

**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 three-month and nine-month periods ended
30 September 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 September 2012; the consolidated and separate statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2012 and 2011, and the related statement of changes in equity and cash flows for the nine-month periods ended 30 September 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 reviews.

Scope of Review

I conducted my reviews 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 reviews, 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
7 November 2012

Advanced Info Service Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 September 2012 and 31 December 2011

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 September 2012 (Unaudited)	31 December 2011	30 September 2012 (Unaudited)	31 December 2011
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		19,283,418	18,360,810	8,582,506	5,471,762
Specifically-designated bank deposits	4	3,059,475	3,526,166	-	-
Current investments	5	3,220,081	726,545	-	-
Trade accounts receivable	3,6	7,451,904	7,037,320	8,879,533	11,586,341
Other receivables	3	2,734,522	2,327,576	1,051,164	1,176,419
Short-term loans to related parties	3	-	-	10,815,000	8,105,000
Inventories		781,637	1,087,090	187,127	128,227
Deposit guarantee for 2.1 GHz licensing auction		1,350,000	-	-	-
Other current assets		61,769	112,352	-	-
Total current assets		37,942,806	33,177,859	29,515,330	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	8,879,202	7,616,337	1,673,152	2,098,800
Assets under the Agreements for operations	8	30,885,314	36,504,752	30,147,703	35,568,045
Goodwill		34,931	34,931	-	-
Intangible assets	8	2,008,815	2,275,009	212,340	232,857
Deferred tax assets		5,493,880	6,421,928	5,100,907	5,938,634
Other non-current assets		513,238	535,076	436,728	473,763
Total non-current assets		47,922,094	53,494,460	47,132,134	53,873,403
Total assets		85,864,900	86,672,319	76,647,464	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 September 2012 and 31 December 2011

Liabilities and equity	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2012 (Unaudited)	31 December 2011	30 September 2012 (Unaudited)	31 December 2011
<i>(in thousand Baht)</i>					
Current liabilities					
Trade accounts payable	3,9	4,602,890	3,520,284	3,635,005	2,078,448
Other payables	3	7,570,582	6,058,796	7,816,717	6,759,300
Current portion of long-term borrowings	10	8,463,638	5,469,183	8,458,896	5,464,369
Accrued revenue sharing expenses		11,147,236	4,592,604	8,109,892	3,365,439
Unearned income - mobile phone service		1,808,928	2,363,615	1,869,798	2,539,879
Advanced receipts from customers		2,315,796	2,674,396	-	-
Income tax payable		1,542,981	4,897,346	1,409,568	3,298,493
Other current liabilities	17	141,880	158,217	87,718	92,114
Total current liabilities		37,593,931	29,734,441	31,387,594	23,598,042
Non-current liabilities					
Long-term borrowings	10	11,387,566	16,536,661	11,374,300	16,525,557
Employee benefit obligations		457,072	422,440	365,589	345,186
Swap and forward contracts payable	17	484,141	368,506	484,141	368,506
Other non-current liabilities		189,871	146,718	55,280	48,891
Total non-current liabilities		12,518,650	17,474,325	12,279,310	17,288,140
Total liabilities		50,112,581	47,208,766	43,666,904	40,886,182
Equity					
Share capital	11				
Authorised 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		9,470,482	13,245,953	7,135,189	13,609,599
Other components of equity		161,890	162,343	-	-
Equity attributable to owners of the Company		35,477,743	39,253,667	32,980,560	39,454,970
Non-controlling interests		274,576	209,886	-	-
Total equity		35,752,319	39,463,553	32,980,560	39,454,970
Total liabilities and equity		85,864,900	86,672,319	76,647,464	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 September 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		30,701,138	28,095,707	29,246,075	26,602,721
Revenue from sale of goods		3,020,047	2,918,076	142,030	143,863
Total revenue		33,721,185	31,013,783	29,388,105	26,746,584
Cost					
Cost of rendering of services and equipment rentals		(9,966,806)	(9,993,908)	(11,416,384)	(11,652,586)
Revenue sharing expense		(6,801,640)	(6,057,213)	(6,087,445)	(5,377,477)
Cost of sale of goods		(2,732,770)	(2,546,363)	(142,064)	(143,811)
Total cost		(19,501,216)	(18,597,484)	(17,645,893)	(17,173,874)
Gross profit		14,219,969	12,416,299	11,742,212	9,572,710
Selling and administrative expenses					
Selling expenses		(645,969)	(550,623)	(583,119)	(470,848)
Administrative expenses		(2,199,974)	(2,270,178)	(2,299,971)	(2,245,476)
Total selling and administrative expenses		(2,845,943)	(2,820,801)	(2,883,090)	(2,716,324)
Profit from sales, services and equipment rentals		11,374,026	9,595,498	8,859,122	6,856,386
Investment income	3,7	220,141	207,390	234,497	163,090
Other operating income		100,615	88,125	125,335	76,451
Impairment loss of assets		-	(386,000)	-	-
Net foreign exchange gain		47,315	15,493	26,195	15,429
Management benefit expenses	3	(38,955)	(29,880)	(38,809)	(29,804)
Finance costs		(255,132)	(439,150)	(252,738)	(471,204)
Profit before income tax expense		11,448,010	9,051,476	8,953,602	6,610,348
Income tax expense	14	(2,637,971)	(2,840,440)	(2,070,786)	(1,985,931)
Profit for the period		8,810,039	6,211,036	6,882,816	4,624,417
Profit attributable to:					
Owners of the Company		8,786,611	6,171,528	6,882,816	4,624,417
Non-controlling interests		23,428	39,508	-	-
Profit for the period		8,810,039	6,211,036	6,882,816	4,624,417
Earnings per share					
Basic earnings per share <i>(in Baht)</i>	15	2.96	2.08	2.32	1.56
Diluted earnings per share <i>(in Baht)</i>		2.96	2.08	2.32	1.56

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 September 2012 and 2011 (Unaudited)**

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Profit for the period	8,810,039	6,211,036	6,882,816	4,624,417
Other comprehensive income				
Net change in fair value of available-for-sale investments	503	335	-	-
Other comprehensive income for the period, net of income tax	503	335	-	-
Total comprehensive income for the period	8,810,542	6,211,371	6,882,816	4,624,417
Total comprehensive income attributable to:				
Owners of the Company	8,787,107	6,171,858	6,882,816	4,624,417
Non-controlling interests	23,435	39,513	-	-
Total comprehensive income for the period	8,810,542	6,211,371	6,882,816	4,624,417

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 nine-month periods ended 30 September 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		91,759,451	83,363,519	87,204,360	78,712,175
Revenue from sale of goods		11,627,004	9,907,990	401,829	486,173
Total revenue		103,386,455	93,271,509	87,606,189	79,198,348
Cost					
Cost of rendering of services and equipment rentals		(29,680,616)	(29,899,857)	(34,844,674)	(33,862,394)
Revenue sharing expense		(20,277,947)	(17,743,190)	(17,965,268)	(16,029,228)
Cost of sale of goods		(10,653,839)	(8,671,369)	(401,732)	(484,815)
Total cost		(60,612,402)	(56,314,416)	(53,211,674)	(50,376,437)
Gross profit		42,774,053	36,957,093	34,394,515	28,821,911
Selling and administrative expenses					
Selling expenses		(1,902,705)	(1,689,463)	(1,740,253)	(1,413,005)
Administrative expenses		(6,439,352)	(6,280,056)	(6,635,576)	(6,170,804)
Total selling and administrative expenses		(8,342,057)	(7,969,519)	(8,375,829)	(7,583,809)
Profit from sales, services and equipment rentals		34,431,996	28,987,574	26,018,686	21,238,102
Investment income	3,7	624,042	466,994	4,262,059	5,002,649
Other operating income		296,378	195,917	419,844	295,554
Impairment loss of assets		-	(1,157,000)	-	-
Net foreign exchange gain		49,752	43,745	19,718	44,146
Management benefit expenses	3	(112,236)	(87,640)	(111,961)	(87,385)
Finance costs		(834,969)	(1,314,213)	(827,289)	(1,406,359)
Profit before income tax expense		34,454,963	27,135,377	29,781,057	25,086,707
Income tax expense	14	(7,942,848)	(8,487,479)	(6,054,373)	(6,117,516)
Profit for the period		26,512,115	18,647,898	23,726,684	18,969,191
Profit attributable to:					
Owners of the Company		26,425,623	18,556,712	23,726,684	18,969,191
Non-controlling interests		86,492	91,186	-	-
Profit for the period		26,512,115	18,647,898	23,726,684	18,969,191
Earnings per share					
Basic earnings per share <i>(in Baht)</i>	15	8.89	6.24	7.98	6.38
Diluted earnings per share <i>(in Baht)</i>		8.89	6.24	7.98	6.38

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 nine-month periods ended 30 September 2012 and 2011 (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Profit for the period	26,512,115	18,647,898	23,726,684	18,969,191
Other comprehensive income				
Net change in fair value of available-for-sale investments	(453)	(472)	-	-
Other comprehensive income for the period, net of income tax	(453)	(472)	-	-
Total comprehensive income for the period	26,511,662	18,647,426	23,726,684	18,969,191
Total comprehensive income attributable to:				
Owners of the Company	26,425,177	18,556,247	23,726,684	18,969,191
Non-controlling interests	86,485	91,179	-	-
Total comprehensive income for the period	26,511,662	18,647,426	23,726,684	18,969,191

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 nine-month periods ended 30 September 2012 and 2011 (Unaudited)

	Consolidated financial statements											
	<i>Note</i>	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		-	-	-	-	(24,044,915)	-	-	-	(24,044,915)	(17,462)	(24,062,377)
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)	-	(24,044,915)	-	-	-	(23,856,171)	(17,462)	(23,873,633)
Comprehensive income for the period												
Profit		-	-	-	-	18,556,712	-	-	-	18,556,712	91,186	18,647,898
Other comprehensive income		-	-	-	-	-	-	(472)	(472)	(472)	-	(472)
Total comprehensive income for the period		-	-	-	-	18,556,712	-	(472)	(472)	18,556,240	91,186	18,647,426
Balance at 30 September 2011		2,973,095	22,372,276	-	500,000	9,584,954	161,187	(509)	160,678	35,591,003	373,907	35,964,910
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	-	-	-	-	(30,201,094)	-	-	-	(30,201,094)	(21,802)	(30,222,896)
Total transactions with owners, recorded directly in equity		-	-	-	-	(30,201,094)	-	-	-	(30,201,094)	(21,802)	(30,222,896)
Comprehensive income for the period												
Profit		-	-	-	-	26,425,623	-	-	-	26,425,623	86,492	26,512,115
Other comprehensive income		-	-	-	-	-	-	(453)	(453)	(453)	-	(453)
Total comprehensive income for the period		-	-	-	-	26,425,623	-	(453)	(453)	26,425,170	86,492	26,511,662
Balance at 30 September 2012		2,973,095	22,372,276	-	500,000	9,470,482	161,187	703	161,890	35,477,743	274,576	35,752,319

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 nine-month periods ended 30 September 2012 and 2011 (Unaudited)

	Separate financial statements						
	Note	Issued and paid-up share capital	Share premium	Advance receipts for share subscription <i>(in thousand Baht)</i>	Retained earnings		Total equity
					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		-	-	-	-	(24,044,915)	(24,044,915)
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)	-	(24,044,915)	(23,856,171)
Comprehensive income for the period							
Profit		-	-	-	-	18,969,191	18,969,191
Total comprehensive income for the period		-	-	-	-	18,969,191	18,969,191
Balance at 30 September 2011		2,973,095	22,372,276	-	500,000	6,882,628	32,727,999
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	-	-	-	-	(30,201,094)	(30,201,094)
Total transactions with owners, recorded directly in equity		-	-	-	-	(30,201,094)	(30,201,094)
Comprehensive income for the period							
Profit		-	-	-	-	23,726,684	23,726,684
Total comprehensive income for the period		-	-	-	-	23,726,684	23,726,684
Balance at 30 September 2012		2,973,095	22,372,276	-	500,000	7,135,189	32,980,560

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 nine-month periods ended 30 September 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	26,512,115	18,647,898	23,726,684	18,969,191
<i>Adjustments for</i>				
Depreciation	1,627,591	1,932,875	680,369	1,204,261
Amortisation of intangible assets	10,100,518	11,488,317	9,044,137	10,367,139
Impairment loss of assets	-	1,157,000	-	-
Investment income	(624,042)	(466,994)	(4,262,059)	(5,002,649)
Finance costs	834,969	1,314,213	827,289	1,406,359
Doubtful accounts and bad debts expense	385,070	419,120	368,671	409,665
Allowance for obsolete and write-off inventories	272	40,047	2,171	34,845
Allowance for obsolete assets	-	27,182	-	-
Gain on disposals of assets	(8,538)	(1,408)	(7,242)	(4,422)
Unrealised loss on exchange	101,658	34,888	104,070	32,586
Income tax expense	7,942,848	8,487,479	6,054,373	6,117,516
Cash provided by operation before changes in operating assets and liabilities	46,872,461	43,080,617	36,538,463	33,534,491
<i>Changes in operating assets and liabilities</i>				
Specifically-designated bank deposits	466,691	(136,169)	-	-
Trade accounts receivable	(823,498)	(1,341,612)	2,314,324	(909,817)
Other receivables	(128,774)	108,541	134,669	21,235
Inventories	305,181	332,481	(61,072)	59,113
Deposit guarantee for 2.1 GHz licensing auction	(1,350,000)	-	-	-
Other current assets	50,583	11,786	-	49,125
Swap and forward contracts receivable	(103,276)	(95)	(103,276)	(95)
Other non-current assets	21,838	(24,934)	37,036	(12,662)
Trade accounts payable	37,348	(83,218)	663,071	(869,371)
Other payables	1,540,219	321,057	1,085,849	591,817
Accrued revenue sharing expenses	6,554,632	5,743,732	4,744,453	4,517,269
Unearned income - mobile phone service	(554,686)	38,892	(670,081)	(26,924)
Advanced receipts from customers	(358,600)	234,341	-	-
Other current liabilities	(28,306)	(33,923)	(16,362)	10,183
Other non-current liabilities	13,766	11,149	9,016	12,308
Cash generated from operating activities	52,515,579	48,262,645	44,676,090	36,976,672
Income tax paid	(10,591,077)	(9,663,241)	(7,105,572)	(7,209,127)
Net cash from operating activities	41,924,502	38,599,404	37,570,518	29,767,545

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 nine-month periods ended 30 September 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	606,292	437,111	672,216	295,094
Purchase of property, plant, equipment and computer software	(2,954,165)	(2,061,366)	(244,433)	(727,702)
Sale of property and equipment	13,932	9,609	15,710	125,895
Purchase of assets under the Agreements for operations	(3,010,698)	(1,655,368)	(2,676,819)	(1,553,691)
Net changes increase of short-term loans to subsidiaries	-	-	(2,710,000)	(2,054,000)
Net changes (increase) decrease in current investments	(2,493,990)	3,596,572	-	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	(7,838,916)	326,460	(1,324,387)	2,921,927
<i>Cash flows from financing activities</i>				
Interest paid	(874,946)	(1,208,846)	(874,416)	(1,299,491)
Other finance costs paid	(30,710)	(25,464)	(29,249)	(22,207)
Finance lease payments	(19,230)	(15,782)	(15,432)	(11,026)
Repayments of short-term loans from a subsidiary	-	-	-	(2,000,000)
Proceeds of long-term borrowings	3,230,126	-	3,230,126	-
Repayments of long-term borrowings	(5,243,074)	(4,243,074)	(5,243,074)	(4,243,074)
Proceeds from issue of ordinary shares	-	188,744	-	188,744
Dividend paid	(30,222,896)	(24,062,377)	(30,201,094)	(24,044,915)
Net cash used in financing activities	(33,160,730)	(29,366,799)	(33,133,139)	(31,431,969)
Net increase in cash and cash equivalents	924,856	9,559,065	3,112,992	1,257,503
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	(2,248)	6	(2,248)	6
Cash and cash equivalents at 30 September	19,283,418	20,010,469	8,582,506	4,257,807
<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	1,876,876	667,040	1,503,117	370,961

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 7 November 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 September 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 September 2012, DPC paid the revenue sharing to CAT in a total amount of Baht 10,856 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 September 2012 and 31 December 2011 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 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 September 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 of products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading conditions. Consulting and management service fees are charged on a mutually agreed basis as a percentage of assets.

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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 nine-month periods ended 30 September 2012 and 2011 with related parties were as follows:

<i>Three-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Service income</i>				
Subsidiaries	-	-	548	468
INTOUCH Group	19	26	6	5
SingTel Group	115	137	109	132
	<u>134</u>	<u>163</u>	<u>663</u>	<u>605</u>
<i>Sales of prepaid cards</i>				
Subsidiaries	-	-	1,661	2,555
<i>Sales of Refill on mobile (ROM)</i>				
Subsidiaries	-	-	211	167
<i>Sales of property and other assets</i>				
Subsidiaries	-	-	-	83
<i>Interest income</i>				
Subsidiaries	-	-	109	97
<i>Other income</i>				
Subsidiaries	-	-	55	24
INTOUCH Group	1	1	-	-
	<u>1</u>	<u>1</u>	<u>55</u>	<u>24</u>

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<i>Three-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Rental and other service expenses</i>				
Subsidiaries	-	-	5,938	5,430
INTOUCH Group	175	95	20	22
SingTel Group	114	117	94	102
	<u>289</u>	<u>212</u>	<u>6,052</u>	<u>5,554</u>
<i>Advertising expense</i>				
INTOUCH Group	<u>230</u>	<u>198</u>	<u>194</u>	<u>188</u>
<i>Sale promotion expense</i>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>30</u>	<u>38</u>
<i>Commission expense</i>				
Subsidiary	<u>-</u>	<u>-</u>	<u>898</u>	<u>808</u>
<i>Management employee benefit expense</i>				
	<u>39</u>	<u>30</u>	<u>39</u>	<u>30</u>
<i>Finance costs</i>				
Subsidiaries	-	-	-	35
INTOUCH Group	-	1	-	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>36</u>
<i>Dividend paid</i>				
INTOUCH Group	7,096	5,270	7,096	5,270
SingTel Group	4,091	2,635	4,091	2,635
	<u>11,187</u>	<u>7,905</u>	<u>11,187</u>	<u>7,905</u>

<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Service income</i>				
Subsidiaries	-	-	1,677	1,229
INTOUCH Group	64	78	16	15
SingTel Group	362	445	345	425
	<u>426</u>	<u>523</u>	<u>2,038</u>	<u>1,669</u>
<i>Sales of prepaid cards</i>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>6,578</u>	<u>7,618</u>
<i>Sales of Refill on mobile (ROM)</i>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>630</u>	<u>444</u>
<i>Sales of property and other assets</i>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>3</u>	<u>119</u>
<i>Dividend income</i>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>3,619</u>	<u>4,636</u>
<i>Interest income</i>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>306</u>	<u>215</u>

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	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>Nine-month period ended 30 September</i>				
<i>(in million Baht)</i>				
<i>Other income</i>				
Subsidiaries	-	-	165	138
INTOUCH Group	6	5	-	-
	<u>6</u>	<u>5</u>	<u>165</u>	<u>138</u>
<i>Rental and other service expenses</i>				
Subsidiaries	-	-	18,002	14,132
INTOUCH Group	517	406	76	91
SingTel Group	378	292	328	254
	<u>895</u>	<u>698</u>	<u>18,406</u>	<u>14,477</u>
<i>Advertising expense</i>				
INTOUCH Group	<u>720</u>	<u>644</u>	<u>621</u>	<u>570</u>
<i>Sale promotion expense</i>				
Subsidiaries	-	-	127	92
INTOUCH Group	-	1	-	1
	<u>-</u>	<u>1</u>	<u>127</u>	<u>93</u>
<i>Commission expense</i>				
Subsidiary	<u>-</u>	<u>-</u>	<u>2,669</u>	<u>2,391</u>
<i>Purchases of property and other assets</i>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>
<i>Management employee benefit expense</i>				
	<u>112</u>	<u>88</u>	<u>112</u>	<u>87</u>
<i>Finance costs</i>				
Subsidiaries	-	-	-	101
INTOUCH Group	2	3	2	3
	<u>2</u>	<u>3</u>	<u>2</u>	<u>104</u>
<i>Dividend paid</i>				
INTOUCH Group	12,220	10,224	12,220	10,224
SingTel Group	7,044	5,113	7,044	5,113
	<u>19,264</u>	<u>15,337</u>	<u>19,264</u>	<u>15,337</u>

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

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
<i>Trade accounts receivable</i>				
Subsidiaries	-	-	1,946	5,214
INTOUCH Group	17	10	3	2
SingTel Group	23	40	21	39
Total	40	50	1,970	5,255
<i>Accrued income</i>				
Subsidiaries	-	-	70	109
INTOUCH Group	2	2	-	-
SingTel Group	5	16	2	15
Total	7	18	72	124
<i>Other receivables</i>				
<i>Other accounts receivable</i>				
Subsidiaries	-	-	11	29
<i>Accrued interest income</i>				
Subsidiaries	-	-	73	93
<i>Short-term loans to related parties</i>				
Subsidiaries	-	-	10,815	8,105

As at 30 September 2012, short-term loans at call to subsidiaries represent promissory notes, bearing interest at the rate of 4.62% per annum (31 December 2011: 4.93% per annum).

Movements during the nine-month periods 30 September 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	21,140	11,280
Decrease	(18,430)	(9,226)
At 30 September	10,815	7,585

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	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
Trade accounts payable				
Subsidiaries	-	-	967	832
INTOUCH Group	80	47	27	7
SingTel Group	3	3	-	-
Total	83	50	994	839
Other payables				
<i>Other accounts payable</i>				
Subsidiaries	-	-	330	503
INTOUCH Group	37	65	34	59
SingTel Group	-	8	-	8
Total	37	73	364	570
<i>Accrued expenses</i>				
Subsidiaries	-	-	2,308	2,200
INTOUCH Group	173	372	118	311
SingTel Group	41	27	36	24
Total	214	399	2,462	2,535

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

	Separate financial statements	
	2012	2011
	<i>(in million Baht)</i>	
Short-term loans from related parties		
Subsidiaries		
At 1 January	-	9,100
Increase	-	31,600
Decrease	-	(33,600)
At 30 September	-	7,100

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
Long-term debentures				
Subsidiary	-	-	1	1
INTOUCH Group*	2	53	2	53
Other related parties	4	9	4	9
Total	6	62	7	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/Company 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 nine-month periods ended 30 September 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
Cancelled	-	(0.83)
At 30 September	-	-

For the nine-month period ended 30 September 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 September 2012 amounting to Baht 3,059 million (31 December 2011: *Baht 3,526 million*) and 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 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
<i>Current investments</i>				
Bill of exchange at financial institutions	-	-	-	-
Fixed deposit at financial institutions	2,474	-	-	-
Available-for-sale securities	746	727	-	-
	3,220	727	-	-
<i>Other long-term investments</i>				
Fixed deposits at financial institutions - pledged	14	13	-	-
Other non-marketable equity securities	93	93	93	93
	107	106	93	93
Total	3,327	833	93	93

Movements during the nine-month periods ended 30 September 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	777	601	-	-
Sales during the period	(758)	(97)	-	-
At 30 September	746	622	-	-

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6 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2012	31 December 2011	30 September 2012	31 December 2011
<i>(in million Baht)</i>					
Related parties:	3				
- Trade accounts receivable		40	50	1,970	5,255
- Accrued income		7	18	72	124
		<u>47</u>	<u>68</u>	<u>2,042</u>	<u>5,379</u>
Other parties:					
- Trade accounts receivable		4,409	4,320	3,911	3,611
- Accrued income		3,668	3,352	3,559	3,256
		<u>8,077</u>	<u>7,672</u>	<u>7,470</u>	<u>6,867</u>
Total		8,124	7,740	9,512	12,246
<i>Less</i> allowance for doubtful accounts		(672)	(703)	(632)	(660)
Net		<u>7,452</u>	<u>7,037</u>	<u>8,880</u>	<u>11,586</u>
Bad and doubtful debts expense for					
the three-month period ended 30 September		125	145	120	141
the nine-month period ended 30 September		385	419	369	410

Aging analyses for trade accounts receivable are as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<i>(in million Baht)</i>				
Related parties				
Current - 3 months	45	63	2,039	5,379
Overdue 3 - 6 months	1	2	3	-
Overdue 6 - 12 months	-	3	-	-
Overdue over 12 months	1	-	-	-
	<u>47</u>	<u>68</u>	<u>2,042</u>	<u>5,379</u>
Other parties				
Current - 3 months	6,306	6,216	5,778	5,477
Overdue 3 - 6 months	286	244	236	208
Overdue 6 - 12 months	220	201	215	191
Overdue over 12 months	1,265	1,011	1,241	991
	<u>8,077</u>	<u>7,672</u>	<u>7,470</u>	<u>6,867</u>
<i>Less</i> allowance for doubtful accounts	(672)	(703)	(632)	(660)
	<u>7,405</u>	<u>6,969</u>	<u>6,838</u>	<u>6,207</u>
Net	<u>7,452</u>	<u>7,037</u>	<u>8,880</u>	<u>11,586</u>

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:

<u>Company</u>	<u>Date of meeting</u>	<u>Dividend Baht/share</u>	<u>Amount Million Baht</u>
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 September 2012 and 31 December 2011, and dividend income from those investments for the nine-month periods ended 30 September 2012 and 2011 were as follows:

	Separate financial statements										Dividend income for the nine months ended	
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost-net		30	30
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	September 2012	September 2011
	(<i>%</i>)				(<i>in million Baht</i>)							
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 nine-month periods ended 30 September 2012 and 2011 were as follows:

	Consolidated 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	40,156	192,974	12,123	245,253	37,377	190,322	11,949	239,648
Additions	2,915	4,215	232	7,362	2,115	1,755	109	3,979
Transfer and reclassify	(15)	(676)	15	(676)	(9)	-	9	-
Disposal and write-off	(304)	(13)	-	(317)	(281)	(43)	-	(324)
At 30 September	42,752	196,500	12,370	251,622	39,202	192,034	12,067	243,303
<i>Depreciation, amortisation and impairment losses</i>								
At 1 January	(32,540)	(156,469)	(9,848)	(198,857)	(30,288)	(142,146)	(9,185)	(181,619)
Depreciation and amortisation	(1,628)	(9,587)	(513)	(11,728)	(1,933)	(10,993)	(495)	(13,421)
Transfer and reclassify	-	438	-	438	-	-	-	-
Impairment losses	-	-	-	-	(27)	-	-	(27)
Disposal and write-off	295	3	-	298	273	40	-	313
At 30 September	(33,873)	(165,615)	(10,361)	(209,849)	(31,975)	(153,099)	(9,680)	(194,754)
<i>Net book value</i>								
At 1 January	7,616	36,505	2,275	46,396	7,089	48,176	2,764	58,029
At 30 September	8,879	30,885	2,009	41,773	7,227	38,935	2,387	48,549

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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
Cost								
At 1 January	28,768	177,730	2,922	209,420	28,662	175,342	3,255	207,259
Additions	269	3,827	8	4,104	744	1,595	24	2,363
Transfer and reclassify	(6)	(676)	6	(676)	(9)	-	9	-
Disposal and write-off	(290)	-	-	(290)	(480)	-	(118)	(598)
At 30 September	28,741	180,881	2,936	212,558	28,917	176,937	3,170	209,024
Depreciation, amortisation and impairment losses								
At 1 January	(26,669)	(142,162)	(2,689)	(171,520)	(25,799)	(128,691)	(2,805)	(157,295)
Depreciation and amortisation	(680)	(9,009)	(35)	(9,724)	(1,204)	(10,311)	(56)	(11,571)
Transfer and reclassify	-	438	-	438	-	-	-	-
Disposal and write-off	281	-	-	281	408	-	68	476
At 30 September	(27,068)	(150,733)	(2,724)	(180,525)	(26,595)	(139,002)	(2,793)	(168,390)
Net book value								
At 1 January	2,099	35,568	233	37,900	2,863	46,651	450	49,964
At 30 September	1,673	30,148	212	32,033	2,322	37,935	377	40,634

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9 Trade accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2012	31 December 2011	30 September 2012	31 December 2011
		<i>(in million Baht)</i>			
Related parties	3	83	50	994	839
Other parties		4,520	3,470	2,641	1,239
Total		4,603	3,520	3,635	2,078

10 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
Current				
Current portion of long-term borrowings, net	440	452	440	452
Current portion of long-term debentures, net	7,997	4,994	7,997	4,994
Current portion of finance lease liabilities	27	23	22	18
	<u>8,464</u>	<u>5,469</u>	<u>8,459</u>	<u>5,464</u>
Non-current				
Long-term borrowings, net	8,822	5,979	8,822	5,979
Long-term debentures, net	2,499	10,497	2,499	10,497
Finance lease liabilities	66	61	53	49
	<u>11,387</u>	<u>16,537</u>	<u>11,374</u>	<u>16,525</u>
Total	19,851	22,006	19,833	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 September 2012 and 31 December 2011 are as follows:

	Consolidated and separate financial statements			
	Carrying amount		Fair values*	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
Long-term debentures	10,500	15,500	10,706	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 nine-month periods ended 30 September 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	3,264	14	3,253	11
Transaction cost	(29)	-	(29)	-
Repayments	(5,263)	(4,259)	(5,258)	(4,254)
Terminate cost	(5)	(2)	-	(1)
Unrealised loss (gain) on foreign exchange	(130)	1,319	(130)	1,319
Amortisation	8	6	8	6
At 30 September	<u>19,851</u>	<u>33,439</u>	<u>19,833</u>	<u>33,421</u>

11 Share capital

Nine-month period ended 30 September

	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	4,997	4,997	4,997	4,997
At 30 September					
- 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	2,973	2,973	2,970	2,970
Issue of new shares	1	-	-	3	3
At 30 September					
- ordinary shares	1	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>

As at 30 September 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 nine-month periods ended 30 September 2012 and 2011 are as follows:

	2012			2011		
	Directors	Employees	Total	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 September	-	-	-	-	-	-

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 September</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	30,518	27,935	17	10	166	151	30,701	28,096
Revenue from sales	-	-	3,020	2,918	-	-	3,020	2,918
Total revenues	30,518	27,935	3,037	2,928	166	151	33,721	31,014
Operating expenses:								
Cost of sales, services and equipment rentals	(16,620)	(15,964)	(2,762)	(2,570)	(119)	(64)	(19,501)	(18,598)
Operating expenses	(2,380)	(2,341)	(93)	(137)	(44)	(62)	(2,517)	(2,540)
Impairment loss of assets	-	(386)	-	-	-	-	-	(386)
Finance cost	(255)	(438)	-	(1)	-	-	(255)	(439)
Operating profit before taxes	11,263	8,806	182	220	3	25	11,448	9,051

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<i>Nine-month period ended 30 September</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	91,245	82,906	48	22	466	436	91,759	83,364
Revenue from sales	-	-	11,626	9,908	1	-	11,627	9,908
Total revenues	91,245	82,906	11,674	9,930	467	436	103,386	93,272
Operating expenses:								
Cost of sales, services and equipment rentals	(49,544)	(47,402)	(10,739)	(8,729)	(329)	(184)	(60,612)	(56,315)
Operating expenses	(7,043)	(6,724)	(302)	(439)	(139)	(188)	(7,484)	(7,351)
Impairment loss of assets	-	(1,157)	-	-	-	-	-	(1,157)
Finance cost	(834)	(1,311)	(1)	(3)	-	-	(835)	(1,314)
Operating profit before taxes	33,824	26,312	632	759	(1)	64	34,455	27,135

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 nine-months ended 30 September 2012 was 23.04%/23.13% and 23.05%/20.33%, respectively, (30 September 2011: 31.38%/30.04% and 31.28%/24.39%, 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 nine-month periods ended 30 September 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:

<i>Three-month period ended 30 September</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)	<u>8,787</u>	<u>6,172</u>	<u>6,883</u>	<u>4,624</u>
Number of ordinary shares outstanding at 1 January	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Earnings per share (basic) (in Baht)	<u>2.96</u>	<u>2.08</u>	<u>2.32</u>	<u>1.56</u>

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<i>Nine-month period ended 30 September</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)	26,426	18,557	23,727	18,969
Number of ordinary shares outstanding at 1 January	2,973	2,970	2,973	2,970
Effect of shares issued during January to September	-	2	-	2
Weighted average number of ordinary shares outstanding (basic)	2,973	2,972	2,973	2,972
Earnings per share (basic) (in Baht)	8.89	6.24	7.98	6.38

Diluted earnings per share

The calculation of diluted earnings per share for the three-month and nine-month periods ended 30 September 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 September</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)	8,787	6,172	6,883	4,624
Profit attributable to ordinary shareholders of the Company (diluted)	8,787	6,172	6,883	4,624
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Weighted average number of ordinary shares outstanding (diluted)	2,973	2,973	2,973	2,973
Earnings per share (diluted) (in Baht)	2.96	2.08	2.32	1.56

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<i>Nine-month period ended 30 September</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)	<u>26,426</u>	<u>18,557</u>	<u>23,727</u>	<u>18,969</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>26,426</u>	<u>18,557</u>	<u>23,727</u>	<u>18,969</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,972</u>	<u>2,973</u>	<u>2,972</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>2,973</u>	<u>2,972</u>	<u>2,973</u>	<u>2,972</u>
Earnings per share (diluted) (in Baht)	<u>8.89</u>	<u>6.24</u>	<u>7.98</u>	<u>6.38</u>

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.

At the Board of Directors' meeting held on 10 August 2012, it was approved to declare an interim dividend of Baht 5.90 per shares, amounting to Baht 17,539 million. The interim dividend was paid to the shareholders on 6 September 2012.

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17 Financial instruments

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

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
Swap contracts:				
Swap contracts receivable	8,469	5,562	8,469	5,562
Swap contracts payable**	(8,883)	(5,869)	(8,883)	(5,869)
Total swap contracts payable	<u>(414)</u>	<u>(307)</u>	<u>(414)</u>	<u>(307)</u>
Forward contracts:				
Forward contracts receivable	830	880	830	880
Forward contracts payable**	(953)	(982)	(953)	(982)
Total forward contracts payable	<u>(123)</u>	<u>(102)</u>	<u>(123)</u>	<u>(102)</u>
Total swap and forward contracts:				
Swap and forward contracts receivable	9,299	6,442	9,299	6,442
Swap and forward contracts payable**	(9,836)	(6,851)	(9,836)	(6,851)
Total swap and forward contracts payable	<u>(537)</u>	<u>(409)</u>	<u>(537)</u>	<u>(409)</u>
Current liabilities				
Other current liabilities	(53)	(41)	(53)	(41)
Non-current assets (liabilities)				
Swap and forward contracts receivable	60	74	60	74
Swap and forward contracts payable	(544)	(442)	(544)	(442)
	<u>(484)</u>	<u>(368)</u>	<u>(484)</u>	<u>(368)</u>
Total	<u>(537)</u>	<u>(409)</u>	<u>(537)</u>	<u>(409)</u>

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

	Consolidated and separate financial statements			
	Nominal amounts**		Fair values*	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in million Baht)</i>			
Swap contracts	8,883	5,869	8,459	5,400
Forward contracts	953	982	878	912
Total	<u>9,836</u>	<u>6,851</u>	<u>9,337</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
	September	December	September	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	1,134	927	1,101	899
US Dollars	107	78	100	73
Japanese Yen	108	93	108	93
Euro	-	1	-	1
Property and equipment				
Thai Baht	3,935	2,923	82	85
US Dollars	55	26	-	-
Japanese Yen	793	816	-	-
Euro	3	4	-	-
Service maintenance agreements				
Thai Baht	1,078	1,274	702	992
US Dollars	18	9	13	5
Japanese Yen	44	-	44	-
	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Non-cancellable operating lease				
Commitments				
Within one year	1,320	1,333	697	858
After one year but within five years	1,413	1,347	596	667
After five years	17	26	17	26
Total	2,750	2,706	1,310	1,551
Other commitments				
Forward and swap contracts	10,146	9,773	10,146	9,773
Bank guarantees:				
- The Agreements for operation	12,431	11,743	8,467	8,467
- Others	542	519	270	318
Total	23,119	22,035	18,883	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.

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This amount is the same as an excise tax that DPC had delivered to Excise Department during 16 September 2003 to 15 September 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Moreover, CAT has sent a letter No. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet's resolution. Thus, DPC has correctly and fully complied with the Cabinet's resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Baht 2.10 per minute starting from 1 April 2007. On 8 May 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On 31 March 2009, CAT has approved DPC to charge roaming fee at Baht 1.10 per minute during 1 January 2009 - 31 March 2009. Moreover, DPC has entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission (“NTC”) on 16 June 2009.

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

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

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

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

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

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

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

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

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

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

AIN Globalcomm Company Limited (“AIN”)

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

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

On 4 September 2008, CAT submitted a petition revision to adjust compensation for Baht 583 million (including interest) because CAT was damaged consecutively until 7 March 2008. On 19 November 2008 CAT submitted the request for the order of provisional remedial measure before delivery of 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 dismissed the CAT’ request and on 20 March 2009, CAT appealed such dismissal.

On 17 December 2009, the Civil Court has dismissed the case as the facts cannot be proved that CAT has either an exclusive right to use the symbol “+” or the right to prohibit the Company and AIN to use the symbol “+” and it cannot also be proved that the changing of the connection setting of the international direct dialling service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN has caused the subscribers who use international direct dialling service to believe that they are using the code 001 of CAT, therefore, the acts of the Company have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with the Company have not infringed the right of CAT as well. However, CAT has appealed such dismissal on 10 March 2010. Presently, the said case is pending on the Court of Appeals process and on 16 August 2012, the Court of Appeals has issued an order confirming the dismissal of the Civil Court for by dismissing the request for the order of provisional remedial measure of CAT.

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20 Events after the reporting period

Participation in 2.1 GHz License Auction

On 16 October 2012, Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, participated in the 2.1GHz license auction (International Mobile Telecommunications - IMT) held at the office of the National Broadcasting and Telecommunications Commission (“NBTC”). On 18 October 2012, the NBTC has officially notified the 2.1GHz auction result that AWN is officially winner for three spectrum bandwidth covering 1950MHz to 1965MHz pairing to 2140MHz to 2155MHz at the bid price of Baht 14,625 million. On 19 October 2012, AWN paid 50 per cent of the fee plus VAT, totaling Baht 7,824 million, and also submitted bank guarantee to pay the remaining fee to the NBTC.