 2008. Furthermore, on 20 October 2008, CAT filed a petition for amending the dispute requesting for additional value added tax (VAT) at the rate of 7%. As such, the total claim amount against the Company is Baht 23,164 million. The Company defended the additional claim for VAT by CAT on 14 November 2008. In addition, the statement of claim made by CAT did not mention the reason why the Company did not make the payments in full.

Currently, the dispute is under arbitration proceedings which could take several years. The Company's management believes, based on advice from its legal counsel, that the arbitral award would not have a material adverse effect on the financial position of the Company.

**(e) Dispute between the Company and CAT regarding the transfer to CAT of cell site equipment which has already been installed and operated under the Concession Agreement.**

On 19 February 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to deliver and transfer ownership of 121 steel towers and the corresponding equipment which have already been installed and operated to CAT, and if the Company fails to do so, it shall be liable for damages in the amount of Baht 57 million. Subsequently, in 2009 CAT has increased the amount of claim from 121 steel towers to 3,873 steel towers (and has further claimed that if the Company fails to transfer these towers to CAT, it shall be liable for damages in the amount of Baht 1,895 million). The Company's view is that the disputed steel towers and the corresponding equipment are not devices and equipment under the Concession Agreement but that they rather are buildings under the Building Control Act B.E. 2522 (1979) and as such they are the Company's assets in light of clause 4.6 of the Concession Agreement between the Company and CAT. Therefore, the Company does not have any obligation to transfer the steel towers and the corresponding equipment to CAT. Currently, the dispute is under arbitration proceedings which could take several years. The Company's management believes that the arbitral award would not have a material adverse effect on the financial position of the Company.

**(f) Dispute between the Company and CAT regarding revenue share calculation in relation to Interconnection charge ("IC") revenue**

In the concessionary year 16 (16 September 2006-15 September 2007), the Company calculated the revenue share payable to CAT by offsetting the IC expenses it paid to other operators against IC income it received from other operators.

On 31 August 2011, CAT submitted a statement of claim to the Arbitration Institute requesting for the revenue share payment shortfall in respect of the concessionary year 16, in the approximate amount of Baht 4,022 million, together with interest at the rate of 1.25 percent per month. Such amount represents the revenue share on the IC income the Company received from other operators, without deduction of the IC expenses it paid to other operators.

Based on legal advices from the Company's legal counsels, the Company's management believes that the arbitral award would not have a material adverse effect on the financial position of the Company.

**(g) Other disputes**

In addition to the cases between the Company and CAT as described above, during the years 2007 to 2011, CAT has also filed 6 additional claims against the Company before the Arbitration Institute demanding the Company to pay additional revenue share to CAT in the amount of Baht 622 million in total. The disputes are currently in the arbitration process. The Company's management believes that the final result on disputes would not have a material adverse effect on the financial position of the Company.

## **35. Risk from changes in laws and regulations concerning the telecommunications business**

### **35.1 Reform of telecommunication regulatory regime**

By virtue of the Constitution of the Kingdom of Thailand, B.E. 2550 (2007), the Parliament has, therefore, enacted the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010) (the new Frequency Act), which became effective from 20 December 2010, to repeal the Act on Organisations Allocating Frequency Waves and Supervising Radio/Television Broadcasting and Telecommunications Business B.E. 2543 (2000). The new Frequency Act requires that the National Broadcasting and Telecommunications Commission (hereinafter referred to as the "NBTC"), which was appointed on 7 October 2011, shall have powers and duties to regulate sound and television broadcasting and telecommunications businesses including frequency allocation and frequency management. At present, the NBTC has been preparing the (draft) Frequency Management Master Plan and Table of Frequency Allocations in accordance with the new Frequency Act.

Nevertheless, the uncertainties arising as a result of this significant reform of the frequency allocation and telecommunications regulatory regime may affect the Company's ability, among other things, to implement its business strategy or successfully adapt to any changes in market conditions.

### **35.2 Operational costs of interconnection between the Company and certain operators are unclear**

Pursuant to the Telecommunications Act, an operator who wishes to interconnect with the network of another operator must enter into an interconnection agreement. At present, certain operators have refused to enter into interconnection agreements with the Company, in particular, TOT, who had entered into an Access Charge Agreements with the Company in 1994 and 2001. Pursuant to the Access Charge Agreements, the Company was required to pay an access charge to TOT at a fixed rate per number per each month or at a percentage of the face value of the prepaid vouchers. However, at present, the interconnection between operators is subject to the Telecommunications Act and the Interconnection Notification. The Company believes that the access charge that TOT fixed under the old regulatory regime is no longer valid as it is not in compliance with the Telecommunications Act and the Interconnection Notification.

### **35.3 The Company is subject to revenue sharing arrangement under the Cellular Agreement.**

Under the Concession Agreement, the Company has an obligation to pay revenue sharing from the service income to CAT.

CAT, which is a party to the Concession Agreement, has become an operator in direct competition with the Company in the telecommunications business.

Concessions of other operators may expire before the Company's and may continue their businesses in the form of licence operators. It is possible that the operational costs of other operators would be lower than the revenue share rate that the Company currently pays to CAT pursuant to the Concession Agreement and the Company could be placed at a competitive disadvantage which may result in a material effect on the business and financial condition of the Company.

### **35.4 Conversion of the Concession Agreement**

Discussions have been made by the Company regarding the regulatory reform of the telecommunications business, particularly the possibility of a conversion of the concession of the Concession Agreement. However, at present, the conversion issue remains inconclusive and the Company is unable to assess the effect, if any, such conversion may have on the business and financial condition of the Company.

### 35.5 The Amendments to the Concession Agreement

The legal opinion of the Council of State (Ruling Number 292/2550) states that all three amendments to the Concession Agreement do not comply with the Act on Private Sector Undertaking of State Businesses, B.E. 2535 (1992) ("PUS Act"). However, the Council of State further opines that the three amendments are still effective but CAT is required to proceed in accordance with the PUS Act (i.e. CAT must bring this issue to Section 22 Committee under the PUS Act ("Section 22 Committee"), and Section 22 Committee would then consider and propose their opinion for the Cabinet's consideration) and to report to the Cabinet who are to consider the relevant effects, taking into account state interest as well as public interest.

Section 22 Committee has already given its preliminary opinion to the Ministry of Information and Communication Technology ("MICT"), disapproving the 3rd amendment to the Company's concession agreement in relation to the part of reduction of revenue sharing.

On 1 February 2011, the Cabinet passed a resolution acknowledging the process of amending the Concession Agreement to comply with the PUS Act, as proposed by the MICT. In addition, the MICT proposed the appointment of the Negotiating Committee on Compensation for Concession Amendment ("the Committee") to review compensation relevance to the 3rd Concession Amendment.

On 28 June 2011, the Cabinet acknowledged the results of the negotiations of the Committee, which were that the Committee was unable to consider the operators' proposals as these proposals were beyond the Committee's authority. However, the Committee opined that at the initial stage, this matter should be reported to the NBTC for consideration in order to issue relevant criteria and measures.

Currently, there is no updating progress of this matter. As a result, at present, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Company. The Company is not, therefore, in a position to evaluate the potential impacts from this matter.

However, the Company believes that all three amendments were entered into in good faith and that any potential non-compliance with the PUS Act was not attributable to the Company's actions.

### 35.6 Risk from legal or contractual restrictions on foreign ownership

The Company's business is subject to the foreign shareholding restrictions pursuant to the Foreign Business Act, B.E. 2542 (1999) (the "FBA").

Section 4 of the FBA provides to the effect that a company is considered a Thai company if less than 50 per cent of its shares are held by non-Thai nationals.

From the register of shareholders of the Company, less than 50 per cent of the total issued shares of the Company are held by non-Thai nationals. The Company is, therefore, considered a Thai company for the purpose of Section 4 of the FBA. In July 2010, the Company obtained a written confirmation from the Ministry of Commerce, in charge of the FBA, confirming that the Company is a Thai company under Section 4 of the FBA.

On the basis of the above, the management believes that the Company is in compliance with the FBA, in particular Section 4 of the FBA, as well as the established practices in Thailand.

Nonetheless, the FBA contains provisions relating to a nominee arrangement under Section 36 of the FBA, which, until present, there has been no Supreme Court's precedents relating to the nominee arrangement and no regulatory body (in particular, the Ministry of Commerce directly in charge of the FBA) has established a guideline on what constitutes a nominee so that the Company can apply to evaluate or assess the impact of the interpretation of such provisions of the FBA that may have on the Company.

However, if the Company's shareholders were considered (by a final verdict rendered by the Supreme Court) to be nominees or to be acting as nominees of a foreigner shareholder, the Company would fail to maintain its status as a Thai company under the FBA and the Telecommunications Business Act, B.E. 2544 (2001) (the "TBA"). Such event might be regarded as a breach of contracts with counterparties (including NBTC), and could constitute grounds for the counterparties to terminate the Concession Agreement or certain commercial contracts. The Company and/or its subsidiaries could also be considered to be in breach of the conditions of the licenses it and/or its subsidiaries, as the case may be, holds, if the conditions of such licenses require the Company to maintain its Thai company status or to comply with the FBA. It follows that, in the absence of any change in the shareholding structure, the Company might not be able to continue its telecommunications business. (Please see Clause 2.1.3 (e) of the annual registration statement of the Company as of 31 December 2010 for more information).

On 22 September 2011, one of the Company's minority shareholders (holding 100 shares) filed a complaint against state agency, including NTC acting on behalf of NBTC with the Central Administrative Court in Black Case No. 1938/2554 citing that the Company is a "foreigner" under the FBA. Therefore, the Central Administrative Court has issued a summon requesting the Company to be a co-defendant to this case for the interest of justice.

### 35.7 The NBTC Notification on Foreign dominance, B.E. 2554 (2011)

NTC acting for NBTC issues the NBTC Notification on Foreign dominance, B.E. 2554 which was published in the Royal Gazette on 30 August 2011 with effective on 31 August 2011. This notification applies to the new applicants and existing licensees for Type 2 and Type 3 licenses, including concessionaires of CAT and TOT.

Even though both existing licensees and concessionaires (such as the Company) are literally required to comply with this notification, the Company is of the view that such notification cannot be applied to it because its right to operate telecommunication business as a concessionaire is protected under Section 305 (1) of the Constitution of the Kingdom of Thailand, B.E. 2550 (2007) and the first paragraph of Section 80 of the TBA. In addition, sub-paragraph (1) of the third paragraph of Section 8 of the TBA empowers NBTC to determine "qualifications of applicants" applying for new licenses only, not including "qualifications of the existing licensees and concessionaires". In this respect, the Company's legal advisor has rendered its opinion which is consistent with that of Company.

As a result, the Company's management believes that this notification will not have an adverse effect on the Company's operation under the Concession Agreement. In this regard, the Company shall take necessary legal actions with court and/or relevant authorities in order to ensure that the Company will not be affected by this notification.

## 36. Financial information by segment

The principal operations of the Company and subsidiaries involve a single industry segment, operating wireless telecommunications services and distributing handsets, are carried out exclusively in Thailand. As a result, all revenues, operating profits and assets reflected in these financial statements pertain to this industry segment and geographic area.

## 37. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to the employees at a rate of 3 or 4 or 5 percent and the Company at a rate of 5 percent of their employees' salaries. The accumulated contributions of the employee and the Company and the fund earnings from the contributions will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by TMB Asset Management Company Limited. During the year ended 31 December 2011 Baht 80.23 million (2010: Baht 80.61 million) has been contributed to the fund by the Company.

## 38. Events after the reporting period

### Dividend payment

The Company's Board of Directors Meeting, held on 6 February 2012, passed a resolution approving the payment of a dividend of Baht 1.38 per share to the ordinary shareholders, from operating result for the period as from 1 October 2011 to 31 December 2011 and from the retained earnings. The payment will be made on 27 April 2012.



Such dividend payments will be proposed to approve by the Annual General Meeting of the Company's shareholders.

## 39. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, following the adoption of presentation of the financial statements in accordance with the stipulations of the Notification of the Department of Business Development described in Note 2. The reclassifications had no effect to previously reported profit or shareholder's equity.

## 40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 6 January 2012.

## Appendix 1

### Significant differences between accounting principles generally accepted in Thailand and International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Thailand ("Thai GAAP"), which differ in certain significant respects from International Financial Reporting Standards ("IFRS"). Certain significant differences (other than classification, presentation and disclosure requirements) between Thai GAAP and IFRS as applicable to the consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2011 and 2010 are summarised below. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company's operating results and financial position as it is presented for the purpose of giving preliminary information only.

### Significant differences between Thai GAAP and IFRS - outstanding

#### Accounting for derivatives

Thai GAAP does not presently have any effective accounting guidance for accounting for derivatives.

Under IFRS, a company has to recognise all of its derivative instruments as either assets or liabilities in the statements of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the hedging accounting can be applied and what type of relationship as such hedging (i.e. as either a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation).

The following table is a summary of numerical reconciliation of consolidated net income for the years ended 31 December 2011 and 2010 and consolidated total shareholders' equity as at 31 December 2011 and 2010 between those shown in consolidated financial statements prepared under Thai GAAP and IFRS. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company's operating results and financial position as it is presented for the purpose of giving preliminary information only.

(Unit: Million Baht)

	Consolidated profit		Consolidated total shareholders' equity	
	2011	2010	2011	2010
As reported in these consolidated financial statements under Thai GAAP	11,813	10,892	34,871	68,863
Add (Less): Thai GAAP /IFRS significant differences (net of tax effect)				
Accounting for derivatives	33	49	(10)	(44)
Under International Financial Reporting Standard ("IFRS")	11,846	10,941	34,861	68,819

# glossary

<b>3G Technology</b>	Third generation mobile phone technology
<b>4G Technology</b>	Fourth generation of cellular wireless standards
<b>Access charge (AC)</b>	The charge paid to TOT for an access to TOT's telecommunications network
<b>AIS</b>	Advanced Info Service Public Company Limited
<b>ARPU</b>	Average revenue per user
<b>CAT</b>	CAT Telecom Public Company Limited (formerly the Communication Authority of Thailand)
<b>CDP</b>	The Central Depository (Pte) Limited
<b>Concession Agreement</b>	Agreement to Operate and Provide Cellular System Radio Telecommunication Service (as amended)
<b>DPC</b>	Digital Phone Co., Ltd.
<b>EDGE</b>	Enhanced Data-Rates for GSM Evolution
<b>Foreign Business Act</b>	Foreign Business Act B.E. 2542 (1999)
<b>GPRS</b>	General Packet Radio Service
<b>GSM</b>	Global System for Mobile Communications
<b>HSPA</b>	High Speed Package Access
<b>IMEI</b>	International Mobile Equipment Identity
<b>Interconnection charge (IC)</b>	The cost-based charge paid to other operators for connecting into their networks
<b>IVR</b>	Interactive Voice Response System
<b>MMS</b>	Multimedia Messaging Service
<b>MNP</b>	Mobile Number Portability
<b>MOU</b>	Minute of use per user
<b>MVNO</b>	Mobile Virtual Network Operator
<b>NBC</b>	The National Broadcasting Commission
<b>NBTC</b>	The National Broadcasting and Telecommunications Commission under the Act on Organization for Allocation of Frequency and Supervision of Radio and Television Broadcasting and Telecommunications Business B.E. 2553 (2010)
<b>NBTC Act</b>	The act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2553
<b>NTC</b>	The National Telecommunications Commission under the Act on Organization for Allocation of Frequency and Supervision of Radio and Television Broadcasting and Telecommunications Business B.E. 2543 (2000)
<b>On net – Off net</b>	Calls made within the same network – to other networks
<b>PCN 1800</b>	Digital GSM wireless telecommunications service under the 1800 MHz frequency band
<b>Penetration Rate</b>	The number of SIM cards divided by the number of population
<b>Refill card</b>	Refill card for prepaid service
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>SIM card</b>	Subscriber identity module card
<b>SmartPhone</b>	Mobile phone offering advanced capabilities, often with PC-like functionality
<b>SMS</b>	Short Message Service
<b>Starter Kit</b>	A bundled package of a SIM card and a handset
<b>Telecommunications Act</b>	Telecommunication Business Operation Act B.E. 2544 (2001) (as amended)
<b>TOT</b>	TOT Public Company Limited (formerly Telephone Organization of Thailand)
<b>True Move</b>	True Move Co., Ltd.
<b>TSD</b>	The Thailand Securities Depository Co., Ltd.
<b>UCOM</b>	United Communication Industry Public Company Limited
<b>VAS</b>	Value Added Services
<b>WiFi</b>	Wireless Fidelity, a type of wireless networking protocol





**total access communication plc.**

319 Chamchuri Square Building, 22nd-41st Floors, Phayathai Road, Pathumwan, Bangkok 10330  
Tel. (66 2) 202 8000 | Fax. (66 2) 202 8929 | Website [www.dtac.co.th](http://www.dtac.co.th)

Page	Section	Old	New
13	Corporate information and references	<p>Debenture Registrar:</p> <p>Siam Commercial Bank Public Company Limited</p> <p>9 Rutchadapisek Road, Jatujak, Bangkok 10900</p> <p>Tel. (66 2) 256 2323-8</p> <p>Fax (66 2) 256 2405-6</p>	<p>Debenture Registrar:</p> <p>Kasikorn Bank Public Company Limited</p> <p>1 Soi Kasikornthai, Ratburana Road, Ratburana,</p> <p>Ratburana, Bangkok 10140</p> <p>Tel: 0-2470-1994/0-2470-6662</p> <p>Fax: 0-2470-1998</p>
20	Board of Directors	<p>Mr. Håkon Bruaset Kjøl</p> <p>Academic Background:</p> <p>Bachelor Degree in Marketing and Communication,</p> <p>Norwegian School of Management (BI)</p>	<p>Mr. Håkon Bruaset Kjøl</p> <p>Academic Background:</p> <p>Marketing and Communication, Norwegian School of</p> <p>Management (BI)</p>