

**Advanced Info Service Public Company Limited  
and its Subsidiaries**

Annual financial statements  
and  
Audit Report of Certified Public Accountant

For the years ended  
31 December 2009 and 2008

**Advanced Info Service Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

**Audit Report of Certified Public Accountant**

**To the Shareholders of Advanced Info Service Public Company Limited**

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

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

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

(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
12 February 2010

## Advanced Info Service Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2009 and 2008

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

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

## Advanced Info Service Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2009 and 2008

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

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

# Advanced Info Service Public Company Limited and its Subsidiaries

## Statements of income

For the years ended 31 December 2009 and 2008

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

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

**Advanced Info Service Public Company Limited and its Subsidiaries**  
**Statements of changes in equity**  
**For the years ended 31 December 2009 and 2008**

**Consolidated financial statements**

	Note	Additional paid-in capital		Advance receipts for share subscription	Unrealised surpluses		Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
		Issued and paid-up share capital	Share premium		Fair value changes on dilution of investment	Fair value changes on other investment	Legal reserve	Unappropriated			
<b>Balance at 1 January 2008</b>		<b>2,958,123,252</b>	<b>21,250,963,792</b>	<b>15,376,627</b>	<b>161,186,663</b>	-	<b>500,000,000</b>	<b>49,998,651,867</b>	<b>74,884,302,201</b>	<b>576,497,671</b>	<b>75,460,799,872</b>
<b>Changes in equity for 2008</b>											
Profit for the year		-	-	-	-	-	-	16,409,035,972	16,409,035,972	55,458,834	16,464,494,806
Dividends	4, 30	-	-	-	-	-	-	(18,652,887,546)	(18,652,887,546)	-	(18,652,887,546)
Transfer of advanced receipts to additional shares	21, 22	218,489	15,158,138	(15,376,627)	-	-	-	-	-	-	-
Issued of share capital	21, 22	3,397,806	279,214,289	-	-	-	-	-	282,612,095	-	282,612,095
Decrease in minority interest from the addition of shares		-	-	-	-	-	-	-	-	(91,069,308)	(91,069,308)
Dividend received from subsidiaries		-	-	-	-	-	-	-	-	(28,305,000)	(28,305,000)
<b>Balance at 31 December 2008 and 1 January 2009</b>		<b>2,961,739,547</b>	<b>21,545,336,219</b>	<b>-</b>	<b>161,186,663</b>	<b>-</b>	<b>500,000,000</b>	<b>47,754,800,293</b>	<b>72,923,062,722</b>	<b>512,582,197</b>	<b>73,435,644,919</b>
<b>Changes in equity for 2009</b>											
Net change in fair value recognised in equity		-	-	-	-	161,940	-	-	161,940	-	161,940
Profit for the year		-	-	-	-	-	-	17,055,365,616	17,055,365,616	(266,273,134)	16,789,092,482
Dividends	4, 30	-	-	-	-	-	-	(18,663,739,415)	(18,663,739,415)	-	(18,663,739,415)
Issued of share capital	21, 22	3,703,507	292,671,420	-	-	-	-	-	296,374,927	-	296,374,927
Increase in minority interest from the addition of shares		-	-	-	-	-	-	-	-	600	600
Liquidation of a subsidiary		-	-	-	-	-	-	-	-	(808,350)	(808,350)
Dividend received from subsidiaries		-	-	-	-	-	-	-	-	(45,708,109)	(45,708,109)
<b>Balance at 31 December 2009</b>		<b>2,965,443,054</b>	<b>21,838,007,639</b>	<b>-</b>	<b>161,186,663</b>	<b>161,940</b>	<b>500,000,000</b>	<b>46,146,426,494</b>	<b>71,611,225,790</b>	<b>199,793,204</b>	<b>71,811,018,994</b>

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

## Advanced Info Service Public Company Limited and its Subsidiaries

### Statements of changes in equity

For the years ended 31 December 2009 and 2008

	Note	Separate financial statements					Total equity attributable to equity holders of the Company
		Issued and paid-up share capital	Additional paid-in capital Share premium	Advance receipts for share subscription	Retained earnings Legal reserve Unappropriated		
<i>(in Baht)</i>							
<b>Balance at 1 January 2008</b>		<b>2,958,123,252</b>	<b>21,250,963,792</b>	<b>15,376,627</b>	<b>500,000,000</b>	<b>43,227,643,969</b>	<b>67,952,107,640</b>
<b>Changes in equity for 2008</b>							
Profit for the year		-	-	-	-	16,245,635,905	16,245,635,905
Dividends	4, 30	-	-	-	-	(18,652,887,546)	(18,652,887,546)
Transfer of advanced receipts to additional shares	21, 22	218,489	15,158,138	(15,376,627)	-	-	-
Issued of share capital	21, 22	3,397,806	279,214,289	-	-	-	282,612,095
<b>Balance at 31 December 2008 and 1 January 2009</b>		<b>2,961,739,547</b>	<b>21,545,336,219</b>	<b>-</b>	<b>500,000,000</b>	<b>40,820,392,328</b>	<b>65,827,468,094</b>
<b>Changes in equity for 2009</b>							
Profit for the year		-	-	-	-	19,660,746,189	19,660,746,189
Dividends	4, 30	-	-	-	-	(18,663,739,415)	(18,663,739,415)
Issued of share capital	21, 22	3,703,507	292,671,420	-	-	-	296,374,927
<b>Balance at 31 December 2009</b>		<b>2,965,443,054</b>	<b>21,838,007,639</b>	<b>-</b>	<b>500,000,000</b>	<b>41,817,399,102</b>	<b>67,120,849,795</b>

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

## Advanced Info Service Public Company Limited and its Subsidiaries

### Statements of cash flows

For the years ended 31 December 2009 and 2008

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

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



## Advanced Info Service Public Company Limited and its Subsidiaries

### Statements of cash flows

For the years ended 31 December 2009 and 2008

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

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

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The financial statements were authorised for issue by the Board of Directors on 12 February 2010.

**1 General information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 4) The operation of PROVIDING CALL CENTER SERVICE.
- 5) The operation of PROVIDING BROADBAND SERVICE under a licence granted from the National Telecommunications Commission ("NTC").
- 6) The operation of DISTRIBUTING OF ELECTRONIC CASH CARD under a licence granted from the Ministry of Finance.
- 7) The operation of PROVIDING PAYMENT SERVICES VIA MOBILE PHONE under a licence granted from the Ministry of Finance.

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- 8) The operation of PROVIDING INTERNATIONAL TELEPHONE SERVICE under a licence granted from the National Telecommunications Commission (“NTC”), dated 26 July 2006. The licence agreement of INTERNATIONAL TELEPHONE SERVICE ends 26 July 2026.
- 9) The operation of DISTRIBUTING OF CELLULAR PHONES AND COMMUNICATION EQUIPMENTS.
- 10) The operation of PROVIDING INTERNET (ISP) SERVICE, INTERNET GATEWAY and BROADBAND, VOICE OVER IP and IP TELEVISION under a licence granted from the National Telecommunications Commission (“NTC”).

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

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2009	2008
Mobile from Advance Co., Ltd.	Currently ceased operation	Thailand	99.99	99.99
Advanced Datanetwork Communications Co., Ltd. * (* Indirect subsidiary)	Service provider of voice/ data communications via telephone line and broadband	Thailand	51.00	51.00
Datanetwork Solutions Co., Ltd.	Completed the liquidation process on 22 July 2009	Thailand	-	49.00
Advanced Contact Center Co., Ltd.	Service provider of call center	Thailand	99.99	99.99
Digital Phone Co., Ltd.	Service provider of digital mobile phone system in 1800 MHz	Thailand	98.55	98.55
Advanced Magic Card Co., Ltd.	Distributor of cash card business	Thailand	99.99	99.99
Advanced Mpay Co., Ltd.	Service provider of payment business via mobile phone	Thailand	99.99	99.99
AIN GlobalComm Co., Ltd.	Service provider of international call	Thailand	99.99	99.99
Advanced Wireless Network Co., Ltd.	Network operator, a telecom service operator and a computer system service	Thailand	99.99	99.99

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Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2009	2008
Super Broadband Network Co., Ltd.	Network operator and a telecom service operator i.e. Service provider of internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP television service	Thailand	99.99	99.99
Wireless Device Supply Co., Ltd.	Importer and distributor of cellular phones and related accessories and cellular phone rental	Thailand	99.99	99.99
Mobile Broadband Business Co., Ltd. (* Indirect subsidiary)	Not start operation	Thailand	99.99	-
Advanced Mobile Broadband Co., Ltd. (* Indirect subsidiary)	Not start operation	Thailand	99.99	-

## **2 Basis of preparation of the financial statements**

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

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

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

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

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

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

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

Accounting Guidance about Business Combination under Common Control

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

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

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

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

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

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

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

### **3 Significant accounting policies**

#### **(a) Basis of consolidation**

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

##### *Business combinations*

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

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

*Subsidiaries*

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

*Transactions eliminated on consolidation*

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

**(b) Foreign currencies**

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

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

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

**(c) Derivative financial instruments**

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

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

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



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**(d) Cash and cash equivalents**

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

**(e) Trade and other accounts receivable**

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

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

**(f) Inventories**

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

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

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

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

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

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

**(g) Investments**

*Investments in subsidiaries*

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

*Investment in other debt and equity securities*

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

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

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previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

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

*Disposal of investments*

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

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

**(h) Property, plant and equipment**

*Owned assets*

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

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

*Depreciation*

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

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

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

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

**(i) *Assets under the Agreements for operation***

*The Agreements for operation assets*

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

*Amortisation*

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

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

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

**(j) *Intangible assets***

*Goodwill*

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

**Acquisitions prior to 1 January 2008**

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

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**Acquisitions on or after 1 January 2008**

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

*The operation right*

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

*Other intangible assets*

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

*Amortisation*

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

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

**(k) Other assets**

*Deferred charges*

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

*Amortisation*

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

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

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**(l) Impairment**

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

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

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

*Calculation of recoverable amount*

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

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

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

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

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

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**(m) Interest-bearing borrowings**

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

**(n) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(o) Employee benefits**

*Defined contribution plans*

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

*Share based payments*

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

**(p) Provisions**

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

**(q) Revenue**

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

*Sale of goods and services rendered*

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

*Rental income*

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

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*Interest and dividend income*

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

**(r) Expenses**

*Operating leases*

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

*Finance costs*

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

*Advertising cost*

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

**(s) Income tax**

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

*Current tax*

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

*Deferred tax*

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

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

**4 Related party transactions and balances**

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Trade accounts payable</b>				
Subsidiaries	-	-	195	367
Related parties of Shin Corporation	40	22	39	18
Related party of SingTel Strategic Investments Pte Ltd.	77	76	71	69
<b>Total</b>	<b><u>117</u></b>	<b><u>98</u></b>	<b><u>305</u></b>	<b><u>454</u></b>

**Amounts due to and loans from  
related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Other payables</b>				
Subsidiaries	-	-	751	451
Related parties of Shin Corporation	212	406	192	397
Related party of SingTel Strategic Investments Pte Ltd.	28	80	28	80
	<u>240</u>	<u>486</u>	<u>971</u>	<u>928</u>
<b>Short-term loans</b>				
Subsidiaries	-	-	-	5,500
<b>Total</b>	<b><u>240</u></b>	<b><u>486</u></b>	<b><u>971</u></b>	<b><u>6,428</u></b>

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

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

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

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

***Significant agreements with related parties***

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

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

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- 8) The Group has entered into agreements with I.T. Applications and Services Company Limited, a related party, to receive computer system maintenance services. The agreement is renewable on an annual basis. The contract parties have a right to terminate the agreement by giving advance written notice of 3 months.

***Shin Corporation's warrants***

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

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

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

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

	Separate financial statements	
	2009	2008
At 1 January	2.45	26.00
Exercised	-	(0.58)
Cancelled	(0.65)	(22.97)
<b>At 31 December</b>	<b>1.80</b>	<b>2.45</b>

*(million units)*

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

**5 Cash and cash equivalents**

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

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

# Advanced Info Service Public Company Limited and its Subsidiaries

## Notes to the financial statements

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### 6 Specifically-used bank deposits

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

### 7 Other investments

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

#### Current and other long-term investments

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

#### Other long-term investments

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

### 8 Trade accounts receivable

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

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Aging analyses for trade accounts receivable are as follows:

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

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

**9 Inventories**

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

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**10 Other current assets**

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

**11 Investments in subsidiaries**

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

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

	<i>(in million Baht)</i>
Purchase price	126
Derived net realisable value	<u>(92)</u>
<b>Positive goodwill</b>	<b><u>34</u></b>



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Book value of assets and liabilities from AMP, which was taken to approximate the fair value on 23 January 2008, is summarised as follows:

	<i>(in million Baht)</i>
Cash on hand and at banks	72
Short-term investment	123
Other current assets	12
Equipment, net	98
Intangible assets	54
Trade accounts payable	(7)
Amount due to related parties	(8)
Advanced receipt from customer	(30)
Accrued and other current liabilities	(9)
<b>Net realisable value</b>	<b>305</b>
Additional holding (%)	30
<b>Net realisable value</b>	<b>92</b>

On 21 April 2008, Super Broadband Network Company Limited (“SBN”), a subsidiary, registered the increase in the share capital from Baht 1 million (10,000 ordinary shares, Baht 100 par value) to Baht 300 million (3,000,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is to fund the investment in transmission network. The Company paid for the increased shares by Baht 100 per share, totalling Baht 299 million and owns 99.99% of the issued share capital.

On 13 May 2008, Data Line Thai Company Limited (“DLT”), a subsidiary in which the Company owns 65.00% of its share capital registered its dissolution with the Business Development Department, the Ministry of Commerce, on 29 November 2007. DLT has completed the process of liquidation and is dissolved as a juristic entity.

On 30 May 2008, the Company sold its 51% equity share interest of Advanced Data Network Communications Co., Ltd. (“ADC”), to Digital Phone Co., Ltd. (“DPC”), a fellow subsidiary. The selling price is based on the ADC’s book value as of 29 February 2008, totalling amount of Baht 199 million. Additionally, the Group has recorded loss on write-off of goodwill in ADC amount of Baht 15 million in the consolidated financial statement.

On 18 December 2008, Advanced Wireless Network Company Limited (“AWN”), a subsidiary, registered the increase in the share capital from Baht 1 million (10,000 ordinary shares, Baht 100 par value) to Baht 350 million (3,500,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is for future investment. The Company paid for the increased shares by Baht 100 per share, totalling Baht 349 million and holds 99.99% of the issued share capital.

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*The liquidation of subsidiary*

On 22 July 2009, Data Network Solutions Company Limited (“DNS”), a subsidiary in which the Company owns 49.00% of its total shares had registered the dissolution of a company with the Business Development Department, the Ministry of Commerce, on 16 December 2008. DNS has completed the process of liquidation and as a result is dissolved as a juristic entity.

*Dividend income from subsidiaries*

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

<b>Company</b>	<b>Date of meeting</b>	<b>Dividend Baht/share</b>	<b>Amount Million Baht</b>
Advanced Contact Center Co., Ltd.	6 March 2009	6.25	170
Advanced Magic Card Co., Ltd.	6 March 2009	8.50	212
AIN GlobalComm Co., Ltd.	5 March 2009	550.00	1,100
Digital Phone Co., Ltd.	11 November 2009	2.15	3,098

*Investments by subsidiaries*

On 14 October 2009, Advanced Wireless Network Company Limited (“AWN”), a subsidiary of the Company, invested in Mobile Broadband Business Company Limited (“MBB”) of 1,199,997 shares consisted of preferred share by 51% and ordinary share by 49% of total share, par value of 100 Baht per share, totalling Baht 120 million. Total shares invested represented 99.99% ownership.

On 19 October 2009, Mobile Broadband Business Company Limited (“MBB”), an indirect subsidiary of the Company, invested in Advanced Mobile Broadband Company Limited (“AMB”) of 999,997 ordinary shares, par value of 100 Baht per share, totalling Baht 100 million. Total shares invested represented 99.99% ownership.

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Investments in subsidiaries and indirect subsidiary as at 31 December 2009 and 2008, and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Paid-up capital		Separate financial statements				At cost - net		Dividend income	
	2009	2008	2009	2008	Cost method		Impairment		2009	2008	2009	2008
	( <i>%</i> )				2009	2008	2009	2008			2009	2008
<b>Subsidiaries</b>												
Mobile from Advance Co., Ltd.	99.99	99.99	240	240	600	600	(335)	(335)	265	265	-	-
Datanetwork Solution Co., Ltd.	-	49.00	-	1	-	8	-	(8)	-	-	-	27
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	-	-	811	811	170	-
Digital Phone Co., Ltd.	98.55	98.55	14,622	14,622	23,300	23,300	(5,539)	(5,539)	17,761	17,761	3,098	-
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	212	-
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	-	-	336	336	-	-
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	-	-	100	100	1,100	-
Advanced Wireless Network Co., Ltd.	99.99	99.99	350	350	350	350	-	-	350	350	-	-
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	-	-	300	300	-	-
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	-	-
<b>Total</b>			<b>16,484</b>	<b>16,485</b>	<b>26,097</b>	<b>26,105</b>	<b>(5,874)</b>	<b>(5,882)</b>	<b>20,223</b>	<b>20,223</b>	<b>4,580</b>	<b>27</b>

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**12 Property, plant and equipment**

	<b>Consolidated financial statements</b>								
	Land	Building and building improvement	Leasehold building improvement	Computer, tools and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Com- munication equipment for rental	Vehicles	Assets under construction and installation	Total
<b>Cost</b>									
At 1 January 2008	1	491	861	27,467	1,979	26	238	499	31,562
Additions	-	13	49	1,661	328	3	45	542	2,641
Transfers	-	-	(2)	361	6	-	-	(125)	240
Disposals	-	-	(28)	(299)	(208)	(4)	(34)	-	(573)
<b>At 31 December 2008 and 1 January 2009</b>	<b>1</b>	<b>504</b>	<b>880</b>	<b>29,190</b>	<b>2,105</b>	<b>25</b>	<b>249</b>	<b>916</b>	<b>33,870</b>
Additions	-	-	49	3,684	305	-	41	(242)	3,837
Transfers	-	(20)	34	185	(183)	(3)	-	(147)	(134)
Disposals	-	-	(43)	(941)	(244)	(4)	(26)	(2)	(1,260)
<b>At 31 December 2009</b>	<b>1</b>	<b>484</b>	<b>920</b>	<b>32,118</b>	<b>1,983</b>	<b>18</b>	<b>264</b>	<b>525</b>	<b>36,313</b>
<b>Accumulated depreciation</b>									
At 1 January 2008	-	(186)	(546)	(20,625)	(1,516)	(11)	(117)	-	(23,001)
Depreciation charge for the year	-	(44)	(116)	(2,498)	(323)	(5)	(43)	-	(3,029)
Impairment charge	-	(1)	-	-	-	-	-	-	(1)
Transfers	-	-	-	(71)	-	-	-	-	(71)
Disposals	-	-	18	119	204	4	30	-	375
<b>At 31 December 2008 and 1 January 2009</b>	<b>-</b>	<b>(231)</b>	<b>(644)</b>	<b>(23,075)</b>	<b>(1,635)</b>	<b>(12)</b>	<b>(130)</b>	<b>-</b>	<b>(25,727)</b>
Depreciation charge for the year	-	(41)	(106)	(2,794)	(348)	(5)	(43)	-	(3,337)
Impairment charge	-	(5)	-	(323)	(4)	(4)	-	-	(336)
Transfers	-	12	(12)	(120)	140	3	-	-	23
Disposals	-	-	40	932	238	3	18	-	1,231
<b>At 31 December 2009</b>	<b>-</b>	<b>(265)</b>	<b>(722)</b>	<b>(25,380)</b>	<b>(1,609)</b>	<b>(15)</b>	<b>(155)</b>	<b>-</b>	<b>(28,146)</b>

**Advanced Info Service Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>								
	Land	Building and building improvement	Leasehold building improvement	Computer, tools and equipment	Furniture, fixtures and office equipment	Com- munication equipment for rental	Vehicles	Assets under construction and installation	Total
	<i>(in million Baht)</i>								
<b>Net book value</b>									
Owned assets	1	273	236	6,104	470	7	78	916	8,085
Assets under finance leases	-	-	-	11	-	6	41	-	58
<b>Total at 31 December 2008</b>	<b>1</b>	<b>273</b>	<b>236</b>	<b>6,115</b>	<b>470</b>	<b>13</b>	<b>119</b>	<b>916</b>	<b>8,143</b>
Owned assets	1	219	198	6,738	374	3	50	525	8,108
Assets under finance leases	-	-	-	-	-	-	59	-	59
<b>Total at 31 December 2009</b>	<b>1</b>	<b>219</b>	<b>198</b>	<b>6,738</b>	<b>374</b>	<b>3</b>	<b>109</b>	<b>525</b>	<b>8,167</b>

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2009 amounted to Baht 23,486 million (2008: Baht 21,422 million).

During 2009, the Group reviewed the carrying amount of computer, tool and equipment, assets under the Agreement for operation and deferred expenses of service rendering data leased-line with DATAKIT VIRTUAL CIRCUIT by comparing net book value as at 31 December 2009 with the recoverable net present value of future cash generation assuming that these assets are in operation for 5 years based on value-in-use calculation.

As a result of the review, the Group recorded an impairment loss of computer, tool and equipment, assets under the Agreement for operation and deferred expenses totalling Baht 561 million in the 2009 consolidated statement of income and the 2009 statement of income of a subsidiary.

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	Separate financial statements					Assets under construction and installation	Total
	Building and building improvement	Leasehold building improvement	Computer, tools and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles		
<b>Cost</b>							
At 1 January 2008	402	818	26,704	1,433	220	255	29,832
Additions	8	34	1,260	306	43	101	1,752
Transfers	-	-	352	1	-	(152)	201
Disposals	-	-	(294)	(179)	(35)	-	(508)
<b>At 31 December 2008 and 1 January 2009</b>	<b>410</b>	<b>852</b>	<b>28,022</b>	<b>1,561</b>	<b>228</b>	<b>204</b>	<b>31,277</b>
Additions	-	45	1,410	300	39	32	1,826
Transfers	-	-	(210)	210	-	(115)	(115)
Disposals	-	(39)	(531)	(212)	(23)	(2)	(807)
<b>At 31 December 2009</b>	<b>410</b>	<b>858</b>	<b>28,691</b>	<b>1,859</b>	<b>244</b>	<b>119</b>	<b>32,181</b>
<b>Accumulated depreciation</b>							
At 1 January 2008	(175)	(530)	(20,360)	(1,039)	(109)	-	(22,213)
Depreciation charge for the year	(38)	(109)	(2,378)	(294)	(39)	-	(2,858)
Transfers	-	-	(70)	-	-	-	(70)
Disposals	-	-	112	172	28	-	312
<b>At 31 December 2008 and 1 January 2009</b>	<b>(213)</b>	<b>(639)</b>	<b>(22,696)</b>	<b>(1,161)</b>	<b>(120)</b>	<b>-</b>	<b>(24,829)</b>
Depreciation charge for the year	(37)	(97)	(2,464)	(330)	(40)	-	(2,968)
Transfers	-	-	242	(225)	-	-	17
Disposals	-	39	525	204	17	-	785
<b>At 31 December 2009</b>	<b>(250)</b>	<b>(697)</b>	<b>(24,393)</b>	<b>(1,512)</b>	<b>(143)</b>	<b>-</b>	<b>(26,995)</b>

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	<b>Separate financial statements</b>					Assets under construction and installation	Total
	Building and building improvement	Leasehold building improvement	Computer, tools and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles		
<i>Net book value</i>							
Owned assets	197	213	5,320	400	72	204	6,406
Assets under finance leases	-	-	6	-	36	-	42
<b>Total at 31 December 2008</b>	<b>197</b>	<b>213</b>	<b>5,326</b>	<b>400</b>	<b>108</b>	<b>204</b>	<b>6,448</b>
Owned assets	160	161	4,298	347	46	119	5,131
Assets under finance leases	-	-	-	-	55	-	55
<b>Total at 31 December 2009</b>	<b>160</b>	<b>161</b>	<b>4,298</b>	<b>347</b>	<b>101</b>	<b>119</b>	<b>5,186</b>

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2009 amounted to Baht 22,659 million (2008: Baht 20,969 million).

**Advanced Info Service Public Company Limited and its Subsidiaries**  
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**13 Assets under the Agreements for operation**

	<b>Consolidated financial statements</b>				
	Cost of mobile phone networks	Cost of datanet tools and equipment	Advance payment and assets under construction of mobile phone networks	Advance payment and assets under construction of datanet tools and equipment	Total
	<i>(in million Baht)</i>				
<b>Cost</b>					
At 1 January 2008	171,972	1,536	2,468	2	175,978
Additions	10,813	3	(1,111)	-	9,705
Transfers	(238)	(1)	-	(2)	(241)
Disposals	(1,293)	-	-	-	(1,293)
<b>At 31 December 2008 and 1 January 2009</b>	<b>181,254</b>	<b>1,538</b>	<b>1,357</b>	<b>-</b>	<b>184,149</b>
Additions	5,789	-	(1,068)	-	4,721
<b>At 31 December 2009</b>	<b>187,043</b>	<b>1,538</b>	<b>289</b>	<b>-</b>	<b>188,870</b>
<b>Accumulated amortisation</b>					
At 1 January 2008	(96,309)	(1,142)	-	-	(97,451)
Amortisation charge for the year	(14,911)	(102)	-	-	(15,013)
Transfers	71	-	-	-	71
Disposals	1,289	-	-	-	1,289
<b>At 31 December 2008 and 1 January 2009</b>	<b>(109,860)</b>	<b>(1,244)</b>	<b>-</b>	<b>-</b>	<b>(111,104)</b>
Amortisation charge for the year	(15,925)	(91)	-	-	(16,016)
Impairment charge	-	(203)	-	-	(203)
<b>At 31 December 2009</b>	<b>(125,785)</b>	<b>(1,538)</b>	<b>-</b>	<b>-</b>	<b>(127,323)</b>
<b>Net book value</b>					
<b>At 31 December 2008</b>	<b>71,394</b>	<b>294</b>	<b>1,357</b>	<b>-</b>	<b>73,045</b>
<b>At 31 December 2009</b>	<b>61,258</b>	<b>-</b>	<b>289</b>	<b>-</b>	<b>61,547</b>

The gross amount of the Group's fully amortised assets under the Agreements for operation that was still in use as at 31 December 2009 amounted to Baht 27,054 million (2008: Baht 21,190 million).



**Advanced Info Service Public Company Limited and its Subsidiaries**  
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	<b>Separate financial statements</b>		
	Cost of mobile phone networks	Advance payment and assets under construction of mobile phone networks <i>(in million Baht)</i>	Total
<b><i>Cost</i></b>			
At 1 January 2008	157,483	2,468	159,951
Additions	10,650	(1,111)	9,539
Transfers	(238)	-	(238)
Disposals	(1)	-	(1)
<b>At 31 December 2008 and 1 January 2009</b>	<b>167,894</b>	<b>1,357</b>	<b>169,251</b>
Additions	5,788	(1,068)	4,720
<b>At 31 December 2009</b>	<b>173,682</b>	<b>289</b>	<b>173,971</b>
<b><i>Accumulated amortisation</i></b>			
At 1 January 2008	(86,506)	-	(86,506)
Amortisation charge for the year	(13,731)	-	(13,731)
Transfers	71	-	71
<b>At 31 December 2008 and 1 January 2009</b>	<b>(100,166)</b>	<b>-</b>	<b>(100,166)</b>
Amortisation charge for the year	(14,754)	-	(14,754)
<b>At 31 December 2009</b>	<b>(114,920)</b>	<b>-</b>	<b>(114,920)</b>
<b><i>Net book value</i></b>			
<b>At 31 December 2008</b>	<b>67,728</b>	<b>1,357</b>	<b>69,085</b>
<b>At 31 December 2009</b>	<b>58,762</b>	<b>289</b>	<b>59,051</b>

The gross amount of the Company's fully amortised assets under the Agreement for operation that was still in use as at 31 December 2009 amounted to Baht 23,177 million (2008: Baht 18,962 million).

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**14 Intangible assets**

	<b>Consolidated financial statements</b>			
	Goodwill	Operation right	Software licences	Total
	<i>(in million Baht)</i>			
<b><i>Cost</i></b>				
At 1 January 2008	14,399	6,993	3,959	25,351
Additions	35	-	241	276
Transfers	-	-	39	39
Disposals	(82)	-	-	(82)
<b>At 31 December 2008 and 1 January 2009</b>	<b>14,352</b>	<b>6,993</b>	<b>4,239</b>	<b>25,584</b>
Additions	-	-	313	313
Transfers	-	-	126	126
Disposals	-	-	(6)	(6)
<b>At 31 December 2009</b>	<b>14,352</b>	<b>6,993</b>	<b>4,672</b>	<b>26,017</b>
<b><i>Accumulated amortisation</i></b>				
At 1 January 2008	(7,729)	(4,397)	(2,632)	(14,758)
Amortisation charge for the year	-	(455)	(347)	(802)
Impairment charge	(3,553)	-	-	(3,553)
Disposals	67	-	-	67
<b>At 31 December 2008 and 1 January 2009</b>	<b>(11,215)</b>	<b>(4,852)</b>	<b>(2,979)</b>	<b>(19,046)</b>
Amortisation charge for the year	-	(454)	(213)	(667)
Transfers	-	-	(23)	(23)
Disposals	-	-	5	5
<b>At 31 December 2009</b>	<b>(11,215)</b>	<b>(5,306)</b>	<b>(3,210)</b>	<b>(19,731)</b>
<b><i>Net book value</i></b>				
<b>At 31 December 2008</b>	<b>3,137</b>	<b>2,141</b>	<b>1,260</b>	<b>6,538</b>
<b>At 31 December 2009</b>	<b>3,137</b>	<b>1,687</b>	<b>1,462</b>	<b>6,286</b>

The Group reviewed the carrying amount of goodwill in respect of the Digital PCN 1800 Mobile phone system operation by comparing net book value as at 31 December 2008 with the recoverable net present value of future cash generation assuming that the Agreement for operation expires on 15 September 2013 based on value-in-use calculation.

As a result of the review, the Group recorded a loss from goodwill impairment of Baht 3,553 million in the 2008 consolidated statement of income.

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	<b>Separate financial statements</b> Software licences <i>(in million Baht)</i>
<b>Cost</b>	
At 1 January 2008	3,778
Additions	186
Transfers	36
<b>At 31 December 2008 and 1 January 2009</b>	<b>4,000</b>
Additions	296
Transfers	106
Disposals	(4)
<b>At 31 December 2009</b>	<b>4,398</b>
<b>Accumulated amortisation</b>	
At 1 January 2008	(2,605)
Amortisation charge for the year	(326)
<b>At 31 December 2008 and 1 January 2009</b>	<b>(2,931)</b>
Amortisation charge for the year	(186)
Transfers	(16)
Disposals	3
<b>At 31 December 2009</b>	<b>(3,130)</b>
<b>Net book value</b>	
<b>At 31 December 2008</b>	<b>1,069</b>
<b>At 31 December 2009</b>	<b>1,268</b>

**15 Deferred tax**

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Deferred tax assets	10,328	10,424	9,417	9,496
Deferred tax liabilities	(277)	(349)	(232)	(292)
<b>Net</b>	<b>10,051</b>	<b>10,075</b>	<b>9,185</b>	<b>9,204</b>

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

	<b>Consolidated financial statements</b>				
	<b>At 1 January 2008</b>	Charged/ (credited) to Statement of income <i>(note 28)</i>	<b>At 31 December 2008</b>	Charged/ (credited) to Statement of income <i>(note 28)</i>	<b>At 31 December 2009</b>
			<i>(in million Baht)</i>		
<b><i>Deferred tax assets</i></b>					
Accounts receivable <i>(doubtful accounts)</i>	129	(2)	127	56	183
Inventories <i>(provision for decline in value)</i>	242	26	268	(10)	258
Assets under the Agreement for operation <i>(amortisation difference)</i>	8,652	112	8,764	101	8,865
Unearned income – mobile phone service <i>(income recognised difference)</i>	1,331	(151)	1,180	(250)	930
Others	78	7	85	7	92
<b>Total</b>	<b>10,432</b>	<b>(8)</b>	<b>10,424</b>	<b>(96)</b>	<b>10,328</b>
<b><i>Deferred tax liabilities</i></b>					
Prepaid expense under the Agreement for operation and excise tax <i>(expense recognised difference)</i>	(302)	34	(268)	58	(210)
Accelerated tax <i>(amortisation difference)</i>	(67)	10	(57)	3	(54)
Others	(32)	8	(24)	11	(13)
<b>Total</b>	<b>(401)</b>	<b>52</b>	<b>(349)</b>	<b>72</b>	<b>(277)</b>
<b>Net</b>	<b>10,031</b>	<b>44</b>	<b>10,075</b>	<b>(24)</b>	<b>10,051</b>

**Advanced Info Service Public Company Limited and its Subsidiaries**  
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	<b>Separate financial statements</b>				<b>At 31 December 2009</b>
	<b>At 1 January 2008</b>	Charged/ (credited) to Statement of income <i>(note 28)</i>	<b>At 31 December 2008</b>	Charged/ (credited) to Statement of income <i>(note 28)</i>	
			<i>(in million Baht)</i>		
<b>Deferred tax assets</b>					
Accounts receivable <i>(doubtful accounts)</i>	120	(3)	117	51	168
Inventories <i>(provision for decline in value)</i>	178	18	196	6	202
Assets under the Agreement for operation <i>(amortisation difference)</i>	7,764	163	7,927	103	8,030
Unearned income – mobile phone service <i>(income recognised difference)</i>	1,331	(151)	1,180	(250)	930
Others	69	7	76	11	87
<b>Total</b>	<b>9,462</b>	<b>34</b>	<b>9,496</b>	<b>(79)</b>	<b>9,417</b>
<b>Deferred tax liabilities</b>					
Prepaid expense under the Agreement for operation and excise tax <i>(expense recognised difference)</i>	(302)	34	(268)	58	(210)
Others	(32)	8	(24)	2	(22)
<b>Total</b>	<b>(334)</b>	<b>42</b>	<b>(292)</b>	<b>60</b>	<b>(232)</b>
<b>Net</b>	<b>9,128</b>	<b>76</b>	<b>9,204</b>	<b>(19)</b>	<b>9,185</b>

**16 Other non-current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
			<i>(in million Baht)</i>	
Deferred charges, net	400	434	385	420
Others	278	310	249	240
<b>Total</b>	<b>678</b>	<b>744</b>	<b>634</b>	<b>660</b>

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**17 Interest-bearing borrowings**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Current</b>				
Current portion of long-term borrowings, net	476	397	476	397
Current portion of long-term debentures, net	-	6,621	-	6,621
Current portion of finance lease liabilities	22	19	18	15
	<u>498</u>	<u>7,037</u>	<u>494</u>	<u>7,033</u>
<b>Non-current</b>				
Long-term borrowings, net	17,096	17,744	17,096	17,744
Long-term debentures, net	19,474	11,989	19,474	11,989
Finance lease liabilities	50	42	47	34
	<u>36,620</u>	<u>29,775</u>	<u>36,617</u>	<u>29,767</u>
<b>Total</b>	<b><u>37,118</u></b>	<b><u>36,812</u></b>	<b><u>37,111</u></b>	<b><u>36,800</u></b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Within one year	476	7,018	476	7,018
After one year but within five years	34,902	25,492	34,902	25,492
After five years	1,668	4,241	1,668	4,241
<b>Total</b>	<b><u>37,046</u></b>	<b><u>36,751</u></b>	<b><u>37,046</u></b>	<b><u>36,751</u></b>

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*Long-term borrowings*

As at 31 December 2009, the details of long-term loans under syndicate and export credit agency (ECA) agreement with credit facilities in amount of JPY 30,568.20 million and USD 210.66 million, respectively, are summarised as follows:

Credit facilities (Million)	Interest rate (per annum)	Term of interest Payment	Principal payment term	31 December	
				2009	2008
JPY 30,568.20	JPY LIBOR plus margin	Monthly*	Entirely redeemed on 20 November 2011	11,176	11,916
USD 70.00	LIBOR plus margin	Semi-annual	Entirely redeemed on 9 November 2014	2,346	2,456
USD 140.66	LIBOR plus margin	Semi-annual	20 equal installments commencing on 30 November 2008 until 31 May 2018	4,050	3,769
<b>Total</b>				<b>17,572</b>	<b>18,141</b>

\*Term of interest payment is changed from semi-annual to monthly payment since 20 November 2009.

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*Long-term debentures*

As at 31 December 2009 and 2008, long-term debentures represent unsubordinated and unsecured debentures with a par value of Baht 1,000 each and are detailed as follows:

Issue date	No. of units (Million)	Amount (Million Baht)	Interest rate (per annum)	Term of interest payment	Principal payment term	31 December	
						2009	2008
21 March 2002	2.50	2,500	6.25%	Semi-annual	Entirely redeemed on 21 March 2009*	-	2,450
21 March 2002	4.50	4,500	Average of highest 6 months of fixed deposit plus margin 2.10%	Semi-annual	6 equal installments commencing in the fifty-four month after the issuing date until 21 March 2009	-	750
7 September 2006	3.43	3,427	5.80%	Semi-annual	Entirely redeemed on 7 September 2009	-	3,427
7 September 2006	4.00	4,000	5.90%	Semi-annual	Entirely redeemed on 7 September 2011	4,000	4,000
7 September 2006	4.00	4,000	6.00%	Semi-annual	Entirely redeemed on 7 September 2013	4,000	4,000
30 April 2008	4.00	4,000	4.00% for the first two year and 4.90% for the last three years	Quarterly	Entirely redeemed on 30 April 2013	4,000	4,000
23 January 2009	5.00	5,000	4.00% for the first 2.5 year and 5.00% for the last year	Quarterly	Entirely redeemed on 23 July 2012	5,000	-
23 January 2009	2.50	2,500	4.00% for the first two year, 5.00% for the third and fourth year and 6.00% for the last years	Quarterly	Entirely redeemed on 23 January 2014	2,500	-
Total debentures						19,500	18,627
Less bond issuing cost balance at 31 December						(26)	(17)
<b>Net</b>						<b>19,474</b>	<b>18,610</b>

\*On 18 November 2003, the Company partly redeemed 50,000 units of Baht 1,000 each of debentures which were issued on 21 March 2002 bearing interest at a fixed rate of 6.25% per annum amounting to Baht 50 million. The premium cost of early redemption of these debentures amounting to Baht 4.11 million was charged to the 2003 statement of income.



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Under the terms and conditions of the long-term borrowings and debentures, the Company has to comply with certain restrictions and maintain certain financial ratios.

As at 31 December 2009, the Group and the Company had unutilised credit facilities totaling Baht 10,000 million and Baht 6,000 million, respectively, (2008: the Group and the Company had USD 29 million).

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

	<b>Consolidated and separate financial statements</b>			
	Carrying amount		Fair values*	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Long-term debentures	<u>19,500</u>	<u>18,627</u>	<u>20,494</u>	<u>19,207</u>

\* Fair values for traded debentures have been determined based on quoted selling prices from The Thai Bond Market Association at the close of the business on the reporting date.

Movement during the years ended 31 December of borrowing was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
At 1 January	36,812	29,966	36,800	29,948
Additions	8,574	9,049	8,573	9,045
Bond issuing cost	(19)	(9)	(19)	(9)
Repayments	(7,200)	(5,161)	(7,194)	(5,151)
Unrealised loss (gain) on foreign exchange	(1,059)	2,952	(1,059)	2,952
Amortisation of bond issuing cost	10	7	10	7
Amortisation of discounted bill of exchange	-	8	-	8
<b>At 31 December</b>	<u>37,118</u>	<u>36,812</u>	<u>37,111</u>	<u>36,800</u>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(% per annum)</i>			
Long-term borrowings	4.48	4.63	4.48	4.63
Long-term debentures	5.07	5.61	5.07	5.61
Finance lease liabilities	9.28	10.20	9.20	10.21

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**18 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2009	2008	2009	2008
		<i>(in million Baht)</i>			
Related parties	4	117	98	305	454
Other parties		2,612	4,165	1,797	3,210
<b>Total</b>		<b>2,729</b>	<b>4,263</b>	<b>2,102</b>	<b>3,664</b>

**19 Other current liabilities**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2009	2008	2009	2008
		<i>(in million Baht)</i>			
Accrued bonus		754	777	659	686
Accrued interest expense		319	373	319	373
Accrued commission		136	109	123	101
Value added tax payable		114	-	413	223
Other payables		1,541	887	1,534	880
Withholding tax payable		274	306	129	183
Others		773	651	465	460
<b>Total</b>		<b>3,911</b>	<b>3,103</b>	<b>3,642</b>	<b>2,906</b>

**20 Share capital**

	Par value per share <i>(in Baht)</i>	<b>2009</b>		<b>2008</b>	
		Number	Baht	Number	Baht
		<i>(million share / million Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	4,997	4,997	4,997	4,997
<b>At 31 December</b>					
- ordinary shares	1	<b>4,997</b>	<b>4,997</b>	<b>4,997</b>	<b>4,997</b>
<b>Issued and fully paid</b>					
At 1 January					
- ordinary shares	1	2,962	2,962	2,958	2,958
Increase of new shares	1	3	3	4	4
<b>At 31 December</b>					
- ordinary shares	1	<b>2,965</b>	<b>2,965</b>	<b>2,962</b>	<b>2,962</b>

During the year ended 31 December 2009, the Company registered the increase in share capital with the Ministry of Commerce for 3.70 million ordinary shares from the exercise of 3.20 million warrants. The capital increase results in an increase in paid-up share capital and share premium of Baht 3.70 million and Baht 293 million, respectively.

As at 31 December 2009, the total issued number of ordinary shares is 2,965 million shares (2008: 2,962 million shares) with a par value of Baht 1 per share (2008: Baht 1 per share). All issued shares are fully paid.

# Advanced Info Service Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

During the year ended 31 December 2008, the Company registered the increase in share capital with the Ministry of Commerce for 3.62 million ordinary shares from the exercise of 3.26 million warrants, 0.19 million warrants of which were exercised during the quarter ended 31 December 2007. The capital increase results in an increase in paid-up share capital and share premium of Baht 4 million and Baht 294 million, respectively.

## 21 Warrants

### *Warrants granted to directors and employees*

The Company granted warrants at no cost to directors and employees. The warrants are in registered form and non-transferable. Term of warrant is not exceeding 5 years. Details of warrants are as follows:

Grant date	30 May 2003 (Grant II)	31 May 2004 (Grant III)	31 May 2005 (Grant IV)	31 May 2006 (Grant V)
Tenth adjustment to exercise price per unit and ratio (effective from 16 April 2008 onwards)				
- Price	37.61	80.57	94.82	83.92
- Ratio	1 : 1.15356	1 : 1.13920	1 : 1.12490	1 : 1.08989
Eleventh adjustment to exercise price per unit and ratio (effective from 22 August 2008 onwards)				
- Price	-	79.65	93.73	82.96
- Ratio	-	1 : 1.15247	1 : 1.13801	1 : 1.10259
Twelfth adjustment to exercise price per unit and ratio (effective from 16 April 2009 onwards)				
- Price	-	77.20	90.85	80.41
- Ratio	-	1 : 1.18897	1 : 1.17405	1 : 1.13751
Thirteenth adjustment to exercise price per unit and ratio (effective from 25 August 2009 onwards)				
- Price	-	-	89.29	79.03
- Ratio	-	-	1 : 1.19474	1 : 1.15737

*Tenth adjustment to exercise price and exercise ratio of warrant grant II, grant III, grant IV and grant V*

At the Board of Directors' meeting held on 10 April 2008, the shareholders passed a resolution to approve the tenth adjustment of the exercise price of warrants grant II, grant III, grant IV and grant V from Baht 38.32 per unit to Baht 37.61 per unit, from Baht 82.11 per unit to Baht 80.57 per unit, from Baht 96.63 per unit to Baht 94.82 per unit and from Baht 85.52 per unit to Baht 83.92 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.13197 to 1 : 1.15356 for grant II, from 1 : 1.11788 to 1 : 1.13920 for grant III, from 1 : 1.10385 to 1 : 1.12490 for grant IV and from 1 : 1.06949 to 1 : 1.08989 for grant V. The new exercise price and exercise ratio were effective from 16 April 2008 onwards.

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*Eleventh adjustment to exercise price and exercise ratio of warrant grant III, grant IV and grant V*

At the Board of Directors' meeting held on 13 August 2008, the shareholders passed a resolution to approve the eleventh adjustment of the exercise price of warrants grant III, grant IV and grant V from Baht 80.57 per unit to Baht 79.65 per unit, from Baht 94.82 per unit to Baht 93.73 per unit and from Baht 83.92 per unit to Baht 82.96 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.13920 to 1 : 1.15247 for grant III, from 1 : 1.12490 to 1 : 1.13801 for grant IV and from 1 : 1.08989 to 1 : 1.10259 for grant V. The new exercise price and exercise ratio were effective from 22 August 2008 onwards.

*Twelfth adjustment to exercise price and exercise ratio of warrant grant III, grant IV and grant V*

At the Board of Directors' meeting held on 8 April 2009, the shareholders passed a resolution to approve the twelfth adjustment of the exercise price of warrants grant III, grant IV and grant V from Baht 79.65 per unit to Baht 77.20 per unit, from Baht 93.73 per unit to Baht 90.85 per unit and from Baht 82.96 per unit to Baht 80.41 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.15247 to 1 : 1.18897 for grant III, from 1 : 1.13801 to 1 : 1.17405 for grant IV and from 1 : 1.10259 to 1 : 1.13751 for grant V. The new exercise price and exercise ratio were effective from 16 April 2009 onwards.

*Thirteenth adjustment to exercise price and exercise ratio of warrant grant IV and grant V*

At the Board of Directors' meeting held on 13 August 2009, the shareholders passed a resolution to approve the thirteenth adjustment of the exercise price of warrants grant IV and grant V from Baht 90.85 per unit to Baht 89.29 per unit and from Baht 80.41 per unit to Baht 79.03 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.17405 to 1 : 1.19454 for grant IV and from 1 : 1.13751 to 1 : 1.15737 for grant V. The new exercise price and exercise ratio were effective from 25 August 2009 onwards.

***Movements in the number of warrants outstanding are as follows:***

	Directors	Employees <i>(in million units)</i>	Total
At 1 January 2008	6.47	19.87	26.34
Exercised	(0.33)	(2.73)	(3.06)
Cancelled	-	(0.31)	(0.31)
<b>At 31 December 2008 and 1 January 2009</b>	<b>6.14</b>	<b>16.83</b>	<b>22.97</b>
Exercised	(0.31)	(2.90)	(3.21)
Cancelled	(0.58)	(3.46)	(4.04)
<b>At 31 December 2009</b>	<b>5.25</b>	<b>10.47</b>	<b>15.72</b>

***Exercised warrants***

During the year ended 31 December 2009, warrant 0.31 million units and 2.90 million units were exercised by the Company's directors and employees, respectively, (2008: 0.33 million units and 2.73 million units, respectively). The exercises of 3.21 million warrants during the year ended 31 December 2009 (2008: 3.06 million warrants), increased paid-up share capital and premium on share capital by Baht 3.70 million and Baht 293 million, respectively (2008: Baht 4 million and Baht 294 million, respectively).

The exercise of warrants complied with the terms and conditions of the issuance of warrants which were approved by the Company's shareholders.

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**22 Additional paid-in capital and reserves**

***Share premium***

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

***Legal reserve***

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

**23 Segment information**

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

***Business segments***

The Group comprises the following main business segments:

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

***Geographic segments***

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

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*Business segment results*

	<b>Consolidated financial statements</b>							
	For the years ended 31 December							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	<i>(in million Baht)</i>							
Revenues from services and equipment rentals	95,146	98,739	33	53	633	794	95,812	99,586
Revenue from sales	-	-	6,639	11,205	1	-	6,640	11,205
Other operating income	654	2,454	33	45	-	65	687	2,564
<b>Total revenues</b>	<b>95,800</b>	<b>101,193</b>	<b>6,705</b>	<b>11,303</b>	<b>634</b>	<b>859</b>	<b>103,139</b>	<b>113,355</b>
Cost of sales, services and equipment rentals	(59,746)	(60,986)	(6,233)	(10,576)	(337)	(477)	(66,316)	(72,039)
Selling and administrative expenses	(9,608)	(10,435)	(366)	(575)	(159)	(201)	(10,133)	(11,211)
Impairment losses of assets	-	(3,553)	-	-	(561)	-	(561)	(3,553)
<b>Total expenses</b>	<b>(69,354)</b>	<b>(74,974)</b>	<b>(6,599)</b>	<b>(11,151)</b>	<b>(1,057)</b>	<b>(678)</b>	<b>(77,010)</b>	<b>(86,803)</b>
<b>Profit (loss) before finance costs and income tax expenses</b>	<b>26,446</b>	<b>26,219</b>	<b>106</b>	<b>152</b>	<b>(423)</b>	<b>181</b>	<b>26,129</b>	<b>26,552</b>
Finance costs	(1,919)	(1,703)	(2)	(3)	-	(1)	(1,921)	(1,707)
Income tax expense	(7,239)	(8,189)	(180)	(192)	-	-	(7,419)	(8,381)
<b>Profit (loss) for the year</b>	<b>17,288</b>	<b>16,327</b>	<b>(76)</b>	<b>(43)</b>	<b>(423)</b>	<b>180</b>	<b>16,789</b>	<b>16,464</b>

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*Business segment financial position*

	<b>Consolidated financial statements</b>							
	For the years ended 31 December							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	<i>(in million Baht)</i>							
Current assets	30,373	21,094	3,035	5,600	163	202	33,571	26,896
Non-current assets	91,273	100,240	135	164	47	781	91,455	101,185
<b>Total assets</b>	<b>121,646</b>	<b>121,334</b>	<b>3,170</b>	<b>5,764</b>	<b>210</b>	<b>983</b>	<b>125,026</b>	<b>128,081</b>
Current liabilities	16,196	24,338	274	366	113	156	16,583	24,860
Non-current liabilities	36,620	29,771	-	-	12	15	36,632	29,786
<b>Total liabilities</b>	<b>52,816</b>	<b>54,109</b>	<b>274</b>	<b>366</b>	<b>125</b>	<b>171</b>	<b>53,215</b>	<b>54,646</b>
Capital expenditure	8,549	12,294	6	21	2	31	8,557	12,346
Depreciation	3,237	2,923	18	17	82	89	3,337	3,029
Amortisation	16,666	15,783	5	3	103	115	16,774	15,901
Gain on disposal of assets	7	58	1	-	-	12	8	70

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**24 Other operating income**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Interest income	344	404	168	140
Bad debt recovery	107	149	104	144
Management income	-	-	98	94
Income from settlement of a operation right payable*	-	1,739	-	-
Others	236	272	223	180
<b>Total</b>	<b>687</b>	<b>2,564</b>	<b>593</b>	<b>558</b>

\*On 30 May 2008, Digital Phone Company Limited (“DPC”) and Total Access Communication Public Company Limited (“DTAC”) agreed to suspend a dispute under the Unwind Agreement. DPC agreed to pay Baht 3,000 million to DTAC that had previously been provided at Baht 4,739 million. The amount overprovided of Baht 1,739 million was recognised as other income in the 2008 separate financial statements of DPC and 2008 consolidated financial statements of the Company.

**25 Expenses by nature**

The significant expenses by nature have been charged in cost of rendering of services and equipment rentals, cost of sale of goods and selling and administrative expenses can be classified as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Depreciation on plant and equipment (Note 12)	3,337	3,029	2,968	2,858
Amortisation of assets under Agreement for operation (Note 13)	16,016	15,013	14,754	13,731
Amortisation of intangible assets (Note 14)	667	802	186	326
Amortisation of other assets (Note 16)	91	86	76	64
Loss on obsolete spare parts for mobile phone network maintenance	43	51	30	51
Doubtful accounts and bad debts	784	530	826	550
Marketing expenses	2,695	3,252	2,599	3,085
Personnel expense	4,396	4,641	3,176	3,398



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**26 Provident Fund**

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**27 Finance costs**

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<i>(in million Baht)</i>					
Finance cost paid and payable to:					
Related parties	4	6	3	15	275
Financial institutions		1,915	1,704	1,907	1,699
<b>Total</b>		<b>1,921</b>	<b>1,707</b>	<b>1,922</b>	<b>1,974</b>

**28 Income tax expense**

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<i>(in million Baht)</i>					
<b>Current tax expense</b>					
Current year		7,387	8,458	6,461	6,795
Under/(Over) provided in prior years		8	(33)	6	(21)
		<u>7,395</u>	<u>8,425</u>	<u>6,467</u>	<u>6,774</u>
<b>Deferred tax expense</b>	15				
Movements in temporary differences		24	(44)	19	(76)
		<u>24</u>	<u>(44)</u>	<u>19</u>	<u>(76)</u>
<b>Total</b>		<b>7,419</b>	<b>8,381</b>	<b>6,486</b>	<b>6,698</b>

**Reconciliation of effective tax rate**

	Consolidated financial statements			
	2009		2008	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before tax		24,208		24,846
Income tax using the Thai corporation tax rate	30	7,262	30	7,454
Income tax reduction		(15)		(15)
Adjustment for tax purpose		240		(147)
Effect from elimination with subsidiaries		(68)		1,117
Utilisation of previously unrecognised tax losses		-		(28)
<b>Total</b>	<b>31</b>	<b>7,419</b>	<b>34</b>	<b>8,381</b>

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<i>Reconciliation of effective tax rate</i>	<b>Separate financial statements</b>			
		<b>2009</b>		<b>2008</b>
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before tax		<u>26,146</u>		<u>22,944</u>
Income tax using the Thai corporation tax rate	30	7,844	30	6,883
Income tax reduction		(15)		(15)
Dividend income not subject to tax		(1,374)		(8)
Adjustment for tax purpose		31		(162)
<b>Total</b>	<b>25</b>	<b>6,486</b>	<b>29</b>	<b>6,698</b>

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

## **29 Earnings per share**

### *Basic earnings per share*

The calculation of basic earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht / million shares)</i>			
<b>Profit for the year attributable to equity holders of the Company (basic)</b>	<b>17,055</b>	<b>16,409</b>	<b>19,661</b>	<b>16,246</b>
Number of ordinary shares outstanding at 1 January	2,962	2,958	2,962	2,958
Effect of shares issued during January to August	1	3	1	3
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>2,963</b>	<b>2,961</b>	<b>2,963</b>	<b>2,961</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>5.76</b>	<b>5.54</b>	<b>6.64</b>	<b>5.49</b>

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*Diluted earnings per share*

The calculation of diluted earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2009	2008	2009	2008
	<i>(in million Baht / million shares)</i>			
Profit for the year attributable to equity holders of the Company (basic)	17,055	16,409	19,661	16,246
<b>Profit attributable to equity holders of the Company (diluted)</b>	<b>17,055</b>	<b>16,409</b>	<b>19,661</b>	<b>16,246</b>
Weighted average number of ordinary shares outstanding (basic)	2,963	2,961	2,963	2,961
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>2,963</b>	<b>2,961</b>	<b>2,963</b>	<b>2,961</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>5.76</b>	<b>5.54</b>	<b>6.64</b>	<b>5.49</b>

**30 Dividends**

At the annual general meeting of the Company's shareholders held on 8 April 2009, the shareholders approved the appropriation of dividend of Baht 3.30 per share, amounting to Baht 9,774 million. The dividend was paid to the shareholders on 4 May 2009.

At the board of directors' meeting of the Company on 13 August 2009, the board of directors approved to declare an interim dividend for 2,963 million shares of Baht 3 per share, amounting to Baht 8,889 million. The dividend was paid to the shareholders on 10 September 2009.

At the annual general meeting of the Company's shareholders held on 10 April 2008, the shareholders approved the appropriation of dividend of Baht 3.30 per share, amounting to Baht 9,770 million. The dividend was paid to the shareholders on 8 May 2008.

At the board of directors' meeting of the Company on 13 August 2008, the board of directors approved the appropriation of interim dividend of Baht 3.00 per share, amounting to Baht 8,883 million. The dividend was paid to the shareholders on 10 September 2008.

**31 Financial instruments**

*Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because some of debt securities and loan interest rate are floating interest rate. The Group is primarily exposed to interest rate risk from its borrowings (Note 17). The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rate and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

***Foreign currency risk***

The Group is exposed to foreign currency risk relating to expense and borrowings which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies and swap and forward contracts to hedge long-term borrowings denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also related to borrowings, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b><i>Assets</i></b>				
United States Dollars	384	569	364	558
Euro Dollars	246	472	246	472
	<u>630</u>	<u>1,041</u>	<u>610</u>	<u>1,030</u>
<b><i>Liabilities</i></b>				
United States Dollars	(6,823)	(6,762)	(6,645)	(6,553)
Japan Yen	(11,193)	(11,993)	(11,177)	(11,930)
Singapore Dollars	-	(46)	-	(46)
Euro Dollars	(10)	(48)	(4)	(20)
	<u>(18,026)</u>	<u>(18,849)</u>	<u>(17,826)</u>	<u>(18,549)</u>
<b>Gross balance sheet exposure</b>				
Currency swaps	15,024	14,492	15,024	14,492
Currency forwards	1,101	1,160	1,101	1,160
<b>Net exposure</b>	<u><b>(1,271)</b></u>	<u><b>(2,156)</b></u>	<u><b>(1,091)</b></u>	<u><b>(1,867)</b></u>

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As at 31 December 2009 and 2008, swap and forward receivables (payables), net as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Swap contracts</b>				
Swap contracts receivable	16,532	16,994	16,532	16,994
Swap contracts payable**	<u>(15,024)</u>	<u>(14,492)</u>	<u>(15,024)</u>	<u>(14,492)</u>
Total swap contracts receivable (payable)	1,508	2,502	1,508	2,502
Less Current portion of swap contracts receivable presented under other current assets	<u>14</u>	<u>(5)</u>	<u>14</u>	<u>(5)</u>
<b>Total swap contracts receivable (payable), net</b>	<b><u>1,522</u></b>	<b><u>2,497</u></b>	<b><u>1,522</u></b>	<b><u>2,497</u></b>
<b>Forward contracts</b>				
Forward contracts receivable	1,040	1,147	1,040	1,147
Forward contracts payable**	<u>(1,101)</u>	<u>(1,160)</u>	<u>(1,101)</u>	<u>(1,160)</u>
Total forward contracts receivable (payable)	(61)	(13)	(61)	(13)
Less Current portion of forward contracts payable presented under other current liabilities	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
<b>Total forward contracts receivable (payable), net</b>	<b><u>(58)</u></b>	<b><u>(13)</u></b>	<b><u>(58)</u></b>	<b><u>(13)</u></b>
<b>Total swap and forward contracts receivable (payable), net</b>	<b><u>1,464</u></b>	<b><u>2,484</u></b>	<b><u>1,464</u></b>	<b><u>2,484</u></b>

The nominal amounts and fair values of swap and forward contracts as at 31 December 2009 and 2008 are as follows:

	<b>Consolidated and separate financial statements</b>			
	Nominal amounts**		Fair values*	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Swap contracts	15,024	14,492	15,828	16,056
Forward contracts	<u>1,101</u>	<u>1,160</u>	<u>1,070</u>	<u>1,150</u>
<b>Total</b>	<b><u>16,125</u></b>	<b><u>15,652</u></b>	<b><u>16,898</u></b>	<b><u>17,206</u></b>

\*The fair value of swap and forward contracts is the adjusted value of the original contracts which the Company entered with the commercial banks with the market price on the reporting date in order to reflect the current value of the contracts.

\*\*The nominal amount of swap and forward contracts is the value of the original contracts which the Company entered with the commercial banks and must be repaid at the maturity date.

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***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the reporting date. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

***Determination of fair values***

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The Group uses the following methods and assumptions in estimating the fair value of financial instruments:

- The fair value of accounts receivable and accounts payable – trade and others is taken to approximate the carrying value.
- The fair values of investments in equity and debt securities, which are held-to-maturity, are taken to approximate the carrying value.
- The fair value of loans to and loans from related is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.
- The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

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**32 Commitments with non-related parties**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2009	2008	2009	2008
	<i>(in million)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for</i>				
<b>Assets under the Agreement for operation</b>				
Thai Baht	885	2,101	846	2,096
US Dollars	11	23	11	22
Japanese Yen	31	174	31	174
Euro	-	1	-	1
<b>Property and equipment</b>				
Thai Baht	848	1,238	260	406
US Dollars	10	19	3	7
Japanese Yen	79	486	-	-
Euro	-	2	-	-
<b>Service maintenance agreements</b>				
Thai Baht	934	1,156	867	1,087
US Dollars	10	5	9	3
Japanese Yen	14	31	14	31
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Non-cancellable operating lease commitments</b>				
Within one year	1,167	1,209	1,083	1,065
After one year but within five years	1,184	1,877	1,128	1,798
After five years	2	7	2	7
<b>Total</b>	<b>2,353</b>	<b>3,093</b>	<b>2,213</b>	<b>2,870</b>
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Other commitments</b>				
Used letters of credit for goods and supplies	3	112	-	-
Forward and swap contracts	16,125	15,652	16,125	15,652
Bank guarantees:				
- The Agreements for operation	7,503	5,397	5,547	4,087
- Others	432	362	339	281
<b>Total</b>	<b>24,063</b>	<b>21,523</b>	<b>22,011</b>	<b>20,020</b>

The Group has entered into lease and related service agreements for office space, cars, computers and base station for periods ranging from 1 year to 15 years with options to renew.

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**33 Interconnection agreements**

According to Telecommunication Business Operation Act 2001 (B.E. 2544) and the announcement of National Telecommunication Commission (“NTC”) regarding the use and interconnect of telecommunication network 2006 (B.E. 2549), the Company has entered into an interconnection (“IC”) agreement with Total Access Communication Public Company Limited (“DTAC”) dated 30 November 2006, and also with Truemove Company Limited (“Truemove”) dated 16 January 2007. These IC agreements have been approved by NTC.

On 31 August 2007, TOT Public Company Limited (“TOT”) has filed a case against NTC to the Administrative Court to revoke the said announcement and on 4 February 2008 TOT sent a letter to the Company informing that the Company should wait for the final judgment of the Administrative Court. Should the Company undertake the IC agreements per the NTC announcement before the final judgment of the Administrative Court, TOT shall not recognise the Company’s related actions and the Company must be responsible for such actions.

Having considered the said TOT’s letter, related laws and the legal counsel’s opinion, the Company’s management is of the opinion that non-compliance by the Company with the IC agreements shall be deemed violating the said NTC announcement. Therefore, the Company has decided to comply with the IC agreements in line with the current legal provisions.

According to the Agreement to operate cellular mobile telephone service, the Company has to pay the higher of stipulated annual minimum payment or the percentage of service revenues prior to deducting expenses and taxes. However, the Company had to comply with the regulation while TOT would like to wait for the final judgment of the Administrative Court. As a result, the Company anticipated to enter into a negotiation with TOT in relation to a calculation method of the revenue sharing. The Company calculated the revenue sharing from the net IC revenue which is similar to other operators in the telecommunication industry base on a conservative basis. The revenue sharing amount to be paid to TOT is subject to the final adjudication of the Administrative Court in relation to revoking the announcement of National Telecommunication Commission and a negotiation between TOT and the Company. The Company will make adjustment in the financial statement in the period when the issue has been agreed. The Company’s management is certain that it will not incur significant expense more than the revenue sharing amount which the Company has recorded.

On 30 December 2008, TOT has notified in writing to the Company that result of the negotiation between TOT and the Company regarding rate and calculating method of the revenue sharing can not be concluded and requested the Company to remit the revenue sharing incurred from the interconnection charge since February 2007 to June 2008 for the amount of Baht 761 million based on the rate and calculation method of the Company within 30 December 2008. The Company has remitted the revenue sharing to TOT on 30 December 2008. For the interconnection charge since July 2008 up to the present, the Company and TOT shall set up the negotiation committee in order to get a conclusion for this case. During this period, while the said case is pending the final consideration, it shall use the above basis proposed by the Company.

**34 Significant events**

**The Company**

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between TOT Public Company Limited who is the Telephone Organization of Thailand at that time (“TOT”) and Advanced Info Service Public Company Limited after the enforcement of the Act on



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Private Participation in State Undertaking, B.E. 2535 are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines TOT should implement.

The Council of State was of the opinion by its Memorandum of the Council of State no. 291/2550 on Enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (in the case of the Agreement Permitting Undertaking of Cellular Mobile Telephone Services, “the Agreement” between TOT Public Company Limited and Advanced Info Service Public Company Limited) that

\*“... since TOT being the contracting party in this case acted on behalf of the State by virtue of the authority and duty pursuant to Telephone Organization of Thailand Act, the executed Agreement thus represents the agreement between the State and the private sector in order to authorise the private sector to provide public services to the public on behalf of the State. The State therefore is obligated to perform according to those stipulated in that Agreement.

However, since the amendments to the Agreement upon which the consultation is being sought were not legitimately carried out according to the Act on Private Participation in State Undertaking, B.E. 2535 which was in force at the time of effecting those amendments because those amendments had not been proposed for the consideration of the Coordination committee according to Section 22 and not forwarded to the Cabinet, being the organ charged with the authority to approve of the amendments to the Agreement pursuant to the Act as aforesaid, the amendments made to the Agreement with TOT as the contracting party were therefore carried out without legal authority. However, the procedures to amend the Agreement represent administrative juristic acts which are capable of being separated from the amendments to the Agreement already effected and those amendments to the Agreement are still in force so long as they are not rescinded or extinguished by statute of limitation or by other causes. In case the Cabinet, vested with the authority under the law and having considered the causes for the rescission, the impact, and the propriety on the basis of the State’s and the public interest, is of the opinion that the illegitimate procedures have resulted in damage that warrants rescinding the amendments to the Agreement already effected, the Cabinet may legitimately rescind such amendments to the Agreement. However, if the Cabinet, upon having considered the same, deems it justified, with regard to the State’s or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval for the procedures to further amend the Agreement, as appropriate, with the unit owning the project and the Coordination committee pursuant to Section 22 being the parties to submit the facts, justifications, and opinion for the consideration of the Cabinet.”

Presently, the Coordinating Committee has already been established according to Section 22 of the Act where it is to proceed its duty as assigned thereon and the procedures are pending.

\*The above clauses in “...” represent some parts of the Memorandum of the Council of State no. 291/2550. The full text Memorandum of the Council of State is available only in Thai language.

**Digital Phone Company Limited**

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between CAT Telecom Public Company Limited (“CAT”) and Digital Phone Company Limited (“DPC”) after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (the “Act”) are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines CAT should implement.

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According to the opinion of the Council of State regarding the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 regarding the Contract permitting the provision of cellular mobile phone service between CAT and DPC on case no. 294/2550 that

**\*\*“...the assignment of the rights and duties by Total Access Communication Public Company Limited (“DTAC”) to DPC and the entering into an agreement between DPC and CAT dated 19 November B.E. 2539 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service, it shall not be deemed to be part of cellular mobile phone service between CAT and DTAC, so DPC shall be the contracting party of CAT and was under the supervision and regulation of CAT and pay remuneration to CAT. DPC shall, therefore, have to comply with the said Act since CAT has already specified the scope of the project and the private sector to provide the service. Besides, the project has already been carried out. Therefore, there is no need to invite private sector to submit any proposal according to Chapter 3. However, Chapter 3 shall be applied in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with Section 13 to proceed according to Section 21 of the said Act, provided that the Coordinating Committee will propose the selection result including the reason, negotiation issues, state benefits and the draft of agreement to the Minister who supervised the project in order to propose to the Cabinet within 90 days since the decision by Coordinating Committee.**

Therefore, the procedures are within the power and authority of the Committee according to Section 13 to consider as appropriate and DPC has already been assigned of the rights and duties from Total Access Communication Public Company Limited according to the Contract Permitting the Provision of Cellular Mobile Phone Service between CAT and Total Access Communication Public Company Limited, DPC shall have the right to provide telecommunication service even though the Contract between CAT and DPC has not been done or performed in accordance with the Act. However, the Contract between CAT and DPC shall remain valid in so far as it is not revoked or terminated by time of ending or other cause. Thus, CAT and DPC shall remain obliged to fulfil the said agreement.”

Presently, the Coordinating Committee has already been established according to Section 13 of the Act where it is to proceed its duty as assigned thereon and the procedures are pending.

**\*\*The above clauses in “...” represent some parts of the Memorandum of the Council of State no. 294/2550. The full text Memorandum of the Council of State is available only in Thai language.**

***Significant commercial dispute and litigations***

**The Company**

***Between the Company and TOT Public Company Limited (“TOT”)***

On 22 January 2008, TOT Public Company Limited (“TOT”) submitted a dispute no. black 9/2551 to the Arbitration Institute, Dispute Reconciliation Office, Justice Court Office demanding the Company to pay additional payment of revenue sharing amounting to Baht 31,463 million under the Cellular Mobile Phone Contract plus interest at the rate of 1.25 percent per month computing from the default date on 10 January 2007 until the full payment is made.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures and the proceedings of which shall take for several years. However, the Company’s management believes that the outcome of the said dispute shall be in favour of the Company and have no material impact to the financial statements of the Company because this amount is the same as an excise tax that the Company had submitted to Excise Department during 28 January 2003 to 26 February 2007 and deducted it from revenue sharing according to the resolution of the

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Cabinet dated 11 February 2003. Thus, the Company has fully complied with the cabinet's resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet. Moreover, TOT had sent letter no. Tor Sor Tor. Bor Yor./843 dated 10 March 2003 stating that the Company has fully complied with the Cabinet's resolution and the Company's burden remains at the same percentage rate as specified in the contract and the submission of the said excise tax return shall not affect the terms of the contract.

**Digital Phone Company Limited ("DPC")**

1) On 9 January 2008, CAT Telecom Public Company Limited ("CAT") submitted a dispute no. black 3/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC, a subsidiary, to pay additional payment of revenue sharing amounting to Baht 2,449 million under the Digital Personal Communication Network Contract plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year computing from the default date until the full payment is made which total penalty calculated up to December 2007 is Baht 1,500 million, totalling Baht 3,949 million.

On 1 October 2008, CAT has submitted the revision of petition to adjust on amount of claimed to Baht 3,410 million which penalty fee calculated from the outstanding revenue sharing up to January 2008 for Baht 790 million plus value added tax Baht 171 million.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures and the proceedings of which shall take for several years. However, the Company's management believes that the outcome of the said dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of the Company because this amount is the same as an excise tax that DPC submitted to Excise Department during 16 September 2003 to 15 September 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Moreover, CAT has sent a letter No. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet's resolution. Thus, DPC has correctly and fully complied with the Cabinet's resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet.

2) Pursuant to the resolution of the meeting on 14 January 2004 between TOT Public Company Limited ("TOT"), CAT Telecom Public Company Limited ("CAT") Digital Phone Company Limited ("DPC"), a subsidiary, and True Move Company Limited ("True Move") by the Minister of the Information and Communications Technology Ministry, the Chairman, that TOT consented to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 /number/month to DPC and True Move starting from the 6<sup>th</sup> operation year as Total Access Communication Public Company Limited ("DTAC") had received from TOT.

On 12 October 2006 TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demanding CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully payment is made.

On 29 July 2008, CAT submitted a dispute no. black 68/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7<sup>th</sup> -10<sup>th</sup> operation year) plus value added tax and interest at the rate 1.25 percent per month of the above principal amount starting from the default date of each year since the 7<sup>th</sup> -10<sup>th</sup> operation year until the full payment is made.

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On 15 October 2009, CAT submitted a dispute no. black 96/2552 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 22 million (additional consideration of the 11<sup>th</sup> operation year) including the penalty at the rate of 1.25 percent per month which calculated up to 15 October 2009, total amount of claim Baht 26 million.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. For the demanded amount, DPC has recalculated and found that the said amount is only Baht 138 million which DPC has recorded as payable under the Agreement for operation in its financial statement but has not recorded the penalty for overdue payment, as the Company's management believes that the outcome of the said dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

3) On 3 February 2009, CAT Telecom Public Company Limited ("CAT") has submitted a dispute under Case no. Black 8/2552 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC, a subsidiary, to deliver and transfer ownership of 3,343 towers including 2,653 equipments of power supply under the Digital PCN ("Personal Communication Network Agreement"). Failure to do so, DPC must reimburse Baht 2,230 million to CAT. DPC considers that all disputed assets, towers and the equipment of power supply are not the property as stipulated in the Agreement.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. However, the Company's management believes that the outcome of this dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

**AIN Globalcomm Company Limited ("AIN")**

On 7 March 2008, CAT Telecom Public Company Limited ("CAT") has submitted the black case no. 1245/2551 to the Civil Court against the Company as the defendant no. 1 and AIN Globalcomm Company Limited, a subsidiary, as the defendant no. 2 requesting the Company and the subsidiary to pay compensation with interest rate at 7.5% per annum for damage up to the date of case submission equalling to Baht 130 million. The reason in a case is to change traffic of the international direct dialling service by the Company and the subsidiary during 1-27 March 2007 through the Company subscriber by using the symbol "+" dialling from no. 005 of the subsidiary, instead of no. 001 of CAT without the prior notification to subscriber.

On 4 September 2008, CAT has submitted a petition revision to adjust compensation for Baht 583 million (including interest) because CAT was damaged consecutively until 7 March 2008. On 19 November 2008 CAT has submitted the order of provisional remedial measure before delivery of judgment to cease the Company and the subsidiary to transfer the traffic 001 or symbol "+" of CAT to traffic 005 of the subsidiary. On 26 February 2009, the Civil Court has dismissed the CAT's request and on 20 March 2009, CAT has appealed such dismissal.

On 17 December 2009, The Civil Court has dismissed the case as the facts cannot be proved that CAT has either an exclusive right to use the symbol "+" or the right to prohibit the Company and AIN to use the symbol "+" and it cannot also be proved that the changing of the connection setting of the international direct dialling service from using the symbol "+" for the code 001 of CAT to "+" for the code 005 of AIN has caused mistaken to the subscribers who use international direct dialling service that they are using the code 001 of CAT, therefore, the acts of the Company

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have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with the Company have not infringed the right of CAT as well.

However, the Court has allowed CAT to appeal the said judgment within 16 February 2010.

**35 Events after the reporting period**

*New investments in subsidiaries*

On 8 January 2010, the Company invested in Fax Lite Company Limited (“FAX LITE”) of 9,997 ordinary shares with a par value of Baht 100 per share, totaling Baht 999,700. Total shares invested represent 99.97% ownership. The objective of business is to operate in acquiring and/or renting land, building, and related facilities to telecommunication business.

On 8 January 2010, the Company invested in i Zone Company Limited (“i Zone”) of 9,997 ordinary shares with a par value of Baht 100 per share, totaling Baht 999,700. Total shares invested represent 99.97% ownership. The objective of business is to operate IT, and content aggregator businesses.

*Proposed dividend payment*

At the Board of Directors’ Meeting held on 12 February 2010, the Board passed a resolution proposing to the 2009 annual general shareholders’ meeting the payment of dividends for the year 2009, at the rate of Baht 6.30 per share, Baht 3.00 each of which was paid as an interim dividend on 10 September 2009. In addition, the Board also passed a resolution to propose a special dividend at the rate of Baht 5.00 per share. The proposed dividends shall be approved by the shareholders.

*Proposed dividend payment of subsidiaries*

At the Board of Directors’ meeting of the subsidiaries, passed resolutions to approve the dividend payment which must be approved by the shareholders as follows:

<b>Company</b>	<b>Date of meeting</b>	<b>Dividend Baht/share</b>	<b>Amount Million Baht</b>
Advanced Contact Center Co., Ltd.	9 February 2010	6.25	170
Advanced Magic Card Co., Ltd.	9 February 2010	7.50	188
AIN GolobalComm Co., Ltd.	9 February 2010	430.00	860

*Warrants granted to directors and employees – exercised*

In January 2010, a total of 0.02 million units of the Company’s warrants were exercised at Baht 79.03 each. The Company registered the increase in the share capital with the Ministry of Commerce on 2 February 2010.

As a result of these transactions, the total issued and paid-up share capital and premium on share capital of the Company will increase from Baht 2,965 million to Baht 2,966 million, and from Baht 21,838 million to Baht 21,839 million, respectively.

**Advanced Info Service Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2009 and 2008**

**36 Thai Accounting Standards (TAS) not yet adopted**

The Group has not adopted the following revised TAS that has been issued as of the reporting date but is not yet effective. The revised TAS is anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 24 (revised 2009)	Related party Disclosures (formerly TAS 47)	2011

Management is presently considering the potential impact of adopting and initial application of this revised TAS on the consolidated and separate financial statement.

**37 Reclassification of accounts**

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

	<b>2008</b>					
	<b>Consolidated</b>			<b>Separate</b>		
	<b>financial statements</b>			<b>financial statements</b>		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in million Baht)</i>					
<b>Balance sheet</b>						
Cash and cash equivalents	16,301	(1,292)	15,009	-	-	-
Specifically-designated bank deposits	-	1,315	1,315	-	-	-
Current investments	226	(86)	140	-	-	-
Other long-term investments	93	<u>63</u>	156	-	<u>-</u>	-
		<u>-</u>			<u>-</u>	
<b>Statement of income</b>						
Selling and administration expenses	11,205	(11,205)	-	11,000	(11,000)	-
Director's remuneration	13	(13)	-	13	(13)	-
Interest expense	1,625	(1,625)	-	1,897	(1,897)	-
Selling expenses	-	3,252	3,252	-	3,085	3,085
Administrative expenses	-	7,802	7,802	-	7,769	7,769
Management benefit expenses	-	82	82	-	82	82
Finance costs	-	<u>1,707</u>	1,707	-	<u>1,974</u>	1,974
		<u>-</u>			<u>-</u>	

The reclassifications have been made in order to comply with the Announcement of the Department of Business Development B.E. 2009 and because, in the opinion of management, the new classification is more appropriate to the Group's business.