

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

Interim financial statements
and
Independent Auditor's Report
on Review of Interim Financial Information

For the six-month period ended
30 June 2012



KPMG Phoomchai Audit Ltd.

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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Advanced Info Service Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of Advanced Info Service Public Company Limited and its subsidiaries, and of Advanced Info Service Public Company Limited, respectively, as at 30 June 2012; the consolidated and separate statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011, and the related statement of changes in equity and cash flows for the six-month periods ended 30 June 2012 and 2011; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

The comparative consolidated and separate statement of financial position as at 31 December 2011

I have previously audited the consolidated and separate financial statements of Advanced Info Service Public Company Limited and its subsidiaries, and of Advanced Info Service Public Company Limited, respectively, for the year ended 31 December 2011 in accordance with Thai Standards on Auditing and expressed an unqualified opinion on those financial statements in my report dated 9 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, which are included in the accompanying interim financial information for comparative purposes, are components of those financial statements. I have not performed any auditing procedures since the date of my audit report.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
10 August 2012

Advanced Info Service Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2012 and 31 December 2011

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 June 2012 (Unaudited)	31 December 2011	30 June 2012 (Unaudited)	31 December 2011
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		25,683,242	18,360,810	17,945,063	5,471,762
Specifically-designated bank deposits	4	2,512,614	3,526,166	-	-
Current investments	5	7,342,161	726,545	3,200,000	-
Trade accounts receivable	3,6	7,301,895	7,037,320	8,238,075	11,586,341
Other receivables	3	2,629,062	2,327,576	1,379,139	1,176,419
Short-term loans to related parties	3	-	-	8,895,000	8,105,000
Inventories		1,151,611	1,087,090	194,833	128,227
Other current assets		55,114	112,352	-	-
Total current assets		46,675,699	33,177,859	39,852,110	26,467,749
Non-current assets					
Investments in subsidiaries	7	-	-	9,468,143	9,468,143
Other long-term investments	5	106,714	106,427	93,161	93,161
Property, plant and equipment	8	8,420,560	7,616,337	1,827,226	2,098,800
Assets under the Agreements for operations	8	32,414,513	36,504,752	31,661,044	35,568,045
Goodwill		34,931	34,931	-	-
Intangible assets	8	2,092,896	2,275,009	223,019	232,857
Deferred tax assets		5,901,423	6,421,928	5,481,219	5,938,634
Other non-current assets		516,671	535,076	448,681	473,763
Total non-current assets		49,487,708	53,494,460	49,202,493	53,873,403
Total assets		96,163,407	86,672,319	89,054,603	80,341,152

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

Advanced Info Service Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2012 and 31 December 2011

Liabilities and equity	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 June 2012 (Unaudited)	31 December 2011	30 June 2012 (Unaudited)	31 December 2011
<i>(in thousand Baht)</i>					
Current liabilities					
Trade accounts payable	3,9	4,147,195	3,520,284	2,750,749	2,078,448
Other payables	3	6,192,918	6,058,796	6,557,529	6,759,300
Current portion of long-term borrowings	10	9,473,542	5,469,183	9,469,621	5,464,369
Accrued revenue sharing expenses		9,233,740	4,592,604	6,743,092	3,365,439
Unearned income - mobile phone service		2,322,280	2,363,615	2,426,637	2,539,879
Advanced receipts from customers		1,853,348	2,674,396	-	-
Income tax payable		3,664,623	4,897,346	2,937,645	3,298,493
Other current liabilities	17	160,383	158,217	112,697	92,114
Total current liabilities		37,048,029	29,734,441	30,997,970	23,598,042
Non-current liabilities					
Long-term borrowings	10	13,757,703	16,536,661	13,749,558	16,525,557
Employee benefit obligations		443,455	422,440	356,735	345,186
Swap and forward contracts payable	17	258,744	368,506	258,744	368,506
Other non-current liabilities		174,194	146,718	54,348	48,891
Total non-current liabilities		14,634,096	17,474,325	14,419,385	17,288,140
Total liabilities		51,682,125	47,208,766	45,417,355	40,886,182
Equity					
Share capital	11				
Authorized share capital		4,997,460	4,997,460	4,997,460	4,997,460
Issued and paid-up share capital		2,973,095	2,973,095	2,973,095	2,973,095
Additional paid-in capital					
Premium on ordinary shares		22,372,276	22,372,276	22,372,276	22,372,276
Retained earnings					
Appropriated					
Legal reserve		500,000	500,000	500,000	500,000
Unappropriated		18,223,375	13,245,953	17,791,877	13,609,599
Other components of equity		161,387	162,343	-	-
Equity attributable to owners of the Company		44,230,133	39,253,667	43,637,248	39,454,970
Non-controlling interests		251,149	209,886	-	-
Total equity		44,481,282	39,463,553	43,637,248	39,454,970
Total liabilities and equity		96,163,407	86,672,319	89,054,603	80,341,152

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 three-month periods ended 30 June 2012 and 2011 (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
Revenues					
Revenues from rendering of services and equipment rentals		30,517,108	27,681,110	29,005,395	26,104,673
Revenue from sale of goods		3,970,578	3,428,996	181,221	180,574
Total revenue		34,487,686	31,110,106	29,186,616	26,285,247
Cost					
Cost of rendering of services and equipment rentals		(9,807,242)	(10,013,087)	(11,490,823)	(11,389,131)
Revenue sharing expense		(6,729,368)	(5,888,409)	(5,991,447)	(5,318,463)
Cost of sale of goods		(3,659,604)	(3,034,156)	(181,130)	(180,212)
Total cost		(20,196,214)	(18,935,652)	(17,663,400)	(16,887,806)
Gross profit		14,291,472	12,174,454	11,523,216	9,397,441
Selling and administrative expenses					
Selling expenses		(749,173)	(629,834)	(736,244)	(508,054)
Administrative expenses		(2,190,884)	(1,999,524)	(2,215,474)	(1,959,028)
Total selling and administrative expenses		(2,940,057)	(2,629,358)	(2,951,718)	(2,467,082)
Profit from sales, services and equipment rentals		11,351,415	9,545,096	8,571,498	6,930,359
Investment income	3,7	216,935	158,789	3,832,828	4,741,794
Other operating income		125,093	55,956	172,354	112,860
Impairment loss of assets		-	(385,500)	-	-
Net foreign exchange gain (loss)		(11,856)	10,527	(3,056)	11,858
Management benefit expenses	3	(44,132)	(34,529)	(44,088)	(34,394)
Finance costs		(292,371)	(443,837)	(289,772)	(471,975)
Profit before income tax expense		11,345,084	8,906,502	12,239,764	11,290,502
Income tax expense	14	(2,603,917)	(2,755,336)	(1,988,286)	(1,963,664)
Profit for the period		8,741,167	6,151,166	10,251,478	9,326,838
Profit attributable to:					
Owners of the Company		8,713,081	6,116,277	10,251,478	9,326,838
Non-controlling interests		28,086	34,889	-	-
Profit for the period		8,741,167	6,151,166	10,251,478	9,326,838
Earnings per share					
Basic earnings per share <i>(in Baht)</i>	15	2.93	2.06	3.45	3.14
Diluted earnings per share <i>(in Baht)</i>		2.93	2.06	3.45	3.14

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

Advanced Info Service Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 June 2012 and 2011 (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Profit for the period	8,741,167	6,151,166	10,251,478	9,326,838
Other comprehensive income				
Net change in fair value of available-for-sale investments	1,458	(480)	-	-
Other comprehensive income for the period, net of income tax	1,458	(480)	-	-
Total comprehensive income for the period	8,742,625	6,150,686	10,251,478	9,326,838
Total comprehensive income attributable to:				
Owners of the Company	8,714,518	6,115,804	10,251,478	9,326,838
Non-controlling interests	28,107	34,882	-	-
Total comprehensive income for the period	8,742,625	6,150,686	10,251,478	9,326,838

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 six-month periods ended 30 June 2012 and 2011 (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Revenues					
Revenues from rendering of services and equipment rentals		61,058,314	55,267,812	57,958,285	52,109,454
Revenue from sale of goods		8,606,957	6,989,914	259,799	342,310
Total revenue		69,665,271	62,257,726	58,218,084	52,451,764
Cost					
Cost of rendering of services and equipment rentals		(19,713,812)	(19,905,947)	(23,428,290)	(22,209,808)
Revenue sharing expense		(13,476,307)	(11,685,977)	(11,877,823)	(10,651,751)
Cost of sale of goods		(7,921,068)	(6,125,007)	(259,668)	(341,004)
Total cost		(41,111,187)	(37,716,931)	(35,565,781)	(33,202,563)
Gross profit		28,554,084	24,540,795	22,652,303	19,249,201
Selling and administrative expenses					
Selling expenses		(1,256,735)	(1,138,840)	(1,157,134)	(942,157)
Administrative expenses		(4,239,378)	(4,010,716)	(4,335,605)	(3,925,328)
Total selling and administrative expenses		(5,496,113)	(5,149,556)	(5,492,739)	(4,867,485)
Profit from sales, services and equipment rentals		23,057,971	19,391,239	17,159,564	14,381,716
Investment income	3,7	403,902	259,603	4,027,562	4,839,559
Other operating income		195,763	108,629	294,509	219,103
Impairment loss of assets		-	(771,000)	-	-
Net foreign exchange gain (loss)		2,438	28,253	(6,477)	28,717
Management benefit expenses	3	(73,282)	(57,761)	(73,152)	(57,581)
Finance costs		(579,837)	(875,062)	(574,551)	(935,155)
Profit before income tax expense		23,006,955	18,083,901	20,827,455	18,476,359
Income tax expense	14	(5,304,878)	(5,647,039)	(3,983,587)	(4,131,585)
Profit for the period		17,702,077	12,436,862	16,843,868	14,344,774
Profit attributable to:					
Owners of the Company		17,639,012	12,385,184	16,843,868	14,344,774
Non-controlling interests		63,065	51,678	-	-
Profit for the period		17,702,077	12,436,862	16,843,868	14,344,774
Earnings per share					
Basic earnings per share <i>(in Baht)</i>	15	5.93	4.17	5.67	4.83
Diluted earnings per share <i>(in Baht)</i>		5.93	4.17	5.67	4.83

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

Advanced Info Service Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Profit for the period	17,702,077	12,436,862	16,843,868	14,344,774
Other comprehensive income				
Net change in fair value of available-for-sale investments	(956)	(806)	-	-
Other comprehensive income for the period, net of income tax	(956)	(806)	-	-
Total comprehensive income for the period	17,701,121	12,436,056	16,843,868	14,344,774
Total comprehensive income attributable to:				
Owners of the Company	17,638,070	12,384,390	16,843,868	14,344,774
Non-controlling interests	63,051	51,666	-	-
Total comprehensive income for the period	17,701,121	12,436,056	16,843,868	14,344,774

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 six-month periods ended 30 June 2012 and 2011 (Unaudited)

Consolidated financial statements

	Note	Issued and paid-up share capital	Share premium	Advance receipts for share subscription	Retained earnings		Other components of equity			Total equity attributable to owners of the Company	Non-controlling interests	Total equity
					Legal reserve	Unappropriated	Gain on dilution of investment	Fair value changes in available-for-sale investments	Total other components of equity			
Balance at 1 January 2011		2,970,076	22,172,703	13,848	500,000	15,073,157	161,187	(37)	161,150	40,890,934	300,183	41,191,117
Transactions with owners, recorded directly in equity												
Dividends to owners of the Company		-	-	-	-	(11,648,829)	-	-	-	(11,648,829)	(17,462)	(11,666,291)
Issue of ordinary shares		2,816	185,928	-	-	-	-	-	-	188,744	-	188,744
Transfer of advanced receipts to additional shares		203	13,645	(13,848)	-	-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity		3,019	199,573	(13,848)	-	(11,648,829)	-	-	-	(11,460,085)	(17,462)	(11,477,547)
Comprehensive income for the period												
Profit		-	-	-	-	12,385,184	-	-	-	12,385,184	51,678	12,436,862
Other comprehensive income		-	-	-	-	-	-	(806)	(806)	(806)	-	(806)
Total comprehensive income for the period		-	-	-	-	12,385,184	-	(806)	(806)	12,384,378	51,678	12,436,056
Balance at 30 June 2011		2,973,095	22,372,276	-	500,000	15,809,512	161,187	(843)	160,344	41,815,227	334,399	42,149,626
Balance at 1 January 2012		2,973,095	22,372,276	-	500,000	13,245,953	161,187	1,156	162,343	39,253,667	209,886	39,463,553
Transactions with owners, recorded directly in equity												
Dividends to owners of the Company	16	-	-	-	-	(12,661,590)	-	-	-	(12,661,590)	(21,802)	(12,683,392)
Total transactions with owners, recorded directly in equity		-	-	-	-	(12,661,590)	-	-	-	(12,661,590)	(21,802)	(12,683,392)
Comprehensive income for the period												
Profit		-	-	-	-	17,639,012	-	-	-	17,639,012	63,065	17,702,077
Other comprehensive income		-	-	-	-	-	-	(956)	(956)	(956)	-	(956)
Total comprehensive income for the period		-	-	-	-	17,639,012	-	(956)	(956)	17,638,056	63,065	17,701,121
Balance at 30 June 2012		2,973,095	22,372,276	-	500,000	18,223,375	161,187	200	161,387	44,230,133	251,149	44,481,282

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 six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Share premium	Advance receipts for share subscription <i>(in thousand Baht)</i>	Retained earnings		
					Legal reserve	Unappropriated	
Balance at 1 January 2011		2,970,076	22,172,703	13,848	500,000	11,958,352	37,614,979
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company		-	-	-	-	(11,648,829)	(11,648,829)
Issue of ordinary shares		2,816	185,928	-	-	-	188,744
Transfer of advanced receipts to additional shares		203	13,645	(13,848)	-	-	-
Total transactions with owners, recorded directly in equity		3,019	199,573	(13,848)	-	(11,648,829)	(11,460,085)
Comprehensive income for the period							
Profit		-	-	-	-	14,344,774	14,344,774
Total comprehensive income for the period		-	-	-	-	14,344,774	14,344,774
Balance at 30 June 2011		2,973,095	22,372,276	-	500,000	14,654,297	40,499,668
Balance at 1 January 2012		2,973,095	22,372,276	-	500,000	13,609,599	39,454,970
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company	16	-	-	-	-	(12,661,590)	(12,661,590)
Total transactions with owners, recorded directly in equity		-	-	-	-	(12,661,590)	(12,661,590)
Comprehensive income for the period							
Profit		-	-	-	-	16,843,868	16,843,868
Total comprehensive income for the period		-	-	-	-	16,843,868	16,843,868
Balance at 30 June 2012		2,973,095	22,372,276	-	500,000	17,791,877	43,637,248

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 six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	17,702,077	12,436,862	16,843,868	14,344,774
<i>Adjustments for</i>				
Depreciation	1,099,681	1,334,733	492,049	867,349
Amortisation of intangible assets	6,791,093	7,663,582	6,095,106	6,896,291
Impairment loss of assets	-	771,000	-	-
Investment income	(403,902)	(259,603)	(4,027,562)	(4,839,559)
Finance costs	579,837	875,062	574,551	935,155
Doubtful accounts and bad debts expense	260,510	273,708	248,643	269,031
Allowance for obsolete and write-off inventories	3,610	54,468	1,129	35,670
Allowance for obsolete assets	-	27,182	-	-
Gain on disposals of assets	(8,801)	(2,854)	(7,991)	(5,596)
Unrealised loss on exchange	51,991	5,420	48,679	4,638
Income tax expense	5,304,878	5,647,039	3,983,587	4,131,585
Cash provided by operation before changes in operating assets and liabilities	31,380,974	28,826,599	24,252,059	22,639,338
<i>Changes in operating assets and liabilities</i>				
Specifically-designated bank deposits	1,013,552	(67,565)	-	-
Trade accounts receivable	(504,208)	(884,133)	3,120,462	(256,072)
Other receivables	(163,963)	211,807	(946)	22,593
Inventories	(68,131)	(203,107)	(67,735)	41,817
Other current assets	57,238	29,618	-	49,125
Swap and forward contracts receivable	(59,281)	(95)	(59,281)	(95)
Other non-current assets	18,406	(51,262)	25,082	(29,624)
Trade accounts payable	(314,030)	(310,440)	(92,716)	(1,335,395)
Other payables	129,746	(686,443)	(206,147)	(508,900)
Accrued revenue sharing expenses	4,641,136	4,047,306	3,377,652	3,338,080
Unearned income - mobile phone service	(41,334)	(4,456)	(113,242)	(176,351)
Advanced receipts from customers	(821,048)	141,131	-	-
Other current liabilities	4,059	(11,392)	22,477	35,523
Other non-current liabilities	5,999	3,949	3,958	7,364
Cash generated from operating activities	35,279,115	31,041,517	30,261,623	23,827,403
Income tax paid	(6,029,426)	(5,052,335)	(3,887,020)	(3,572,155)
Net cash from operating activities	29,249,689	25,989,182	26,374,603	20,255,248

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 six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	346,383	245,071	274,524	219,565
Purchase of property, plant, equipment and computer software	(1,866,978)	(1,326,212)	(228,355)	(659,599)
Sale of property and equipment	19,145	8,803	12,155	42,967
Purchase of assets under the Agreements for operations	(1,607,452)	(691,270)	(1,413,286)	(669,560)
Net changes increase of short-term loans to subsidiaries	-	-	(790,000)	(2,324,000)
Net changes (increase) decrease in current investments	(6,616,573)	3,600,105	(3,200,000)	2,200,000
Net changes increase in other long-term investments	(287)	(98)	-	-
Dividend received from subsidiaries	-	-	3,618,939	4,636,331
Net cash from (used in) investing activities	(9,725,762)	1,836,399	(1,726,023)	3,445,704
<i>Cash flows from financing activities</i>				
Interest paid	(618,859)	(837,181)	(618,518)	(903,543)
Other finance costs paid	(20,128)	(17,047)	(18,974)	(15,248)
Finance lease payments	(13,079)	(10,758)	(10,160)	(7,167)
Repayments of short-term loans from a subsidiary	-	-	-	(6,000,000)
Proceeds of long-term borrowings	1,373,250	-	1,373,250	-
Repayments of long-term borrowings	(243,074)	(243,074)	(243,074)	(243,074)
Proceeds from issue of ordinary shares	-	188,744	-	188,744
Dividend paid	(12,683,392)	(11,666,291)	(12,661,590)	(11,648,829)
Net cash used in financing activities	(12,205,282)	(12,585,607)	(12,179,066)	(18,629,117)
Net increase in cash and cash equivalents	7,318,645	15,239,974	12,469,514	5,071,835
Cash and cash equivalents at 1 January	18,360,810	10,451,398	5,471,762	3,000,298
Effect of exchange rate changes on balances held in foreign currencies	3,787	110	3,787	110
Cash and cash equivalents at 30 June	25,683,242	25,691,482	17,945,063	8,072,243
<i>Supplemental disclosures of cash flow information</i>				
Non-cash transactions				
Outstanding debts arising from investment in property, plant and equipment and assets under the Agreements for operations	1,733,477	1,001,875	1,341,358	649,088

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

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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 10 August 2012.

1 General information

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

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

Shin Corporation Public Company Limited is a major shareholder, holding 40.45% (31 December 2011: 40.45%) of the share capital of the Company and is incorporated in Thailand. SingTel Strategic Investments Pte Ltd. is a shareholder holding 23.32% (31 December 2011: 23.32%) of the share capital of the Company and is incorporated in Singapore.

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

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

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

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

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

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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 30 June 2012, TOT owns 48.12% of ADC's total shares (31 December 2011: 48.12%).

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

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

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

As at 30 June 2012, DPC paid the revenue sharing to CAT in a total amount of Baht 10,688 million (31 December 2011: Baht 10,353 million).

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

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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”).
- 11) The operation of OPERATING IN LAND AND BUILDING SPACE RENTAL AND SERVICE, AND RELATED FACILITIES.
- 12) The operation of OPERATING IT, AND CONTENT AGGREGATOR BUSINESS.

Details of the Company’s subsidiaries as at 30 June 2012 and 31 December 2011 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			30 June 2012	31 December 2011
Advanced Internet Revolution Co., Ltd.	Operate in internet business	Thailand	99.99	99.99
Advanced Datanetwork Communications Co., Ltd. * (* Indirect subsidiary)	Service provider of voice/ data communications via telephone line and broadband	Thailand	51.00	51.00
Advanced Contact Center Co., Ltd.	Service provider of call center	Thailand	99.99	99.99
Digital Phone Co., Ltd.	Service provider of digital mobile phone system in 1800 MHz	Thailand	98.55	98.55
Advanced Magic Card Co., Ltd.	Distributor of cash card business	Thailand	99.99	99.99
Advanced Mpay Co., Ltd.	Service provider of electronic payment and cash card	Thailand	99.99	99.99
AIN GlobalComm Co., Ltd.	Service provider of international call	Thailand	99.99	99.99
Advanced Wireless Network Co., Ltd.	Network operator, a telecom service operator and a computer system service	Thailand	99.99	99.99

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Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			30 June 2012	31 December 2011
Super Broadband Network Co., Ltd.	Network operator and a telecom service operator i.e. Service provider of internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP television service	Thailand	99.99	99.99
Wireless Device Supply Co., Ltd.	Importer and distributor of cellular phones and related accessories and cellular phone rental	Thailand	99.99	99.99
Mobile Broadband Business Co., Ltd. (* Indirect subsidiary)	Not start operation	Thailand	99.99	99.99
Advanced Mobile Broadband Co., Ltd. (* Indirect subsidiary)	Not start operation	Thailand	99.99	99.99
Fax Lite Co., Ltd.	Operate in land and building space rental and service, and related facilities	Thailand	99.97	99.97
MIMO Tech Co., Ltd.	Operate IT, and content aggregator businesses.	Thailand	99.99	99.99
Advanced Broadband Network Co., Ltd.	Not start operation	Thailand	99.97	99.97

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2009) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

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The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2011. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2011.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2011.

(b) *Presentation currency*

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

(c) *Use of estimates and judgements*

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's/Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2011.

3 Related parties

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

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

During the period, the Group/Company has entered into a number of transactions with related parties, the terms of which are negotiated in the ordinary course of business and according to normal trade conditions. Purchases products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading conditions. Consulting and management service fees are charged on a mutually agreed basis as a percentage of assets.

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

Name of entities	Country of incorporation/ nationality	Nature of relationships
Subsidiaries	Thailand	More than 50% shareholding or being controlled
Shin Corporation Public Company Limited and its related parties (“INTOUCH Group”)	Thailand, Laos and Cambodia	Shin Corporation Public Company Limited (“INTOUCH”) is a major shareholder, 40.45% shareholding and has some joint directors.
SingTel Strategic Investments Pte Ltd. and its related parties (“SingTel Group”)	Singapore	SingTel Strategic Investments Pte Ltd. (“SingTel”) is a major shareholder, 23.32% shareholding.
Other related parties	Thailand	Other parties have some joint directors.

Significant transactions for the three-month and six-month periods ended 30 June 2012 and 2011 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>Three-month period ended 30 June</i>	<i>(in million Baht)</i>			
<i>Service income</i>				
Subsidiaries	-	-	547	374
INTOUCH Group	22	27	5	5
SingTel Group	121	148	116	142
	143	175	668	521
<i>Sales of prepaid cards</i>				
Subsidiaries	-	-	2,455	2,618
<i>Sales of Refill on mobile (ROM)</i>				
Subsidiaries	-	-	229	145
<i>Dividend income</i>				
Subsidiaries	-	-	3,619	4,636
<i>Interest income</i>				
Subsidiaries	-	-	100	58
<i>Other income</i>				
Subsidiaries	-	-	54	59
INTOUCH Group	2	2	-	-
	2	2	54	59
<i>Rental and other service expenses</i>				
Subsidiaries	-	-	5,921	4,768
INTOUCH Group	176	154	30	30
SingTel Group	164	109	147	96
	340	263	6,098	4,894

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<i>Three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Advertising expense				
INTOUCH Group	<u>313</u>	<u>243</u>	<u>286</u>	<u>198</u>
Sale promotion expense				
Subsidiaries	-	-	60	23
INTOUCH Group	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
	<u>-</u>	<u>-</u>	<u>60</u>	<u>24</u>
Commission expense				
Subsidiary	<u>-</u>	<u>-</u>	<u>883</u>	<u>801</u>
Management employee benefit expense	<u>44</u>	<u>34</u>	<u>44</u>	<u>34</u>
Finance costs				
Subsidiaries	-	-	-	31
INTOUCH Group	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>	<u>1</u>	<u>32</u>
Dividend paid				
INTOUCH Group	5,123	4,954	5,123	4,954
SingTel Group	<u>2,954</u>	<u>2,477</u>	<u>2,954</u>	<u>2,477</u>
	<u>8,077</u>	<u>7,431</u>	<u>8,077</u>	<u>7,431</u>
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Service income				
Subsidiaries	-	-	1,129	762
INTOUCH Group	46	53	10	10
SingTel Group	<u>246</u>	<u>308</u>	<u>235</u>	<u>292</u>
	<u>292</u>	<u>361</u>	<u>1,374</u>	<u>1,064</u>
Sales of prepaid cards				
Subsidiaries	<u>-</u>	<u>-</u>	<u>4,917</u>	<u>5,063</u>
Sales of Refill on mobile (ROM)				
Subsidiaries	<u>-</u>	<u>-</u>	<u>419</u>	<u>277</u>
Sales of property and other assets				
Subsidiaries	<u>-</u>	<u>-</u>	<u>3</u>	<u>36</u>
Dividend income				
Subsidiaries	<u>-</u>	<u>-</u>	<u>3,619</u>	<u>4,636</u>
Interest income				
Subsidiaries	<u>-</u>	<u>-</u>	<u>197</u>	<u>118</u>
Other income				
Subsidiaries	-	-	110	115
INTOUCH Group	<u>5</u>	<u>4</u>	<u>-</u>	<u>-</u>
	<u>5</u>	<u>4</u>	<u>110</u>	<u>115</u>

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<i>Six-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Rental and other service expenses</i>				
Subsidiaries	-	-	12,065	8,702
INTOUCH Group	342	311	56	69
SingTel Group	264	175	233	152
	606	486	12,354	8,923
<i>Advertising expense</i>				
INTOUCH Group	490	446	427	382
<i>Sale promotion expense</i>				
Subsidiaries	-	-	97	54
INTOUCH Group	-	1	-	1
	-	1	97	55
<i>Commission expense</i>				
Subsidiary	-	-	1,771	1,583
<i>Purchases of property and other assets</i>				
Subsidiaries	-	-	-	29
<i>Management employee benefit expense</i>	73	58	73	58
<i>Finance costs</i>				
Subsidiaries	-	-	-	66
INTOUCH Group	2	2	2	2
	2	2	2	68
<i>Dividend paid</i>				
INTOUCH Group	5,123	4,954	5,123	4,954
SingTel Group	2,954	2,477	2,954	2,477
	8,077	7,431	8,077	7,431

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Balances as at 30 June 2012 and 31 December 2011 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
<i>Trade accounts receivable</i>				
Subsidiaries	-	-	1,638	5,214
INTOUCH Group	14	10	2	2
SingTel Group	4	40	2	39
Total	18	50	1,642	5,255
<i>Accrued income</i>				
Subsidiaries	-	-	76	109
INTOUCH Group	2	2	-	-
SingTel Group	16	16	14	15
Total	18	18	90	124
<i>Other receivables</i>				
<i>Other accounts receivable</i>				
Subsidiaries	-	-	13	29
<i>Accrued interest income</i>				
Subsidiaries	-	-	188	93
<i>Short-term loans to related parties</i>				
Subsidiaries	-	-	8,895	8,105

As at 30 June 2012, short-term loans at call to subsidiaries represent promissory notes, bearing interest at the rate of 4.72% per annum (31 December 2011: 4.93% per annum).

Movements during the six-month periods 30 June 2012 and 2011 of loans to related parties of the Company were as follows:

	Separate financial statements	
	2012	2011
	<i>(in million Baht)</i>	
<i>Short-term loans to related parties</i>		
Subsidiaries		
At 1 January	8,105	5,531
Increase	10,195	7,970
Decrease	(9,405)	(5,646)
At 30 June	8,895	7,855

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	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Trade accounts payable				
Subsidiaries	-	-	750	832
INTOUCH Group	103	47	23	7
SingTel Group	4	3	-	-
Total	107	50	773	839
Other payables				
<i>Other accounts payable</i>				
Subsidiaries	-	-	321	503
INTOUCH Group	49	65	47	59
SingTel Group	23	8	23	8
Total	72	73	391	570
<i>Accrued expenses</i>				
Subsidiaries	-	-	2,259	2,200
INTOUCH Group	210	372	143	311
SingTel Group	28	27	24	24
Total	238	399	2,426	2,535

Movements during the six-month periods ended 30 June 2012 and 2011 of short-term loans from related parties of the Company were as follows:

	Separate	
	financial statements	financial statements
	2012	2011
	<i>(in million Baht)</i>	
Short-term loans from related parties		
Subsidiaries		
At 1 January	-	9,100
Increase	-	24,500
Decrease	-	(30,500)
At 30 June	-	3,100

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Long-term debentures				
Subsidiary	-	-	1	1
INTOUCH Group*	53	53	53	53
Other related parties	9	9	9	9
Total	62	62	63	63

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

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Significant agreements with related parties

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

- 1) The Company has entered into interconnection and national roaming agreements with Digital Phone Company Limited, a subsidiary. The suspension or termination of the agreement shall be referred to the regulations and conditions of the National Telecommunications Commission.
- 2) AIN GlobalComm Co., Ltd., a subsidiary, has entered into interconnection agreement with Digital Phone Company Limited, a subsidiary. The suspension or termination of the agreement shall be referred to the regulations and conditions of the National Telecommunications Commission.
- 3) The Group has entered into the site share agreements among its related parties to provide site area including related facilities for installation of telecommunication equipment. The contract parties have a right to terminate the agreement by giving advance written notice to the counterparty of not less than 60 days.
- 4) The Company and its subsidiaries have entered into a call center service agreement with Advanced Contact Center Co., Ltd. (“ACC”), a subsidiary. ACC will provide service and required information including resolving problem requests from the customers. The contract parties have a right to terminate the agreement by giving the counterparty a written notice for 30 days in advance.
- 5) The Company and its related parties have entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd, its subsidiaries, to provide payment service for goods/service purchased through electronic payments and cash card. The contract parties have a right to terminate the agreement by giving advance written notice of not less than 30 days.
- 6) Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd, its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The contract parties have a right to terminate the agreement by giving advance written notice of not less than 15 days.
- 7) The Company and its subsidiaries have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The contract parties have a right to terminate the agreement by giving advance written notice of not less than 30 days.
- 8) The Company and its subsidiaries have entered into an international roaming service agreement with the SingTel Group, related parties. The contract parties have a right to terminate the agreement by giving a written notice of 60 days in advance.
- 9) The Company and its subsidiaries have entered into an agreement with MIMO Tech Co., Ltd., a subsidiary, of providing or aggregating the variety of content as value added services on mobile network or wireless device. The contract parties have a right to terminate the agreement by giving a written notice of 30 days in advance.
- 10) The Company has entered into a satellite transponder lease agreement with Thaicom Public Company Limited, a related party, for a monthly fee according to the rate and condition specified in the agreement. The agreement is valid until 21 June 2015.

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

Shin Corporation's warrants

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

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

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

Movements during the six-month periods ended 30 June 2012 and 2011 of the number of INTOUCH's warrants are as follows:

	Separate financial statements	
	2012	2011
	<i>(million units)</i>	
At 1 January	-	0.83
At 30 June	-	0.83

For the six-month period ended 30 June 2012, the Company's directors have not exercised warrants (2011: Directors have not exercised warrants).

4 Specifically-designated bank deposits

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries' deposits held at call with banks equal to the subsidiaries' outstanding balance of advance from customers as at 30 June 2012 amounting to Baht 2,513 million (31 December 2011: Baht 3,526 million) cannot be used for other purposes apart from payments to service providers.

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5 Other investments

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
<i>Current investments</i>				
Bill of exchange at financial institutions	3,200	-	3,200	-
Fixed deposit at financial institutions	3,404	-	-	-
Available-for-sale securities	738	727	-	-
	7,342	727	3,200	-
<i>Other long-term investments</i>				
Fixed deposits at financial institutions - pledged	13	13	-	-
Other non-marketable equity securities	93	93	93	93
	106	106	93	93
Total	7,448	833	3,293	93

Movements during the six-month periods ended 30 June 2012 and 2011 of available-for-sale of marketable equity and debt securities were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Current investments</i>				
Available-for-sale securities				
At 1 January	727	118	-	-
Purchases during the period	559	557	-	-
Sales during the period	(548)	(57)	-	-
At 30 June	738	618	-	-

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6 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
<i>(in million Baht)</i>					
Related parties:	3				
- Trade accounts receivable		18	50	1,642	5,255
- Accrued income		18	18	90	124
		<u>36</u>	<u>68</u>	<u>1,732</u>	<u>5,379</u>
Other parties:					
- Trade accounts receivable		4,364	4,320	3,686	3,611
- Accrued income		3,591	3,352	3,468	3,256
		<u>7,955</u>	<u>7,672</u>	<u>7,154</u>	<u>6,867</u>
Total		7,991	7,740	8,886	12,246
Less allowance for doubtful accounts		(689)	(703)	(648)	(660)
Net		7,302	7,037	8,238	11,586
Bad and doubtful debts expense for the three-month period ended 30 June		132	142	125	139
the six-month period ended 30 June		261	274	249	269

Aging analyses for trade accounts receivable are as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
<i>(in million Baht)</i>				
Related parties				
Current - 3 months	34	63	1,732	5,379
Overdue 3 - 6 months	1	2	-	-
Overdue 6 - 12 months	-	3	-	-
Overdue over 12 months	1	-	-	-
	<u>36</u>	<u>68</u>	<u>1,732</u>	<u>5,379</u>
Other parties				
Current - 3 months	7,417	7,163	6,678	6,424
Overdue 3 - 6 months	174	182	138	146
Overdue 6 - 12 months	55	49	53	39
Overdue over 12 months	309	278	285	258
	<u>7,955</u>	<u>7,672</u>	<u>7,154</u>	<u>6,867</u>
Less allowance for doubtful accounts	(689)	(703)	(648)	(660)
	<u>7,266</u>	<u>6,969</u>	<u>6,506</u>	<u>6,207</u>
Net	7,302	7,037	8,238	11,586

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

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7 Investments in subsidiaries

Dividend income from subsidiaries

At the board of Director's meeting of the subsidiaries, resolutions were passed to approve the interim dividend payment to the shareholders as follows:

Company	Date of meeting	Dividend Baht/share	Amount Million Baht
Digital Phone Co., Ltd.	6 June 2012	4.10	1,477
Wireless Device Supply Co., Ltd.	13 June 2012	800.00	400
MIMO Tech Co., Ltd.	13 June 2012	1,730.00	865
AIN GlobalComm Co., Ltd.	13 June 2012	305.00	610
Advanced Mpay Co., Ltd.	13 June 2012	7.25	218
Super Broadband Network Co., Ltd.	13 June 2012	16.50	49

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Investments in subsidiaries at 30 June 2012 and 31 December 2011, and dividend income from those investments for the six-month periods ended 30 June 2012 and 2011 were as follows:

	Separate financial statements										Dividend income for the	
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost-net		six months ended	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	30 June 2011
	(%)				(in million Baht)							
Subsidiaries												
Advanced Internet Revolution Co., Ltd.	99.99	99.99	240	240	600	600	(335)	(335)	265	265	-	-
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	-	-	811	811	-	75
Digital Phone Co., Ltd.	98.55	98.55	3,655	3,655	12,493	12,493	(5,539)	(5,539)	6,954	6,954	1,477	1,181
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-	-
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	-	-	336	336	218	-
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	-	-	100	100	610	580
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	49	-
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	400	1,450
Fax Lite Co., Ltd.	99.97	99.97	1	1	1	1	-	-	1	1	-	-
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	865	1,350
Advanced Broadband Network Co., Ltd.	99.97	99.97	1	1	1	1	-	-	1	1	-	-
Total					15,342	15,342	(5,874)	(5,874)	9,468	9,468	3,619	4,636

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8 Capital expenditures

Acquisitions, disposals and transfers of capital expenditures during the six-month periods ended 30 June 2012 and 2011 were as follows:

	Consolidated financial statements							
	2012				2011			
	Property, plant and equipment	Assets under the Agreements for operation	Intangible assets	Total	Property, plant and equipment	Assets under the Agreements for operation	Intangible assets	Total
	<i>(in million Baht)</i>							
Cost								
At 1 January	40,156	192,974	12,123	245,253	37,377	190,322	11,949	239,648
Additions	1,922	2,459	142	4,523	1,544	1,071	81	2,696
Transfer and reclassify	(14)	(334)	15	(333)	(7)	-	7	-
Disposal and write-off	(44)	(13)	-	(57)	(36)	(43)	-	(79)
At 30 June	42,020	195,086	12,280	249,386	38,878	191,350	12,037	242,265
Depreciation, amortisation and impairment losses								
At 1 January	(32,540)	(156,469)	(9,848)	(198,857)	(30,288)	(142,146)	(9,185)	(181,619)
Depreciation and amortisation	(1,100)	(6,452)	(339)	(7,891)	(1,335)	(7,334)	(329)	(8,998)
Transfer and reclassify	-	246	-	246	-	-	-	-
Impairment losses	-	-	-	-	(27)	-	-	(27)
Disposal and write-off	41	4	-	45	30	40	-	70
At 30 June	(33,599)	(162,671)	(10,187)	(206,457)	(31,620)	(149,440)	(9,514)	(190,574)
Net book value								
At 1 January	7,616	36,505	2,275	46,396	7,089	48,176	2,764	58,029
At 30 June	8,421	32,415	2,093	42,929	7,258	41,910	2,523	51,691

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	Separate financial statements							
	2012				2011			
	Property, plant and equipment	Assets under the Agreements for operation	Intangible assets	Total <i>(in million Baht)</i>	Property, plant and equipment	Assets under the Agreements for operation	Intangible assets	Total
<i>Cost</i>								
At 1 January	28,768	177,730	2,922	209,420	28,662	175,342	3,255	207,259
Additions	230	2,253	7	2,490	702	1,037	13	1,752
Transfer and reclassify	(6)	(334)	6	(334)	(7)	-	7	-
Disposal and write-off	(41)	-	-	(41)	(97)	-	(13)	(110)
At 30 June	28,951	179,649	2,935	211,535	29,260	176,379	3,262	208,901
<i>Depreciation, amortisation and impairment losses</i>								
At 1 January	(26,669)	(142,162)	(2,689)	(171,520)	(25,799)	(128,691)	(2,805)	(157,295)
Depreciation and amortisation	(492)	(6,072)	(23)	(6,587)	(867)	(6,859)	(38)	(7,764)
Transfer and reclassify	-	246	-	246	-	-	-	-
Disposal and write-off	37	-	-	37	71	-	-	71
At 30 June	(27,124)	(147,988)	(2,712)	(177,824)	(26,595)	(135,550)	(2,843)	(164,988)
<i>Net book value</i>								
At 1 January	2,099	35,568	233	37,900	2,863	46,651	450	49,964
At 30 June	1,827	31,661	223	33,711	2,665	40,829	419	43,913

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9 Trade accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
		<i>(in million Baht)</i>			
Related parties	3	107	50	773	839
Other parties		4,040	3,470	1,978	1,239
Total		4,147	3,520	2,751	2,078

10 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Current				
Current portion of long-term borrowings, net	454	452	454	452
Current portion of long-term debentures, net	8,996	4,994	8,996	4,994
Current portion of finance lease liabilities	23	23	19	18
	<u>9,473</u>	<u>5,469</u>	<u>9,469</u>	<u>5,464</u>
Non-current				
Long-term borrowings, net	7,205	5,979	7,205	5,979
Long-term debentures, net	6,499	10,497	6,499	10,497
Finance lease liabilities	54	61	46	49
	<u>13,758</u>	<u>16,537</u>	<u>13,750</u>	<u>16,525</u>
Total	23,231	22,006	23,219	21,989

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.

The carrying amounts and fair values of long-term debentures (gross of issue costs) as at 30 June 2012 and 31 December 2011 are as follows:

	Consolidated and separate financial statements			
	Carrying amount		Fair values*	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Long-term debentures	15,500	15,500	15,742	15,862

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

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Movement during the six-month periods ended 30 June 2012 and 2011 of borrowings were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
At 1 January	22,006	36,361	21,989	36,340
Additions	1,383	7	1,382	6
Transaction cost	(13)	-	(13)	-
Repayments	(256)	(254)	(253)	(250)
Terminate cost	(3)	(2)	-	(1)
Unrealised loss on foreign exchange	108	479	108	479
Amortisation	6	4	6	4
At 30 June	<u>23,231</u>	<u>36,595</u>	<u>23,219</u>	<u>36,578</u>

11 Share capital

<i>Six-month period ended 30 June</i>	Par value per share <i>(in Baht)</i>	2012		2011	
		Number	Baht	Number	Baht
		<i>(million shares / million Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	1	<u>4,997</u>	<u>4,997</u>	<u>4,997</u>	<u>4,997</u>
At 30 June					
- ordinary shares	1	<u>4,997</u>	<u>4,997</u>	<u>4,997</u>	<u>4,997</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	<u>2,973</u>	<u>2,973</u>	<u>2,970</u>	<u>2,970</u>
Issue of new shares	1	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
At 30 June					
- ordinary shares	1	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>

As at 30 June 2012, the total issued number of ordinary shares is 2,973 million shares (31 December 2011: 2,973 million shares) with a par value of Baht 1 per share (31 December 2011: Baht 1 per share). All issued shares are fully paid.

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12 Warrants

Warrants granted to directors and employees

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

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

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

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

Movements in the number of warrants outstanding during the six-month periods ended 30 June 2012 and 2011 are as follows:

	2012			2011		
	Directors	Employees	Total (million units)	Directors	Employees	Total
At 1 January	-	-	-	1.55	1.32	2.87
Exercised	-	-	-	(0.10)	(1.96)	(2.06)
Transfer	-	-	-	(0.64)	0.64	-
Cancelled	-	-	-	(0.81)	-	(0.81)
At 30 June	-	-	-	-	-	-

The exercise of warrants complied with the terms and conditions of the issuance of warrants which were approved by the Company's shareholders. The Board of Director or the Annual General Meeting approved the dividend in excess of 50% of its net profit.

13 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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Information about reportable segments :

<i>Three-month period ended 30 June</i>	Consolidated financial statements							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>							
Revenues:								
Revenues from services and equipment rentals	30,348	27,530	18	7	151	144	30,517	27,681
Revenue from sales	-	-	3,970	3,429	1	-	3,971	3,429
Total revenues	30,348	27,530	3,988	3,436	152	144	34,488	31,110
Operating expenses:								
Cost of sales, services and equipment rentals	(16,399)	(15,830)	(3,690)	(3,054)	(107)	(52)	(20,196)	(18,936)
Operating expenses	(2,514)	(2,225)	(81)	(160)	(59)	(54)	(2,654)	(2,439)
Impairment loss of assets	-	(385)	-	-	-	-	-	(385)
Finance cost	(292)	(443)	(1)	(1)	-	-	(293)	(444)
Operating profit before taxes	11,143	8,647	216	221	(14)	38	11,345	8,906

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<i>Six-month period ended 30 June</i>	Consolidated financial statements							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>							
Revenues:								
Revenues from services and equipment rentals	60,727	54,971	31	12	300	285	61,058	55,268
Revenue from sales	-	-	8,606	6,990	1	-	8,607	6,990
Total revenues	60,727	54,971	8,637	7,002	301	285	69,665	62,258
Operating expenses:								
Cost of sales, services and equipment rentals	(32,924)	(31,438)	(7,977)	(6,159)	(210)	(120)	(41,111)	(37,717)
Operating expenses	(4,663)	(4,383)	(209)	(302)	(95)	(126)	(4,967)	(4,811)
Impairment loss of assets	-	(771)	-	-	-	-	-	(771)
Finance cost	(579)	(873)	(1)	(2)	-	-	(580)	(875)
Operating profit before taxes	22,561	17,506	450	539	(4)	39	23,007	18,084

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2011.

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14 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's and the Company's consolidated effective tax rate in respect of continuing operations for the three-months and six-months ended 30 June 2012 was 22.95% / 16.24% and 23.06% / 19.13%, respectively, (30 June 2011: 30.94% / 17.39% and 31.23% / 22.36%, respectively). This change in effective tax rate was caused mainly by the following factors:

- Reduction in the corporate income tax rate for 2012 and subsequent years pursuant to the Cabinet announcement on 11 October 2011.
- Losses suffered by certain subsidiaries cannot be set-off against the profits of other subsidiaries for tax purposes.
- Some expenses occurred during the first quarter of 2011 for which no deferred tax asset was recognised because management considered it unlikely that future taxable profits would be available against which they could be utilised.

15 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the three-month and six-month periods ended 30 June 2012 and 2011 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>Three-month period ended 30 June</i>				
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	8,713	6,116	10,251	9,327
Number of ordinary shares outstanding at 1 January	2,973	2,970	2,973	2,970
Effect of shares issued during January to June	-	2	-	2
Weighted average number of ordinary shares outstanding (basic)	2,973	2,972	2,973	2,972
Earnings per share (basic) (in Baht)	2.93	2.06	3.45	3.14

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<i>Six-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	17,639	12,385	16,844	14,345
Number of ordinary shares outstanding at 1 January	2,973	2,970	2,973	2,970
Effect of shares issued during January to June	-	1	-	1
Weighted average number of ordinary shares outstanding (basic)	2,973	2,971	2,973	2,971
Earnings per share (basic) (in Baht)	5.93	4.17	5.67	4.83

Diluted earnings per share

The calculation of diluted earnings per share for the three-month and six-month periods ended 30 June 2012 and 2011 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>Three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	8,713	6,116	10,251	9,327
Profit attributable to ordinary shareholders of the Company (diluted)	8,713	6,116	10,251	9,327
Weighted average number of ordinary shares outstanding (basic)	2,973	2,972	2,973	2,972
Effect of exercise of warrants	-	-	-	-
Weighted average number of ordinary shares outstanding (diluted)	2,973	2,972	2,973	2,972
Earnings per share (diluted) (in Baht)	2.93	2.06	3.45	3.14

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<i>Six-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	17,639	12,385	16,844	14,345
Profit attributable to ordinary shareholders of the Company (diluted)	17,639	12,385	16,844	14,345
Weighted average number of ordinary shares outstanding (basic)	2,973	2,971	2,973	2,971
Effect of exercise of warrants	-	-	-	-
Weighted average number of ordinary shares outstanding (diluted)	2,973	2,971	2,973	2,971
Earnings per share (diluted) (in Baht)	5.93	4.17	5.67	4.83

16 Dividends

At the annual general meeting of the shareholders of the Company held on 28 March 2012, the shareholders approved the appropriation of dividend of Baht 4.26 per share, amounting to Baht 12,662 million. The dividend was paid to shareholders on 23 April 2012.

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17 Financial instruments

As at 30 June 2012 and 31 December 2011, net swap and forward receivables (payables), are as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Swap contracts:				
Swap contracts receivable	6,823	5,562	6,823	5,562
Swap contracts payable**	<u>(7,025)</u>	<u>(5,869)</u>	<u>(7,025)</u>	<u>(5,869)</u>
Total swap contracts payable	<u>(202)</u>	<u>(307)</u>	<u>(202)</u>	<u>(307)</u>
Forward contracts:				
Forward contracts receivable	857	880	857	880
Forward contracts payable**	<u>(953)</u>	<u>(982)</u>	<u>(953)</u>	<u>(982)</u>
Total forward contracts payable	<u>(96)</u>	<u>(102)</u>	<u>(96)</u>	<u>(102)</u>
Total swap and forward contracts:				
Swap and forward contracts receivable	7,680	6,442	7,680	6,442
Swap and forward contracts payable**	<u>(7,978)</u>	<u>(6,851)</u>	<u>(7,978)</u>	<u>(6,851)</u>
Total swap and forward contracts payable	<u>(298)</u>	<u>(409)</u>	<u>(298)</u>	<u>(409)</u>
Current liabilities				
Other current liabilities	(39)	(41)	(39)	(41)
Non-current assets (liabilities)				
Swap and forward contracts receivable	144	74	144	74
Swap and forward contracts payable	<u>(403)</u>	<u>(442)</u>	<u>(403)</u>	<u>(442)</u>
	<u>(259)</u>	<u>(368)</u>	<u>(259)</u>	<u>(368)</u>
Total	<u>(298)</u>	<u>(409)</u>	<u>(298)</u>	<u>(409)</u>

The nominal amounts and fair values of swap and forward contracts as at 30 June 2012 and 31 December 2011 are as follows:

	Consolidated and separate financial statements			
	Nominal amounts**		Fair values*	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Swap contracts	7,025	5,869	6,645	5,400
Forward contracts	<u>953</u>	<u>982</u>	<u>893</u>	<u>912</u>
Total	<u>7,978</u>	<u>6,851</u>	<u>7,538</u>	<u>6,312</u>

*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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18 Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2012	2011	2012	2011
	<i>(in million)</i>			
Capital commitments				
<i>Contracted but not provided for</i>				
Assets under the Agreement for Operation				
Thai Baht	755	927	736	899
US Dollars	209	78	206	73
Japanese Yen	79	93	79	93
Euro	-	1	-	1
Property and equipment				
Thai Baht	3,064	2,923	32	85
US Dollars	37	26	-	-
Japanese Yen	675	816	-	-
Euro	3	4	-	-
Service maintenance agreements				
Thai Baht	2,979	1,274	2,243	992
US Dollars	84	9	73	5
Japanese Yen	44	-	44	-
	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Non-cancellable operating lease				
Commitments				
Within one year	1,280	1,333	635	858
After one year but within five years	1,270	1,347	537	667
After five years	21	26	21	26
Total	2,571	2,706	1,193	1,551
Other commitments				
Forward and swap contracts	9,526	9,773	9,526	9,773
Bank guarantees:				
- The Agreements for operation	11,761	11,743	8,467	8,467
- Others	555	519	356	318
Total	21,842	22,035	18,349	18,558

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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19 Significant events, commercial disputes and litigation

The Company

1) The opinion of the Council of State relating to the amendments or supplements to the Agreement for Operation

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between TOT Public Company Limited who is the Telephone Organization of Thailand at that time (“TOT”) and Advanced Info Service Public Company Limited after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines TOT should implement.

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

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

However, since the amendments to the Agreement upon which the consultation is being sought were not legitimately carried out according to the Act on Private Participation in State Undertaking, B.E. 2535 which was in force at the time of effecting those amendments because those amendments had not been proposed for the consideration of the Coordination committee according to Section 22 and not forwarded to the Cabinet, being the organ charged with the authority to approve of the amendments to the Agreement pursuant to the Act as aforesaid, the amendments made to the Agreement with TOT as the contracting party were therefore carried out without legal authority.

However, the procedures to amend the Agreement represent administrative juristic acts which are capable of being separated from the amendments to the Agreement already effected and those amendments to the Agreement are still in force so long as they are not rescinded or extinguished by statute of limitation or by other causes. In case the Cabinet, vested with the authority under the law and having considered the causes for the rescission, the impact, and the propriety on the basis of the State’s and the public interest, is of the opinion that the illegitimate procedures have resulted in damage that warrants rescinding the amendments to the Agreement already effected, the Cabinet may legitimately rescind such amendments to the Agreement. However, if the Cabinet, upon having considered the same, deems it justified, with regard to the State’s or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval for the procedures to further amend the Agreement, as appropriate, with the unit owning the project and the Coordination committee pursuant to Section 22 being the parties to submit the facts, justifications, and opinion for the consideration of the Cabinet.”

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

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

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2) The deduction of excise tax from the revenue sharing between the Company and TOT Public Company Limited (“TOT”)

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

This amount is the same as an excise tax that the Company had delivered to Excise Department during 28 January 2003 to 26 February 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Thus, the Company has fully complied with the Cabinet’s resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet. Moreover, TOT had sent letter no. Tor Sor Tor. Bor Yor./843 dated 10 March 2003 stating that the Company has fully complied with the Cabinet’s resolution and the Company’s burden remains at the same percentage rate as specified in the contract and the submission of the said excise tax return shall not affect the terms of the contract.

On 20 May 2011, the Arbitral Tribunal has dismissed the case by giving the reason which can be summarised that the Company was not in breach of the Agreement since the Company has completely made the payment of the revenue sharing and all debt was therefore paid in full. Therefore, TOT has no right to re-claim for the alleged deficit amount.

On 22 September 2011, TOT has submitted the case no. Black 1918/2554 to the Central Administrative Court to revoke the Arbitral Tribunal’s award. Presently, the said case is pending on the Central Administrative Court process.

3) Interconnection agreement in accordance with the announcement of National Telecommunication Commission (“NTC”)

According to Telecommunication Business Operation Act B.E. 2544 and the announcement of National Telecommunication Commission (“NTC”) regarding the Use and Interconnect of Telecommunication Network B.E. 2549, the Company has entered into an interconnection (“IC”) agreement with other operators approved by NTC and the effective period of the agreement is listed below:

Operators	Effective period
1) Total Access Communication PCL.	30 November 2006 onwards
2) Truemove Company Limited	16 January 2007 onwards
3) Digital Phone Company Limited	1 June 2009 onwards
4) CAT Telecom Public Company Limited	7 April 2010 onwards

On 31 August 2007, TOT Public Company Limited (“TOT”) has filed a lawsuit against NTC to the Central Administrative Court to revoke the said announcement. On 15 September 2010, the Central Administrative Court has dismissed the case which TOT filed to revoke the announcement of NTC regarding the Use and Interconnect of Telecommunication Network B.E. 2549. TOT has appealed such dismissal to the Supreme Administrative Court. On 4 February 2008 TOT sent a letter to the Company informing that the Company should wait for the final judgment of the Court. Should the Company undertake the IC agreements per the NTC announcement before the final judgment of the Court, TOT shall not recognise the Company’s related actions and the Company must be responsible for such actions.

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

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

However, after having considered the letter from TOT, the relevant laws and the comments of the legal consultant, the management of the Company is of the opinion that non-compliance with the above Interconnection Agreement would be in conflict with the announcement of NTC regarding the Use and Interconnect of Telecommunication Network. Therefore, the Company decided to comply with the said Agreements which are in line with the legal provisions currently in force by issuing invoices to collect the interconnection charge from the contractual parties.

On 30 December 2008, the Company has remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of the Company to TOT. Later, the Company and TOT had set up the negotiation committee to seek for the conclusion but it could not be done as TOT required the Company to pay revenue sharing calculated on gross interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company has to pay to other operators. Thus, on 26 January 2011, TOT sent a letter demanding the Company to pay the revenue sharing on the interconnection charges of the concession year 17 - 20 in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month. But the Company disagreed and sent a letter opposing the said claim to TOT and the Company has submitted the dispute to the Dispute Reconciliation Office, Arbitration Institute ref. no. Black 19/2554 on 9 March 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing. At present, the said dispute is pending on the Arbitration procedures.

Digital Phone Company Limited ("DPC")

1) The opinion of the Council of State relating to the amendments or supplements to the Agreement for Operation

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

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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.”

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

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

2) The deduction of excise tax from the revenue sharing between DPC and CAT Telecom Public Company Limited (“CAT”)

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

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

This amount is the same as an excise tax that DPC had delivered to Excise Department during 16 September 2003 to 15 September 2007 and deducted it from revenue sharing according to the

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resolution of the Cabinet dated 11 February 2003. Moreover, CAT has sent a letter No. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet's resolution. Thus, DPC has correctly and fully complied with the Cabinet's resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet.

On 1 March 2011, the Arbitral Tribunal has dismissed the case by giving the reason which can be summarised that DPC was not in breach of the Agreement since DPC has completely made the payment of the revenue sharing and all debt was therefore paid in full. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

On 3 June 2011, CAT has submitted the case no. Black 1259/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Presently, the said case is pending on the Central Administrative Court process.

3) The deduction of access charge from revenue sharing between DPC and CAT Telecom Public Company Limited ("CAT")

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

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

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

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

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

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

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4) Access charge payment between DPC, CAT Telecom Public Company Limited (“CAT”) and TOT Public Company Limited (“TOT”)

On 9 May 2011, TOT Public Company Limited (“TOT”) has submitted the case no. Black 1099/2554 to the Central Administrative Court against CAT Telecom Public Company Limited (“CAT”) as the defendant no. 1 and Digital Phone Company Limited (“DPC”) as the defendant no. 2 demanding CAT and DPC to pay the access charge amounting to Baht 2,436 million plus value added tax and interest calculated up to 9 May 2011, total amount of claim is Baht 2,954 million plus interest until the full payment is made as follows:

- 1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 432 million.
- 2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 2,331 million.
- 3) The discount of access charge at the rate of Baht 22/number/month that DPC deducted from the revenue sharing, in the amount of Baht 191 million. Part of this demand is the same amount as CAT has claimed according to the dispute no. Black 68/2551 mentioned above but different in terms of the calculation period and interest.

At present, the said case is pending consideration of the Central Administrative Court. The Company’s management believes that the outcome of the said case shall be in favour of DPC and have no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

5) To deliver and transfer ownership of towers and equipments of power supply between DPC and CAT Telecom Public Company Limited (“CAT”)

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

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

6) The reduction of roaming fee between DPC and CAT Telecom Public Company Limited (“CAT”)

Starting from 1 July 2006, CAT Telecom Public Company Limited (“CAT”) allowed Digital Phone Company Limited (“DPC”), a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for 3-month period several times thereafter until 31 March 2007. After that, CAT did not notify DPC of any changes until on 24 March 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from 1 April 2007. On 8 May 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable

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for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On 31 March 2009, CAT has approved DPC to charge roaming fee at Baht 1.10 per minute during 1 January 2009 - 31 March 2009. Moreover, DPC has entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission (“NTC”) on 16 June 2009.

On 15 July 2010, CAT has submitted a dispute under case no. Black 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10th - 12th operation year that DPC reduced roaming fee per minute from Baht 2.10 to Baht 1.10 during 1 April 2007 - 31 December 2008 amounting to Baht 1,636 million plus penalty computing up to March 2010 of Baht 364 million, totaling Baht 2,000 million and penalty at the rate of 1.25 percent per month from April 2010 until the full payment is made by alleging that CAT had approved the said roaming fee reduction up to 31 March 2007 only.

On 12 September 2011, CAT has submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute; case no. Black 89/2554 demanding DPC to make additional payment of revenue sharing of 12th operation year which DPC reduced roaming fee from Baht 2.10 per minute to Baht 1.10 per minute during 1 April 2009 - 15 June 2009 in the amount of Baht 113 million plus penalty at the rate of 1.25% per month from 1 April 2009 until full payment is made.

At present, the said dispute is pending on the Arbitration process. The Company’s management believes that the outcome of the said dispute shall have no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

7) The damage arisen from uncollectible international call service charges between DPC and CAT Telecom Public Company Limited (“CAT”)

On 8 April 2011, CAT Telecom Public Company Limited (“CAT”) submitted a dispute no. black 32/2554 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay Baht 33 million including interest at the rate of 15% per annum of the claimed amount, total amount of claim Baht 35 million by alleging that DPC has committed a breach of the Digital PCN (Personal Communication Network) 1800 Service Agreement due to subscriber fraud on the Digital PCN 1800 Service Agreement between DPC and subscribers for 1,209 numbers during 1997 - 2003 causing damages to CAT where CAT was unable to collect the international call service charges occurred from the use of such numbers.

At present, the said dispute is pending on the Arbitration procedures. The Company’s management believes that the outcome of the said dispute shall be settled favourably and has no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating conditions of the Agreement in all respects.

AIN Globalcomm Company Limited (“AIN”)

The international direct dialling service by using the symbol “+” between AIN and CAT Telecom Public Company Limited (“CAT”)

On 7 March 2008, CAT Telecom Public Company Limited (“CAT”) has submitted the black case no. 1245/2551 to the Civil Court against the Company as the defendant no. 1 and AIN Globalcomm Company Limited, a subsidiary, as the defendant no. 2 requesting the Company and the subsidiary to pay compensation with interest rate at 7.5% per annum for damage up to the date of case submission equalling to Baht 130 million. The reason in a case is to change traffic of the

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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 dialing service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN has caused mistaken to the subscribers who use international direct dialing service that they are using the code 001 of CAT, therefore, the acts of the Company have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with the Company have not infringed the right of CAT as well. However, CAT has appealed such dismissal on 10 March 2010. Presently, the said case is pending on the Court of Appeals process.

20 Events after the reporting period

Interim dividend

At the Board of Directors’ meeting held on 10 August 2012, the Board passed a resolution to approve a declaration of interim dividend for Baht 5.90 per shares. The interim dividend will be paid to the shareholders on 6 September 2012.