



always...feel good

total access communication plc.
annual report 2009



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always...

smile
looking
care
healthy
happy

The global financial crisis of 2008 had a profound impact on the overall Thai economy. It experienced its first contraction after the Asian Financial Crisis more than 10 years ago. At dtac, we viewed it as an opportunity to change the way we conducted our business and instill ideas on improving our operating efficiency. This has always been the way we handle the challenges being thrown at us. And we'll be in a prime position to capitalize on the recovery when it happens.

vision

To provide wireless communication services with the best customer experience making people “feel good”



always...

smile ...with our teamwork

dtac's management team and employees comprise individuals with extensive experience and diverse background. Our teamwork and passion for business will ensure long-term value creation and help us achieve our goal of becoming the most-admired wireless operator in Thailand.

31.8%
2008

32.0%
2009



always...

looking

...for new opportunities

dtac's aim is to provide our customers with the best user experience through our innovative yet simple product and service offerings, as well as responsive and reliable customer services. We have been looking for ways not only to meet our customers' needs but also to satisfy and surprise our customers. And that will always make them 'feel good' when they stay on our network.



always...

care ...and give back to society

CSR has always been an integral part of dtac's operations. We have committed to giving back to the Thai society and to those who are in need. Our CSR effort was recognized by being awarded the SET AWARDS 2009 for company with the best CSR program. This award will make us work even harder in order to make our society stronger.



risk

CG

management

always...

healthy ...from inside

dtac realizes the value of having good corporate governance and has always embraced the culture of good governance. We have built awareness among employees at all levels. This has provided transparency and accountability in dealing with both internal and external parties. Furthermore, we have also established a risk management function to assess risks in order to prepare for the unexpected.



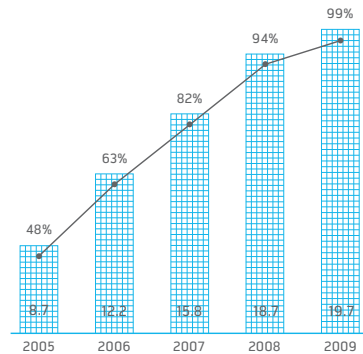
free cash flow
(thb billion)

always...

happy ...at future prospect

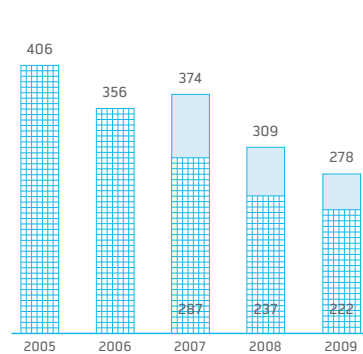
dtac has always been ready for changes and new challenges. Our operating results for the past few years have provided us with a solid foundation and flexibility to explore new business opportunities, especially the upcoming investment in the next generation wireless technology, with an aim to maximize our shareholders' value.

financial highlights



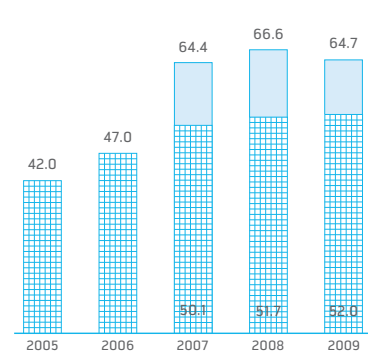
subscribers and penetration rate

■ dtac sub (in million)
—●— Penetration rate in Thailand



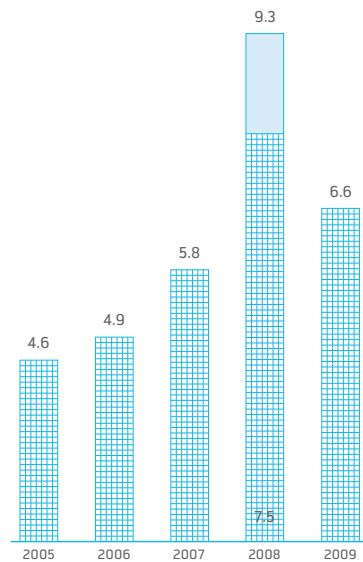
ARPU (baht/month)

■ ARPU
■ ARPU including IC



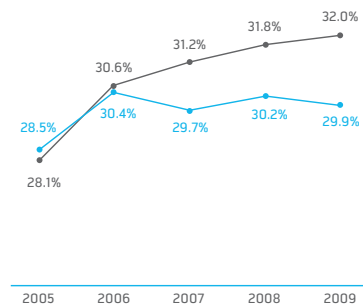
service revenues (billion baht)

■ Service revenues
■ Service revenues including IC



net profit (billion baht)

■ Net profit excl. gain from DPC settlement
■ Net profit incl. gain from DPC settlement



subscribers and service revenues market share

—●— Subscriber
—●— Service revenue

Note:

- Definition of prepaid sub was changed in 2007, from validity + 45 days to active within 90-day period.
- Interconnection revenue was booked for the first time in 2007, starting from 1 February.
- One time gain from DPC settlement case of THB 2.4 billion in 2008.

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

	2005	2006	2007	2008	2009
Operating Results (in million Baht)					
Service Revenue	41,979	47,013	64,434	66,600	64,684
Total Revenue	43,129	48,474	65,533	67,695	65,685
EBITDA	16,523	17,817	18,893	23,193	20,215
Operating Profit	9,610	10,324	10,613	11,483	9,973
Net Profit	4,611	4,938	5,841	9,325	6,614
Balance Sheet (in million Baht)					
Total Assets	87,219	95,116	100,862	104,435	100,080
Total Liabilities	50,700	53,660	48,996	44,944	37,532
Total Shareholders' Equity	36,519	41,457	51,866	59,491	62,548
Ratio					
EBITDA Margin	38.1%	36.5%	28.6%	34.0%	30.6%
Operating Profit Margin	22.3%	21.3%	16.2%	17.0%	15.2%
Net Debt:EBITDA	2.2	2.0	1.5	0.9	0.6
Net Debt:Equity	1.0	0.9	0.5	0.4	0.2
Shares					
No. of shares (million)	474	458	2,368	2,368	2,368
Earning per share (Bt)	9.72	10.54	2.50	3.94	2.80
Book value per share (Bt)	77.04	88.58	22.20	25.12	26.42
Share price					
SET (Bt/Share)	n/a	n/a	39.25	32.00	35.75
SGX (USD/Share)	3.25	4.30	1.15	0.88	1.07

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

financial highlights

1.0

million net adds

19.7

million subs

20.21

EBITDA (thb billion)

62,548

shareholders' equity (thb million)

14,261,722

free cash flow (thb thousand)

6,613,659,179

net profit (thb)

corporate information and references

Corporate Information

Name	Total Access Communication PLC.
Initial	dtac
Registered Number	107538000037
Type of Business	Operates mobile business on 1800 MHz and 800 MHz frequency bands
Registered Capital	Baht 4,744,161,260 (2,372,080,630 ordinary shares of THB 2.00 per share)
Paid-up Capital	Baht 4,735,622,000 (2,367,811,000 ordinary shares of THB 2.00 per share)
Location	319 Chamchuri Square Building, 22 nd -41 st Floor, Phayathai Road, Pathumwan, Bangkok 10330 Telephone : (66 2) 202 8000 Fax : (66 2) 202 8929 Website : www.dtac.co.th

References

Share Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: (66 2) 229 2800 Fax: (66 2) 654 5427 Call Center : (66 2) 229 2888 Website: www.tsd.co.th
	Boardroom Limited 50 Raffles Place, # 32-01 Singapore Land Tower, Singapore 048623 Tel : (65) 6536 5355

Auditor	Ms Sumalee Reewarabandith Certified Public Accountant (Thailand) No.3970 Ernst & Young Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel: (66 2) 264 0777 Fax: (66 2) 264 0789-90 Website: www.ey.com
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Debenture Registrar	Siam Commercial Bank PCL 9 Rutchadapisek Road, Jatuchak, Jatuchak, Bangkok 10900 Tel: (66 2) 256 2323-8 Fax: (66 2) 256 2405-6
	Kasikorn Bank PCL 1 Soi Ratburana 27/1, Ratburana Road, Ratburana, Ratburana, Bangkok 10140 Tel: (66 2) 470 1994 / (66 2) 470 6662 Fax: (66 2) 470 1998

message from the chairman and CEO



Mr. Tore Johnsen

Director and Chief Executive Officer

Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

Dear Shareholders,

In 2009, we went through one of the most challenging periods as a result of the ongoing global financial and economic crisis which erupted in late 2008. It had a profound impact on the overall Thai economy, which recorded a contraction for the first time since the Asian financial crisis more than a decade ago. In spite of the global financial and economic crisis dtac posted a record high operating free cash flow in 2009 owing partly to lower capital expenditure and gains in operating efficiency. The telecommunication business seems to have been faring better than many other industries during the course of 2009. In the second half of the year, our business showed good momentum both in terms of subscriber and revenue growth.

This crisis resulted in a strong focus on improving our operating efficiency while, at the same time, maintaining efforts to enhance our brand and market position. We initiated a "Fit Society" program to build awareness of the economic downturn in the beginning of 2009. The program aimed at improving our operating efficiency through active participation of our employees at all layers in the organization and it has now become an integral part of our daily operation. We also relocated our headquarter to Chamchuri Square during the first half of 2009 due to space limitation of our previous office at Chai Building. The relocation has been contributing to our efficiency enhancements in 2009 and we expect to see additional improvements from this in 2010 and beyond.

Furthermore, as domestic consumption took a hit, especially during the first half of the year, mobile phone usage declined to some extent during the period, thus the need to expand our network subsided. Consequently we scaled down our investment in order to preserve cash during a difficult time.

In 2009, we generated a total of THB 14.3 billion of operating free cash flow, approximately THB 1.3 billion higher than the target. EBITDA for the year was THB 20.2 billion, a 2.7% decline from last year (excluding one-time settlement with DPC in 2008) while CAPEX for 2009 totaled THB 6.0 billion, a sharp decline from the year before. EBITDA margin for 2009 was 30.6%, up from 30.4% in 2008 mainly driven by the efficiency improvement program mentioned above. For 2010, we also aim to achieve further cost improvement.

“ Despite the contraction in overall economy, we managed to maintain our revenue base compared to a year earlier. ”

Despite the contraction in overall economy, we managed to maintain our revenue base compared to a year earlier. Revenues from voice service declined somewhat as a number of workers in the manufacturing and export sectors were laid-off in the first half of 2009, while revenues from non-voice services continued to post strong growth from higher usage of data services on our network. Furthermore, the crisis also had a direct impact on the number of tourists and business travelers; hence revenue from our international business also suffered a sharp decline. Fortunately, a quick recovery in tourism and business traveling market brought the number of tourists and business travelers in the fourth quarter of 2009 back to the Q4-08 level.

In order to prepare for the 3G era, we launched a non-commercial 3G service on the 850 MHz frequency band in late 2009 with an aim to get insight into usage patterns of wireless broadband users. Furthermore, in order to sustain the growth of data usage on our current network, we launched Blackberry service in December 2009 with strong reception from our customer base.

We've always believed in giving back to the society that we live in and we have continuously been initiating and implementing various Corporate Social Responsibility (CSR) related projects. In 2009 our efforts in this regard was recognized by SET and we were nominated and won the SET AWARDS 2009 in the CSR category. The award will further reinforce our focus and emphasis on CSR activities.

We'd like to take this opportunity to thank you for your continued support during the most challenging period since the last financial crisis. We believe that the worst has already behind us and will do our best to capitalize on the recovery that is lying ahead of us.

board of directors

1. Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

2. Mr. Sigve Brekke

Vice Chairman of the Board of Directors

3. Mr. Stephen Woodruff Fordham

Independent Director,
Chairman of the Remuneration Committee,
Member of the Audit Committee

4. Mr. Chulchit Bunyaketu

Independent Director,
Chairman of the Audit Committee,
Member of Remuneration Committee

5. Mr. Soonthorn Pokachaiyapat

Independent Director,
Member of Audit Committee,
Member of Remuneration Committee

6. Mr. Knut Borgen

Director

7. Mr. Sompol Chanprasert

Director

8. Mr. Knut Snorre Bach Corneliusen

Director, Member of Remuneration Committee

9. Mr. Tore Johnsen

Director and Chief Executive Officer

10. Mr. Charles Woodworth

Director



1. Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

Age: 55 years

Training Program	Role of the Chairman Program (11/2005) by Thai Institute of Directors Association (IOD)
Academic background	Honorary Doctoral Degree in Economic Science, Ramkhamhaeng University B.Sc. in Management, Northern Illinois University, USA
Work Experience	1990 - present >> Chairman of the Board of Directors, Total Access Communication PLC. 1990 - present >> Chairman of the Board of Directors, Benchachinda Holding Co.,Ltd. 1989 - present >> Chairman of the Board of Directors, Private Property Co., Ltd. 1998 - present >> Chairman, Sam Nuek Rak Ban Kerd Foundation 2001 - present >> Chairman, Ruam Duay Chuay Kan Co-Operative Limited 2002 - present >> Director, United Distribution Business Co., Ltd. 2001 - 2006 >> Chairman, Hornbill Research Foundation 2002 - 2005 >> Chief Executive Officer and President, United Communication Industry PLC. 2001 - 2002 >> Chief Executive Officer, Total Access Communication PLC. 2000 - 2001 >> Managing Director, Total Access Communication PLC. 1984 - 1999 >> Chairman of the Executive Committees, United Communication Industry PLC.
Royal Decorations	2003 >> The Grand Cross (Third Class,Higher Grade) of the Most Illustrious Order of Chula Chom Klao 1997 >> The Knight Grand Cross (First Class) of the Admirable Order of the Direkgunabhorn 1994 >> The Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand

2. Mr. Sigve Brekke

Vice Chairman of the Board of Directors

Age : 50 years

Training Program	-
Academic Background	Master Degree in Public Administration, John F. Kennedy School of Government, Harvard University, USA Bachelor Degree Program in Management, Norwegian School of Management, Buskerud, Norway Degree in Business and Administration, Telemark College, Norway
Work Experience	2009 - present >> Director, Unitech Wireless, India 2009 - present >> Director, Grameenphone, Bangladesh 2009 - present >> Director, DiGi, Malaysia 2009 - present >> Director, Telenor Pakistan Sep 08 - present >> Director and Executive Vice President Telenor Group, Head of Region Asia, Telenor Asia Pte. Ltd. Aug 08 - present >> Vice Chairman of the Board of Directors, Total Access Communication PLC Feb 06 - Aug 08 >> Director and Chief Executive Officer, Total Access Communication PLC. Feb 06 - Dec 07 >> Director and Chief Executive Officer, United Communication Industry PLC.

Oct 05 – Feb 06	>> Chief Executive Officer, Total Access Communication PLC. Director and Chief Executive Officer, United Communication Industry PLC.
Feb 05 – Oct 05	>> Co-Chief Executive Officer, Total Access Communication PLC.
2002 – Jan 05	>> Co-Chief Executive Officer, Total Access Communication PLC.
2000 – Jan 05	>> Director, Total Access Communication PLC.
2000 – 2002	>> Managing Director, Telenor Asia Pte. Ltd.
1999 – 2000	>> Manager, Business Development, Telenor Asia Pte. Ltd.
1996 – 1997	>> Associate Research Fellow at Harvard University, Center for Science and International Affairs, J.F. Kennedy School of Government, USA
1996	>> Advisor, Norwegian Defense Research Establishment, Norway
1993 – 1996	>> Deputy Minister (State Secretary) of Defence, Ministry of Defence, Norway

3. Mr. Stephen Woodruff Fordham

Independent Director, Chairman of the Remuneration Committee, Member of the Audit Committee

Age : 58 years

Training Program

-

Academic Background MA Jurisprudence, Oxford University, UK

Work Experience	2007 - present	>> Independent Director, Chairman of the Remuneration Committee, and Member of the Audit Committee, Total Access Communication PLC.
	Feb 07 - present	>> Independent Director and Chairman of Nomination Committee, Thoresen Thai Agencies Public PLC.
	2003 - present	>> Partner, Wikborg Rein
	1995 - present	>> Chairman, Masterbulk Pte Ltd
	1998 - 2003	>> Consultant, Watson, Farley & Williams
	1998 - 2000	>> Managing Director, Argonaut Shipping Pte Ltd
	1986 - 1998	>> Partner, Sinclair Roche & Temperley

4. Mr. Chulchit Bunyaketu

Independent Director, Chairman of the Audit Committee, Member of Remuneration Committee

Age : 66 years

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

Academic Background Master of Arts in Political Science, Kent State University, USA
Bachelor of Law, Chulalongkorn University

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

5. Mr. Soonthorn Pokachaiyapat

Independent Director, Member of Audit Committee, Member of Remuneration Committee

Age : 72 years

Training Program Director Accreditation Program (DAP) (48/2005) by Thai Institute of Directors Association (IOD)

Academic Background Bachelor of Law, Thammasat University

Work Experience

2005 - present	>> Vice Chairman of the Board of Directors, CVD Entertainment PLC.
2004 - present	>> Advisor, Five Star Production Co.,Ltd.
2001 - 2002	>> Chairman of Executive Directors, Thai Airways International PLC.
2000 - Present	>> Independent Director, Member of Audit Committee, and Member of Remuneration Committee, Total Access Communication PLC.
1994 - 1995	>> Director, Telephone Organization of Thailand
1994 - 1995	>> Chairman of the Board of Directors, State Railway of Thailand
1974 - present	>> Advisor, Bangkok Entertainment Co.,Ltd. (Channel 3)
1974 - present	>> Director and Head of Chaiyapat Law Office

6. Mr. Knut Borgen

Director

Age : 49 years

Training Program Director Certification Program (DCP123/2009) - English Program by Thai Institute of Directors Association (IOD)

Academic Background Master of Business Administration, University of Michigan, USA
B.A. Economics, San Jose State University, USA

Work Experience

2010 - present	>> Director, Grameenphone, Bangladesh
2009 - present	>> Director, Telenor Pakistan
2008 - present	>> Director, Telenor Asia Pte Ltd
Feb 06 - present	>> Director, Total Access Communication PLC.
2006 - present	>> Senior Vice President, Business Development, Telenor Asia Pte Ltd. Vice President, Business Development, Telenor Asia (ROH) Ltd.
2005 - present	>> Director, Thai Telco Holdings Limited
2005 - 2007	>> Director, United Communication Industry PLC.
2001 - 2006	>> Finance Director, Telenor Asia Pte Ltd.
1998 - 2001	>> Finance Manager, Telenor Mobile Communications AS

7. Mr. Sompol Chanprasert

Director

Age : 57 yaers

Training Program -

Academic Background Master of Business Administration, Thammasat University
Master of Engineering (Electrical) Chulalongkorn University
Bachelor of Engineering (Electrical) Chulalongkorn University
National Defense College of Thailand
Public Law and Management for Executives,
The College of Politics and Governance, King Prajadhipok's Institute

Work Experience

Jul 06 - present	>> Director, Total Access Communication PLC.
Feb 09 - present	>> Act for Senior Executive Vice President for Marketing Business, CAT Telecom PLC.
June 08 - present	>> Senior Executive Vice Prseident for Broadband Business, CAT Telecom PLC.
Mar 07 - June 08	>> Senior Advisor class 13, CAT Telecom PLC.
Jul 06 - Mar 07	>> Senior Executive Vice Prseident for Information Technology, CAT Telecom PLC.
May 05 - Dec 05	>> Act for Senior Executive Vice President for Sales and Marketing, CAT Telecom PLC.
Apr 05 - Jun 06	>> Senior Executive Vice President for Business Partner, CAT Telecom PLC.
Mar 04 - Apr 05	>> Senior Executive Vice President for Coporate Strategy, CAT Telecom PLC.
1996 - 2004	>> Vice President, Telecommunication Service Group, The Communications Authority of Thailand
1994 - 1996	>> Director, Data Telecommunication Service Division, The Communications Authority of Thailand
1993 - 1994	>> Director, Policy and Planning Division, The Communications Authority of Thailand
1990 - 1994	>> Assistant Director, Data Telecommunication Service Division, The Communications Authority of Thailand
1977 - 1990	>> Engineer, Telegraph Division, The Communications Authority of Thailand
1974 - 1977	>> Third Engineer, Domestic Telecommunication Division, Post and Telegraph Department

8. Mr. Knut Snorre Bach Corneliussen

Director and Member of Remuneration Committee

Age : 37 years

Training Program -

Academic Background Executive Master of Business Administration in Strategic Management,
Norwegian School of Economics and Business Adm.(NHH)
Master of Science in Telecom and Electronics,
The Norwegian Institute of Technology (NTH)
Studies towards a Master Degree in Social Economy (MA)
Passed Bachelor of Art level (B.Art), Oslo University (UiO)
College Engineer in Computer Engineering (B.Sc),
Oslo College of Engineering (OIH)

Work Experience	2009 - Present	>> Director, Grameenphone, Bangladesh Director and Member of Remuneration Committee, Total Access Communication PLC.
	2008 - Present	>> Senior Advisor in Business development, Telenor, ASA
	2005 - 2008	>> Senior Advisor in the mobile operations division, Telenor, ASA
	2003 - 2005	>> Operational Manager, Telenor, Nordic
	2002 - 2003	>> Chief Technology Officer, Parodial, Norway
	2001 - 2002	>> Project Office Manager for a design unit in Stockholm, Ericsson, Sweden
	1996 - 2001	>> Global Product Manager for IP Multimedia servers, Ericsson, Norway

9. Mr. Tore Johnsen

Director and Chief Executive Officer

Age : 61 years

Training Program -

Academic Background Master of Science, University of Trondheim
Norwegian School of Economics and Business Administration

Work Experience	Sep 08 - present	>> Director and Chief Executive Officer, Total Access Communication PLC.
	Aug 04 - Aug 08	>> Chief Executive Officer, Telenor Pakistan Pvt Ltd, Pakistan
	Feb 01 - Aug 04	>> Chief Executive Officer, DiGi Telecommunications Sdn Bhd, Malaysia
	Jan 00 - Feb 01	>> General Manager Corporate Strategy, Digi Telecommunications Sdn Bhd, Malaysia
	Sep 99 - Dec 99	>> Support to Telenor Acquisition activities in Asia, Telenor Asia Pte Ltd, Singapore
	1994 - 1999	>> Project Director, Telenor International, Mobility

10. Mr. Charles Woodworth

Director

Age : 44 years

Training Program Financial Statements Demystified for Directors (FFD1/2009 English Program)
by Thai Institute of Directors Association (IOD)

Academic Background LLB (Honours), Queen Mary College, University of London

Work Experience	2009 - present	>> Director, Total Access Communication PLC.
	2006 - present	>> Director, Telenor Asia Pte Ltd.
		>> Director, Telenor Asia ROH Ltd.
	2001 - present	>> Legal Director, Telenor Asia Pte Ltd.
	Prior to 2001	>> Private Legal Practise

executive management

1. **Mr. Tore Johnsen**
Director and Chief Executive Officer
2. **Mrs. Patraporn Sirodom**
Chief People Officer
3. **Mr. Terje Borge**
Chief Financial Officer
4. **Mrs. Veeranuch Kamolyabutr**
Senior Vice President, Legal and Regulatory Division
5. **Mr. Thana Thienachariya**
Chief Commercial Officer



6. Mr. Rolf Marthinusen

Chief Technology Officer

7. Mr. Roar Wiik Andreassen

Chief Strategy Officer

8. Dr. Ketchayong Skowratananont

Senior Vice President, Market Division

9. Ms. Tipayarat Kaewringarm

Chief Customer Officer

10. Mr. Chaigyod Chirabowornkul

Senior Vice President, Distribution Division



1. Mr. Tore Johnsen *

Director and Chief Executive Officer

Academic Background Master of Science, University of Trondheim
Norwegian School of Economics and Business Administration

Working Experience

- Sep 08 - present >> Director and Chief Executive Officer, Total Access Communication PLC.
- Aug 04 - Aug 08 >> Chief Executive Officer, Telenor Pakistan Pvt Ltd, Pakistan
- Feb 01 - Aug 04 >> Chief Executive Officer, DiGi Telecommunications Sdn Bhd, Malaysia
- Jan 00 - Feb 01 >> General Manager Corporate Strategy, Digi Telecommunications Sdn Bhd, Malaysia
- Sep 99 - Dec 99 >> Support to Telenor Acquisition activities in Asia, Telenor Asia Pte Ltd, Singapore
- 1994 - 1999 >> Project Director, Telenor International, Mobility

2. Mrs. Patraporn Sirodom *

Chief People Officer

Academic Background Master of Business Administration, The George Washington University,
Washington DC, USA
Bachelor of Economics, Chulalongkorn University

Working Experience

- Feb 06 - present >> Chief People Officer, Total Access Communication PLC.
- 2002 - 2006 >> Head of Investor Relations, Total Access Communication PLC.
- 2000 - 2002 >> Investor Relations and Business Analyst,
Electricity Generating PLC.
- 1996 - 1999 >> Economic Officer, Office of Economic and Financial Affairs,
Royal Thai Embassy in Washington DC, USA

3. Mr. Terje Borge *

Chief Financial Officer

Academic Background Master of Science in Business Administration,
The Norwegian School of Economics and Business Administration, Norway

Working Experience

- 2007 - present >> Chief Financial Officer, Total Access Communication PLC.
- 2005 - 2007 >> Director Business Development, Telenor Asia
- 2001 - 2005 >> Senior Vice President, Telenor International Mobile
- 2000 - 2001 >> Senior Vice President Corporate Development, Dyno Nobel
- 1997 - 1999 >> Senior Vice President Finance & Strategy, Dyno Industrier
- 1994 - 1997 >> Corporate Controller, Dyno Industrier

* Management under definition of SEC.

4. Mrs. Veeranuch Kamolyabutr

Senior Vice President, Legal and Regulatory Division

Academic Background LL.M in Commercial Law, The University of Bristol,
LL.B, Chulalongkorn University

Working Experience

July 08 to date	>> Senior Vice President, Legal and Regulatory Division, Total Access Communications PLC.
2005 – June 08	>> Partner, Linklaters, Bangkok
2004 – 2005	>> Senior Associate, Coudert Brothers, Bangkok
1994 – 2004	>> Senior Associate, Freshfields Ltd, Bangkok

5. Mr. Thana Thienachariya *

Chief Commercial Officer

Academic Background Master of Business Administration, Washington State University, USA
Bachelor of Economics (2nd Honor), Chulalongkorn University

Working Experience

2005 – present	>> Chief Commercial Officer, Total Access Communication PLC.
2004 – 2005	>> Business Unit II Group Director, Total Access Communication PLC.
2003	>> Prepaid Business Unit Group Director, Total Access Communication PLC.
2002	>> Product & Service Group Director, Total Access Communication PLC.
2001	>> Consumer Product Management Department Director, Total Access Communication PLC.
2000	>> Convergence Group Director, Total Access Communication PLC.
1996 – 2000	>> Corporate Finance Group Director, Total Access Communication PLC.
1991 – 1996	>> Investment Banking Group Assistant Director, Securities One PLC.

6. Mr. Rolf Marthinusen *

Chief Technology Officer

Academic Background Electronic and Computer Engineering, Ostfold College of Engineering
Electronics, The Norwegian University of Science and Technology, Norway

Working Experience

Sep 07 – present	>> Chief Technology Officer, Total Access Communication PLC.
Aug 04 – 2007	>> Chief Technical Officer, Maxis, Malaysia
June 02 – 2004	>> Deputy Chief Technical Officer, Total Access Communication PLC.
Jan 01 – May 02	>> Senior Vice President for Network & Technology for Telenor's mobile operations in Europe and Asia
Aug 00 – May 02	>> Director, Stavtelesot, Russia
Apr 96 – 2000	>> GSM Project Manager, Norconsult Telematics, Saudi Telecom, Saudi Arabia
1993 – 1996	>> Head of the Network Planning Department, Telenor Mobile

* Management under definition of SEC.

7. Mr. Roar Wiik Andreassen *

Chief Strategy Officer

Academic Background Master of Business and Administration in Accounting and Tax Law,
The Norwegian School of Management, BI Sandvika, Norway
Business Economics (part time courses),
Harstad University College, Norway

Working Experience

Jan 09 - present	>> Chief Strategy Officer, Total Access Communication PLC.
2007 - 2008	>> Director, Total Access Communication PLC. Senior Vice President, Corporate Development, Telenor Asia (ROH) Ltd.,
2004 - 2007	>> Chief Executive Officer, Telenor Real Estate, Norway
2004	>> Chief Financial Officer, Avinor Group, Norwegian Air Traffic and Air Management, Norway
2000 - 2004	>> Director, Telenor Group Finance, Norway
1996 - 2000	>> Manager, KPMG Consulting AS, Norway
1994	>> Research Assistant, The Norwegian School of Management, Norway
1992 - 1994	>> IT Coordinator, ABS & SGP Pumper, Norway

8. Dr. Ketchayong Skowratananont

Senior Vice President, Market Division

Academic Background Ph.D. Electrical Engineering, Imperial College, University of London, UK

Working Experience

May 10 - present	>> Senior Vice President, Market Division, Total Access Communication PLC.
May 09 - Feb 10	>> Senior Vice President, Happy Business Division, Total Access Communication PLC.
May 07 - Apr 09	>> Senior Vice President, Prepaid Business Division, Total Access Communication PLC.
2000 - Feb 07	>> Unit Head of Prepaid Business, Total Access Communication PLC.

* Management under definition of SEC.

9. Ms. Tipayarat Kaewringarm *

Chief Customer Officer

Academic Background Master's Degree in Business Administration,
Saint Louis University, Missouri, USA

Working Experience

- Feb 08 - present >> Chief Customer Officer, Total Access Communication PLC.
- Feb 07 - Jan 08 >> Division Head, Strategic Project Management Office,
Total Access Communication PLC.
- Apr 03 - Jan 07 >> Vice President, Product and Distribution Management Department,
Bangkok Bank PLC.
- Feb 98 - Mar 03 >> Marketing Specialist, Asia-Pacific Marketing Practice,
McKinsey and Company (Thailand)

10. Mr. Chaiyod Chirabowornkul

Senior Vice President, Distribution Division

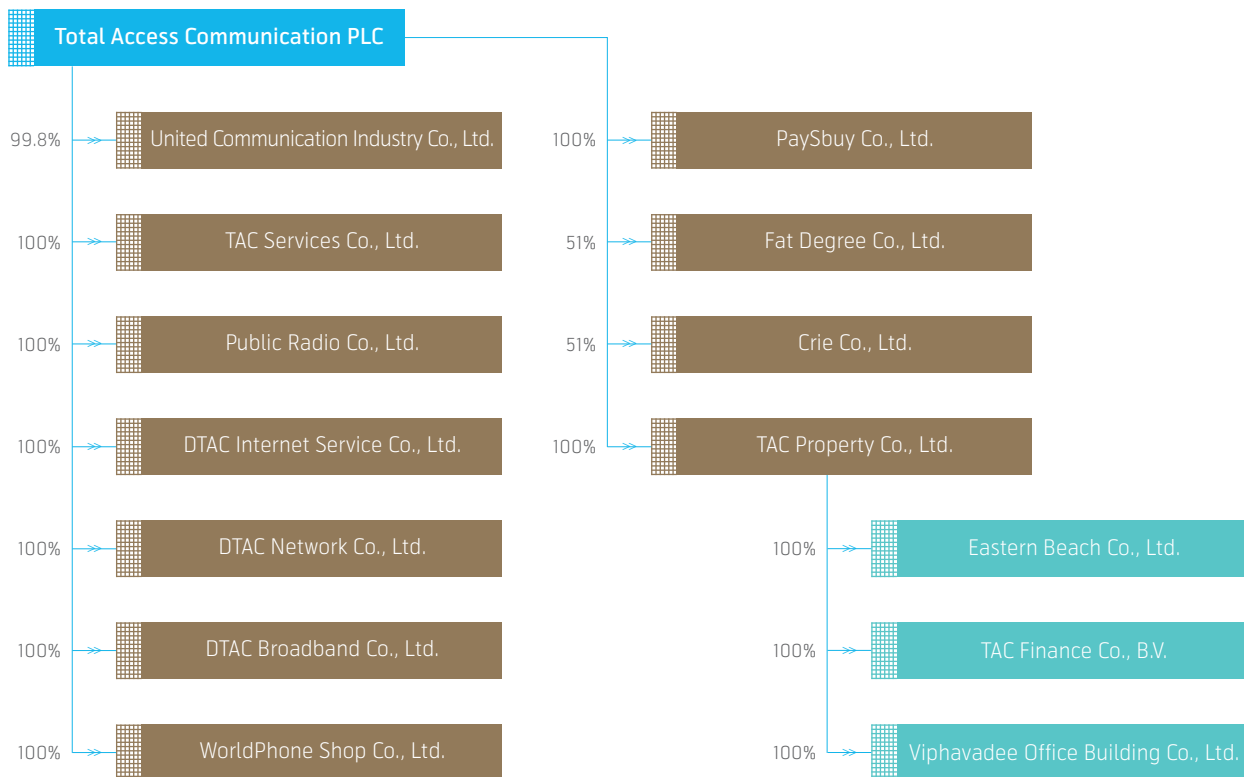
Academic Background Master Degree in Engineering Management,
University of Missouri-Rolla, Missouri, USA
Master Degree in Electrical Engineering,
Louisiana State University, Louisiana, USA
Bachelor Degree in Electrical Engineering,
Chulalongkorn University

Working Experience

- May 10 - present >> Senior Vice President, Distribution Division,
Total Access Communication PLC.
- May 09 - Feb 10 >> Senior Vice President, dtac Business Division,
Total Access Communication PLC.
- Aug 07 - April 09 >> Senior Vice President, Post-paid Business Division,
Total Access Communication PLC.
- Mar 05 - Aug 07 >> Senior Vice President, Commercial Development Division,
Total Access Communication PLC.
- Dec 04 - May 05 >> Group Director of Marketing, Total Access Communication PLC.
- Jun 02 - Dec 04 >> Senior Vice President - Marketing Strategy and Planning,
Hutchison CAT Wireless Multimedia Ltd. (HCWML)
- Dec 99 - Jun 02 >> Retail Strategy and Development Manager,
Shell Oil Product - Asia Pacific
- Nov 97 - Nov 99 >> Retail Business Manager, Shell Thailand
- Nov 96 - Nov 97 >> Product Development (Fleet Card) Manager, Shell Thailand

* Management under definition of SEC.

group structure



dtac is one of the largest wireless communication service provider in Thailand. We are committed to deliver innovative products and services to satisfy the needs of our customers. The Company was founded in August 1989 to provide wireless telecommunication service in 800 Mhz and 1800 Mhz frequency bands in Thailand under a 27-year “Built-Transfer-Operate” concession granted by CAT Telecom Public Company Limited (formerly known as Communications Authority of Thailand-“CAT”). As of 31 December 2009, dtac had 19.7 million subscribers with the market share of subscriber at around 30%.

At the end of 2009, dtac had in total 14 subsidiaries, and 2 associated companies, namely United Distribution Business Co.,Ltd. and Frequency Media Co.Ltd. (under liquidation process). dtac has continued its focus on mobile business and the establishment of subsidiaries is mainly to support its core business and asset management. Furthermore, we are committed to invest in businesses that create long term value for our shareholders.

Details of Subsidiaries as of December 2009

Company's Name	Nature of Business	Percentage of Shareholding
WorldPhone Shop Company Limited	Ceased operations in 2003	100
TAC Property Company Limited	Asset management	100
TAC Service Company Limited	Ceased operation in 2001	100
DTAC Network Company Limited	Provide international call services	100
DTAC Broadband Company Limited	Incorporate to provide mobile phone services (not yet commenced operation)	100
DTAC Internet Service Company Limited	Incorporate to provide internet service (not yet commenced operation)	100
Public Radio Company Limited	Incorporate to provide taxi radio services (not yet commenced operation)	100
United Communication Industry Public Company Limited	Sale of voucher cards and sale on right of E-Refill service	99.8
PaySbuy Company Limited	Incorporate to provide an online payment service	100
Crie Company Limited	Value added services on mobile phone	51
Fat Degree Company Limited	Media, advertising, radio and publication	51
Viphavadee Office Building Company Limited	Property development (office building)	100 (through TAC Property 100)
Eastern Beach Company Limited	Land development	100 (through TAC Property 100)
TAC Finance Company B.V.	Finance company	100 (through TAC Property 100)

Details of Associated Companies as of December 2009

Company's Name	Nature of Business	Percentage of Shareholding
Frequency Media Company Limited	Under liquidation process	40
United Distribution Business Company Limited	Distribute SIM card, voucher card and handset	25*

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

business operation, strategies, and outlook



Business and Financial Performance 2009

Mobile services in Thailand are mainly provided by private sector operators, operating under concessions awarded by the two formerly state-owned agencies, which have been corporatised as TOT (formerly Telephone Organization of Thailand) and CAT (formerly Communications Authority of Thailand). The concessions were granted in early 1990s in the form of “build-transfer-operate” (BTO) agreements to assist the state agencies to respond to the growing demand in the country for telecommunications and wireless services.

Under the BTO agreements, private sector enterprises are required to build the network infrastructure and to transfer the assets to the state agency granting the concessions. The operators thereafter have an exclusive right to use the assets during the term of the concession and to provide services on a revenue sharing basis with the state agency awarding the concession in return for the right to use the allocated frequency band.

dtac provides wireless telecommunication services under the 800 MHz and 1,800 MHz frequency bands under the 27-year BTO concession from CAT. Under the concession, which will expire in 2018, there is an agreement to share a portion of our revenues as revenue sharing with CAT.

Operational Highlights

In 2009, all mobile operators faced the same challenges from the global economic crisis and the domestic political situation. The crisis had a substantial impact on market net additional subscribers, which fell from approximately 9.0 million in 2008 to around 3.7 million in 2009, and to a lesser extent consequence on overall market revenue growth, which declined by 0.6%. At the end of the year, total market subscribers reached 65.7 million, a 6.0% growth from 62.0 million in 2008, pushing mobile penetration rate close to 100%. dtac managed to add 1.0 million net additional subscribers in 2009, bringing its subscribers base to 19.7 million, representing approximately 29.9% of subscriber market share. Furthermore, our market share of revenue slightly improved to 32.0% from 31.8% in 2008.

We realized the potential negative impact from the global financial crisis and, in the beginning of 2009, proactively implemented measures to improve the overall cost level and stimulate usage among existing customer base. A companywide cost efficiency program was initiated and implemented throughout the year, and yielded promising results as reflected in continued improvement in EBITDA margin and healthy cash flow generation. Moreover, we also put more focus on acquiring and retaining quality subscribers on both prepaid and postpaid segments. We also started using micro-segmentation methodology in the way we approach and communicate to our customer. We've seen satisfactory results from these approaches and our efforts will be directed towards capitalizing further on the momentum in 2010.

As data services continued to grow despite the weakened economy, we put more emphasis on bundling those services with air cards and smart phones. We'll introduce additional smart phone models to the market as they prove to be a key driver of data service growth and penetration is increasing among high ARPU subscribers.

In late 2009, we commenced a 3G trial on our existing 850 MHz frequency band in the inner Bangkok area. The purpose of the trial was not to test the technology, which is well proven in many countries around the world, but to gain insight into actual customer behavior and demand, and to ensure that our value chain is prepared for commercial operations of 3G in the future.

THB 14.3
billion

free cash flow

In 2009, we generated a record high THB 14.3 billion operating free cash flow, as a result of lower capital expenditure and gains in operating efficiency.

Financial Highlights

We managed to sustain our service revenues during the most challenging year since the Asian financial crisis a decade ago. Total service revenue excluding IC grew 0.5% to THB 52.0 billion. However, normalized EBITDA declined 2.7% to THB 20.2 billion due to higher net negative IC balance and higher rental from the relocation of our headquarter to Chamchuri Square, while other operating costs gradually improved. We generated THB 14.3 billion in operating free cash flow, higher than the target of THB 13.0 billion. Net profit for the year was THB 6.6 billion, a decline of 11.5% from a year earlier.

We have been reducing our debt level from scheduled repayments in 2009 and DTAC's financial position continued to strengthen, with net DEBT:EQUITY and net DEBT:EBITDA ratio of 0.2 and 0.6, respectively.

Voice Service

In 2009, mobile operators remained rationale in introducing new tariffs to the market, and in line with the previous year, managing the balance of on/off-net traffic was a key factor. This resulted in a fairly stable price level. To an increasing extent, tariffs were based on micro-segmentation, effectively resulting in more tailored solutions for our customers.

Usage of voice services suffered a decline in early 2009. However, we observed a recovery of voice traffic along with the overall economic recovery during the second half of the year. We expect the usage momentum to continue into 2010.

For the prepaid segment, we focused on offering competitive tariff plans while maintaining the on/off-net traffic balance in parallel with optimal utilization of our network. For example, attractive rates were introduced for selected special numbers, for on-net calls, or for a special period of the day. In addition, we also introduced various kinds of economy SIMs and promotion packages to relieve the burden for our customers during the difficulty period. We also stimulated on-net usage during off-peak period by launching time-limited top-up promotions which had a favorable on revenues during the final quarter of the year.

For the postpaid segment, price plans were inclined towards bundling of voice and non-voice services, like the “Mouth Society” promotion.



Value Added Services

Value added services (VAS) have become increasingly important for the revenue development. In 2009, revenue from VAS accounted for 11.7 % of total service revenues, of which mobile internet service showed the strongest growth.

In response to the increasing demand of non voice services, we offered a wider variety of price plans to serve data-oriented customers, such as mobile internet users and customers with smart phones. In addition, we also introduced dtac’s USB air card to expand data usage on computers.

We recognize that the quality of the network play a significant role in fulfilling our goal of being the operator who provides the best customer experience. To guarantee the reliability and speed of the data usage, we have provided dedicated data channels on our network. In addition, the nationwide coverage of high speed data network based on EDGE technology, combined with the large bandwidth on our 1,800 MHz frequency band, also helps ensure good customer experience. These efforts lead to us being given the highest rating for quality and speed of our services in a nationwide survey of IT products and services retailers.



Besides the quality of network, smart phones also help stimulate data usage and have gained popularity among Thai consumers. Recent models are reasonably priced and easy to use. We introduced Blackberry service and started selling the handsets in late 2009. The Blackberry handset provides advanced features to access services like e-mail, chat and social networking applications.

IR / IDD

Revenues from International Roaming (IR) and International Direct Dialing (IDD) were significantly impacted by the global economic crisis, the domestic political situation and in particular the airport closure in late 2008, and the outbreak of Type-A (H1N1) flu in mid-2009. This led to a sharp reduction in number of tourists and business travelers coming to Thailand. Consequently, revenues from IR and IDD services declined 14.6% from the previous year and accounted for 6.8% of total service revenue, down from 7.7% in year 2008.

We recognize that seamless offering of international roaming services across networks for both voice and data is critical for international roaming customers. Accordingly, we entered into an exclusive strategic partnership agreement with Vodafone, one of the world's leading international mobile operators to enhance our international roaming service offerings. Besides international roaming services, we also get exclusive access to Vodafone's wide range of products, devices, and services. Finally, we are also getting access to Vodafone's enterprise customers as well as improved inter-working between networks.

To make it simpler and more convenient for our customers when traveling overseas, one-rate-per-country policy was introduced for GPRS roaming services. In addition, special data roaming rates for 6 frequently visited countries were also introduced, together with USSD service to control data roaming expenses and unintentionally connect to data roaming services for selected models of smart phones.

International Direct Dialing (IDD) market got increasingly competitive in 2009 due to higher number of players in the market. As a result, the price level was driven down. We managed to maintain our market position by focusing on developing the right products and services that matched our customers' needs and employing direct communication channels to reach each target group.



Customer Relationship Management (CRM)

As the market is approaching 100% penetration rate, we put greater effort on CRM activities to retain our most-valued customers. Besides the promotional campaigns, we launched new initiatives to improve our operational excellence and ensure the greatest customer satisfaction.

In 2009, we implemented a new network operation system, called "dsmart", to monitor the network performance and customer experience from a single center. This will enhance our ability to identify the root cause of problems that might arise and fix it faster, as well as to proactively recognize the problem in real time before it affects our customers. We consider the investment in this system very important to ensure excellent quality of service to our customers for many years to come.

Furthermore, "Jai-dee service" is one of CRM tools to strengthen our friendly and "value-for-money" position. The Jai-dee services are an integral and very important part of our brand position of being a customer friendly service provider. In 2009, dtac added a new member to our collection of Jai-dee services, namely "Jai-dee Wrong Call Refund Service", which allowed our customers to get refund when they made any calls to wrong numbers. Since the rebranding of our prepaid service to "Happy" in 2003, we have been continuously rolling out the "Jaidee Services", such as "Jaidee Hai Yuem" (emergency refill), "Jaidee Plae Hai" (translation service), "Jaidee Jang Kruakhai" (dtac number alert service), "Jaidee Hai Oan" (balance transfer service), "Jaidee Jaek Won" (day giveaway) and "Jaidee Chuk Choen" (emergency call back service).

We are committed to continuously improve our service quality and promote new CRM initiatives to keep our customers satisfied and continue to use our services.

Business Outlook

Even though the mobile market nearly reached 100% penetration rate at the end of 2009, it still has further room for growth in term of both subscribers and revenues. New additional subscribers will come from under-penetrated regions, i.e the Northeastern, while the recovery of the economy will enhance the overall purchasing power.

We'll maintain our focus on acquiring and retaining quality subscribers, as well as developing products and services to suit their needs. Furthermore, non-voice services will become increasingly important, driven by the popularity of smart phones, mobile internet, and social network applications. We'll continue to improve our network quality and put more effort on securing new smart phone models.

There are still quite a number of uncertainties surrounding the auction of 3G licenses. As a result, we're now exploring the viability of providing 3G services on our existing 850 MHz frequency band, on which we launched a non-commercial trial in August 2009.

We believe that we are in a good position to capitalize on the economic recovery and maintain our growth momentum from the second half of last year despite the persistent political uncertainty. In addition, the benefits from the cost efficiency programs implemented throughout 2009 will help improve our cost structure and operating margin going forward. These are critical to our long-term success and will help us build a solid foundation for sustainable growth in the future.

doing good deed every day project won SET awards 2009 under CSR category



The “Doing Good Deeds Every Day Project” has continued its activities under 3 main strategic guidelines, namely doing good deeds with technology, doing good deeds with knowledge, and doing good deeds with heart. Furthermore, the project follows His Majesty the King’s “Sufficiency Economy” philosophy and extends its scope by collaborating with other organizations who are serving the same purposes. Outputs from the collaboration are integrated activities with the ability to scale up rapidly and reach the desired targets. All the activities are formulated from our belief in natural law of human, which encompasses the 4 basic needs, sufficiency, response with reasons, and a framework of sustainable balance of happiness and righteousness.

The strategies are based on policies from Mr. Boonchai Bencharongkul and Mr. Tore Johnsen and the project is meant for all dtac’s employees to get involved. With our dedication over the past year, it overcame the limitation of “money, time, and personnel resources” and had all 76 provinces covered. Our CSR innovation finally won the SET Awards 2009, in the category of companies with more than THB 10.0 billion in market capitalization. The CSR award was one of the SET Awards 2009 given to companies with excellent policies and business operation that applies social, community, and environmental responsibilities to their missions and core business processes. The responsibilities include, for example, caring for environment, conducting businesses honestly, showing respect and treating employees fairly, being accountable for consumers, and social and community development.

The project has been carried out in cooperation with such organization as Sam Nuek Rak Ban Kerd Foundation, Ruam Duay Chuay Kan Happy Station, as well as other governmental agencies and private entities. Activities conducted in 2009 can be summarized as follows.

Doing Good Deeds with Technology

>> ***1677 Farmer Information Superhighway, Database for Thai Farmers.** It provides free delivery of agricultural information and news through SMS and MMS, as well as advisory service over the phone by dialing *1677. Moreover, this also shows how to utilize

communication technology to solve problem and bring knowledge and development to small communities. As of December 2009, there were approximately 200,000 subscribers using this service and a network of 123 highly knowledgeable agriculturists scattering across provinces to share their knowledge. In addition, we extended our cooperation to international organizations, such as USAID and Kenan Institution Asia, in order to further enhance the knowledge base. The service won Thailand ICT Excellence Awards 2008 from Thailand Management Association in Business Enabler category for Service Sector. It is our pride to be able to incorporate communication technology in supporting the development of Thai society.

- >> **Eyes for Heart Project.** This project combines communication technology and the power of social network, in cooperation with JS 100 and the Mirror Foundation, to help find missing persons by sending out MMS containing information and images of those missing to volunteer members' mobile phones.
- >> **Provide dtac SIM Card.** to Princess Pa Foundation under the Thai Red Cross Society to be installed in the prototype of automatic weather stations for monitoring flood and other natural disaster. With communication technology from dtac, the rescue operation will be conducted effectively.
- >> **1677 Hotline.** The Ruam Duay Chuay Kan Happy Station is a medium to provide public services, using radio, telephone, and website, to alleviate problems of the general public nationwide throughout 24 hours.

Doing Good Deeds with Knowledge

- >> **Sam Nuek Rak Ban Kerd Foundation for Community Leader Development.** The foundation granted scholarships continuously to a selected group of 999 young people from all provinces since 1997. About half of the group have already graduated and used the knowledge gained to help develop their hometown society.
- >> **Doing Good Deeds for Hometown.** This project provided grants to young people for creating social development activities and transform the societies around them into self-sufficiency ones. In 2009, a total of 6 grants were provided to projects such as rice mills, occupation development communities, and waste water treatment in natural water sources, etc.
- >> **Fill Libraries with Knowledge.** This project supported funds to supply school libraries with the Thai version of Britannica encyclopedia. In addition, the encyclopedias were sold at half price to interested persons who would like to donate them to school libraries.
- >> **Spreading Sufficiency Economy Knowledge.** This project conducted various forms of theoretical and practical activities in cooperation with major entities, such as Thaipat Insitute, Rural Development Foundation. It organized CSR Campus to disseminate knowledge base on CSR, covering all 76 provinces. In addition, it distributed articles on "The Meaning of Sufficiency Economy" and "Sufficiency Economy in Global View" and arranged "CSR Day" for interested employees of listed companies in order to give them better understanding and encourage them to participate in their companies' CSR activities. For practical activities, it joined hand with Princess Pa Foundation and Bank for Agriculture and Agricultural Co-operatives in building the Model Learning Center for Rehabilitation of Flood Victim at Baan Hae District, Ang Thong Province. The center is now the learning venue for showcasing and training practical use of sufficiency economy concept and had been visited by flood victims from all over the country. Moreover, the center had welcomed and trained more than 8,000 visitors last year.
- >> **Golden Plate of the Land.** This project provided seminars and knowledge to agriculturists and users of *1677 service in cooperation with Ruam Duay Chuay Kan radio station and other agricultural agencies, such as Department of Agriculture, Livestock Office, Department of Fisheries, and the Provincial Health Office. Both theoretical and practical knowledge under the philosophy of sufficiency economy were transferred.

Doing Good Deeds with Heart

- >> **Battery is Poisonous, Think before Dispose.** We initiated this campaign together with Robinson Department Store to encourage the public to dispose their battery properly. As of the end of 2009, 24,000 batteries had been properly disposed.
- >> **Afforest for His Majesty the King.** This project was carried out under the lead from Royal Thai Army to encourage afforestation in deteriorated forest area. Charity concerts were used to build awareness of environment caring. Moreover, in cooperation with Ruam Duay Chuay Kan Happy Station, more than one million trees in mangrove forest in Andaman area were grown.

In 2009, Doing Good Deeds Every Day project received supports from various entities to raise money for many charitable organizations. These organizations provided help to those in needs, such as operation for cleft lip and palate patients, cataract surgery, promoted volunteer mind, built traffic police booth, encouraged blood donation, sold wristbands to raise fund for publishing the book written by Buddhist Supreme Patriarch, and raised fund to support Princess Pa Foundation under the Thai Red Cross Society. During the year, Sam Nuek Rak Ban Kerd Foundation consistently made contributions, such as initial relief for flood and cold weather, various community services, seasonal charities victim, with an aim to build sustainable happiness for the Thai society.

“We cannot do everything, but we can do good every day.”

Milestone

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

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

- November 1990** >> dtac was granted a concession from CAT to operate wireless services on a revenue sharing basis under the term of Build-Transfer-Operate.
- February 1994** >> dtac entered into an Access Charge Agreement with TOT Public Company Limited (formerly known as Telephone Organization of Thailand "TOT") in order to access their networks.
- February 1995** >> dtac was registered as a public company.
- October 1995** >> dtac sold 13 percent of its paid-up capital to the public and listed the shares on the Singapore Exchange Trading Limited.
- November 1995** >> dtac issued new 42.8 million shares to TOT and TOT agreed to provide discounts on access charge payments.
- November 1996** >> CAT agreed to extend concession period until 2018.
- May 2000** >> United Communication Industry Public Company Limited ("UCOM") sold 5.5 million outstanding shares of dtac to Telenor Asia Pte. ("Telenor").
- August 2000** >> dtac issued new 48.5 million shares and sold these shares to Telenor, as a result, Telenor held 29.94 percent equity interest in the Company.
- March 2001** >> Launched new brand "dtac" and adopted a radically different approach to doing business in the Thai market.
- April 2001** >> TOT agreed to amend the basis of calculation of the access charge for prepaid services from Baht 200 per month per number to 18 percent of the value of the prepaid vouchers sold.
- November 2001** >> Launched GPRS-based data service across the entire dtac network.
- April 2002** >> Unlocked IMEI (International Mobile Equipment Identity) codes to allow all mobile handsets to use the Company's network.
- May 2002** >> Discontinued handset and accessories sales and distributions by transferring this business to UD, a company in which the Company and UCOM has 25 percent and 75 percent equity interest, respectively. (At present UCOM assigns all of the rights and benefits to Benchachinda Holdings).
- January 2003** >> Excise Tax was enforced.

- October 2003** >> Received "Disclosure Report Award 2003" from the SEC.
- December 2004** >> Won "Technology Fast 500 Asia Pacific 2004 Award" of Asia Pacific from Deloitte.
- June 2005** >> TOT agreed to cancel 16,400,000 of its shares in the Company by way of capital decrease.
- June 2006** >> Won the "Mobile Operator of the Year 2006 Award" in Thailand from Asian MobileNews Magazine for the second consecutive year.
- August 2006** >> The completion of capital reduction in respect of the 16,400,000 shares held by TOT.
>> NTC approved the term of reference on the interconnection charge as a basis for negotiation among operators.
- September 2006** >> Implemented of 10-digit mobile phone numbers by replacing the prefix 0 with 08.
- November 2006** >> dtac signed Interconnection agreement with True Move & AIS.
- December 2006** >> dtac signed Interconnection agreement with Triple T Broadband.
- June 2007** >> dtac issued 82 new million shares to be listed in Stock Exchange of Thailand and become the first dual listing (SET and SGX) company in Thailand.
>> Won "Mobile Operator of the Year Award" in Thailand from Asian MobileNews Awards 2007, organized by Asian MobileNews Magazine.
- August 2007** >> Won "Marketing Excellence Awards 2006" from Thailand Corporate Excellent Awards, organized by Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- October 2007** >> Refreshed brand with an aim to make customers "feel good".
- January 2008** >> Took over "PaySbuy", an online paying system.
- March 2008** >> Introduced "ATM SIM" with which customer can conduct their financial transactions via mobile phones.
- April 2008** >> FITCH withdrew Rating Watch Negative (RWN) assigning to dtac on February 2007.
>> dtac acquired FAT radio.
- June 2008** >> HAPPY 5th years anniversary, launched "HAPPY Home dial *100"
- July 2008** >> Standard & Poor's announced dtac's rating at BB+ and stable outlook.
- September 2008** >> dtac introduced INTERNET SIM.
>> dtac opened a new call center in Rangsit.
>> Fitch Ratings upgraded DTAC Long-term foreign currency Issuer Default to 'BBB-', its National Long-term rating to 'A+(tha)' and its senior unsecured debenture rating to 'A+(tha)'.
>> TRIS Rating upgraded dtac's rating to "A+" with "Stable" outlook.
- October 2008** >> Added value to ATM SIM by connecting with 7 additional banks.
- November 2008** >> ATM SIM was awarded the "Best Mobile Service" from Asia Mobile Award 2008, organized by GSMA's Mobile Congress.

- January 2009**
- >> ATM SIM was awarded the "Project of the Year" from Thailand ICT Excellence Awards 2008.
 - >> dtac's *1677 Farmer Information Superhighway project was awarded the "Business Enabler" from Thailand ICT Excellence Awards 2008.
- March 2009**
- >> dtac and Vodafone signed exclusive strategic partnership agreement.
- June 2009**
- >> ATMSIM was awarded the "Most Innovative Application of the Year" from the "2009 Frost & Sullivan Asia Pacific ICT Awards" event in Singapore, organized by Frost & Sullivan - the world's leading consultancy.
- July 2009**
- >> dtac relocated its headquarter from Chai Building to its new house at Chamchuri Square.
- August 2009**
- >> dtac commenced the trial service "dtac mobile internet on 3G" based on HSPA technology over dtac's existing 850MHz frequency, covering the inner Bangkok area.
- November 2009**
- >> dtac deployed dSmart solution to monitor network performance and customer experience from a single center which aimed to deliver the greatest satisfaction to its customers.
 - >> dtac's CSR Project "Doing Good Deeds Everyday" won CSR Award from SET Awards 2009.
- December 2009**
- >> dtac introduced BlackBerry service with the new BlackBerry smart phone, including a special edition white model.

risk and mitigation

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

1. Risks from Business Operation

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

Risk involving long-term operations

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

Risk from expiration of the Concession Agreement

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

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

(a) The telecommunications industry is under a transitional period and there are uncertainties over related laws and regulations

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

In October 2004, the NTC was established as an independent organisation under the 1997 Constitution to regulate the telecommunications sector in Thailand. The NTC is empowered, under the Telecommunications Act and the Frequency Act, to issue a number of policies

and regulations that may have a significant impact on the telecommunications sector, including those relating to (i) free and fair competition among telecommunications business operators, (ii) fees and tariffs for telecommunications services, (iii) allocation of frequency and other telecommunications resources, (iv) consumer protection, (v) promotion of other specific areas of telecommunications services which are beneficial to economic and social development, and (vi) establishment of emergency telecommunications services.

The 1997 Constitution was repealed and replaced by the 2007 Constitution. Section 47 of the 2007 Constitution requires for an establishment of an independent organisation (hereinafter referred to as the “NBTC”) to be responsible for the allocation of frequency and the supervision of radio and television broadcasting business and telecommunications business. This means that the NBTC will replace the NTC in regulating the telecommunications business. Nonetheless, the draft Act on the Organisation for Allocation of Frequency and Supervision of Radio and Television Broadcasting Business and Telecommunications Business, which is to be enacted to replace the Frequency Act, is still under the legislative process. Therefore, it remains unclear whether and when the new act will be enacted.

In addition, the Company is unable to predict how the NTC or NBTC will exercise its regulatory authority, the nature and scope of the policies and regulations it will issue in the future, and how it will supervise the implementation of such policies, as well as the enforcement of the legislation and regulations, both at present and which may be enacted in the future. The uncertainties arising as a result of this significant reform of the telecommunications regulatory regime may adversely affect the Company’s ability, among other things, to implement its business strategy or successfully adapt to any changes in market conditions.

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

Under the Act on Private Participation in State Undertaking B.E. 2535 (1992) (the “Private Participation Act”), which became effective on 8 April 1992, a governmental agency wishing to engage a private entity to join or undertake a government project with a capital investment of Baht 1,000 million or more must comply with the steps set out in the Private Participation Act as follows: first, the government agency that is the owner of the project must submit a report on the study and analysis of the project to the Ministry of Finance to obtain approval from the Cabinet; second, after the Cabinet approval has been obtained, the project owner may begin the process of selecting a private entity to join or undertake the project, including negotiating the terms of agreements (in particular, those relating to the government’s interest); and third, a coordinating committee must be established to supervise and monitor the implementation of the agreements.

The Company entered into the Concession Agreement with CAT on 14 November 1990, which was before the Private Participation Act became effective. The project under the Concession Agreement had a capital investment of more than Baht 5,500 million with a term of 15 years. The Private Participation Act allows any project, which had commenced before the Private Participation Act became effective, to remain valid, provided that it proceeds with the subsequent stages in accordance with the Private Participation Act. Therefore, the Concession Agreement, which was entered into before the Private Participation Act became effective, remains valid without having to comply with the first and second stages described above. Only the third stage under the Private Participation Act, which involves the supervising and monitoring of the implementation of the agreement by the coordinating committee, must be complied with.

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

On 23 January 2007, the Cabinet resolved to assign the Council of State to review and opine on legal issues whether CAT, as the project owner, was required to comply with, and if that was the case, whether it had complied with, the process set out in the Private Participation Act with respect to the three Amendments to the Concession Agreement. The Council of State gave its opinion (No. 292/2550) that the three Amendments to the Concession Agreement were not proposed to the coordinating committee for

consideration and to the Cabinet for approval. Accordingly, the three Amendments to the Concession Agreement were considered not made in accordance with the process set out under the Private Participation Act. Nevertheless, the Council of State further opined that the three Amendments to the Concession Agreement were still enforceable, but the Cabinet would be able to revoke such Amendments if it considered such revocation to be appropriate, taking into consideration the benefits of the state and the public interest. However, if the Cabinet considered that there was a particular reason or necessity for the public interest or benefits of the state, and for the continuation of public services, the Cabinet could exercise its discretion to approve the Amendments to the Concession Agreement as appropriate.

The opinion of the Council of State mentioned above is merely a legal opinion, which is not binding on the Company. However, at present, a coordinating committee under the Private Participation Act has been established to consider the issue on the three Amendments to the Concession Agreement as per the opinion of the Council of State, but the coordinating committee has yet to provide any findings. If the Cabinet resolves to revoke the three Amendments to the Concession Agreement, or require the Company to return any benefits, which the state should otherwise have received, to the government (which, in such event, the Company would have to protect its rights through the judicial process), this could have a material adverse effect on the business of the Company.

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

Pursuant to the Telecommunications Act, an operator who wishes to interconnect with the network of another operator must enter into an interconnection agreement. At present, certain operators, such as TOT, have not entered into an interconnection agreement with the Company. TOT, which entered into Access Charge Agreements with the Company in 1994 and 2001, requires the Company to pay an access charge to TOT at a flat rate per number in respect of a post-paid customer and a fixed percentage of the value of the prepaid vouchers in respect of a pre-paid customer. However, at present, the use and interconnection of networks between operators must be in accordance with the Telecommunications Act and the Interconnection Notification of the NTC, which require that the interconnection charge be determined on a fair, cost-oriented and non-discriminating basis. In this regard, on 17 November 2006, the Company informed TOT and CAT that it would pay the access charge pursuant to the criteria and at the rate prescribed by the applicable laws, instead of the access charge prescribed in the Access Charge Agreements. The Company believes that the access charge under the Access Charge Agreements is not in compliance with the Telecommunications Act and the Interconnection Notification of the NTC, which require that TOT charge the interconnection charge at a fair, reasonable and cost-oriented rate.

TOT argued that the Company is obliged to pay the access charge at the rate originally specified in the Access Charge Agreements, and has refused to accept the payment of the net interconnection charge (calculated by the Company in accordance with the criteria and rate specified by law). On 16 November 2007, TOT submitted a case to the Civil Court requiring CAT and the Company to pay the access charge from November 2006 to 31 October 2007, together with penalty, in a total amount of Baht 11,705 million, and to pay the access charge from 1 November 2007 onwards until the Access Charge Agreements are terminated.

On 3 November 2008, the Civil Court granted an order dismissing the case as the Court viewed that the case was in the jurisdiction of the Administrative Court. Until now, the Company has yet to receive any notification from the Administrative Court that TOT has submitted a case to the Administrative Court to require the Company to pay the access charge.

At present, there is no court judgment that the payment of the net interconnection charge, which the Company has made in accordance with the provisions of the Telecommunications Act and the Interconnection Notification of the NTC in lieu of the payment at the rate originally specified under the Access Charge Agreements, is not correct.

Based on the opinion of the legal counsel of the Company, the management of the Company strongly believes that the Company has no obligations to pay the access charge under the Access Charge Agreements as required by TOT. This is because the Access Charge Agreements are not in compliance with the current legislation, especially the Interconnection Notification of the NTC, and the Company has already served a notice to terminate the Access Charge Agreements. However, if the relevant regulatory body or the court issues an order or judgment requiring the Company to pay the access charge to TOT pursuant to the Access Charge Agreements, such order or judgment may have a material adverse effect on the financial condition of the Company.

The Company's call termination rate in the existing interconnection agreements to which it is a party is THB 1 per minute. On 2 February 2010, the Company was unofficially informed that the NTC resolved on the rate dispute between the Company and CAT to the effect that the rates be symmetric and be THB 0.50 per minute (for call termination and call origination) and THB 0.20 per minute for call transit. Given that the Company has not officially received the decision of the NTC, it is too early to determine any impact and consequence which may arise from the NTC decision, if any.

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

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

However, there is currently no guideline relating to the accounting method for recording revenues and expenses accrued under an agreement, whereby the parties under the agreement disagree on the validity of the agreement and/or certain provisions of the agreement, and such disagreement has not been decided by the final judgement of the court. Accordingly, should the Federation of Accounting Professions issue an accounting guideline with respect to the above issue, it remains uncertain whether and how such guideline will have an impact on the profitability and financial condition of the Company.

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

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

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

- (i) The Land Code prohibits a foreigner from owning land, unless permission is granted in accordance with the law. Any foreigner who possesses the land without permission is required to sell such land within the specified period, which shall not be less than 180 days and not more than 1 year.

The term "foreigners" under the Land Code is defined to include a public or private company, in which non-Thai nationals hold more than 49 percent of its registered capital, or in which more than half of the total number of its shareholders are non-Thai nationals.

- (ii) The Foreign Business Act prohibits a "foreigner" (as defined in the Foreign Business Act) from undertaking certain types of business. Provision of telecommunications services is the business which cannot be undertaken by a foreigner, unless prior permission is obtained from the Director-General of the Department of Business Development, a government agency under the Ministry of Commerce.

- (iii) The Telecommunications Act stipulates that an applicant of Type 2 and Type 3 licences must not be a foreigner under the Foreign Business Act.

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

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

If the Company fails to maintain its status as a Thai Company or its qualifications under the Foreign Business Act, or is in breach of the provisions of the Foreign Business Act or the Telecommunications Act (including any amendment thereon, particularly, any amendment to the definition of “foreigner”), or any of the shareholders of the Company is considered to have acted as a nominee of a foreigner shareholder, the Company may be considered as a non-Thai company. Such event may be regarded as a breach of a contract, and may constitute a ground for the counterparties to terminate the Concession Agreement or certain commercial contracts. The Company may also be considered to be in breach of the conditions of the licences held by it, if the conditions under such licences require the Company to maintain its Thai shareholding or to comply with the Foreign Business Act. As a result, the Company may not be able to continue its telecommunications business.

(f) Prohibition on acts which constitute foreign dominance

Currently, Telenor and Thai Telco Holdings Co., Ltd. hold 38.6 percent and 25.6 percent of the total issued shares of the Company, respectively, and both of them are major shareholders of the Company. The Company has six non-Thai directors from a total of ten directors.

Section 8 of the Telecommunications Act empowers the NTC to impose restrictions on acts constituting foreign dominance by applicants who are juristic persons and applying for certain types of licences. Since the NTC has not issued any notification prescribing the acts or behaviours which constitute foreign dominance, it remains uncertain whether and how such notification, once issued by the NTC, will have an impact on the operation of the Company.

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

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

(h) Maximum tariffs

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

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

In 2003, amendments were made to the Excise Tax Act B.E. 2527 (1984) and the Excise Tax Tariff Act B.E. 2527 (1984) to expand the imposition of excise tax, originally only on industrial operations and entertainment establishments, to cover telecommunications business. Excise tax would be collected at the rate of 2 percent for fixed-line operators and 10 percent for wireless or cellular system radio communications operators.

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

The amendments to both excise tax legislations were subject to heavy criticism on the ground that they had caused damages to the state-owned enterprises due to a significant decrease in revenue sharing. Moreover, the imposition of excise tax on telecommunications business could be viewed as contrary to the principles of excise tax, which is intended to be imposed upon certain goods or services that are subject to consumption control policy of the government, such as luxury goods, whereas telecommunications business is perceived as goods and public services that is essential for living. Consequently, on 23 January 2007, the Cabinet resolved to revoke the above Cabinet resolutions, and further resolved to instruct the Ministry of Finance to consider reducing the rate of the excise tax to be collected from the telecommunications services to 0 percent.

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

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

(j) Mobile Number Portability Service

The NTC has issued the Notification on Criteria for Mobile Number Portability Service (MNP), which will enable mobile telephone users to retain their mobile telephone numbers when changing from one network operator to another. The MNP will optimise the use of telecommunications numbers and encourage more competition among network operators as they will have to improve their service quality and marketing strategy in order to maintain their customers. At present, network operators are in the stage of technical preparation. Once the technical process has been completed and network operators are able to provide the MNP service, the Company is unable to predict how the customers' behaviour will change, whether the competition in the market will intensify, and the impact of the MNP on the business, financial condition, results of operations, and business opportunity of the Company.

Risk from competition

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

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

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

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

(c) The Company may be affected by technological changes

The Company currently operates its mobile telephone services using GSM technology and provides hi-speed data transmission services using EDGE and GPRS platforms, with nationwide coverage. In addition, the Company, together with CAT, have been contemplating an upgrade of the existing network under the terms and conditions of the existing Concession Agreement, using HSPA technology at the 850 MHz frequency band. The undertaking is now being considered and approved by the relevant government agencies.

However, technological changes in the telecommunications industry have been very rapid. The Company may face more intense competition from the introduction of new technologies or from improvement existing technologies such as 3G Technology and WiMax (a high-speed wireless connection technology for transmission of large data), The Company might not be able to respond to the competition from the use of new technologies in the Thai market on a timely and cost-effective manner. Accordingly, if the Company is unable to procure appropriate technologies in a timely and cost-effective manner, this could have an adverse effect on the quality of services, business, financial condition, results of operations, and business opportunity of the Company.

Risk relating to the Company's operations

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

The Company's operation relies on its network and system management, such as information system, billing system, customer services and network management system, all of which must function well at all times in order to satisfy customer demand.

In this regard, the Company perceives risks which may occur, such as failure of the network system, loss of data, etc. The Company has developed a monitoring system and maintenance procedure for its network and equipment in order to ensure that all network and equipment are in satisfactory condition to provide services to its customers. In addition, the Company has developed a business continuity plan in case of an emergency, which encompasses additional investment in important equipment and safety systems, such as fire protection system and real-time network equipment monitoring system. The Company regularly conducts trainings for its staff on their responsibilities and relevant procedures to be carried out in the event of operational failure. Furthermore, the Company has procured insurance policies to cover network and equipment damages due to external factors. However, such insurance policies do not provide coverage for damages due to business interruption. In addition, the Company has set up a revenue assurance function to identify and stop potential leakages of revenue in order to increase its revenue generating capacities. The Company has also employed a software program for use in its revenue assurance process to monitor its service fee collection.

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

(b) The Company relies on third parties to maintain telecommunications devices

In providing mobile telecommunications services, the Company employs complex telecommunications devices, including mobile telecommunications network and 10,023 base stations nationwide (as at 31 December 2009). The success of the Company's business therefore depends on the effective maintenance and repair of its telecommunications devices.

At present, the Company engages BB Technology Co., Ltd. (a related company of Benchachinda Holdings Co., Ltd.) to provide maintenance and repair services for all telecommunications devices and transmission networks of the Company. If BB Technology Co., Ltd. is unable to perform its obligations under the agreement, or is unable to perform its obligations in a timely and cost-effective manner, the Company may have to bear higher operating costs. In addition, it may affect the speed and quality of the services of

the Company, which may result in a loss of customers and a significant amount of revenues. As a result, this may affect the business, financial condition, results of operations, and business opportunity of the Company.

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

The Company does not focus on direct distribution of starter kits and refill vouchers to customers, which would create additional workload for the Company in inventory management, including logistics and document storage. The Company has appointed UD (an affiliated company, in which the Company and Benchachinda Holdings Co., Ltd. holds 25 percent and 75 percent of the total issued shares, respectively) as the principal distributor of starter kits and refill vouchers to wholesale and retail outlets, which are not under the management of the Company. Most of these products are sold to UD for further distribution through the Company's distribution network. The Company provides UD with a credit term of 45-50 days and supports UD in its marketing campaigns, which are considered on a campaign by campaign basis. The sales of the starter kits and refill vouchers through UD for the year 2009 were Baht 18,152 million.

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

As of 31 December 2009, the Company's accounts receivable owed by UD was Baht 3,627 million, or 57 percent of the total accounts receivable of the Company. Any failure or delay on the part of UD to pay such amounts owed to the Company may have a material adverse effect on the business, financial conditions, results of operations, and business opportunity of the Company.

2. Financial Risks

Risks from exchange rate fluctuation

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

Since the long-term loans which are denominated in foreign currencies have a definite repayment term, the Company has hedged against the foreign exchange risk by entering into cross currency swap contracts, covering 100 percent of the total amount of the long-term loans which are denominated in foreign currencies. In respect of the capital expenditures or operating costs which are denominated in foreign currencies, the Company has hedged against the exchange rate risk by entering into forward exchange contracts for every transaction that the Company incurs capital expenditures or operating costs in foreign currencies. As of 31 December 2009, the Company's trade accounts payable which are denominated in foreign currencies was Baht 817 million, or 9 percent of the total trade accounts payable.

Risk from collection of telephone service fees

The risk associated with accounts receivable is mainly from customers using post-paid package. As of 31 December 2009, revenues from provision of post-paid mobile telephone services represented 23 percent of the total income of the Company. The Company has set up allowance for doubtful accounts for revenues from post-paid services in each aging period on a progressive basis. As of 31 December 2009, the Company's trade accounts receivable which had been past due over 180 days was Baht 384 million, or 15 percent of the total accounts receivable from telephone services.

Risk from interest rate fluctuation

Changes in interest rates in the market affect the financial liabilities of the Company. The Company has a policy to manage interest rate risk by entering into interest rate swap contracts with financial institutions whose rating is equivalent to or higher than that of the country so that the risk from interest rate fluctuation is maintained at an appropriate level in accordance with the prevailing situation. As of 31 December 2009, the Company's financial liabilities with floating interest rates (after entering into the interest rate swap contracts) was Baht 1,803 million, or 10 percent of the total interest bearing liabilities of the Company.

Risk from economic slowdown

The economic slowdown in Thailand, which was due to the global financial crisis, as well as other negative factors within the country, such as the slowdown in the manufacturing, export and tourism sectors, unemployment and political tension, had a material adverse effect on income and purchasing power, spending behaviour and level of confidence of consumers.

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

3. Other Risks

Risk from natural disasters

Risks from natural disasters may occur and may have an impact on the business operation of the Company. For example, the outbreak of SARS in 2003, the outbreak of Avian Influenza in 2003 and the outbreak of the Influenza A (H1N1) in 2009 led to a reduction in the number of tourists. The Tsunami disaster in 2004 also caused damages to a number of base stations in certain areas. Although natural disasters resulted in a reduction in the Company's international roaming revenues, such revenues only account for a small percentage when compared with the total revenues of the Company.

In order to ensure the continuity of its business activities and services to its customers, the Company has developed a recovery plan for technical interruption. To alleviate telecommunications network problems, the Company has in readiness mobile cell sites, which will be deployed in areas that have network problems. In addition, the Company has procured insurance policies to cover damages which may occur to its network equipment. The compensation received from such insurance policies will be used for repair or replacement of lost or damaged equipment in accordance with the terms of the Concession Agreement. Moreover, the Company has created a back-up system for billing and customer data, which the Company regularly updates on its system. Notwithstanding these measures, the Company cannot be assured that the business, financial condition, results of operations, and business opportunity of the Company will not be materially affected by any natural disasters in the future.

Major shareholders may have influence on decisions of the Company

Currently, Telenor and Thai Telco Holdings Co., Ltd are major shareholders of the Company, holding collectively 64 percent of the total issued shares of the Company. As a result, the major shareholders may exert influence over corporate decisions of the Company, including the election and removal of members of the board of directors of the Company, approval of the annual financial statements, announcement of dividends and any other decisions to be made by the shareholders meeting, and may also have influence over the management, strategy and operation of the Company. Accordingly, other shareholders may not be able to determine the outcome of any resolution of the shareholders meeting or influence any decisions made by the major shareholders in respect of the operation of the Company (except for matters which the major shareholders are not eligible to vote due to any special interest or conflict of interest relating thereto).

management

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

Board of Directors

The Board of Directors of the Company consists of 10 directors, namely:

Names of Directors	Position
Mr. Boonchai Bencharongkul	Chairman
Mr. Sigve Brekke	Vice Chairman
Mr. Tore Johnsen	Director and CEO
Mr. Knut Borgen	Director
Mr. Sompol Chanprasert	Director
Mr. Chulchit Bunyaketu	Independent Director
Mr. Soonthorn Pokachaiyapat	Independent Director
Mr. Stephen Woodruff Fordham	Independent Director
Mr. Knut Snorre Bach Corneliusen	Director
Mr. Charles Terence Woodworth	Director

Authorised signatories of the Company are any two of (i) Mr. Boonchai Bencharongkul, (ii) Mr. Tore Johnsen, (iii) Mr. Sigve Brekke, and (iv) Mr. Knut Borgen, signing jointly together with the Company's seal affixed.

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

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

1. Authorising and delegating responsibility for the performance of the Company's business in accordance with applicable laws, the Company's objectives and Articles of Association, and resolutions of shareholders passed at general meetings of shareholders;
2. Recruiting qualified persons with the appropriate knowledge and skills set to hold high ranking executive positions and authorising executives to perform works in furtherance of the Company's objectives;
3. Declaring interim dividends to shareholders from time to time when they are of the view that the Company has derived sufficient profits to do so;
4. Making complaints and taking any legal proceedings on behalf of the Company;
5. Establishing the Company's vision, goals, policies and budget and supervising the management in the implementation thereof;

6. Providing appropriate risk management systems;
7. Ensuring the Company has adequate and appropriate internal control systems, including an internal audit division and an audit committee to oversee matters relating to interested person transactions and report the result thereof to the shareholders and regulators;
8. Ensuring accounts are accurately and completely prepared and the document filing system allows for subsequent verification of information, so as to enable the Board of Directors to monitor the performance of management and allow for the shareholders to monitor the Company's operational results;
9. Approving various transactions or proposing fair and reasonable opinions to shareholders to grant approval for transactions, by taking into account the Company's best interest;
10. Evaluating the results of operations and determining the management's remuneration; and
11. Reporting accurate and sufficient financial and other relevant information to the shareholders and general investors.

Independent Directors

The Company has three independent directors, namely Mr. Chulchit Bunyaketu, Mr. Stephen Woodruff Fordham, and Mr. Soonthorn Pokachaiyapat.

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

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

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

Company Secretary

The Company has appointed Mrs. Veeranuch Kamolyabutr, Head of Legal Department, as the Company Secretary.

Audit Committee

The Audit Committee consists of three independent directors, namely:

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

Remark: Mr. Chulchit Bunyaketu has the knowledge and experience in the areas of finance and accounting, sufficient to review the creditability of financial statements of the Company.

The members of the Audit Committee have all the qualifications of an independent director. They are not authorised by the Board of Directors to make decisions on the business operation of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and are not directors of its parent company, subsidiary or affiliate, which is a listed company.

Duties and responsibilities of the Audit Committee are as follows:

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

10. To review connected transactions, transactions with interested persons, or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand and the SGX-ST, and are reasonable and for the best interest of the Company;
11. To prepare and disclose in the Company's annual report, an Audit Committee's report, which must be signed by the Chairman of the Audit Committee and consists of at least the following information:
 - an opinion on the accuracy, completeness and creditability of the Company's financial report;
 - an opinion on the adequacy of the Company's internal control system;
 - an opinion on the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the SGX-ST, and another laws and regulations relevant to the business operation of the Company;
 - an opinion on the suitability of the auditor;
 - an opinion on the transactions that may lead to conflicts of interest;
 - the number of the Audit Committee meetings and the attendance of each members of the Audit Committee;
 - an opinion or overview comment of the Audit Committee from its performance in accordance with the charter; and
 - any other matters which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
12. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

Management

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

Names - Surname	Position
Mr. Tore Johnsen	Chief Executive Officer
Mr. Rolf Marthinusen	Chief Technology Officer
Mr. Terje Borge	Chief Financial Officer
Mr. Thana Thienachariya	Chief Commercial Officer
Mrs. Patraporn Sirodom	Chief People Officer
Ms. Tipyarat Kaewsringarm	Chief Customer Officer
Mr. Roar Wiik Andreassen	Chief Strategy Officer
Mr. Premon Pinskiul	Deputy Chief Financial Officer

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

Nomination of Directors and Management

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

1. The Board of Directors must have at least five members and at least half of whom must have a permanent residence in Thailand;
2. The shareholders must appoint members of the Board of Directors in the following manners:
 - (a) the votes of the shareholders shall be in proportion to the number of shares held by them;
 - (b) votes can be cast for a particular candidate or group of candidates but cannot be split between different candidates; and
 - (c) candidates receiving the highest number of votes in descending order will be appointed as directors of the Company. In the event of a tie, the chairman of the meeting will cast the deciding vote;

3. A director wishing to resign from his position must submit a letter of resignation to the Company. Resignation takes effect upon receipt of the letter of resignation by the Company; and
4. The shareholders' meetings may resolve to remove any director before the expiration of his/her term by not less than three-fourths of the number of shareholders attending the meeting and having the right to vote with not less than one-half of the shares held by all the shareholders attending the meeting and having the right to vote.
5. At every annual general meeting of shareholders, one-third of the directors who have served for the longest terms must retire from their office but such directors are eligible for re-election.

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

Remuneration of Directors and Management

Directors Remuneration

The remuneration of directors consists of meeting allowance and monthly allowance. At present the Company does not offer any kind of remuneration payable in the form of shares to its directors. In 2009, the total remuneration of the directors of the Company was THB 5,365,000, as follows:

Names	(Unit : THB)		
	Meeting Allowance	Monthly Allowance	Total Allowance
Mr. Boonchai Bencharongkul	-	2,400,000	2,400,000
Mr. Sigve Brekke	-	-	-
Mr. Knut Borgen	-	-	-
Mr. Ragnar H. Korsæth ⁽¹⁾	-	-	-
Mr. Chulchit Bunyaketu	430,000	600,000	1,030,000
Mr. Stephen Woodruff Fordham	235,000	600,000	835,000
Mr. Soonthorn Pokachaiyapat	440,000	600,000	1,040,000
Mr. Sompol Chanprasert	60,000	-	60,000
Mr. Roar Wiik Andreassen ⁽²⁾	-	-	-
Mr. Tore Johnsen	-	-	-
Mr. Knut Snorre Bach Corneliussen	-	-	-
Mr. Charles Terence Woodworth ⁽³⁾	-	-	-

Remark: (1) Mr. Ragnar H. Korsæth retired as a director on 23 September 2009.

(2) Mr. Roar Wiik Andreassen retired as a director on 13 January 2009.

(3) Mr. Charles Terence Woodworth was appointed as a director pursuant to the resolution of the Board of Directors' Meeting No. 5/2009, which was held on 23 September 2009, in place of Mr. Ragnar H. Korsæth.

The remuneration of the directors mentioned above is below SGD 250,000. As of 31 December 2009, no employees, who are related to the directors, received remuneration from the Company of more than SGD 150,000 per year.

Management Remuneration

The remuneration of the management consists of monthly salary, bonus and provident fund contribution. At present the Company does not offer any kind of remuneration payable in the form of shares to its management. In 2009, the total remuneration of the management of the Company was THB 86,995,915, as follows:

Remuneration	Monthly Salary	Bonus	Provident Fund Contribution
Above SGD 750,000			
-nil-			
SGD 500,000 – 750,000			
Mr. Tore Johnsen	100%	-	-
Mr. Rolf Marthinusen	95%	5%	-
Mr. Thana Thienachariya	88%	8%	4%
SGD 250,000 – 500,000			
Mr. Terje Borge	98%	2%	-
Mr. Roar Wiik Andreassen	97%	3%	-
Mrs. Patraporn Sirodom	90%	6%	4%
Mr. Premon Pinskiul	92%	4%	4%
Below SGD 250,000			
Ms. Tipayarat Kaewsringarm	90%	6%	4%

Information Handling

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

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

The above code of conduct can be found on the Company's website at www.dtac.co.th and on the Company's intranet.

Internal Control

The Company has set up an internal control system, as well as establishing an audit committee to provide opinion on the adequacy and suitability of the internal control system of the Company and its subsidiaries. The internal control system of the Company covers internal control issues from operational level to executive level in order to ensure that the Company has suitable management in accordance with good corporate governance, and to prevent damages from undue or unauthorised use of the Company's asset by stipulating clear authority and responsibility of each director.

The Board of Directors of the Company, at the Board of Directors' Meeting No. 3/2009, which was held on 10 March 2009, assessed the sufficiency of the Company's internal control system in the following areas: organisation and environment, risk management, management controls, information and communication, and monitoring. The Board of Directors acknowledged the opinion of the Audit Committee, which accorded with the opinion of the auditor, that the Company's internal control system was sufficient and suitable for the Company's business and capable of safeguarding the Company's assets from unduly or unauthorised use by the management. The Company and its auditor did not find any material deficiencies in the internal control system, which may have a material adverse effect on the Company's financial position or the opinion of the auditor on the financial statements. The Board of Directors also emphasised on the development of good corporate governance in order to continuously improve the internal control system.

Details of the assessment of the internal control system are as follows:

(1) Organisational Control and Environmental Measure

The Company has established an organisational structure that efficiently supports the achievement of business objectives. The Company has set up clear and measurable business goals. It has also set up suitable operational goals by taking into consideration the possibility of achieving these goals and has communicated these goals to its employees at all level. The Company has developed a code of conduct, which governs conducts towards various stakeholders, both internal as well as external, including employees, customers, business partners, competitors and government agencies, and matters relating to environment, property and assets, internal control, accounting, reporting and disclosure, information handling and protection of personal data. Employees may consult or report incidents of violation of the Code of Conduct directly to the Compliance Manager. The policy and the Code of Conduct have been developed based on fairness towards stakeholders and for the long term benefits of the Company.

Apart from the Code of Conduct, the Company has set up a unit responsible for occupational health, safety, security and environment (HSSE) within the organisation and that of the stakeholders. The HSSE unit follows the OSHA 18001 and ISO 14001 standards as its framework. In addition, the Company takes into consideration its responsibilities towards the environment, particularly on the carbon emissions. The Company has developed a plan to cut back on, and to continuously monitor, the carbon emissions.

(2) Risk Management Measure

The Company has assessed the internal and external risks that may affect its business operation, by analysing the possibility and potential effect, and continuously and regularly monitoring the situations, in order to develop measures and strategies to mitigate the risk. The Company has established a risk management committee to consider and review its risk policy, to set up a risk tolerance level for the Company, and to follow up the implementation process to identify and manage risks. In addition, the Risk Management Committee is responsible for identifying risks and assessing their impact on the Company, identifying responsible persons, developing mitigation plans, and closely monitoring the outcome, in order to ensure that the risks have been mitigated to a suitable level.

(3) Management Control Activities

The Company has established a clear and appropriate scope of authority and approval limits for management at each level, and segregated the approval function from recording of accounts and information, and safeguarding of assets. In addition, the Company has put in place strict measures on transactions with major shareholders, directors, executives, or their related persons, in order to prevent conflicts of interest, and taking into consideration the best interest of the Company.

(4) Information and Communication Measure

The Company places emphasis on information and communication system in order to ensure that quality and sufficient information have been communicated to the Board of Directors, management, shareholders and other related persons to make informed decisions. The Company has adopted accounting policies, which are in accordance with generally accepted accounting principles and suitable for the type of business in which the Company engages. All accounting records and supporting documents are being

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

Furthermore, the Company has set up an information security system to control employees or business units' access to information by employees, which is strictly enforced and monitored. The company has also prepared emergency plan in case of damages to the information system due to unexpected events.

(5) Monitoring

The Board of Directors would compare actual operating results and the business plan, and an adjustment would be made where there is a variance between the actual results and the plan. The Board of Directors has directed the Internal Audit Department to periodically conduct audits on the internal controls and report the audit result to the Audit Committees in order to take corrective actions and to report the result of such actions in a timely manner. The management is required to immediately report to the Board of Directors cases of fraud, violation of laws, or misconduct which may have a material adverse effect on the reputation and financial position of the Company.

In addition, the Company has set up an internal control unit to oversee activities concerning internal controls and processes which may affect the financial reporting of the Company, and to assess the effectiveness of the internal control system, in order to promote good corporate governance and build confidence of investors on the credibility of the Company's financial statements.

The Internal Audit Department has a duty to report to the Audit Committee. In addition the Internal Audit also reports its findings to the management. The Internal Audit Department is an indispensable mechanism to ensure the continuous effectiveness of the internal control system of the Company, and to ensure that the Company's operation continues to be effective in meeting with the objectives according to its policy. In 2009, the Internal Audit Department conducted its audit according to the audit plan approved by the Audit Committee. There were no material weaknesses in the internal control system of the Company, which might cast significant risks to its operation. Although the Internal Audit Department reported findings on non-compliance of certain business units, the responsible management has proceeded to rectify such non-compliance without delay. The Internal Audit Department has continued to follow up on the rectification progress and made quarterly report to the Audit Committee and the management. The Audit Committee considered the risks of such non-compliance to be limited.

In addition, the auditor of the Company has reviewed and assessed the accounting controls of the Company and its subsidiaries and found no material findings which may have a material effect on its opinion on the financial statements as of 31 December 2009.

Human Resource Development

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

Learning by Experience and on the Job Training

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

Development through Evaluation

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

Development through Additional Education and Academic Training

The Company conducts training through the "dtac school" where the employees will have the opportunity to attend courses they deem necessary or interesting, as follows:

1. Basic Program, compulsory courses for all employees, such as orientation course for new employees, cultivation course for corporate culture and code of conduct, and leadership development course, etc. The Company continuously arranges training courses and activities in order to promote compliance with the corporate culture and code of conduct.
2. General Program, courses for development of employees of all levels, namely operational level, junior level management, mid level management and senior level management. Courses offered includes communications, management and planning, finance human resource, English language skill, computer skill, and business knowledge, etc. These courses, upon their supervisors' approval, are available to the employees as they deem appropriate and necessary for their responsibilities.
3. Specific Program, courses designed for developing and enhancing particular knowledge and capability directly relating to duties and responsibilities of the employees and executives in each division. Courses offered include advanced management skill, work and service efficiency development, sustainable customer relationship development, and understanding of the Company's products and services, as well as other products and services available in mobile phone market.

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

The Company allocated a budget for human resource development at the rate of THB 5,000 per employee. Approximately 70 percent of the total number of employees attended trainings in 2009.

corporate governance

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

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

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

Section 1 Rights of Shareholders

The Board of Directors realises and give importance on the rights of shareholders by encourages the shareholders to fully exercise their rights through the general meetings of shareholders so that the shareholders can participate in any decision-making, which affects or relates to their rights and benefits.

The Company held the 2009 Annual General Meeting of Shareholders on 30 April 2009 at Sofitel Centara Grand Bangkok Hotel in Bangkok. Seven directors and senior management attended the Meeting to provide details of the agenda and response to any questions raised by the shareholders.

The Company engaged the TSD, its registrar, to send the invitation notice, together with the supporting documents, to the shareholders 14 days in advance of the Meeting. The Company also posted such invitation notice and supporting documents on its website at www.dtac.co.th before mailing them to the shareholders in order to facilitate the shareholders easy and prompt access to the information relating to the Meeting.

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

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

The Company invited the shareholders to submit questions on the agenda in advance of the Meeting, during 6 February 2009 to 1 March 2009. However, no question was submitted. At the Meeting, the Chairman of the Meeting provided opportunities for the shareholders to express their opinions and to make inquiries relevant to the Company and the respective agenda.

Section 2 Equitable Treatment of Shareholders

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

During 6 February 2009 to 1 March 2009, the Company invited the shareholders to propose matters which they considered necessary for inclusion in the agenda of the 2009 Annual General Meeting of Shareholders, and to nominate candidates for election as directors. The Company also posted the rules and procedures in relation thereto on its website at www.dtac.co.th. However, no shareholders proposed matters for inclusion in the agenda of the Meeting nor nominated any candidates for election as directors.

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

At the Meeting, the Chairman of the Meeting conducted the Meeting in order of the agenda set forth in the invitation notice. No agenda was added without prior notification to the shareholders.

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

The Company prepared the minutes of the Meeting, and posted it and the video record of the Meeting on its website at www.dtac.co.th, within 14 days after the Meeting.

The Company has developed a policy and a code of conduct for handling of information, which apply to directors, management, employees of the Company, and other persons acting on its behalf, in order to protect against undue handling of information for personal benefits or the benefits of other persons. It is the responsibility of the management in each division to ensure that the employees and relevant persons acknowledge and comply with the Code of Conduct. Further details on information handling can be found on page 64.

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

Section 3 Roles of Stakeholders

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

In this regard, the Company has provided a communication channel through the Company's website at www.dtac.co.th, whereby the shareholders and stakeholders will have an opportunity to express their opinion and submit a complaint in the event that they have been treated unfairly or have suffered from the Company's action.

(1) Rights of shareholders

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

(2) Rights of employees

The Company has always regarded its employees as valuable resources, whose role is important in bringing about success to the Company. Accordingly, the Company aspires to increase the potential of its employees throughout their career path by improving skills, knowledge and aptitude of its employees, providing every employee with an opportunity to progress in its career on an equitable basis, as well as offering appropriate remuneration to its employees. The Company promotes and supports good corporate conduct and working environment by encouraging its employees to act honestly, respect the right of each other and treat their colleagues equitably. Moreover, the Company has internally communicated to its employees the business direction and objectives of the Company, so that the employees can participate and take part in developing the organisation towards its success. Further details on human resource development are shown on page 66-67.

The Company gives importance to the welfare and safety of its employees (in addition to the normal benefits and welfare as required by law, such as the Social Security Fund, Compensation Fund, Provident Fund and other rights and severance pay). The Company has established a policy and a code of conduct on occupational health, safety, security and environment, which requires and promotes good health care and working environment, as well as security and relevant measures to prevent accidents and illness from performance of work in accordance with the internationally accepted standards.

The Company provides every employee with health, life and personal accident insurances (in addition to the benefits from the Social Security Fund as required by law). It also has doctors and nurses available at the office during working hours and arranges for an annual health check-up for its employees. During an epidemic of the A (H1N1) influenza, the Company introduced measures to protect its employees' health by raising awareness about how to prevent the spread of the virus, arranging for measurement of body temperature and giving masks and alcohol hand gel to all of its employees and visitors before entering the premises of the Company.

Furthermore, the Company encourages its employees to exercise for good health by providing facilities, sport equipment and other sport activities, such as yoga, aerobics, etc. The Company also promotes good relationship within families by providing various areas and activities, such as kids' room, library, mothers' room and activities during the school holidays, to support its employees who have the necessity to bring their children to work.

(3) Rights of community and society

The Company realises that it is part of the society and community and gives importance to responsibility to community, society and environment. The Company has initiated the Doing Good Deeds Every Day Project, in which various types of activities are undertaken in co-operation with several organisations, whether public or private, with the objectives of helping community, society and environment, such as Doing Good Deeds with Technology *1677, Doing Good Deeds with Knowledge and Doing Good Deed with Heart. Further details about the activities under the Doing Good Deeds Every Day Project in 2009 can be found on page 44-46.

(4) Rights of customers

The Company aspires to enhance the efficiency in providing its services, offer products and services which meet customers' demand and undertake relevant actions to ensure that the customers will be confident and satisfied with the services of the Company. The Company has set up the Service Halls and dtac Call Center 1678 to provide 24-hour services to its customers. Every customer will be

equitably and fairly treated with respect and good manner. Additionally, the Company has set up the “Consumer Complaint Center” separate from dtac Call Center 1678 to accept and handle complaints from the customers without fees or charges. The Company has publicised the criteria for accepting complaints on its website at www.dtac.co.th.

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

(5) Rights of business partners

It is the policy of the Company to treat all business partners equitably and fairly. The Company has established written rules for procurement so as the business partners competing in a bid for a contract with the Company can trust in the selection process of the Company in any event. Negotiation of contracts between the Company and its business partners are undertaken based on general commercial terms.

Additionally, the Company has the policy of requiring its business partners to comply with the Supplier Code of Conduct in relation to various matters, such as labour, health, safety, security, environment and corruption, which is established by the Company in line with the internationally accepted standards in order to improve the standard in doing business and build sustainable growth of the business partners of the Company.

(6) Rights of competitors

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

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

(7) Rights of creditors

The Company has a policy to treat its creditors equitably and fairly and to strictly honour the terms and conditions of the contracts it has with its creditors.

Section 4 Disclosure of Information and Transparency

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

The Company realises that the Company’s information, whether financial or non-financial information, will influence decision-making of its shareholders and other general investors. Therefore, to ensure that significant information is disclosed accurately, promptly and transparently, the Company has established an investor relations department to efficiently and regularly communicate with its shareholders and investors. Any interested persons can obtain the Company’s information from the Investor Relations Department, at telephone number +66 2202 8000 or email address IR@dtac.co.th.

The Board of Directors of the Company is responsible for the Company's financial statements and financial information contained in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting principles in Thailand. The Company has chosen an appropriate accounting policy and has applied the same accounting standard for each accounting period. The Board of Directors has appointed the Audit Committee comprising three independent directors to be responsible for the quality of the financial statements and internal control system of the Company, as well as sufficient disclosure of significant information in the notes to the financial statements, in order to ensure all accounting records are accurate and complete for the benefit of the shareholders and general investors. Furthermore, the Board of Directors has prepared the Board of Directors' report in the annual report, providing information on the results of business operation and other important matters occurred within the year for shareholders' acknowledgement.

Section 5 Responsibilities of the Board of Directors

(1) Composition of the Board of Directors

At present, the Board of Directors of the Company consists of 10 directors. Three directors are independent directors, one director is an executive and one director is a representative from CAT pursuant to the Concession Agreement.

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

The Board of Directors of the Company is composed of directors who possess qualifications, knowledge, expertise and experiences in various areas, including finance and accounting, business administration, law and telecommunications business. Moreover, the independent directors of the Company possess the minimum qualifications as required by the Securities and Exchange Commission and the Stock Exchange of Thailand, details of which are provided in page 60-61.

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

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

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

The Board of Directors of the Company approves the vision, strategy, business direction and operational policy, business plan and annual budget of the Company and directs the business units to perform in compliance with the established policies and plans for business operation, applicable laws, objectives, Articles of Association of the Company and resolutions of the Board of Directors' meetings, taking into account the utmost benefits of the Company and the stakeholders, in order to build sustainable growth of the Company and increase long-term value for the shareholders. Further details on the power, duties and responsibilities of the Board of Directors can be found on page 59-60.

The Board of Directors of the Company has promoted the establishment of a written policy on corporate governance and code of conduct. In this respect, the Company has introduced a code of conduct, which applies to its directors, management, and employees, as well as other persons acting on behalf of the Company. The Code of Conduct has been in effect since 2006 and has been regularly updated to cover various subjects, such as human rights, labour, occupational health, safety, security, environment, conflicts of interest, handling of information, corruption, internal control, disclosure of information, etc. The Company has taken actions to raise awareness and understanding of the Code of Conduct on a regular basis, for instance at an orientation for new employees and additional training on the subject from time to time. The Company has also published the Code of Conduct on its website at www.dtac.co.th and its intranet.

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

(3) Meetings of the Board of Directors

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

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

In 2009, the Company held 6 meetings of the board of directors, the attendance of each director is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr. Boonchai Bencharongkul	Chairman	29 Oct 1990	30 Apr 2007	6
Mr. Sigve Brekke	Vice Chairman	8 Feb 2006	30 Apr 2009	4
Mr. Knut Borgen	Director	8 Feb 2006	30 Apr 2007	5
Mr. Ragnar H. Korsæth ⁽¹⁾	Director	25 Feb 2005	30 Apr 2008	-
Mr. Chulchit Bunyaketu	Independent Director	6 Mar 2000	30 Apr 2008	4
Mr. Stephen Woodruff Fordham	Independent Director	17 Nov 2006	30 Apr 2008	1
Mr. Soonthorn Pokachaiyapat	Independent Director	6 Mar 2000	30 Apr 2009	6
Mr. Sompol Chanprasert	Director	6 Jun 2006	30 Apr 2008	5
Mr. Roar Wiik Andreassen ⁽²⁾	Director	12 Dec 2007	12 Dec 2007	1
Mr. Tore Johnsen	Director and CEO	19 Aug 2008	30 Apr 2009	6
Mr. Knut Snorre Bach Corneliussen	Director	12 Dec 2007	30 Apr 2009	5
Mr. Charles Terence Woodworth ⁽³⁾	Director	23 Sep 2009	23 Sep 2009	1

Remark: (1) Mr. Ragnar H. Korsæth resigned as a director on 23 September 2009.

(2) Mr. Roar Wiik Andreassen resigned as a director on 13 January 2009.

(3) Mr. Charles Terence Woodworth was appointed as a director pursuant the resolution of the Board of Directors' Meeting No. 5/2552, held on 23 September 2009, in place of Mr. Ragnar H. Korsæth

(4) Subcommittees

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

Audit Committee

The Audit Committee consists of three independent directors and is responsible for reviewing the financial reporting process of the Company, the internal control system and internal audit system, compliance with laws relating to the business of the Company, considering and selecting the Company's auditors and reviewing connected transactions, transactions of interested persons or transactions which may give rise to conflicts of interest, etc. Further details about the duties and responsibilities of the Audit Committee can be found in page 61-62.

In carrying out its duty on selection of the auditors of the Company, the Audit Committee will examine and appraise the performance and independence of the auditors every year in order to propose the appointment of the auditors to the Board of Directors and shareholders for consideration. At the 2009 Annual General Meeting of Shareholders, which was held on 30 April 2009, Ms. Sumalee Reewarabandith, Mr. Sophon Permsirivallop, Mrs. Nonglak Pumnoi and Ms. Rungnapa Lertsuwankul, all of Ernst & Young Office Limited were appointed as the auditors of the Company in accordance with clause 713(1) of the regulations of the SGX-ST and the Company had not paid any non-audit fees to the auditor in 2009.

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

A meeting of the Audit Committee is held on average once a month. In 2009, the Company held 12 Audit Committee meetings, the attendance of which was as follows: Mr. Chulchit Bunyaketu attended 12 meetings, Mr. Soonthorn Pokachaiyapat attended 11 meetings, and Mr. Stephen Woodruff Fordham attended 9 meetings.

Remuneration Committee

The Remuneration Committee of the Company consists of four directors, being three independent directors and one director who is not the management of the Company. The Remuneration Committee is responsible for considering and giving recommendation on remuneration of the Chairman and other directors, considering and approving remuneration of the Chief Executive Officer, considering the correctness and appropriateness of the remuneration policy, etc.

In determining the remuneration of the Board of Directors of the Company and subcommittees (i.e. the Audit Committee and Remuneration Committee), the Remuneration Committee will review the remuneration structure every three years and propose the matter to the Board of Directors and shareholders for consideration and approval. The Remuneration Committee will take into account various factors, such as business and performance of the Company, the market and industry norms, the current economic situation and the duties and responsibilities of the directors and the members of the subcommittees, etc.

In determining the remuneration of the Chief Executive Officer, the Remuneration Committee will consider the performance of the Chief Executive Officer using the criteria pre-agreed with the Chief Executive Officer.

Details about remuneration of the Board of Directors, the subcommittees and the management of the Company can be found in page 63-64.

A meeting of the Remuneration Committee is held at least once a year. In 2009, the Company held two Remuneration Committee meetings and all members of the Remuneration Committee were present in every meeting.

In addition, the Company has established other subcommittees to oversee the policies within the organisation so that business can be operated at the most efficient level. These subcommittees include the Corporate Governance Committee, the Investment Committee, the Company Assets Committees, the Vendor Selection Committees, the Write-off Inventory Committees, the Debt Investigation Committee, the Investigation Committee, the Risk Management Committee, and the Safety, Health and Environment Committee. Further information about the subcommittees is shown in the registration statement of the Company (Form 56-1).

(5) Development of Directors and Management

When appointing a new director, the Company will prepare material information about business operation of the Company for the director upon his/her request, so that the new director can familiarise himself/herself with the business and the corporate governance of the Company. The Company also encourages its directors to attend the trainings relating to duties of directors, which are organised by Thai Institute of Directors Association and other institutes. The Company will inform its directors of relevant trainings which would be useful for the directors in carrying out their duty as the directors of the Company. At present, there are five directors of the Company who have attended the training organised by the Thai Institute of Directors Association. Details about backgrounds and experience of the directors of the Company can be found in page 24-29.

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

The Company has arrangement for various courses for development of the management, both internally and externally. Further details about human resource development can be found in page 66-67.

interested & connected person transactions

As shown in the Note 7 to the Financial Statements for the year ended 31 December 2009, the Company and subsidiaries had significant business transactions with related parties. These transactions have been concluded on commercial terms and have been agreed upon in the ordinary courses of businesses between the Company and those companies. Below is a summary of those transactions.

1. Transactions with UCOM (Ended 31 August 2007)

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Advances	2.7	2.7

Rationale for the transactions:

- >> In 2006, the operation and maintenance of transmission network was a core business of UCOM, which had managed and maintained the network efficiently for the Company for many years. In addition, the Company leased space for offices, mobile switching, including parking on a 3-year term from UCOM, at a rate comparable with market rate. However, UCOM stopped providing such businesses in 2007; therefore, the Company assigned Benchachinda Holding Company Limited to be responsible for the operation and maintenance of transmission network, and leased such space from Private Property Company Limited. UCOM has been the Company's subsidiary since 31 August 2007.
- >> In May 2006, the Company appointed UCOM as a provider for E-refill business and granted UCOM the right to sell refill vouchers within the authorized area in February 2007. UCOM received a commission fee in return during the period from 1 January – 31 August 2007 but, after UCOM became a subsidiary on 31 August 2007, this was no longer an interested or connected person transaction.
- >> In reviewing the pricing arrangements, the Audit Committee will take into consideration various factors, i.e. the reputation of the service provider, consistency in provision of high quality services, the switching costs that may be involved, the strategic purposes of the transactions and others.

2. Transactions with UD

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Revenue		
- Sales of SIM cards, SIM card packages, refill vouchers and Starter Kits to UD	23,535.7	18,152.0
- Dividend	30.0	25.0
- Accounts receivable	4,468.1	3,627.3
- Advances	0.04	-
2. Expenses and other payments		
- Purchase of mobile handsets from UD	62.7	55.6
- Marketing support expense	3.0	5.0
- Rental fee	10.0	10.1
- Account payable	11.7	19.7
- Advances	1.9	3.2

Rationale for the transactions:

>> In June 2002, the Company and UCOM transferred their sales and distribution business to UD. UD also has an exclusive right to distribute and sell the Company's telecommunication products. The business relationship is beneficial as it allows the Company to expand its product and services reach while controlling the cost of distribution.

>> The company purchases handsets from UD for resale at DTAC shops and services centers.

3. Transactions with UTEL

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Hire of UTEL for installation and maintenance services of base stations and cell site equipment	3,296.5	724.9
- Account payable	1,684.1	167.9
- Advances	10.8	1.4

Rationale for the transactions:

- >> UTEL provides fully integrated services in the areas of system design, project implementation, distribution, leasing of telecommunications equipment, consulting services and system maintenance of telecommunications, information technology, broadcasting and network equipment. Such services are provided on a project-by-project basis and are subjected to tender processes along with other unrelated third party service providers.
- >> To remain competitive, the company has to ensure that its network achieves the widest possible coverage by increasing the number of base stations and cell sites throughout the year. Normally, the company hires UTEL for maintenance (including installation of base stations and cell sites equipment).
- >> Contractual prices are obtained by competitive bidding prior to entering into the agreement. Senior management (with no direct or indirect interest) will obtain quotations from at least two services providers. The company will award the agreement to the party with the most competitive pricing, taking into consideration various factors, i.e. the working relationship, quality of service, the timeframe, project size and the reputation of the service provider.

4. Transactions with UIH

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Revenue		
- Revenue from base station sublease and electricity	1.5	2.6
- Advances	0.3	1.0
2. Expenses and other payments		
- Rent to UIH for high speed leased circuit for the company's data communication	21.4	9.4
- Account payable	17.7	14.2
- Advances	0.7	-

Rationale for the transactions:

- >> UIH provides high-speed data communication service via a nationwide leased optical fiber network to public and private organizations. UIH has one of the most extensive and high quality fiber optic networks in Thailand and has been providing consistent and high quality data communication services to the Company for many years.
- >> It is beneficial to conduct business with UIH as currently the company does not have such data communication networks. In addition, UIH has one of the most extensive and high quality fiber optic network coverage throughout Thailand.
- >> Senior management (with no direct or indirect interest) will obtain quotations from at least two service providers as part of the review of pricing arrangements. The Company will continue to rent the high speed leased circuits from UIH if the pricing arrangements continue to be more favorable to the Company than those extended by other service providers, taking into consideration various factors, i.e. reputation, the size and quality of the leased circuit, the switching cost and strategic purposes of the transaction.

5. Transactions with TELENOR

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Revenue		
- Revenue from international roaming service	319.8	117.8
- Revenue from telephone service	-	6.1
- Revenue from interconnection	6.3	4.3
- Account receivable	83.5	14.9
- Advances	0.8	0.3
2. Expenses and other payments		
- Fees to Telenor under a service agreement	281.1	353.8
- Advances	93.8	142.1
- International Roaming Service Cost	10.0	5.8
- Cost of interconnection	168.7	178.4
- Rental signaling	10.5	11.8
- IP transit service	-	8.8
- Account payable	34.0	209.3

Rationale for the transactions:

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

6. Transactions with Bang-san Townhouse Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Rent for land	0.4	0.5

Rationale for the transactions:

- >> The company leased a plot of land to install transmission networks with 17-year term at a rate comparable with market rate.

7. Transactions with International Cold Storage and Agriculture Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Rent for office space	11.1	11.9

Rationale for the transactions:

>> The Company rent office space to install transmission networks with 3-year term at a rate comparable with market rate.

8. Transactions with Connect One Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Revenue		
- Sponsor fee	15.5	-
2. Expenses and other payments		
- Information service fee	306.9	1.7
- Termination Fee	200.0	-
- Account payable	0.3	0.06

Rationale for the transactions:

>> Connect One is a content provider providing information service to mobile phone users. Currently, dtac already terminated content provider agreement with Connect One by paying a termination fee.

9. Transactions with I.N.N. Group

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Revenue		
- Rental revenue	0.08	0.08
- Revenue from marketing support	0.05	-
2. Expenses and other payments		
- Marketing expense	53.5	42.3
- Information service fee	38.8	29.7
- Account payable	5.9	4.5
- Advances	11.9	5.6

Rationale for the transactions:

- >> The Company purchased airtime from I.N.N. Radio Company Limited to advertise company's product via radio network. The advertising rate is of normal commercial terms.
- >> I.N.N News (Thailand) is a content provider providing news service and overdue bill payment alert to mobile phone users.

10. Transactions with Private Property Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Revenue		
- Mobile service revenue from VIP number	0.1	0.2
- Account receivable	0.03	0.01
2. Expenses and other payments		
- Rent for space in Benchachinda Building	6.3	6.8

Rationale for the transactions:

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

11. Transactions with Benchachinda Holding

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Service fees for network operations and management	917.2	292.7
- Investment in subsidiaries	0.5	-
- Account payable	136.2	90.6
- Advances	0.01	0.02

Rationale for the transactions:

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

12. Transactions with Universal Communication Service Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Advances	0.2	0.2

13. Transactions with Ekarai Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Rental expense	2.1	-

Rationale for the transactions:

>> The Company leased the residence for Chief Executive Officer and it was charged on annual basis. Currently, the new management has moved to other place, so the Company discontinued the rental contract in 2009.

14. Transactions with King Power Suvarnabhumi Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payment		
- Rental expense	2.2	2.2
- Account payable	0.02	0.2

Rationale for the transactions:

>> The Company leased the land for service hall and it was charged on annual basis.

15. Transactions with Ruam Duay Chuay Kun Publishing Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Publications	0.4	0.1

Rationale for the transactions:

>> The Company purchased publications from Ruam Duay Chuay Kun Publishing to distribute to customers and to donate, at a rate comparable with market rate.

16. Transactions with BB Technology Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2008	2009
1. Expenses and other payments		
- Hire of BB for network operation and management	12.2	884.9
- Account payable	12.2	570.7
- Advances	-	2.9

Rationale for the transactions:

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

Other than the Interested Person transactions set out above, there was no material contract involving the interests of any of the Chief Executive Officer, Directors and controlling shareholders, either still subsisting at the end of the financial year ending 31 December 2009, or if not subsisting at the end of the financial year ending 31 December 2009, entered into since the end of the previous year ending 31 December 2008.

According to the Annual General Shareholders' Meeting for the year 2009, the shareholders approved the general mandate for interested person transactions, which are recurrent transactions of a revenue or trading nature or are necessary for the Company's day-to-day operations, such as the purchase and sale of supplies and equipment (but not in respect of the purchase or sale of assets, undertakings or business) that may be carried out with interested persons.

The Company will be seeking the shareholders' approval for a renewal of the general mandate for interested person transactions for 2010 at the upcoming Annual General Shareholders' Meeting for the year 2010.

Further information relating to interested persons transaction pursuant to Rule 907 of the SGX-ST's Listing Manual is as follows:

Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (Unit: Million Baht)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Unit: Million Baht)	
	2008	2009	2008	2009
UD	30	25	23,611	18,223
UTEL	-	-	3,296	725
UIH	-	-	23	12
Telenor	-	62	796	743
Connect One	200	-	322	2
International Cold Storage	-	-	11	12
I.N.N.	-	-	92	72
Private Property	-	-	6	7
Benchachinda	-	-	917	293
Ekarai	-	-	2	-
Crie Tech Software	3	-	-	-
Oasis Wireless	27	-	-	1
BB Technology	-	-	12	885

Notes:

dtac (the "Company") >> Total Access Communication Public Company Limited

UCOM >> United Communication Industry Public Company Limited.

UD >> United Distribution Business Co., Ltd. UD is a subsidiary of Benchachinda Holding ("BCH") with 75% shareholding and an associate of the Company with 25% shareholding. Mr. Boonchai Bencharongkul is a shareholder of BCH.

UTEL >> United Telecom Sales and Services Co., Ltd. UTEL is a subsidiary of BCH with 100% shareholding. Mr. Boonchai Bencharongkul is a shareholder of BCH.

UIH >> United Information Highway Co., Ltd. UIH is a subsidiary of BCH with 50% shareholding. Mr. Boonchai Bencharongkul is a shareholder of BCH.

TELENOR >> Telenor Asia Pte. Limited's group. TELENOR is a major shareholder of dtac with 38.64% shareholding.

International Cold Storage >> International Cold Storage and Agriculture Co., Ltd. Mr. Boonchai Bencharongkul is a director of International Cold Storage.

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

I.N.N. Group >> Mr. Boonchai Bencharongkul is a director of I.N.N

Private Property >> Private Property Co., Ltd. Mr. Boonchai Bencharongkul is a director and shareholder of Private Property with 33.33% shareholding.

Benchachinda >> Benchachinda Holding Co., Ltd. Mr. Boonchai Bencharongkul is a director and shareholder of Benchachinda with 45.80% shareholding.

Universal Communication Service >> Benchachinda holds 26.98% interest in UCS.

Ekarai >> Mrs. Torgunn Aas Reggestad (Mr. Sigve Brekke's wife) is a director of Ekarai Co., Ltd.

King Power Suvarnabhumi >> Mr. Chulchit Bunyaketu is a director of King Power Suvarnabhumi Co., Ltd.

Ruam Duay Chuay Kun Publication Co., Ltd. >> I.N.N. Radio holds 59.99% interest and Benchachinda holds 10% interest.

BB Technology Co.,Ltd. >> Benchachinda holds 100% interest in BB Technology.

shareholder structure

Total Access Communication Public Company Limited

Information on Share Capital and Shareholding

As at 2 March 2010

Share Capital

Authorized Share Capital	:	Bt 4,744,161,260
Issued Share Capital	:	Bt 4,735,622,000
Class of Share	:	Ordinary Shares of Bt 2 each
Voting Rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	22,623	72.61	1,280,125	0.05
1,000	-	10,000	6,724	21.58	23,360,494	0.99
10,001	-	1,000,000	1,738	5.58	147,056,853	6.21
1,000,001	and	above	72	0.23	2,196,113,528	92.75
Total			31,157	100.00	2,367,811,000	100.00

Note : Includes CDP (see details in the Statistics of shareholding in the CDP in Singapore, page 87)

Substantial Shareholdings (Holding 5% and above)

	Direct Interest		Indirect Interest ¹	
	No. of Shares	%	No. of Shares	%
Telenor Asia PTE LTD ²	914,938,794	38.64	1,520,885,078	64.23
Thai Telco Holdings Limited	605,946,284	25.59	-	-
TOT Public Company Limited	132,145,250	5.58	-	-

1. Telenor is a major shareholder of Thai Telco Holdings. Accordingly, Telenor is deemed to have an indirect interest in the 605,946,284 Shares owned by Thai Telco Holdings Limited.

2. Exclude shares held through CDP.

Top Largest Shareholders

No	Name	No. of Shares	%
1.	Telenor Asia PTE LTD	914,938,794	38.64
2.	Thai Telco Holdings Limited	605,946,284	25.59
3.	Thai NVDR Company Limited	178,665,404	7.55
4.	TOT Public Company Limited	132,145,250	5.58
5.	NORTRUST NOMINEES LIMITED	81,895,400	3.46
6.	The Central Depository (PTE) Limited	46,332,463	1.96
7.	State Street Bank and Trust Company for London	24,648,557	1.04
8.	Thai Securities Depository	24,189,053	1.02
9.	Social Security Fund	16,027,900	0.68
10.	HSBC (SINGAPORE) NOMINEES PTE LTD	14,522,446	0.61

Detail of the Shareholdings by the Central Depository (Pte) Limited in Singapore As at 2 March 2010

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	26	4.96	8,422	0.02
1,000	-	10,000	362	69.08	1,479,591	3.19
10,001	-	1,000,000	129	24.62	6,060,183	13.08
1,000,001	and	above	7	1.34	38,784,267	83.71
Total			524	100.00	46,332,463	100.00

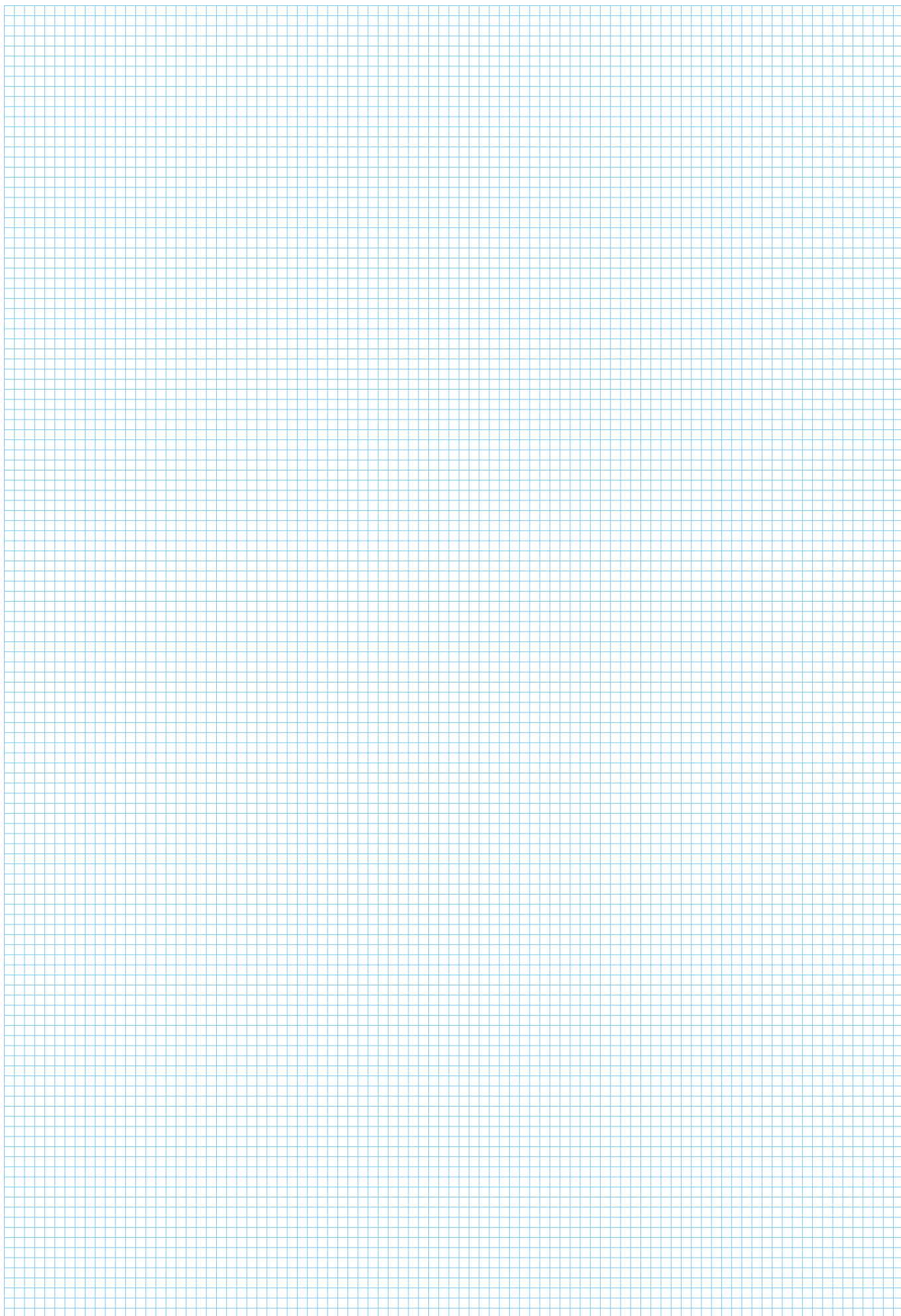
Pursuant to SGX-ST's Rule 723 that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed are at all times held by the public, Total Access Communication Public Company Limited would like to confirm that we have complied with this rule as 29.60% of our issued shares were held as part of the public float (as of 2 March 2010).

Twenty Largest Shareholders

No	Name	No. of share	%
1.	Telenor Asia Pte Ltd	14,038,000	30.30
2.	DBS Nominees Pte Ltd	8,412,155	18.16
3.	Citibank Nominees Singapore Pte Ltd	5,574,392	12.03
4.	DBSN Services Pte Ltd	4,510,850	9.74
5.	HSBC (Singapore) Nominees Pte Ltd	2,660,200	5.74
6.	Raffles Nominees Pte Ltd	2,336,670	5.04
7.	UOB Kay Hian Pte Ltd	1,252,000	2.70
8.	Morgan Stanley Asia (S'pore) Securities Pte Ltd	643,800	1.39
9.	Nomura Singapore Limited	416,000	0.90
10.	Lam Hup Sum	340,000	0.73
11.	Phillip Securities Pte Ltd	218,234	0.47
12.	United Overseas Bank Nominees Pte Ltd	184,000	0.40
13.	Citibank Consumer Nominees Pte Ltd	176,400	0.38
14.	Chin Kee Choy	130,000	0.28
15.	Choo Seng Kwee	130,000	0.28
16.	Chua Hua Thean	125,000	0.27
17.	Hong Leong Finance Nominees Pte Ltd	107,000	0.23
18.	Choy Yew Kuan	100,000	0.22
19.	DBS Vickers Securities (S) Pte Ltd	100,000	0.22
20.	Lim Hup Yee	88,000	0.19

dividend policy

dtac's policy is to pay out dividends at 50% of consolidated net profit, depending on the company's performance and future business plans.



management discussion & analysis

Executive Summary

We finished 2009 on a high note. Service revenue excl. IC in Q409 grew 4.5% QoQ and 5.7% YoY from higher domestic revenues and recovery in international roaming and IDD businesses. For the full year, domestic revenues (excl. IR, IDD, and IC) increased 2.1% amid global economic crisis, the outbreak of type-A (H1N1) flu, and domestic political instability.

Net adds also rebounded strongly in Q409 as a result of the prepaid on-net and off-peak promotion launched in the quarter. But for the full year, net adds dropped sharply from a year earlier due to already high penetration rate and challenging economic environment.

We began 2009 with an operating free cash flow (defined as EBITDA - CAPEX) target of THB 12.0 billion, which was revised up to THB 13.0 billion after Q309 results. For 2009, we generated a record high THB 14.3 billion operating free cash flow, from the improvement in EBITDA margin and lower CAPEX.

For 2009, service revenues excluding IC slightly increased to THB 52.0 billion, or 0.5% from a year earlier. EBITDA margin (excluding the one-time DPC settlement in 2008) was 30.6%, slightly higher than 2008 due to the implementation of cost efficiency program throughout the year. Net profit (excluding DPC) amounted to THB 6.6 billion, a decline of 11.5% as a result of higher depreciation and amortization expenses.

As revenues from non-voice services are becoming more important, we launched Blackberry services and started selling the handsets in Dec 09. In addition, we are also planning to offer more selections of smart phone for our subscribers as a measure to stimulate revenue from non-voice services.

Interest-bearing debt sharply dropped from the retirement of a debenture and scheduled repayments of long-term loans. It was marginally offset by the issuance of THB 2 billion debenture in Q309. At the end of 2009, outstanding interest-bearing debt totaled THB 19.0 billion, declining from THB 28.1 billion at the end of 2008.

Net IC cost continued to improve. It declined from THB 240 million in both Q309 and Q408 to THB 184 million due in part to the prepaid on-net and off-peak promotion launched during the quarter and our ongoing focus on keeping traffic on our network.

On the regulatory front, the ad-hoc committee has completed the review of the draft Frequency Allocation Act and will pass it for approval by the House of Representatives.

Furthermore, on Mobile Number Portability (MNP), mobile operators have asked the NTC to extend the service launch to Nov 2010 and will jointly set up a clearing house for the service.

The Board of Directors proposed a dividend payment of THB 1.39 per share, which is subject to the approval by the AGM.

Operation Summary

For 2009, mobile phone usage took a severe hit during the first half of the year. However, usage gradually recovered in the second half along with the recovery of the overall economy. In the final quarter of the year, usage increased sharply due in part to the introduction of the prepaid off-peak on-net promotion and seasonality effect.

subscribers

	Q409	Q309	Q408
Postpaid	2,291	2,332	2,470
Prepaid	17,366	16,939	16,212
Total	19,657	19,271	18,682

Table 1: Total active subscribers (in thousand)

	Q409	Q309	Q408	2009	2008
Postpaid	-41	-46	119	-179	397
Prepaid	426	117	350	1,153	2,513
Total	386	71	469	975	2,910

Table 2: Net additional subscribers (in thousand)

At the end of 2009, total active subscriber base was 19.7 million, of which 11.7% were in the postpaid segment. Total yearly net adds were approximately 1.0 million, down from approximately 2.9 million a year earlier. This was a result of already the high penetration rate, the scale down in subscriber acquisition, and the focus on quality of subscribers.

In Q409, we added another 386 thousand subscribers, a sharp increase from Q309 due to the launch of a new prepaid promotion. The postpaid subscriber base was roughly flat from last quarter.

MOU

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
Postpaid	514	524	-1.9%	506	1.7%	523	543	-3.7%
- w/o IC	408	417	-2.1%	398	2.4%	417	414	0.8%
Prepaid	300	264	13.6%	284	5.5%	277	304	-9.1%
- w/o IC	253	217	16.5%	230	10.1%	228	240	-5.1%
Blended	324	294	10.4%	311	4.1%	305	333	-8.4%
- w/o IC	270	240	12.8%	250	8.0%	250	261	-4.3%

Table 3: MOU (minutes/sub/month)

After suffering a decline in the first half of the year, blended MOU started to pick up during the second half and increased sharply in the final quarter of 2009. For 2009, blended MOU declined 8.4% from the previous year from lower incoming traffic from other networks and difficult economic environment. However, in Q409, blended MOU rose 10.4% QoQ and 4.1% YoY, reflecting a price elasticity of mobile phone usage after the launch of prepaid off-peak on-net promotion.

Postpaid MOU excluding IC for 2009 rose marginally from a year earlier due to the focus on quality of subscribers. Nonetheless, in Q409, it declined 2.1% QoQ from lower usage during the holiday season but increased 2.4% YoY from the improvement in economic sentiment.

For prepaid, MOU excluding IC for 2009 dropped 5.1% from the previous year as a result of worsening economic condition. But in Q409, it grew 16.5% QoQ and 10.1% YoY due to the launch of the prepaid promotion mentioned earlier.

IC traffic from other networks still declined markedly YoY and put a downward pressure on the MOU growth. However, it was stabilizing on a quarterly basis.

arpu

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
Postpaid	666	658	1.2%	620	7.3%	658	711	-7.4%
- w/o IC	557	548	1.5%	511	8.9%	549	580	-5.4%
Prepaid	229	221	3.4%	234	-2.2%	225	255	-11.9%
- w/o IC	181	173	4.2%	178	1.2%	175	191	-8.1%
Blended	278	271	2.5%	281	-1.1%	274	309	-11.3%
- w/o IC	222	216	3.1%	219	1.8%	218	237	-7.9%

Table 4: ARPU (THB/sub/month)

Blended ARPU excluding IC for 2009 dropped 7.9% from 2008 as a result of the challenging economic environment and lower average calling rate. However, it gradually improved QoQ in the second half of 2009 in line with improvement in overall consumer confidence.

For 2009, postpaid ARPU excluding IC declined 5.4% YoY due to lower average calling rate. But in Q409, it increased 1.5% QoQ and 8.9% YoY due to higher usage of non-voice services.

Prepaid ARPU excluding IC for 2009 dropped 8.1% from a year earlier from the global economic crisis. However, it showed a positive QoQ and YoY development in Q409 from the attractive prepaid promotion launched in the quarter.

IC revenue fell sharply YoY but was stabilizing QoQ.

Financial Summary

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
Service revenues	13,440	12,861	4.5%	12,720	5.7%	51,956	51,722	0.5%
Interconnection revenue	3,174	3,140	1.1%	3,405	-6.8%	12,729	14,878	-14.4%
Telephone sets and starter kits sale	228	115	97.8%	174	31.1%	617	727	-15.1%
Other operating income	101	96	4.7%	92	9.7%	384	368	4.5%
Total revenues	16,943	16,212	4.5%	16,391	3.4%	65,685	67,695	-3.0%
Regulatory fees	3,547	3,445	3.0%	3,481	1.9%	14,014	13,832	1.3%
Cost of services	1,885	1,739	8.4%	1,922	-1.9%	7,153	7,383	-3.1%
Interconnection cost	3,358	3,380	-0.6%	3,645	-7.9%	13,745	15,033	-8.6%
Cost of starter kits and telephone sets	135	61	122.1%	104	29.8%	343	405	-15.3%
Total operating costs	8,924	8,624	3.5%	9,151	-2.5%	35,255	36,653	-3.8%
Gross profit	8,018	7,588	5.7%	7,240	10.8%	30,430	31,042	-2.0%
SG&A	-2,505	-2,571	-2.6%	-2,821	-11.2%	-10,391	-10,429	-0.4%
Other income	45	47	-4.2%	46	-1.8%	175	2,580	-93.2%
EBITDA	5,559	5,064	9.8%	4,465	24.5%	20,215	23,193	-12.8%
Depreciation and amortization	-2,541	-2,499	1.7%	-2,476	2.7%	-10,021	-9,130	9.8%
Impairment of goodwill and intangible asset	-1	-5	-83.4%	-	-	-45	-	-
Interest income	35	44	-19.6%	129	-72.6%	174	427	-59.2%
Gain/Loss on foreign exchange	4	-7	152.1%	18	-79.7%	-11	-49	76.9%
Loss from capital reduction of a subsidiary	-	-	-	-	-	-	-42	100.0%
EBIT	3,056	2,596	17.7%	2,137	43.0%	10,311	14,399	-28.4%
Financial costs	-219	-415	-47.2%	-434	-49.4%	-1,455	-1,948	-25.3%
Income tax	-694	-552	25.7%	-464	49.6%	-2,242	-3,126	-28.3%
Net profit for the period	2,142	1,629	31.5%	1,239	72.9%	6,614	9,325	-29.1%

Table 5: Income statement

operating revenues

	Q409		Q309		%QoQ	Q408		%YoY	2009		2008		%YoY
	Amt	%	Amt	%		Amt	%		Amt	%	Amt	%	
Voice*	10,512	63.3%	10,176	63.6%	3.3%	9,328	57.8%	12.7%	39,806	61.5%	39,103	58.7%	1.8%
- postpaid	2,860	17.2%	2,876	18.0%	-0.5%	2,093	13.0%	36.6%	10,330	16.0%	9,524	14.3%	8.5%
- prepaid	7,653	46.1%	7,300	45.6%	4.8%	7,235	44.9%	5.8%	29,476	45.6%	29,579	44.4%	-0.3%
VAS*	1,716	10.3%	1,614	10.1%	6.4%	2,043	12.7%	-16.0%	7,566	11.7%	7,222	10.8%	4.8%
IR	478	2.9%	439	2.7%	9.0%	624	3.9%	-23.3%	1,882	2.9%	2,354	3.5%	-20.1%
IC	3,174	19.1%	3,140	19.6%	1.1%	3,405	21.1%	-6.8%	12,729	19.7%	14,878	22.3%	-14.5%
Other	733	4.4%	632	4.0%	15.9%	725	4.5%	1.0%	2,701	4.2%	3,043	4.6%	-11.2%
Service revenues	16,614	100.0%	16,000	100.0%	3.8%	16,125	100.0%	3.0%	64,684	100.0%	66,600	100.0%	-2.9%

Table 6: Breakdown of service revenues

* Please note that the booking method of VAS discounts has been revised since Q309. Comparison of voice and VAS revenues can be made only to previous quarter.

Service revenues excluding IC for 2009 grew 0.5% from higher domestically generated revenues, comprising mainly voice and non-voice services. However, revenues from international roaming (IR) and international direct dialing (IDD) services suffered a sharp decline from the ongoing global financial crisis, the domestic disturbances during the Songkran holiday, and the outbreak of the type-A (H1N1) flu. Furthermore, IC revenue continued to go down as all operators were focusing on keeping traffic within their own networks. Thus, total revenue declined 3.0% from last year.

Operating revenues consists of:

- Voice revenue** grew modestly at 3.3% QoQ as the prepaid promotion launched during the quarter induced higher usage among existing subscriber base and attracted a number of new prepaid subscribers. Revenue from voice service represented 63.3% of total service revenues, a slight decline from 63.6% in Q309.
- Revenue from Value Added Services (VAS)** rose 6.4% QoQ from continuing increase in data traffic and SMS and MMS usage during New Year holiday. In addition, in order to sustain the growth of VAS revenue, we launched Blackberry service in Q409, with a strong reception from mobile phone users. Revenue from VAS accounted for 10.3% of total service revenues, up from 10.1% in Q309.
- Revenue from International Roaming (IR) service** for 2009 fell 20.1% from a year earlier. On a quarterly basis, it grew by 9.0% QoQ in line with an improvement in the number of visitors coming to Thailand, but declined 23.3% YoY due to high usage of IR service during the airport closure in Q408. For the full year, revenue from IR service accounted for 2.9% of total service revenues, down from 3.5% in 2008. On a quarterly basis, its share of total service revenues was up to 2.9% from 2.7% in Q309 but down from 3.9% in Q408.
- Interconnection Revenue (IC)** declined 14.4% from 2008. It increased slightly by 1.1% QoQ but was down by 6.8% YoY on a quarterly basis from competitors' continuing effort to keep their traffic within their networks. For the full year, IC revenue represented 19.7% of total service revenues, down from 22.3% in 2008. On a quarterly basis, it accounted for 19.1% of service revenues, down from 19.6% in Q309 and 21.1% in Q408.
- Other service revenues**, comprising mainly revenue from IDD services, for the full year declined 11.2% from 2008. Quarterly revenues, however, improved moderately QoQ and YoY.

Revenue from telephone sets and starter kits sale declined 15.1% from last year due to our focus on quality of subscribers and lower subscriber acquisition activities. On a quarterly basis, it sharply rose by 97.8% QoQ and 31.1% YoY from the commencement of Blackberry handset sales in Dec 09.

operating costs

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
Regulatory	3,547	3,445	2.9%	3,481	1.9%	14,014	13,832	1.3%
Network	1,018	931	9.3%	982	3.7%	3,802	3,721	2.2%
IC	3,358	3,380	-0.6%	3,645	-7.9%	13,745	15,033	-8.6%
Others	867	808	7.3%	940	-7.8%	3,352	3,662	-8.5%
Operating cost of services	8,790	8,563	2.6%	9,047	-2.8%	34,912	36,248	-3.7%

Table 7: Breakdown of operating cost of services

Operating cost of services for 2009 were down 3.7% from the previous year, mainly driven by lower IC cost and other operating cost of services. Excluding regulatory and IC costs, operating costs declined 3.1% from a year earlier. Operating costs mainly include:

- 1. Regulatory costs** comprised revenue sharing to CAT and numbering fees to the NTC. For 2009, regulatory costs increased 1.3% from the one-time provision for numbering fee dispute with CAT in Q109. Excluding the provision, regulatory cost was fairly flat from last year. On a quarterly basis, it increased 2.9% QoQ and 1.9% YoY.
- 2. Network OPEX** for the full year rose 2.2% from 2008 as we put additional 322 cell sites on air during the year. Quarterly network OPEX increased 9.3% QoQ due to higher repair and maintenance expenses and 3.7% YoY from higher number of cell sites.
- 3. Interconnection cost (IC)** for 2009 fell by 8.6% from a year earlier. On a quarterly basis, it further declined by 0.6% QoQ and 7.9% YoY as more traffic was kept on-net. Owing to the decline in outgoing interconnection traffic, net IC cost dropped from THB 240 million in Q309 to THB 184 million in Q409. For the full year, net IC cost increased from THB 155 million in 2008 to THB 1,016 million in 2009.
- 4. Other cost of services**, including prepaid card production costs and commissions, IR and IDD costs, and other operating costs, declined by 8.5% in 2009 as a result of cost efficiency programs implemented during the year. Furthermore, they increased 7.3% QoQ due to higher prepaid top-up during the quarter, and higher IR and IDD revenues, but fell 7.8% YoY from improvement in cost of prepaid card and commission, and the decline in IR and IDD revenues.

Cost of telephone sets and starter kits for 2009 declined 15.3% from prior year, in line with the decline in the corresponding revenues. However, it increased 122.1% QoQ and 29.8% YoY from the sale of Blackberry handsets.

sg&a

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
Selling&marketing	781	697	12.0%	966	-19.2%	3,044	3,557	-14.4%
General admin	1,536	1,692	-9.3%	1,713	-10.4%	6,627	6,154	7.7%
Bad debt	189	187	1.0%	141	33.8%	765	718	6.6%
Less: impairment of goodwill and intangible asset	-1	-5	83.4%	-	-	-45	-	-
SG&A	2,505	2,571	-2.6%	2,821	-11.2%	10,391	10,429	-0.4%

Table 8: Breakdown of SG&A

SG&A for 2009 amounted to THB 10.4 billion, flat from the previous year as increase in rental expense was offset by reduction in selling and marketing expenses. For Q409, SG&A totaled THB 2.5 billion, declining 2.6% QoQ from lower general admin expenses, which was partly offset by higher selling and marketing expenses, and fell by 11.2% YoY due to lower selling, marketing, and general admin expenses. SG&A expenses mainly comprised:

- 1. Selling and marketing expenses** for 2009 sharply declined by 14.4% from 2008 as the economic downturn put a pressure on spending in this regard. The quarterly expenses rose 12.0% QoQ due to higher net adds and marketing activities but fell 19.2% YoY from the slow down in customer acquisition activities. For the full year, they accounted for 4.6% of total revenues, down from 5.3% in 2008. On a quarterly basis, selling and marketing expenses in proportion to total revenues was 4.6% in Q409, up from 4.3% in Q309 but down from 5.9% in Q408.
- 2. General administrative expenses** increased 7.7% from 2008 due mainly to higher rental expenses from the relocation of headquarter to Chamchuri Square. However, they were down 9.3% QoQ and 10.4% from Q408 partly as a result of cost efficiency programs implemented during the year. In proportion to total revenues, general administrative expenses were at 10.1% in 2009, up from 9.1% in 2008, and they were at 9.1% in Q409, down from 10.4% in Q309 and 10.5% in Q408.
- 3. Provision for doubtful accounts** for 2009 increased 6.6% as a result of worsening economic condition and amounted to 5.2% of postpaid revenues, up from 4.8% in 2008. For Q409, it was up 1.0% QoQ and 33.8% YoY and was approximately 5.1% of post-paid revenues, flat from the previous quarter but up from 3.9% in Q408.

depreciation and amortization

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
Amortization of deferred right	2,101	2,070	1.5%	2,167	-3.0%	8,304	7,991	3.9%
Depreciation and amortization - SG&A	440	429	2.5%	308	42.6%	1,718	1,139	50.9%
D&A expenses	2,541	2,499	1.7%	2,476	2.7%	10,021	9,130	9.8%

Table 9: Depreciation and amortization expenses

1. **Amortization of deferred rights** for 2009 increased by 3.9% from a year earlier as a result of the expansion of the network and shorter amortization period. For Q409, it increased 1.5% QoQ but declined 3.0% YoY.

2. **Depreciation and amortization - SG&A** for 2009 increased 50.9% due to the investment in the new headquarter and computer system and software for customer service enhancement. In Q409, it rose 2.5% QoQ and 42.6% YoY.

ebitda and net profit

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
EBITDA - reported	5,559	5,064	9.8%	4,465	24.5%	20,215	23,193	-12.8%
Less - DPC settlement	-	-	-	-	-	-	-2,420	100.0%
EBITDA excl DPC	5,559	5,064	9.8%	4,465	24.5%	20,215	20,773	-2.7%
EBITDA margin excl DPC	32.6%	31.1%	1.5pp	27.0%	5.6pp	30.6%	30.4%	0.2pp
EBITDA margin							34.0%	-3.4pp

Table 10: EBITDA excluding DPC settlement

EBITDA in 2009 amounted to THB 20.2 billion, a decline of 2.7% (excluding one-time DPC settlement) from the previous year as a result of higher net IC cost. Excluding the impact from net IC cost, EBITDA increased 1.4% from 2008 as a result of improvement in cost efficiency. The EBITDA margin improved by 20 bps to 30.6%.

In Q409, EBITDA increased by 9.8% QoQ and 24.5% YoY to THB 5.6 billion from higher service revenues, lower net IC costs, and lower administrative costs. The EBITDA margin improved substantially both QoQ and YoY as a result of the cost efficiency program implemented during the year.

	Q409	Q309	%QoQ	Q408	%YoY	2009	2008	%YoY
Net profit - reported	2,151	1,629	32.1%	1,239	73.6%	6,614	9,325	-29.1%
Less - DPC settlement	-	-	-	-	-	-	-1,851	100.0%
Net profit excl DPC	2,151	1,629	32.1%	1,239	73.6%	6,614	7,473	-11.5%

Table 11: Net profit excluding DPC settlement

Furthermore, net profit for 2009 amounted to THB 6.6 billion, a decrease of 11.5% (excluding one-time DPC settlement) from lower EBITDA and higher depreciation and amortization expenses.

In Q409, net profit totaled THB 2.2 billion, an increase of 32.1% QoQ and 73.6% YoY due to higher EBITDA and a sharp reduction in financial costs.

balance sheet and key financial ratios

	2009	2008
Cash and cash equivalent	7,491	7,082
Other current assets	8,489	9,521
Non-current assets	84,100	87,832
Total assets	100,080	104,435
Current liabilities	25,258	27,581
Non-current liabilities	12,274	17,363
Total liabilities	37,532	44,944
Shareholders' equity	62,548	59,491
Total liabilities and shareholders' equity	100,080	104,435

Table 12: Balance sheet

Total assets at the end of 2009 were standing at THB 100.1 billion, a decrease from THB 104.4 billion at the end of last year due to low level of CAPEX during the year.

Interest-bearing debt at the end of 2009 was reduced to THB 19.0 billion compared to THB 28.1 billion at the end of 2008, including the new THB 2.0 billion debenture issued during the year. The debt ratio continued to improve with net debt to equity of 0.2x and net debt to EBITDA of 0.6x. Moreover, interest coverage ratio and FFO:Total Debt also improved QoQ from improvement in operating performance.

	Q409	Q309	Q408
Net debt : Equity	0.2	0.1	0.4
Net debt : EBITDA	0.6	0.3	0.9
Interest coverage	13.9	12.0	12.7
FFO : Total debt (%)	87.3	79.5	67.8

Table 13: Key financial ratios

Cash flow in 2009 remained healthy with cash flow from operating activities of THB 19.1 billion. Cash outflow from investing activities, excluding short-term investment, amounted to THB 6.1 billion from investment in the new headquarter, network coverage and quality enhancements, as well as computer system for customer service. Furthermore, cash used in financing activities amounted to THB 12.7 billion as a result of repayment of long-term loans and debenture, the issuance of new THB 2.0 billion debenture, and dividend payment of THB 3.6 billion. In total, dtac generated a net cash outflow of THB 0.7 billion for the year and had cash on hand of THB 7.5 billion, including short-term investment.

directors' report

The directors present their report together with the audited accounts of the Company and its subsidiaries for the financial year ended 31 December 2009

1. Directors of the Company

a. The directors of the Company at the date of this report are:

1. Mr. Boonchai Bencharongkul	Chairman of the Board of Directors
2. Mr. Sigve Brekke	Vice Chairman of the Board of Directors
3. Mr. Chulchit Bunyaketu	Director
4. Mr. Soonthorn Pokachaiyapat	Director
5. Mr. Sompol Chanprasert	Director
6. Mr. Knut Borgen	Director
7. Mr. Stephen Woodruff Fordham	Director
8. Mr. Tore Johnsen	Director and Chief Executive Officer
9. Mr. Knut Snorre Bach Corneliusen	Director
10. Mr. Charles Terence Woodworth ¹	Director

Note: 1. Mr. Charles Terence Woodworth had been appointed as new director to replace Mr. Ragnar Korsæth pursuant to the resolution of the Board of Directors Meeting No. 5/2009 dated 23 September 2009.

b. Directors' shareholding in the Company¹

Directors	No. of Shares	%
Mr. Boonchai Bencharongkul	10	0.00
Mr. Sigve Brekke	900,000	0.04

Note: 1. The above information, which was provided by the directors, include direct and indirect shareholding of the directors in accordance with Chapter 50 of the Singapore Companies Act and Section 59 of the Securities and Exchange Act 1992.

2. Audit Committee

The Audit Committee as at the date of this report comprises 3 directors:

1. Mr. Chulchit Bunyaketu
2. Mr. Soonthorn Pokachaiyapat
3. Mr. Stephen Woodruff Fordham

The Audit Committee recommended the appointment of Ernst & Young Office Limited as auditor of the Company and its subsidiaries for the fiscal year 2010 which will be proposed at the forthcoming annual general meeting of shareholders for approval.

3. Principal activity

The principal activity of the Company is to provide wireless telecommunications services in Thailand under a concession granted by The Communication Authority of Thailand (which corporatized to CAT Telecom Public Company Limited).

There has been no significant change in the nature of this principal activity during the financial year.

4. Results of the financial year 2009

	(Unit: Baht Thousands)	
	2009	2008
Company Profit (after deducting revenue tax and minority interests)	6,627,772	9,329,101

The directors regards the operating result of the Company and its subsidiaries in the past fiscal year has not been significantly affected by any particular items or events other than those disclosed in the notes to the accounts.

5. Dividend

The Board of Directors Meeting No.1/2010 passed a resolution approving the declaration of dividend payment at the rate of Baht 1.39 per share, less deductions as required by law, for the operation from 1 January 2009 to 31 December 2009. The dividend payment will be proposed for approval at the forthcoming annual general meeting of shareholders, and payment will be made on 26 May 2010.

6. Material movement in reserves and provisions

There was no material movement in reserves and provisions during the financial year except as disclosed in the notes to the accounts.

7. Related party transactions

The Company and its subsidiaries have entered into significant business transactions with each other, and with its associated and related companies as shown in the Note 7 to the Financial Statements ended 31 December 2009. Such transactions have been concluded on normal commercial terms and have been agreed upon in the normal course of business. The Company will seek approval from the directors and the annual general meeting of shareholders for a general mandate for interested person transactions, which are recurrent transactions that are necessary for the Company's day-to-day operations, such as the purchase and sale of supplies and materials, which may be carried out with the interested persons.

8. Other statutory information

a. Before the accounts of the Company were finalized, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off for bad debts and the making of provision for doubtful amounts receivable and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful accounts receivable.

At the date of this report, the directors are not aware of any circumstances which would render (i) the amount written off for bad debts or the amount of the provision for doubtful accounts receivable inadequate to any substantial extent; and (ii) the values attributed to current assets misleading.

b. At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report of accounts, which would render any amount stated in the accounts of the Company, and the consolidated accounts misleading.

- c. As at the date of this report, (i) there are no charges in the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person, and (ii) there are no material contingent liabilities which have arisen since the end of the financial year.
- d. In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the financial year and the date of this report which is likely to affect substantially the results of the operation of the Company and of the Group for the financial year in which this report is made.

9. Statutory Auditors:

Ernst & Young Office Limited, Certified Public Accountants, the Company's auditor, have expressed their willingness to accept appointment as statutory auditors of the Company.

On behalf of the Board of Directors



Mr. Boonchai Bencharongkul

Chairman of Board of Directors

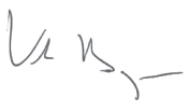
report of the board of directors' responsibility for the financial reports

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of 31 December 2009 have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorised auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

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

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

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of 31 December 2009.



(Mr. Knut Borgen)

Director



(Mr. Tore Johnsen)

Director and Chief Executive Officer

audit committee report

To Shareholders of Total Access Communication Public Company Limited

The Audit Committee of Total Access Communication Public Company Limited comprises three independent directors, qualified in Finance, Law, and Business Management. All of the members are not executive directors, employees or advisors of the company as follows.

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

In 2009, the Audit Committee fulfilled all its responsibilities in accordance with the Audit Committee Charter approved by the Board of Directors. The Audit Committee Meeting was held at least on a quarter basis. In 2009, the Audit Committee conducted 12 meetings with the Executive Management, Head of Internal Audit, Head of Risk Management, and Head of Legal in relation to the meeting agenda as appropriate. Each member of Audit Committee attended the Audit Committee Meeting as follows:

Name	Title	Numbers of Attendance
Mr. Chulchit Bunyaketu	Chairman of Audit Committee	12
Mr. Soonthorn Pokachaiyapat	Member of Audit Committee	11
Mr. Stephen Woodruff Fordham	Member of Audit Committee	9

The major tasks undertaken by the Audit Committee were as follows:

1. Reviewed the consolidated quarterly and annual financial statements of the Company for fiscal year 2009 before submitting to the Board of Directors for approval. Those financial statements were prepared in accordance with generally accepted accounting standards and sufficient disclosure of information.
2. Reviewed the related party transactions of the Company to ensure compliance with generally accepted business practice and the regulations of Stock Exchange.
3. Reviewed the appraisal of adequacy of internal control system, risk management, compliance with laws related to the Company's business. Conducted meetings with the management and internal audit and made recommendations for the benefits of the Company's operations.
4. Approved the audit plan, which was prepared based on Risk Based Approach, and considered the audit reports of the Internal Audit carried out by Operational Audit Unit and Information Technology Audit Unit. It was concluded that the Company had an effective internal control system and no significant weakness area.

5. Reviewed Connected Transactions, Interested Person Transactions, or transactions which may lead to conflicts of interests, to ensure compliance with Laws and the SET's and SGX's rules and regulations, and are reasonable and for the highest benefit of the Company.
6. Reviewed the Risk Management Policy and Guidelines and followed up the progress of Risk Management as Risk Management Unit proposed.
7. Performed a self-assessment in relation to the Audit Committee Charter as assigned by the Board of Directors based on the best practice and the result was satisfactory.
8. Reviewed and proposed to the Board of Directors for the appointment and remuneration of the Auditor General as the Company's external auditors for fiscal year 2010.

In our opinion, the Company presents the financial statements in accordance with generally accepted accounting principles, appropriately disclose information. The Company's operation performance presents good corporate governance and appropriate internal control systems and internal audit system without material deficiency.



Mr. Chulchit Bunyaketu

Chairman of Audit Committee

Total Access Communication Public Company Limited

report of independent auditor

To the Shareholders of Total Access Communication Public Company Limited

I have audited the accompanying consolidated balance sheets of Total Access Communication Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Total Access Communication Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Total Access Communication Public Company Limited and its subsidiaries and of Total Access Communication Public Company Limited as at 31 December 2009 and 2008, the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

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

- a) As discussed in Note 32 to the financial statements regarding court proceedings and commercial dispute between the Company and TOT Public Company Limited ("TOT") in relation to the access charge payment, on 17 November 2006, the Company sent written notice informing TOT and CAT Telecom Public Company Limited ("CAT") that the Company would amend the rates for calculating the access charge under the Access Charge Agreements entered into with TOT and also informed TOT that it would pay the interconnection charge to TOT at the rate which is in compliance with the law or at the provisional rate announced by the National Telecommunications Commission ("NTC") while negotiations on the interconnection agreement with TOT has not been concluded. The Company accrued the access charge at the interconnection charge rate payables for the period from 18 November 2006 to 7 November 2007 amounting to Baht 1,973 million in the financial statements. However, TOT refused to accept payment of such interconnection charge, and informed the Company that it was not entitled to interconnect its network with the TOT network because the Company had not been granted a telecommunication license by the NTC, and did not have its own telecommunication network. TOT also claimed that the Access Charge Agreements did not violate any law, as a result, demanded the payment of the access charge in accordance with the rate and the collection of access charge specified under the Access Charge Agreements. Therefore on 8 November 2007, the Company sent TOT a notice canceling its offers to make payment of interconnection charge and to terminate the two Access Charge Agreements. Therefore, from 8 November 2007 to 31 December 2009 the Company did not accrue the access charge in its financial statements because of the termination of Access Charge Agreements.

Currently, the commercial dispute is under discussion and under the legal and court proceedings. The outcomes of the dispute can not be determined and depend on the results of the discussion and future proceedings as part of the legal and judicial process.

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

- b) As discussed in Note 33 to the financial statements, the Company has significant other outstanding litigation and commercial disputes. At present, such litigation and disputes are under legal and formal arbitration proceedings. Their outcomes can not be determined and depend on the future judicial process.

These financial statements have been prepared under accounting principles generally accepted in Thailand. Note 40 to the financial statements describing significant differences between accounting principles generally accepted in Thailand and International Financial Reporting Standards (IFRS) is not a required part of basic financial statements prepared under accounting principles generally accepted in Thailand and is presented for the purpose of giving preliminary information only. I have applied certain limited procedures to this information which consisted principally of enquiries of management regarding the methods of its measurement and presentation. However, I did not audit such information and do not express any audit opinion on it.



Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited

Bangkok: 8 February 2010

balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents		6,112,757,272	6,797,469,166	5,375,287,837	6,147,950,197
Short-term investments		1,378,100,411	284,260,865	998,100,411	-
Trade accounts receivable - net	6	2,674,277,025	2,709,392,523	2,674,200,025	2,709,309,523
Trade accounts receivable - related parties					
Trade accounts receivable - subsidiaries - net	7	-	-	44,731,243	23,223,762
Trade account receivable - associated company	7	3,627,282,298	4,468,066,769	3,627,282,298	4,468,066,769
Trade accounts receivable - related companies - net	7	15,156,089	84,616,312	10,812,769	78,792,307
Advances to related parties - net	7	4,040,032	7,348,450	36,085,271	41,233,846
Inventories - net	8	183,451,254	110,982,662	183,194,501	110,381,146
Deferred cost of unearned revenue from telephone services		413,956,797	408,191,660	413,956,797	408,191,660
Other current assets - net	9	1,570,679,747	1,732,294,598	1,526,734,566	1,685,581,069
Total current assets		15,979,700,925	16,602,623,005	14,890,385,718	15,672,730,279
Non-current assets					
Pledged deposits at financial institutions	31.3	398,059	558,059	-	-
Investments in subsidiaries - net	10	-	-	611,147,331	662,147,345
Investment in associated company	11	266,147,699	251,949,642	50,000,000	50,000,000
Other long-term investments - net	12	199,390,418	199,500,665	199,390,418	199,500,665
Amount due from related parties					
Amount due from subsidiary	7	-	-	1,189,625,667	1,212,806,442
Amounts due from related companies - net	7	454,948	454,948	-	-
Property, plant and equipment - net	13	7,149,328,936	6,436,654,969	5,987,888,371	5,202,163,988
Deferred right to use of equipment - net	14	70,116,653,461	75,613,805,857	70,115,701,495	75,612,800,124
Equipment under installation		1,779,944,409	1,633,070,876	1,779,944,409	1,633,070,876
Deferred tax assets	24	705,571,893	346,371,350	726,224,190	367,023,647
Other non-current assets					
Deposits and prepayment for purchase and installation of equipment		59,139,339	115,185,190	59,139,339	115,185,190
Goodwill - net		19,171,700	44,110,718	-	-
Leasehold rights - net		42,935,440	47,188,778	42,935,440	47,188,778
Others	15	3,761,061,602	3,143,290,477	3,660,010,670	3,032,779,753
Total non-current assets		84,100,197,904	87,832,141,529	84,422,007,330	88,134,666,808
Total assets		100,079,898,829	104,434,764,534	99,312,393,048	103,807,397,087

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

balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable	16	7,567,809,253	6,809,114,784	7,533,239,724	6,742,325,400
Trade accounts payable - related parties					
Trade accounts payable - subsidiaries	7	-	-	253,527,102	184,433,375
Trade accounts payable - associated company	7	19,680,101	11,696,370	19,680,101	11,696,370
Trade accounts payable - related companies	7	1,043,112,124	1,873,312,085	981,602,602	1,839,554,094
Other payables - related parties					
Other payables - subsidiaries	7	-	-	45,452,864	12,679,004
Other payables - associated company	7	3,156,438	1,866,860	3,156,438	1,866,860
Other payables - related companies	7	174,441,439	137,702,429	166,443,894	134,226,357
Current portion of long-term loans	17	3,707,012,962	3,097,200,262	3,707,012,962	3,097,200,262
Current portion of debentures	18	3,500,000,000	8,000,000,000	3,500,000,000	8,000,000,000
Unearned revenue from telephone service		3,234,956,226	3,800,227,692	3,234,956,226	3,800,227,692
Other current liabilities	19	6,008,176,535	3,849,964,549	5,845,389,492	3,703,707,250
Total current liabilities		25,258,345,078	27,581,085,031	25,290,461,405	27,527,916,664
Non-current liabilities					
Long-term loans - net of current portion	17	6,767,891,753	10,474,904,715	6,767,891,753	10,474,904,715
Debentures - net of current portion	18	5,000,000,000	6,500,000,000	5,000,000,000	6,500,000,000
Provision for post employee benefit					
- statutory severance pay		75,434,343	71,915,753	75,434,343	71,915,753
Other non-current liabilities		430,583,357	316,007,035	304,048,516	186,306,831
Total non-current liabilities		12,273,909,453	17,362,827,503	12,147,374,612	17,233,127,299
Total liabilities		37,532,254,531	44,943,912,534	37,437,836,017	44,761,043,963

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

balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Shareholders' equity					
Share capital					
Registered					
2,372,080,630 ordinary shares of					
Baht 2 each		4,744,161,260	4,744,161,260	4,744,161,260	4,744,161,260
Issued and fully paid					
2,367,811,000 ordinary shares of					
Baht 2 each		4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000
Premium on ordinary shares		23,543,446,204	23,543,446,204	23,543,446,204	23,543,446,204
Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of subsidiary at the acquisition date					
		1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361
Retained earnings					
Appropriated - statutory reserve	20	560,057,915	560,057,915	560,057,915	560,057,915
Unappropriated		32,039,728,545	28,963,656,307	31,388,293,551	28,560,089,644
		32,599,786,460	29,523,714,222	31,948,351,466	29,120,147,559
Equity attributable to the Company's shareholders		62,525,992,025	59,449,919,787	61,874,557,031	59,046,353,124
Minority interest - equity attributable to minority shareholders of subsidiary					
		21,652,273	40,932,213	-	-
Total shareholders' equity		62,547,644,298	59,490,852,000	61,874,557,031	59,046,353,124
Total liabilities and shareholders' equity		100,079,898,829	104,434,764,534	99,312,393,048	103,807,397,087

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

income statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues from sales and services					
Revenue from telephone services		64,684,178,552	66,599,779,124	64,239,335,777	66,237,518,319
Revenue from sales of telephone sets and starter kits		617,251,731	727,219,002	617,251,731	727,219,002
Other operating income		384,021,006	367,524,202	499,560,871	457,936,678
Total revenues from sales and services		65,685,451,289	67,694,522,328	65,356,148,379	67,422,673,999
Cost of sales and services					
Cost of telephone services		43,215,768,026	44,238,713,176	43,317,518,128	44,422,669,847
Cost of sales of telephone sets and starter kits		342,916,688	404,783,561	342,916,688	404,783,561
Total cost of sales and services		43,558,684,714	44,643,496,737	43,660,434,816	44,827,453,408
Gross profit		22,126,766,575	23,051,025,591	21,695,713,563	22,595,220,591
Interest income		173,894,773	426,687,746	161,070,616	388,664,071
Other income		135,737,291	112,933,178	79,492,193	57,369,583
Gain on the negotiated settlement	22	-	2,420,258,196	-	2,420,258,196
Income before expenses		22,436,398,639	26,010,904,711	21,936,276,372	25,461,512,441
Selling and service expenses		(3,044,021,661)	(3,557,201,995)	(3,068,037,818)	(3,573,910,074)
Administrative expenses		(9,014,292,937)	(7,885,756,949)	(8,751,205,335)	(7,718,715,380)
Management benefit expenses		(95,253,004)	(120,047,950)	(95,253,004)	(120,047,950)
Loss on foreign exchange		(11,304,541)	(48,843,837)	(17,103,367)	(48,634,562)
Loss from capital reduction of subsidiary		-	(41,978,649)	-	(6,563,913)
Loss on impairment of investment in subsidiary		-	-	(51,000,014)	-
Total expenses		(12,164,872,143)	(11,653,829,380)	(11,982,599,538)	(11,467,871,879)
Income before finance cost and corporate income tax		10,271,526,496	14,357,075,331	9,953,676,834	13,993,640,562
Finance cost	23	(1,455,308,904)	(1,947,817,978)	(1,455,304,498)	(1,969,165,602)
Share of income from investment in associated company		39,198,057	42,216,861	-	-
Income before corporate income tax		8,855,415,649	12,451,474,214	8,498,372,336	12,024,474,960
Corporate income tax	24	(2,241,756,470)	(3,126,272,171)	(2,118,468,204)	(2,994,860,296)
Net income for the year		6,613,659,179	9,325,202,043	6,379,904,132	9,029,614,664
Net income attributable to:					
Equity holders of the parent		6,627,772,463	9,329,101,308	6,379,904,132	9,029,614,664
Minority interests of the subsidiaries		(14,113,284)	(3,899,265)	-	-
		6,613,659,179	9,325,202,043		
Earnings per share					
Basic earnings per share					
Net income attributable to equity holders					
of the parent	25	2.80	3.94	2.69	3.81

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

statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit: Baht)

Consolidated financial statements

	Equity attributable to the parent's shareholders							Minority interest - equity attributable to minority shareholders of subsidiary	Total
	Note	Issued and paid-up share capital	Premium on ordinary shares	Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date	Retained earnings	Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiary		
Balance as at 31 December 2007		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	21,362,964,137	51,849,227,617	16,803,943	51,866,031,560
Net income (loss) for the year		-	-	-	-	9,329,101,308	9,329,101,308	(3,899,265)	9,325,202,043
Total income and expenses for the year		-	-	-	-	9,329,101,308	9,329,101,308	(3,899,265)	9,325,202,043
Dividend paid	28	-	-	-	-	(1,728,409,138)	(1,728,409,138)	-	(1,728,409,138)
Minority interest from purchase of subsidiary		-	-	-	-	-	-	28,027,535	28,027,535
Balance as at 31 December 2008		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	28,963,656,307	59,449,919,787	40,932,213	59,490,852,000
Balance as at 31 December 2008		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	28,963,656,307	59,449,919,787	40,932,213	59,490,852,000
Net income (loss) for the year		-	-	-	-	6,627,772,463	6,627,772,463	(14,113,284)	6,613,659,179
Total income and expenses for the year		-	-	-	-	6,627,772,463	6,627,772,463	(14,113,284)	6,613,659,179
Dividend paid	28	-	-	-	-	(3,551,700,225)	(3,551,700,225)	-	(3,551,700,225)
Dividend paid to minority shareholders of subsidiary		-	-	-	-	-	-	(5,166,656)	(5,166,656)
Balance as at 31 December 2009		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	32,039,728,545	62,525,992,025	21,652,273	62,547,644,298

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

statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit: Baht)

		Separate financial statements					Total
		Issued and paid-up share capital	Premium on ordinary shares	Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date	Retained earnings		Total
					Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2007		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	21,258,884,118	51,745,147,598
Net income for the year		-	-	-	-	9,029,614,664	9,029,614,664
Total income and expenses for the year		-	-	-	-	9,029,614,664	9,029,614,664
Dividend paid	28	-	-	-	-	(1,728,409,138)	(1,728,409,138)
Balance as at 31 December 2008		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	28,560,089,644	59,046,353,124
Balance as at 31 December 2008		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	28,560,089,644	59,046,353,124
Net income for the year		-	-	-	-	6,379,904,132	6,379,904,132
Total income and expenses for the year		-	-	-	-	6,379,904,132	6,379,904,132
Dividend paid	28	-	-	-	-	(3,551,700,225)	(3,551,700,225)
Balance as at 31 December 2009		4,735,622,000	23,543,446,204	1,647,137,361	560,057,915	31,388,293,551	61,874,557,031

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

statements of cash flows

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Cash flows from operating activities					
Net income before tax		8,855,415,649	12,451,474,214	8,498,372,336	12,024,474,960
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:					
Share of income from investment in associated company accounted for under equity method		(39,198,057)	(42,216,861)	-	-
Dividend received from subsidiary company		-	-	(5,378,132)	-
Dividend received from associated company		-	-	(25,000,000)	(30,000,000)
Allowance of stock obsolescence (reversal)		(5,606,279)	6,880,005	(5,606,279)	6,816,854
Allowance for doubtful accounts - trade accounts receivable (reversal)		15,261,690	(262,132,622)	15,261,690	(262,132,622)
Reversal allowance for doubtful accounts - amount due from related companies		-	(33,920,096)	(4,208,166)	-
Reversal of allowance for doubtful account - advance to related companies		(2,736,046)	-	(2,736,046)	-
Allowance for doubtful accounts - other receivables		115,560	-	-	-
Loss on impairment of investment in subsidiary		-	-	51,000,014	-
Loss on impairment of goodwill and intangible assets		39,267,621	-	-	-
Loss from capital reduction of subsidiary		-	41,978,649	-	6,563,913
Depreciation and amortisation	26	10,097,724,606	9,254,750,577	9,999,659,268	9,170,414,750
Provision for asset retirement obligation		(18,495,917)	(24,644,911)	(18,495,917)	(24,644,911)
Fixed assets written-off		6,059,167	46,155	5,851,413	46,155
Loss (gain) from sales of property, plant and equipment		(199,376)	1,456,577	(201,818)	1,280,588
Increase/decrease in deferred tax assets/liabilities		-	(44,877,640)	-	-
Increase/decrease in provision for post employee benefit - statutory severance pay		3,518,590	(7,757,352)	3,518,590	(7,757,352)
Finance cost		1,455,308,904	1,947,817,978	1,455,304,498	1,969,165,602
Income from operating activities before changes in operating assets and liabilities					
		20,406,436,112	23,288,854,673	19,967,341,451	22,854,227,937
Decrease (increase) in operating assets					
Trade accounts receivable		19,853,809	512,839,903	19,847,809	512,922,903
Trade accounts receivable - subsidiaries		-	-	(17,841,481)	84,079,532
Trade account receivable - associated company		840,784,472	436,405,448	840,784,472	436,405,448
Trade accounts receivable - related companies		69,460,224	(6,324,336)	67,979,537	(1,388,744)
Advances to subsidiaries		-	-	5,767,862	(2,698,625)
Advance to associated company		2,774,555	-	2,774,555	-
Advances to related companies		3,269,908	(4,704,434)	(115,630)	1,070,874
Inventories		(66,862,313)	3,670,790	(67,207,076)	4,335,458
Account receivable from assignment of right		-	579,741,804	-	579,741,804
Other current assets		162,840,075	(126,599,937)	153,081,365	(116,046,055)

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

statements of cash flows (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Increase (decrease) in operating liabilities					
Trade accounts payable		143,631,833	(994,808,513)	175,851,688	(1,049,477,007)
Trade accounts payable - subsidiaries		-	-	69,093,727	98,049,281
Trade accounts payable - associated company		7,983,731	(24,022,526)	7,983,731	(24,022,526)
Trade accounts payable - related companies		(223,303,239)	25,463,657	(251,054,770)	14,677,902
Advances from subsidiaries		-	-	32,773,860	(26,549,450)
Advances from associated company		1,289,578	(2,599,923)	1,289,578	(2,599,923)
Advances from related companies		36,739,010	45,213,586	32,217,537	44,654,377
Other current liabilities		1,290,095,341	452,576,674	1,256,680,249	307,202,303
Other non-current liabilities		97,321,177	12,532,844	100,486,542	9,745,602
Cash flows from operating activities		22,792,314,273	24,198,239,710	22,397,735,006	23,724,331,091
Cash paid for interest expenses		(1,549,381,807)	(1,862,290,558)	(1,549,377,401)	(1,909,461,930)
Cash paid for corporate income tax		(2,135,125,952)	(3,009,598,422)	(1,987,846,417)	(2,950,668,964)
Net cash from operating activities		19,107,806,514	19,326,350,730	18,860,511,188	18,864,200,197
Cash flows from investing activities					
Increase in current investments		(1,093,839,546)	(284,260,865)	(998,100,411)	-
Decrease in pledged deposits at financial institutions		160,000	214,700	-	-
Investments in subsidiaries		-	(52,045,179)	-	(294,411,072)
Cash received (paid) from capital reduction in subsidiary		-	(6,055,239)	-	3,108,267,250
Dividend received from subsidiary		-	-	5,378,132	-
Dividend received from associated company		25,000,000	30,000,000	25,000,000	30,000,000
Decrease in amount due from subsidiaries		-	-	23,180,775	58,478,165
Decrease in amounts due from related companies		-	33,920,097	-	-
Cash received from sales of available-for-sales securities		110,247	98,526	110,247	98,526
Acquisition of property, plant and equipment		(2,017,275,921)	(1,881,887,201)	(1,998,832,051)	(1,811,833,807)
Proceeds from sales of property, plant and equipment		12,825,105	7,342,663	12,822,605	6,061,311
Acquisition of deferred right to use of equipment and equipment under installation		(2,535,009,938)	(7,767,664,600)	(2,535,009,938)	(7,767,129,600)
Decrease in deposits and prepayment for purchase and installation of equipment		56,045,851	372,077,679	56,045,851	372,077,679
Increase in other non-current assets		(1,586,467,063)	(1,639,132,965)	(1,574,868,271)	(1,580,890,651)
Net cash used in investing activities		(7,138,451,265)	(11,187,392,384)	(6,984,273,061)	(7,879,282,199)

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

statements of cash flows (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Cash flows from financing activities					
Decrease in trust receipts		-	(50,934,910)	-	(50,934,910)
Repayment of long-term loan					
from a subsidiary		-	-	-	(1,695,385,930)
Cash received from long-term loans		-	5,758,400,000	-	5,758,400,000
Repayment of long-term loans		(3,097,200,262)	(3,097,200,262)	(3,097,200,262)	(3,097,200,262)
Repayment of debentures		(8,000,000,000)	(5,500,000,000)	(8,000,000,000)	(5,500,000,000)
Cash received from Thai Baht					
debenture issuance		2,000,000,000	-	2,000,000,000	-
Dividend payment		(3,556,866,881)	(1,728,409,138)	(3,551,700,225)	(1,728,409,138)
Net cash used in financing activities		(12,654,067,143)	(4,618,144,310)	(12,648,900,487)	(6,313,530,240)
Net increase (decrease) in cash and cash equivalents					
		(684,711,894)	3,520,814,036	(772,662,360)	4,671,387,758
Cash and cash equivalents at beginning of year		6,797,469,166	3,276,655,130	6,147,950,197	1,476,562,439
Cash and cash equivalents at end of year		6,112,757,272	6,797,469,166	5,375,287,837	6,147,950,197
Supplemental cash flow information:					
Cash received from negotiation of account					
receivable from assignment of right		-	3,000,000,000	-	3,000,000,000
Non-cash items:					
Purchase of deferred right to use of					
equipment and equipment under					
installation that have not yet been paid		1,720,361,881	1,712,195,966	1,720,361,881	1,712,195,966

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

notes to consolidated financial statements

For the years ended 31 December 2009 and 2008

1. General information

1.1 Corporate information

Total Access Communication Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Singapore in 1995 and listed on the Stock Exchange of Thailand in 2007. The Company has two major shareholders who are Telenor Asia Pte Ltd., a company incorporated in Singapore and Thai Telco Holding Co., Ltd., a company incorporated in Thailand. The Company is principally engaged in the provision of wireless telecommunications services and the sale of handsets and accessories.

On 1 July 2009 the Company moved to its new head office, of which the registered address is 319 Chamchuri Square Building, 22nd-41st Fl., Phayathai Road, Pathumwan, Bangkok.

1.2 Agreements to operate cellular telephone services

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

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

The fee, which is the annual revenue sharing, is calculated based on a percentage of revenues from services provided under the Concession and shall not be less than a stipulated minimum annual revenue sharing payment. The percentages of revenues from services for each year and minimum annual revenue sharing payments are as follows:

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

The Company commenced commercial operations on 16 September 1991.

1.3 Excise tax

On 28 January 2003, the Ministry of Finance announced the introduction of an excise tax for telecommunication businesses, whereby excise tax was to be collected on revenue from mobile telecommunication service at a rate of 10 percent. This tax could be deducted from the fees to be paid to CAT, as described in Note 1.2 to the financial statements, and was payable to the Excise Department on a monthly basis.

However, on 26 February 2007 the Ministry of Finance decided that excise tax on telecommunication services was to be collected at a zero rate, thus the Company changed the calculation of excise tax using the zero rate from 26 February 2007 onwards.

1.4 Interconnection charge

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

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

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

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

Operators	Effective period
a) True Move Co., Ltd.	17 November 2006 onwards
b) Advance Info Service Plc.	30 November 2006 onwards
c) Triple T Broadband Co., Ltd.	22 December 2006 onwards
d) DTAC Network Co., Ltd.	9 July 2007 onwards
e) Digital Phone Co., Ltd.	16 July 2007 onwards

The interconnection charges have been applied between the Company and the above operators from the beginning of 2007.

Pursuant to the Concession Agreement, the Company shall pay revenue sharing to CAT every year based on a percentage of revenues from services provided under the Concession but not less than a minimum annual revenue sharing payment as specified in the Concession Agreement. However, as the entry into the interconnection charge agreements results in uncertainty with respect to the calculation of the revenue sharing payable to CAT under the Concession Agreement, the Company calculated revenue sharing from the net interconnection charges. The Company's management believed that such approach was similar to that practiced by most other operators in the industry. Currently, the Company is discussing this matter with CAT but since a resolution has not been reached, on a conservative basis the Company has therefore calculated revenue sharing for concessionary year 17 onwards by excluding net interconnection charges until a solution is reached. The Company has informed CAT of this approach during their discussion on the issue. Therefore, the payment of revenue sharing might be adjusted depending on the future outcome. However, the Company's management believes that the discussion and the outcome will not have a material impact on the financial position of the Company.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the Thai Accounting Standard No. 12 regarding "Income Taxes" (This accounting standard corresponds to IAS No. 12 "Income Taxes" (revised 1996)), which the Company had early adopted before the date of enforcement, and except for the recording of post employee benefit which is in accordance with International Accounting Standard No. 19 since there is presently no Thai Accounting Standard for the employee benefit.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2009 Percent	2008 Percent
Subsidiaries directly held by the Company				
WorldPhone Shop Company Limited	Ceased operations in 2003	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
TAC Service Company Limited	Ceased operation in 2001	Thailand	100	100
DTAC Network Company Limited	Provide international call services	Thailand	100	100
DTAC Broadband Company Limited	Incorporate to provide mobile phone services (not yet commenced operation)	Thailand	100	100
DTAC Internet Service Company Limited	Incorporate to provide internet service (not yet commenced operation)	Thailand	100	100
Public Radio Company Limited	Incorporate to provide taxi radio services (not yet commenced operation)	Thailand	100	100
United Communication Industry Public Company Limited	Sale of voucher cards and sale on right of E-Refill service	Thailand	99.81	99.81
PaySbuy Company Limited	Incorporate to provide an online payment service	Thailand	100	100
Crie Company Limited	Value added services on mobile phone	Thailand	51	51
Fat Degree Company Limited	Media, advertising, radio and publication	Thailand	51	51

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2009 Percent	2008 Percent
Subsidiaries held through TAC Property Company Limited				
Eastern Beach Company Limited	Land development	Thailand	100	100
TAC Finance Company B.V.	Finance company (financial statements presented in US dollars)	Netherlands	100	100
Viphavadee Office Building Company Limited	Property development (office building)	Thailand	100	100

Assets and revenues of the Company which are included in the consolidated financial statements constitute approximately 98% and 99% of the consolidated totals, respectively (2008: 98% of assets and 99% of revenues)

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

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

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

a) Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that accounting standards, financial reporting standard and accounting treatment guidance do not have any significant impact on the financial statements for the current year.

b) Accounting standards which are not effective for the current year

		Effective date
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Prepaid

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

Postpaid

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

Revenue from telephone services

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

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

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

Interconnection charge income/expense

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

Revenue from sales of telephone sets and starter kits

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

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

Other operating income

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

Revenues are shown excluding of value added tax.

Interest income

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

Dividends

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

4.2 Trade accounts receivable and allowance for doubtful accounts

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

4.3 Inventories

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

4.4 Investments

- a) Investment in associates is accounted for in the consolidated financial statements using the equity method net of allowance for loss on diminution in value (if any).
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for loss on diminution in value (if any).
- c) Other long-term investments in marketable securities which the Company intends to hold as available-for-sale, are stated at fair value. Gains or losses arising from changes in the value of such investment are separately shown in shareholders' equity under the caption "Unrealised gain/loss on changes in the value of investments in available-for-sale securities". When the securities are sold, the change is included in determining income.
- d) Other long-term investments in non-marketable equity securities, which the Company holds as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

4.5 Property, plant and equipment/depreciation

Property is stated at cost and allowance for loss on impairment of assets (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to the income statements. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the income statements.

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

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

Depreciation is included in determining income.

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

4.6 Borrowing costs

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

4.7 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense is recognised in the income statement.

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

Deferred right to use of equipment is amortised on a straight-line basis over the remaining life of the Concession period.

Deferred charges, which are mainly expenditures relating to transmission facilities and software fees are amortised on a straight-line basis over periods of 3 to 10 years or the remaining life of the Concession period.

Deferred financial costs, which are mainly expenditures relating to loan arrangement fees, bond underwriting fees and fees for the extension of loan agreements are amortised over the borrowing and bond period.

4.8 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Related party transactions

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

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

4.10 Impairment of assets

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

Impairment losses are recognised in the income statement.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company and the subsidiaries estimate the asset's recoverable amount. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed.

4.11 Income tax/Deferred income tax assets/liabilities

Current income tax of the Company and Thai subsidiaries is calculated based on the taxable profits determined in accordance with the basis regulated in the Revenue code.

Deferred income tax assets/liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date. They will be realised in future periods when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred income tax assets are recognised for deductible temporary differences if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

Deferred income tax liabilities are recognised for all payable temporary differences.

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

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

Deferred tax assets and liabilities are calculated based on the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

4.12 Foreign currencies

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

4.13 Derivative instrument

Forward exchange contracts

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

Interest rate swap contracts

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

Cross currency swap agreements

Payables and receivables arising from the cross currency swap agreements are translated into Baht at the rates of exchange ruling on the balance sheet. Unrealised gains and losses from the translation are included in determining income.

4.14 Employee benefits

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

The cost of statutory severance pay is recognised as a charge to results of operations over the employee's service period. The determination of the provision for statutory severance pay plan is actuarially determined.

4.15 Cash and cash equivalents

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

4.16 Long-term lease

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

4.17 Provisions

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

5. Significant accounting judgments and estimates

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

Recognition and derecognition of assets and liabilities

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

Financial lease / Operating lease

The Company has entered into lease agreements for rental of land and building. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risk and rewards of ownership of these properties, and so accounts for the contracts as operating leases.

Allowance for doubtful accounts

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

Plant and equipment/Depreciation

In calculating depreciation of plant and equipment, the management estimates useful lives and salvage values of the Company's plant and equipment and reviews estimated useful lives and salvage values if there are any changes.

Deferred tax assets

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

Provision for post-retirement benefits

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

Deferred right to use of equipment, intangible assets and goodwill

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

Fair value of financial instruments

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

Assets retirement obligation

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

Commercial disputes and litigation

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

6. Trade accounts receivable

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Trade accounts receivable - telephone services	2,479,041,249	2,436,772,163	2,479,041,249	2,436,772,163
Trade accounts receivable - international telephone roaming services	104,576,298	300,201,042	104,576,298	300,201,042
Trade accounts receivable - sales of telephone sets and starter kits	590,612,283	437,782,355	576,093,450	423,257,522
Trade accounts receivable - others	77,737,926	97,066,004	8,447,166	27,775,244
Total	3,251,967,756	3,271,821,564	3,168,158,163	3,188,005,971
Less: Allowance for doubtful accounts	(577,690,731)	(562,429,041)	(493,958,138)	(478,696,448)
Trade accounts receivable, net	2,674,277,025	2,709,392,523	2,674,200,025	2,709,309,523

The aging of the outstanding balances of trade accounts receivable - telephone services as at 31 December 2009 and 2008, based on due date, is as follows:

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	2009	2008
Age of receivables		
Not yet due	1,453,342,375	1,322,515,372
Past due less than 1 month	363,702,498	387,796,235
Past due 1 month to 3 months	139,757,739	192,336,540
Past due 3 months to 6 months	138,428,274	169,721,036
Past due over 6 months	383,810,363	364,402,980
Total	2,479,041,249	2,436,772,163
Less: Allowance for doubtful accounts	(477,414,845)	(451,723,842)
Accounts receivable - telephone services, net	2,001,626,404	1,985,048,321

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

The aging of the outstanding balances of trade accounts receivable - international telephone roaming services as at 31 December 2009 and 2008, based on due date, is as follows:

	(Unit: Baht)	
	Consolidated financial statements/ Separate financial statements	
	2009	2008
Age of receivables		
Not yet due	39,452,114	223,064,320
Past due less than 1 month	22,992,233	41,699,836
Past due 1 month to 3 months	18,505,599	21,889,872
Past due 3 months to 6 months	15,899,255	2,335,918
Past due over 6 months	7,727,097	11,211,096
Total	104,576,298	300,201,042
Less: Allowance for doubtful accounts	(7,633,276)	(11,211,096)
Trade accounts receivable - international telephone roaming services, net	96,943,022	288,989,946

The aging of the outstanding balances of trade accounts receivable - sales of telephone sets and starter kits as at 31 December 2009 and 2008, based on due date, is as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Age of receivables				
Not yet due	561,993,532	413,168,469	561,993,532	413,085,469
Past due less than 1 month	7,198,260	696,121	7,198,260	696,121
Past due 1 month to 3 months	405,432	337,448	405,432	337,448
Past due 3 months to 6 months	49,812	74,523	49,812	74,523
Past due over 6 months	20,965,247	23,505,794	6,446,414	9,063,961
Total	590,612,283	437,782,355	576,093,450	423,257,522
Less: Allowance for doubtful accounts	(19,830,399)	(23,997,457)	(5,388,566)	(9,555,624)
Trade accounts receivable - sales of telephone sets and starter kits, net	570,781,884	413,784,898	570,704,884	413,701,898

The aging of the outstanding balances of trade accounts receivable - others as at 31 December 2009 and 2008, based on due date, is as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Age of receivables				
Not yet due	5,050,930	15,268,614	5,050,930	15,268,614
Past due less than 1 month	225,025	5,131,279	225,025	5,131,279
Past due 1 month to 3 months	-	25,025	-	25,025
Past due 3 months to 6 months	25,000	1,398	25,000	1,398
Past due over 6 months	72,436,971	76,639,688	3,146,211	7,348,928
Total	77,737,926	97,066,004	8,447,166	27,775,244
Less: Allowance for doubtful accounts	(72,812,211)	(75,496,646)	(3,521,451)	(6,205,886)
Trade accounts receivable - others, net	4,925,715	21,569,358	4,925,715	21,569,358

7. Related party transactions

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

Transactions with associated company, subsidiaries and related companies

	(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2009	2008	2009	2008	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Service income	-	-	123	99	as per agreement
Discount of voucher card sales	-	-	-	2	as per agreement
Rental and service expenses	-	-	596	576	as per agreement
Interest expense	-	-	-	21	as per agreement
Dividend income	-	-	5	-	as declared
Purchases of assets	-	-	4	6	as per agreement
Transactions with associated company: United Distribution Business Co., Ltd.*					
Sales of goods	18,152	23,536	18,152	23,536	selling price less a certain margin, as per agreement
Dividend income	25	30	25	30	as declared
Purchases of goods	56	63	56	63	market price
Rental and service expense	10	10	10	10	as per agreement

Transactions with associated company, subsidiaries and related companies (Continued)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2009	2008	2009	2008	
Transactions with other related companies					
International roaming service income	118	320	118	320	as per agreement
Service income	22	36	9	17	market price
Service expenses	1,020	1,583	775	1,365	as per agreement
Service fees for installation of cell site equipment	1,238	3,309	1,238	3,309	as per agreement
Management fee	354	281	354	281	as per agreement
Purchases of investment in subsidiary	-	0.5	-	0.5	at par value
Termination fee	-	200	-	200	as per agreement
Purchases of assets	-	25	-	-	as per agreement
Purchases of trademark	4	4	-	-	as per agreement

* The Company paid marketing support expense for year ended 31 December 2009 at Baht 5 million (2008: Baht 3 million) to dealers through United Distribution Business Co., Ltd.

The significant outstanding balances arising from the above transactions, as separately presented in the balance sheets, comprise the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Trade accounts receivable - subsidiaries				
WorldPhone Shop Co., Ltd.	-	-	193,188,268	196,854,268
DTAC Network Co.,Ltd.	-	-	44,722,344	23,215,134
Others	-	-	8,899	8,628
Less: Allowance for doubtful accounts	-	-	(193,188,268)	(196,854,268)
Total trade accounts receivable - subsidiaries - net	-	-	44,731,243	23,223,762
Trade account receivable - associated company				
United Distribution Business Co., Ltd. (Note 7.1)	3,627,282,298	4,468,066,769	3,627,282,298	4,468,066,769
Total trade account receivable - associated company	3,627,282,298	4,468,066,769	3,627,282,298	4,468,066,769
Trade accounts receivable - related companies				
TN Mobile AS ⁽¹⁾	-	31,396,902	-	31,396,902
Digi Telecom ⁽¹⁾	8,972,664	5,190,320	8,514,296	4,630,976
Sonofon AS ⁽¹⁾	-	7,691,300	-	7,691,300
Telenor Sverige AB ⁽¹⁾	-	31,815,941	-	31,815,941
Telenor Global Service AS ⁽¹⁾	3,884,951	4,322,662	-	-
Others	4,921,360	6,822,073	4,921,359	5,880,074
Less: Allowance for doubtful accounts	(2,622,886)	(2,622,886)	(2,622,886)	(2,622,886)
Total trade accounts receivable - related companies - net (Note 7.2)	15,156,089	84,616,312	10,812,769	78,792,307
Advances to related parties				
Advances to subsidiaries				
WorldPhone Shop Co., Ltd.	-	-	16,038,817	16,036,517
TAC Service Co., Ltd.	-	-	23,533,450	27,436,600
DTAC Network Co., Ltd.	-	-	11,016,185	9,140,210
Others	-	-	265,933	4,008,920
Less: Allowance for doubtful accounts	-	-	(16,229,346)	(16,771,512)
Total advances to subsidiaries - net	-	-	34,625,039	39,850,735
Advances to associated company				
United Distribution Business Co., Ltd.	-	2,774,555	-	2,774,555
Less: Allowance for doubtful accounts	-	(2,736,046)	-	(2,736,046)
Total advances to associated company - net	-	38,509	-	38,509
Advances to related companies				
Advances to related companies	9,982,306	13,252,215	7,402,506	7,286,876
Less: Allowance for doubtful accounts	(5,942,274)	(5,942,274)	(5,942,274)	(5,942,274)
Total advances to related companies - net	4,040,032	7,309,941	1,460,232	1,344,602
Total advances to related parties - net	4,040,032	7,348,450	36,085,271	41,233,846

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Amounts due from related parties				
Amounts due from subsidiary				
TAC Property Co., Ltd. (Note 7.3)	-	-	1,189,625,667	1,212,806,442
Total amounts due from a subsidiary	-	-	1,189,625,667	1,212,806,442
Amounts due from related companies				
Amounts due from related companies	125,765,138	125,765,138	-	-
Less: Allowance for doubtful accounts	(125,310,190)	(125,310,190)	-	-
Total amounts due from related companies - net	454,948	454,948	-	-
Trade accounts payable - subsidiaries				
TAC Property Co., Ltd.	-	-	24,689,162	-
United Communication Industry Plc.	-	-	982,935	1,863,101
DTAC Network Co., Ltd.	-	-	225,864,922	180,915,124
Fat Degree Co., Ltd.	-	-	1,990,083	1,655,150
Total trade accounts payable - subsidiaries	-	-	253,527,102	184,433,375
Trade accounts payable - associated company				
United Distribution Business Co., Ltd.	19,680,101	11,696,370	19,680,101	11,696,370
Total trade accounts payable - associated company	19,680,101	11,696,370	19,680,101	11,696,370
Trade accounts payable - related companies				
United Telecom Sales and Services Co., Ltd. ⁽²⁾	167,931,488	1,684,066,984	167,931,488	1,684,066,984
Connect One Co., Ltd. ⁽²⁾	63,933	270,914	63,933	270,914
Benchachinda Holding Co., Ltd. ⁽²⁾	90,641,896	136,196,993	90,641,896	136,196,993
BB Technology Co., Ltd. ⁽²⁾	570,708,283	12,161,415	570,708,283	12,161,415
TN Mobile AS ⁽¹⁾	66,579,822	-	66,579,822	-
Telenor Sverige AB ⁽¹⁾	61,915,754	-	61,915,754	-
Sonofon AS ⁽¹⁾	19,211,913	-	19,211,913	-
Telenor Global Service AS ⁽¹⁾	57,175,140	32,085,983	-	-
Others	8,883,895	8,529,796	4,549,513	6,857,788
Total trade accounts payable - related companies	1,043,112,124	1,873,312,085	981,602,602	1,839,554,094

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Other payables - related parties				
Other payables - subsidiaries				
DTAC Network Co., Ltd.	-	-	32,925,000	-
Crie Co., Ltd.	-	-	6,961,897	12,086,549
Others	-	-	5,565,967	592,455
Total other payables - subsidiaries	-	-	45,452,864	12,679,004
Other payables - associated company				
United Distribution Business Co., Ltd.	3,156,438	1,866,860	3,156,438	1,866,860
Total other payables - associated company	3,156,438	1,866,860	3,156,438	1,866,860
Other payables - related companies				
Telenor Consult AS ⁽¹⁾	15,289,892	18,274,279	15,289,892	18,274,279
Telenor ASA ⁽¹⁾	120,286,514	73,518,939	120,286,514	73,518,939
United Information Highway Co., Ltd. ⁽²⁾	14,180,019	17,677,192	14,180,019	17,677,192
INN Press Co., Ltd. ⁽²⁾	5,603,839	11,951,235	5,603,839	11,951,235
BB Technology Co., Ltd. ⁽²⁾	2,877,221	-	2,877,221	-
United Telecom Sales and Services Co., Ltd.	1,403,720	10,812,291	1,403,720	10,812,291
Pannon GSM Co., Ltd. ⁽¹⁾	6,572,907	1,957,262	6,572,907	1,957,262
Amass Entertainment Co., Ltd. ⁽²⁾	4,126,394	452,209	-	-
Others	4,100,933	3,059,022	229,782	35,159
Total other payables - related companies	174,441,439	137,702,429	166,443,894	134,226,357

Relationship with the related companies

(1) have same ultimate shareholder

(2) have same directors

7.1 The aging of trade account receivable - associated company as at 31 December 2009 and 2008 based on due date, is as follow:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2009	2008
Age of receivables		
Not yet due	2,969,814	3,610,688
Past due less than 1 month	657,468	857,379
Trade account receivable - associated company	3,627,282	4,468,067

7.2 As at 31 December 2009, most of the outstanding trade accounts receivable - related companies are current and past due less than three months.

7.3 The amount due from TAC Property Co., Ltd. (a subsidiary) comprises receivables arising from sales of equipment to support cellular telephone services. There is no fixed term for repayment and no interest is charged.

8. Inventories

(Unit: Baht)

	Consolidated financial statements							
	Cost		Allowance for diminution in value of inventories				Inventories-net	
			Cost higher than net realisable value		Allowance of stock obsolescence			
	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	196,837,674	132,904,794	-	-	(13,386,420)	(21,922,132)	183,451,254	110,982,662
Total	196,837,674	132,904,794	-	-	(13,386,420)	(21,922,132)	183,451,254	110,982,662

(Unit: Baht)

	Separate financial statements							
	Cost		Allowance for diminution in value of inventories				Inventories-net	
			Cost higher than net realisable value		Allowance of stock obsolescence			
	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	195,025,460	130,709,962	-	-	(11,830,959)	(20,328,816)	183,194,501	110,381,146
Total	195,025,460	130,709,962	-	-	(11,830,959)	(20,328,816)	183,194,501	110,381,146

9. Other current assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Value added tax suspension	867,269,692	979,301,697	847,648,385	959,912,533
Prepaid expenses	169,750,486	162,948,248	166,389,253	162,547,813
Prepaid rental - land for cell sites	308,178,740	290,536,641	308,178,740	290,536,641
Value added tax refundable	17,597,575	53,385,636	17,597,575	53,358,380
Withholding tax deducted at source	13,724,346	11,206,588	-	-
Account receivable - CAT	154,618,489	176,624,284	154,618,489	176,624,284
Others	52,866,790	71,502,316	32,302,124	42,601,418
Total	1,584,006,118	1,745,505,410	1,526,734,566	1,685,581,069
Less: Provision for impairment of assets	(13,326,371)	(13,210,812)	-	-
Total other current assets - net	1,570,679,747	1,732,294,598	1,526,734,566	1,685,581,069

10. Investments in subsidiaries

	Separate financial statements									
	Paid-up share capital		Percentage of shareholding		Investments at cost		Impairment loss on investments		Net	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Subsidiaries directly held by the Company										
WorldPhone Shop Co., Ltd.	450	450	100	100	450,000	450,000	(450,000)	(450,000)	-	-
TAC Service Co., Ltd.	20	20	100	100	19,998	19,998	(19,998)	(19,998)	-	-
TAC Property Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
DTAC Network Co., Ltd.	60	60	100	100	60,000	60,000	-	-	60,000	60,000
DTAC Broadband Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
DTAC Internet Service Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
Public Radio Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
United Communication Industry Plc. (UCOM)	272	272	99.81	99.81	271,161	271,161	-	-	271,161	271,161
Paysbuy Co., Ltd.	200	200	100	100	236,756	236,756	-	-	236,756	236,756
Crie Co., Ltd.	0.2	0.2	51	51	39,230	39,230	-	-	39,230	39,230
Fat Degree Co., Ltd.	0.2	0.2	51	51	51,000	51,000	(51,000)	-	-	51,000
Subsidiaries held through TAC Property Co., Ltd.										
Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
TAC Finance Company B.V.	0.5	0.5	100	100	-	-	-	-	-	-
Viphavadee Office Building Co., Ltd.	208.6	208.6	100	100	-	-	-	-	-	-
Total investments in subsidiaries, net					1,132,145	1,132,145	(520,998)	(469,998)	611,147	662,147

a) In 2009, Crie Co., Ltd., a subsidiary, paid dividend amounting to Baht 5.4 million to the Company (2008: no dividend paid).

b) On 28 March 2008, UCOM registered a decrease in the par value of its shares, from Baht 10 to Baht 2.50, in order to offset deficit with the remainder to be returned to the shareholders and returned the capital amounting to Baht 2,295 million to the Company in April 2008.

On 29 July 2008, UCOM registered a decrease in the par value of its shares, from Baht 2.50 to Baht 0.625, and returned the capital amounting to Baht 813 million to the Company in August 2008.

Currently, UCOM is defendant in a number of lawsuits brought in respect of UCOM's former operations that were sold to a company. As stipulated under the Master Sale and Purchase Agreement dated 26 February 2006, UCOM can claim any amount to which UCOM becomes liable in respect of the operations sold to the purchaser company. All contingent liabilities in respect of the above cases are thus transferred to the purchaser company. The purchaser company's responsibility for such liabilities is subjected to those to be actually incurred and paid by UCOM, with no limit on their amount, within two years from the asset transfer date, or until UCOM's obligations and responsibilities end. UCOM therefore did not make any provision for loss from these lawsuits in its financial statements.

- c) During the first quarter of 2008, PaySbuy Company Limited called up the remaining 75% of its share capital from the Company, and the Company paid a total of Baht 138.75 million in March 2008.

On 23 July 2008, the Company acquired 37,485 shares of PaySbuy Company Limited, a subsidiary, from its minority shareholders at an offer price Baht 345 per share, a total of Baht 12.93 million. As a result, the Company's shareholding in PaySbuy changed from 98.13% to 100%.

- d) In April 2008, the Company acquired 1,039 shares with a par value of Baht 100 each plus a premium of Baht 37,657 in Crie Company Limited, or 51% of that subsidiary's paid-up capital for Baht 39.23 million.
- e) In April 2008, the Company acquired 10,406 shares with a par value of Baht 10 each plus a premium of Baht 4,891 in Fat Degree Company Limited, or 51% of that subsidiary's paid-up capital for Baht 51 million.

11. Investments in associated company

11.1 Details of associate:

(Unit: Thousand Baht)

Nature of business	Country of incorporation	Shareholding percentage	Consolidated financial statements					
			Cost		Carrying amounts based on equity method			
			2009	2008	2009	2008		
			Percent	Percent				
United Distribution Business Co., Ltd.	Thailand	25	25	50,000	50,000	266,148	251,950	
Sale of mobile phone, simcards, voucher cards and supplementary equipments								

(Unit: Thousand Baht)

Nature of business	Country of incorporation	Shareholding percentage	Separate financial statements						
			Cost		Provision for impairment of investments		Carrying amounts based on cost method - net		
			2009	2008	2009	2008	2009	2008	
			Percent	Percent					
United Distribution Business Co., Ltd.	Thailand	25	25	50,000	50,000	-	-	50,000	50,000
Sale of mobile phone, simcards, voucher cards and supplementary equipments									

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income/loss from investments in associates during the year		Dividend received during the year	
	2009	2008	2009	2008
United Distribution Business Co., Ltd.	39,198	42,217	25,000	30,000

11.2 Summarised financial information of associate

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Net income for the year ended 31 December	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	United Distribution Business Co., Ltd	200	200	4,853	5,773	3,788	4,765	24,323	31,510	157

12. Other long-term investments

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	2009	2008
Debt securities	190,418	300,665
Other investments		
Digital Phone Co., Ltd.	197,600,000	197,600,000
Other companies	31,933,381	31,933,381
Less: Provision for impairment loss	(30,333,381)	(30,333,381)
Other companies - net	1,600,000	1,600,000
Total other investments - net	199,200,000	199,200,000
Total other long-term investments - net	199,390,418	199,500,665

13. Property, plant and equipment

Consolidated

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
	(Unit: Baht)										
Cost											
31 December 2008	1,045,329,761	1,883,030,181	515,451,535	2,435,154,933	213,011,352	847,503,438	5,674,185,118	119,255,119	939,957,199	282,543,320	13,955,421,956
Purchases	-	133,844,187	811,967,218	92,860,140	-	305,794,317	680,784,158	18,874,945	-	44,861,598	2,088,986,563
Disposals/written-off	-	(16,458,923)	(47,065,812)	-	-	(40,041,261)	(89,202,771)	(6,464,097)	-	(34,278,072)	(233,510,936)
Transferred in (out)	-	53,541,847	(41,720,947)	-	-	(54,184,844)	38,124,571	-	(32,314,642)	-	(36,554,015)
31 December 2009	1,045,329,761	2,053,957,292	1,238,631,994	2,528,015,073	213,011,352	1,059,071,650	6,303,891,076	131,665,967	907,642,557	293,126,846	15,774,343,568
Accumulated depreciation											
31 December 2008	-	667,994,090	362,799,652	1,119,524,586	97,391,409	672,158,381	4,304,371,040	98,872,946	-	98,215,307	7,421,327,411
Depreciation for the year	-	154,710,428	122,023,521	141,451,379	4,231,068	87,824,430	769,842,389	11,219,569	-	32,966,423	1,324,269,207
Depreciation - disposal/written-off	-	(15,935,997)	(33,281,112)	-	-	(37,715,537)	(88,666,840)	(6,304,408)	-	(32,587,860)	(214,491,754)
Transferred in (out)	-	(151,798)	(40,727)	-	-	-	(3,337,283)	-	-	-	(3,529,808)
31 December 2009	-	806,616,723	451,501,334	1,260,975,965	101,622,477	722,267,274	4,982,209,306	103,788,107	-	98,593,870	8,527,575,056
Provision for impairment											
31 December 2008	3,000,000	-	-	-	-	-	16,610,462	-	-	77,829,114	97,439,576
31 December 2009	3,000,000	-	-	-	-	-	16,610,462	-	-	77,829,114	97,439,576
Net book value											
31 December 2008	1,042,329,761	1,215,036,091	152,651,883	1,315,630,347	115,619,943	175,345,057	1,353,203,616	20,382,173	939,957,199	106,498,899	6,436,654,969
31 December 2009	1,042,329,761	1,247,340,569	787,130,660	1,267,039,108	111,388,875	336,804,376	1,305,071,308	27,877,860	907,642,557	116,703,862	7,149,328,936
Depreciation included in the income statements for the years											
2008											954,407,014
2009											1,324,269,207

As at 31 December 2009, certain equipment items of the Company and subsidiaries have been fully depreciated. The original cost, before deducting accumulated depreciation of those assets amounted to Baht 5,351 million (2008: Baht 4,779 million).

13. Property, plant and equipment (continued)

Separate financial statements

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
(Unit: Baht)											
Cost											
31 December 2008	748,118,291	1,147,685,136	487,063,044	1,587,315,581	86,941,843	818,280,754	5,497,840,328	117,858,996	939,957,199	217,937,928	11,648,999,100
Purchases	3,665,400	133,844,187	811,943,918	92,860,140	-	305,632,816	680,062,698	18,866,300	-	23,667,235	2,070,542,694
Disposals/written-off	-	(16,458,923)	(46,559,316)	-	-	(40,034,066)	(89,202,771)	(6,464,097)	-	(34,278,072)	(232,997,245)
Transferred in (out)	-	53,541,847	(41,720,947)	-	-	(54,184,844)	42,325,617	-	(32,314,642)	-	(32,352,969)
31 December 2009	751,783,691	1,318,612,247	1,210,726,699	1,680,175,721	86,941,843	1,029,694,660	6,131,025,872	130,261,199	907,642,557	207,327,091	13,454,191,580
Accumulated depreciation											
31 December 2008	-	364,862,570	335,221,133	610,281,597	33,294,506	644,568,192	4,182,706,789	97,476,869	-	92,448,826	6,360,860,482
Depreciation for the year	-	125,879,827	121,856,836	99,642,313	4,231,068	87,377,374	767,993,194	11,219,569	-	15,497,001	1,233,697,182
Depreciation - disposal/written-off	-	(15,935,997)	(32,982,370)	-	-	(37,713,284)	(88,666,840)	(6,304,408)	-	(32,587,859)	(214,190,758)
Transferred in (out)	-	(151,798)	(40,727)	-	-	-	154,198	-	-	-	(38,327)
31 December 2009	-	474,654,602	424,054,872	709,923,910	37,525,574	694,232,282	4,862,187,341	102,392,030	-	75,357,968	7,380,328,579
Provision for impairment											
31 December 2008	3,000,000	-	-	-	-	-	-	-	-	82,974,630	85,974,630
31 December 2009	3,000,000	-	-	-	-	-	-	-	-	82,974,630	85,974,630
Net book value											
31 December 2008	745,118,291	782,822,566	151,841,911	977,033,984	53,647,337	173,712,562	1,315,133,539	20,382,127	939,957,199	42,514,472	5,202,163,988
31 December 2009	748,783,691	843,957,645	786,671,827	970,251,811	49,416,269	335,462,378	1,268,838,531	27,869,169	907,642,557	48,994,493	5,987,888,371
Depreciation included in the income statements for the years											
2008											874,227,997
2009											1,233,697,182

As at 31 December 2009, certain equipment items of the Company have been fully depreciated. The original cost, before deducting accumulated depreciation of those assets amounted to Baht 5,241 million (2008: Baht 4,669 million).

As at 31 December 2009, the Company had vehicles under finance lease agreements with net book values amounting to Baht 46 million (2008: Baht 41 million).

14. Deferred right to use of equipment

Deferred right to use of equipment represents the cost of tools and equipment for providing cellular telephone services that are required to be procured by the Company and transferred to CAT under the Concession from CAT outlined in Note 1.2 to the financial statements. Ownership of the tools and equipment were transferred to CAT at the date of commencing service or when the equipment was put into use.

The cost of such tools and equipment is deferred and amortised over the remaining life of Concession period.

Deferred right to use of equipment consists of the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Deferred right to use of equipment	126,816,009,690	124,475,412,636	126,814,934,340	124,474,337,286
Deferred expenses on transmission facilities	772,206,891	716,521,626	772,206,891	716,521,626
Less: Accumulated amortisation	(57,471,563,120)	(49,578,128,405)	(57,471,439,736)	(49,578,058,788)
Net deferred right to use of equipment	70,116,653,461	75,613,805,857	70,115,701,495	75,612,800,124
Amortisation included in the income statements	7,893,454,715	7,457,705,646	7,893,400,947	7,457,660,796

15. Other non-current assets

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Deferred expenses - net	3,087,640,467	2,351,732,047	3,054,836,442	2,324,155,756
Deferred underwriting fees / arrangement fees for loans and debentures - net	153,471,285	226,107,100	153,471,285	226,107,100
Deposits	189,543,962	187,516,183	188,091,886	185,705,185
Income tax refundable	171,493,499	165,422,399	159,215,053	153,143,953
Others	173,240,993	212,512,748	104,396,004	143,667,759
Total	3,775,390,206	3,143,290,477	3,660,010,670	3,032,779,753
Less: Allowance for impairment	(14,328,604)	-	-	-
Total other non-current assets	3,761,061,602	3,143,290,477	3,660,010,670	3,032,779,753
Amortisation included in the income statements	875,747,346	838,384,579	868,307,801	834,272,619

16. Accounts payable - trade

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Accounts payable for the purchase of				
equipment for providing telephone services	1,468,668,367	886,686,245	1,466,030,997	821,532,389
Account payable - CAT	3,832,196,026	3,934,639,647	3,828,629,629	3,934,639,647
Account payable - TOT	1,268,708,779	1,277,034,676	1,268,708,779	1,277,034,676
Accounts payable - Interconnection charge	124,335,710	141,771,416	124,335,710	141,771,416
Others	873,900,371	568,982,800	845,534,609	567,347,272
Total accounts payable - trade	7,567,809,253	6,809,114,784	7,533,239,724	6,742,325,400

17. Long-term loans

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	2009	2008
17.1 USD 30 million loan facility from Nordic Investment Bank	158,812,500	476,437,500
17.2 USD 40 million loan facility from Nordic Investment Bank	1,644,000,000	1,644,000,000
17.3 JPY 9,515 million loan obtained from a group of financial institutions	2,205,957,600	2,521,094,400
17.4 USD 170 million loan facilities from Finnish Export Credit Ltd.	3,586,934,615	4,611,773,077
17.5 JPY 12,000 million and Baht 2,000 million loan obtained from a group of financial institutions	2,879,200,000	4,318,800,000
Total	10,474,904,715	13,572,104,977
Less: Current portion	(3,707,012,962)	(3,097,200,262)
Long-term loans - net of current portion	6,767,891,753	10,474,904,715

17.1 On 27 June 2002 the Company entered into a Facility Agreement with Nordic Investment Bank ("NIB"). The principal terms of this facility are:

Facility	:	USD 30 million (Fully drawn down)
Interest rate	:	LIBOR plus 1.15 percent per annum
Interest period	:	every six months
Principal repayment schedule	:	8 semi-annual installments in the amounts stipulated in the payment schedule of the agreement, between 2006 and 2010.

In order to hedge the foreign exchange rate and interest rate risks associated with the above loan, the Company entered into a cross currency swap agreement with a foreign financial institution to swap the loan to a Baht 1,270 million loan with a floating Baht interest rate as stipulated in the agreement. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments provided in Note 29.5 to the financial statements.

17.2 On 31 May 2005 the Company entered into a Facility Agreement with Nordic Investment Bank (“NIB”). The principal terms of this facility are:

Facility	:	USD 40 million (Fully drawn down)
Interest rate	:	LIBOR plus 1.0 percent per annum
Interest period	:	every six months
Principal repayment schedule	:	11 semi-annual installments in the amounts stipulated in the payment schedule of the agreement between 2010 and 2015

In order to hedge the foreign exchange rate and interest rate risks associated with the above loan, the Company entered into a cross currency swap agreement to swap the full amount of the loan to a Baht 1,644 million loan, with a fixed Baht interest rate as stipulated in the agreement for the period from 30 November 2005 to 30 November 2007, and a floating interest rate as stipulated in the agreement from 30 November 2007 onwards. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments provided in Note 29.5 to the financial statements.

17.3 On 18 November 2005, the Company entered into a Facility Agreement with a group of financial institutions. The principal terms of this facility are:

JPY loan

Facility	:	JPY 9,515 million (Fully drawn down)
Interest rate	:	LIBOR plus a margin (the margin is between 0.525% and 0.625% per annum depending on certain conditions as stipulated in the agreement)
Interest period	:	every six months
Principal repayment schedule	:	12 semi-annual installments in the amounts specify in the agreement from 18 May 2007 to 18 November 2012

The Company entered into the cross currency and interest swap agreement with the Thailand branch of a foreign financial institution, to swap the loan of JPY 9,515 million to a Baht 3,151 million loan, with a fixed Baht interest rate as stipulated in the agreement. In July 2009, the Company entered into an additional interest rate swap agreement with the Thailand branch of a foreign financial institution for a period of one year. The agreement period is effective as from November 2009. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments provided in Note 29.5 to the financial statements.

17.4 On 8 September 2005 the Company entered into a Facility Agreement of USD 170 million with Finnish Export Credit Ltd (“FEC”). The principal terms of this facility are :

Tranche A

Facility	:	USD 85 million (Fully drawn down)
Interest rate	:	4.55 percent per annum
Interest period	:	every six months
Principal repayment schedule	:	13 equal semi-annual installments, from 30 June 2007 to 30 June 2013

Tranche B

Facility	:	USD 85 million (Fully drawn down)
Interest rate	:	4.77 percent per annum
Interest period	:	every six months
Principal repayment schedule	:	13 equal semi-annual installments, from 30 June 2007 to 30 June 2013

The Company entered into cross currency and interest swap agreements with the Thailand branch of a foreign financial institution, to swap the full amount of the Tranche A and Tranche B to a Baht 6,661 million loan, with a fixed Baht interest rate as stipulated in the agreements. The possible future financial impact of these agreements is reflected in the estimates of the fair value of derivative instruments provided in Note 29.5 to the financial statements.

17.5 On 26 September 2006, the Company entered into a Facility Agreement with a group of financial institutions. The principal terms of these facilities are:

Baht loan

Facility	:	Baht 2,000 million
Interest rate	:	THBFIX that present on Reuters Screen and, plus a margin as stipulated in the agreement
Interest period	:	every six months
Principal repayment schedule	:	8 semi-annual installments in the amounts specify in the agreement from 26 March 2008 to 26 September 2011

This loan was drawn down on 25 March 2008. In order to hedge the interest rate risk associated with the loan, the Company entered into an interest rate swap agreement to swap the interest rate for a fixed interest rate. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments presented in Note 29.5 to the financial statements.

JPY loan

Facility	:	JPY 12,000 million
Interest rate	:	LIBOR plus a margin
Interest period	:	every six months
Principal repayment schedule	:	8 semi-annual installments in the amounts specify in the agreement from 26 March 2008 to 26 September 2011

This loan was drawn down on 25 March 2008. In order to hedge the foreign exchange rate and interest rate risks associated with the loan, the Company entered into a cross currency and interest rate swap agreement with the Thailand branch of a foreign financial institution, to swap the loan to a Baht 3,758 million loan with a fixed Baht interest rate as stipulated in the agreement. In addition, in July 2009 the Company entered into an additional interest rate swap agreement with the Thailand branch of a foreign financial institution for a period of one year. The agreement period is effective as from September 2009. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments presented in Note 29.5 to the financial statements.

17.6 In June 2008, the Company entered into a credit facility agreement with financial institution for a loan facility of Baht 1,500 million, subject to interest at THBFIX plus a margin as stipulated in the agreement. Principal repayment is due in June 2011. As at 31 December 2009, the Company has not yet drawn down from the facility.

17.7 In June 2008, the Company entered into a credit facility agreement with financial institution for a loan facility of Baht 2,000 million, subject to interest at THBFIX plus a margin as stipulated in the agreement. Principal repayment is due in June 2011. As at 31 December 2009, the Company has not yet drawn down from the facility.

17.8 In July 2008, the Company entered into a credit facility agreement with a financial institution for a loan facility of Baht 1,000 million subject to interest at THBFIX plus a margin as stipulated in the agreement. Principal repayment is due in July 2011. As at 31 December 2009, the Company has not yet drawn down from the facility.

17.9 In October 2008, the Company entered into a credit facility agreement with a financial institution for a loan facility of Baht 1,500 million subject to interest at THBFIX plus a margin as stipulated in the agreement. Principal repayment is due in October 2011. As at 31 December 2009, the Company has not yet drawn down from the facility.

The above long-term loan facility agreements contain covenants relating to various matters, such as the maintenance of financial ratio, restrictions on creating or permitting the subsistence of security interest on property and assets, a prohibition on making loans or granting guarantees except under certain conditions, and restrictions on the payment of dividends.

18. Debentures

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	2009	2008
Thai Baht debentures	8,500	14,500
Less: Current portion	(3,500)	(8,000)
Thai Baht debentures - net of current portion	5,000	6,500

The movements of Thai Baht debentures for the year ended 31 December 2009 are as follows:

(Unit: Million Baht)

	Tenor	Balance as at 1 January 2009	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2009
18.1 Debentures of Baht 5,000 million (issued on 30 October 2002)					
a) Debentures of Baht 4,000 million	7 years	4,000	-	(4,000)	-
b) Debentures of Baht 1,000 million	7 years	1,000	-	(1,000)	-
18.2 Debentures of Baht 9,000 million (issued on 25 September 2003)					
a) Debentures of Baht 3,500 million	7 years	3,500	-	-	3,500
18.3 Debentures of Baht 6,000 million (issued on 24 August 2006)					
a) Debentures of Baht 3,000 million	3 years	3,000	-	(3,000)	-
b) Debentures of Baht 3,000 million	5 years	3,000	-	-	3,000
18.4 Debentures of Baht 2,000 million (issued on 27 August 2009)					
a) Debentures of Baht 2,000 million	5 years	-	2,000	-	2,000
		14,500	2,000	(8,000)	8,500

18.1 On 30 October 2002 the Company issued Baht 5,000 million (5,000,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with a trustee, comprising:

- Debentures of Baht 4,000 million bearing interest at 5.8 percent per annum, with full redemption of principal due in October 2009 and they were fully redeemed by the Company.
- Debentures of Baht 1,000 million bearing interest at 8.3 percent minus the "6-month THBFIX" per annum for the first to third years, interest at the fixed 5.8 percent per annum for the fourth to seventh years. They matured in October 2009 and were fully redeemed by the Company.

18.2 On 25 September 2003 the Company issued Baht 9,000 million (9,000,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with a trustee, comprising:

- Debentures of Baht 3,000 million bearing interest at "6-month THBFIX" plus 0.95 percent per annum and due for repayment in full in September 2008. The Company had wholly repaid its principal in September 2008.
- Debentures of Baht 2,500 million bearing interest at 3.3 percent per annum and due for repayment in full in September 2008. The Company had wholly repaid its principal in September 2008.
- Debentures of Baht 3,500 million bearing interest at 3.9 percent per annum and due for repayment in full in September 2010. The interest expenses of these debentures have been covered by interest rate swap agreements and a target redemption swap agreement that result in the Company paying a floating interest rate until the cumulative total interest received reaches a certain level. Thereafter the Company will pay a fixed interest rate. However, in the second quarter of 2005 the Company entered into an additional derivative instrument whereby the target redemption condition has been off-set and the Company is obliged to pay an additional interest margin. The possible future financial impact of these agreements is reflected in the estimates of the fair value of derivative instruments provided in Note 29.5 to the financial statements.

18.3 On 24 August 2006, the Company issued Baht 6,000 million (6,000,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, unsecured debentures with a trustee, comprising:

- a) Debentures of Baht 3,000 million, with interest rate at 6.06 percent per annum. They matured in August 2009 and were fully redeemed by the Company.
- b) Debentures of Baht 3,000 million, with interest rate at 6.35 percent per annum and redemption in full in August 2011.

18.4 On 27 August 2009, the Company issued Baht 2,000 million (2,000,000 units of debentures of Baht 1,000 each) of registered, unsubordinated, and unsecured debentures with a trustee, with interest rate at 4.40 percent per annum and redemption in full in August 2014.

Some of the Thai Baht debentures contain covenants relating to various matters such as the maintenance of financial ratio, restrictions on creating or permitting the creation of security interest on property and assets, a prohibition on making loans or granting guarantees except under certain conditions, and restrictions on the payment of dividends.

19. Other current liabilities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Interest payable	124,768,315	300,931,218	124,768,315	300,931,218
Accrued expenses	2,567,901,706	1,593,985,490	2,514,822,625	1,549,891,863
Other accounts payable	2,022,483,366	1,138,699,613	1,983,199,654	1,110,807,918
Corporate income tax payable	603,204,723	123,867,599	561,109,654	65,216,224
Others	689,818,425	692,480,629	661,489,244	676,860,027
Total other current liabilities	6,008,176,535	3,849,964,549	5,845,389,492	3,703,707,250

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net income after deducting accumulated deficits brought forward (if any), until the reserve reaches 10 percent of the registered share capital. The statutory reserve is not available for dividend distribution.

21. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Salary and wages and other employee benefits	3,278,744,607	3,025,455,392	3,237,219,319	2,984,689,792
Depreciation	1,324,269,207	954,407,014	1,233,697,182	874,227,997
Amortisation expenses	8,773,455,399	8,300,343,563	8,765,962,086	8,296,186,753
Rental expenses	1,548,296,334	1,232,707,190	1,574,304,478	1,241,960,918
Purchases in inventories	422,897,961	407,817,133	422,132,821	402,482,588
Changes in inventories of finished goods	(63,932,880)	11,061,810	(64,315,498)	11,726,477

22. Gain on the negotiated settlement

On 30 May 2008, the Company and Digital Phone Co., Ltd. ("DPC") entered into the compromise agreement to settle a dispute regarding DPC's default on payment of compensation to the Company for permitting DPC to use the Company's network and facilities and transferring to DPC certain rights and obligations to operate cellular telephone services. DPC paid the Company Baht 3,000 million, plus VAT of Baht 210 million, or a total of Baht 3,210 million, on the execution date of the agreement, and both parties agreed to terminate the Unwind Agreements to which they were party. As a result, the Company would no longer be obliged to allow DPC to use its telecommunication network and DPC would not be obliged to make further payments to the Company. Therefore, the Company reversed all related accounts, including the previously recognised loss provisions, and recognised a gain on the negotiated settlement of Baht 2,420 million in the income statements for the year 2008.

23. Finance cost

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Interest expense	1,369,353,964	1,815,387,041	1,369,349,558	1,836,734,665
Amortisation on deferred financial cost	76,473,568	125,173,061	76,473,568	125,173,061
Other finance cost	9,481,372	7,257,876	9,481,372	7,257,876
Total finance cost	1,455,308,904	1,947,817,978	1,455,304,498	1,969,165,602

24. Corporate income tax

Corporate income tax expenses for the years ended 31 December 2009 and 2008 comprised:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Income tax payable on taxable profit for the year	2,600,957,013	2,285,230,494	2,477,668,747	2,153,818,619
Add/Less: Net increase/decrease in deferred tax assets/liabilities on temporary differences	(359,200,543)	841,041,677	(359,200,543)	841,041,677
Income tax expenses - net	2,241,756,470	3,126,272,171	2,118,468,204	2,994,860,296

As at 31 December 2009 and 2008 the deferred tax assets/liabilities arose from the following temporary differences:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Allowance for doubtful accounts :				
accounts receivable - trade	457,779	437,462	457,779	437,462
Allowance for inventory obsolescence	11,831	20,329	11,831	20,329
Accrued expenses	679,902	387,713	679,902	387,713
Amortisation of intangible assets	794,061	554,439	794,061	554,439
Unrealised (gain) loss on derivative instruments for long-term loans and debentures	311,676	(330,287)	311,676	(330,287)
License on mobile money business (premium from subsidiary acquisition)	(68,841)	(68,841)	-	-
Others	359,804	206,038	359,804	206,038
	2,546,212	1,206,853	2,615,053	1,275,694
Deferred tax assets/liabilities calculated from tax rate 30%	414,175	267,877	434,827	288,529
Deferred tax assets/liabilities calculated from tax rate 25%	291,397	78,494	291,397	78,494
	705,572	346,371	726,224	367,023

25. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

26. Depreciation and amortisation expenses

Depreciation and amortisation expenses for the years ended 31 December 2009 and 2008 comprised:-

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Depreciation expense				
Property, plant and equipment	1,324,269,207	954,407,014	1,233,697,182	874,227,997
Amortisation expense				
Deferred right to use of equipment	7,893,454,715	7,457,705,646	7,893,400,947	7,457,660,796
Other non-current assets				
- group as selling and administration expenses	803,527,116	717,464,856	796,087,571	713,352,896
- group as finance cost	76,473,568	125,173,061	76,473,568	125,173,061
Total depreciation and amortisation expenses	10,097,724,606	9,254,750,577	9,999,659,268	9,170,414,750

27. Operating income before interest, taxes, depreciation and amortisation (EBITDA)

	Note	Consolidated financial statements	
		2009	2008
		(Unit: Baht)	
Net income for the year		6,613,659,179	9,325,202,043
Add/Less : Finance cost	23	1,455,308,904	1,947,817,978
: Corporate income tax	24	2,241,756,470	3,126,272,171
: Depreciation expense	13	1,324,269,207	954,407,014
: Amortisation expense		8,696,981,831	8,175,170,502
: Interest income		(173,894,773)	(426,687,746)
: Loss on foreign exchange		11,304,541	48,843,837
: Loss from capital reduction of subsidiary		-	41,978,649
: Loss from write-off fixed assets		6,059,167	-
: Loss from write-off intangible assets		39,267,621	-
EBITDA		20,214,712,147	23,193,004,448

28. Dividends

(Unit: Baht)			
Dividends	Approved by	Total dividend	Dividend per share
Dividend on 2008 operating result	Annual General Meeting of the shareholders on 30 April 2009	3,551,700,225	1.50
Dividend on 2007 operating result	Annual General Meeting of the shareholders on 30 April 2008	1,728,409,138	0.73

29. Financial instruments

29.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investments, trade accounts receivable, investments, accounts payable, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

29.2 Interest rate risk

The Company's and subsidiaries' exposure to interest rate risk relate primarily to their deposits at financial institutions, debentures and long-term loans.

As at 31 December 2009 the significant financial assets and liabilities (Part of these are under derivative instruments as described in Notes 17 and 18 to the financial statements) are classified by type of interest rate as follows:

(Unit: Million Baht)

Items	Note	Consolidated financial statements			Total
		Floating interest rate	Fixed interest rate	Zero interest rate	
Financial assets					
Cash and cash equivalents		4,018	2,031	64	6,113
Short-term investments		-	1,378	-	1,378
Trade accounts receivable, net		-	-	2,674	2,674
Trade accounts receivable - related parties, net		-	-	3,642	3,642
Financial liabilities					
Trade accounts payable		-	-	7,568	7,568
Trade accounts payable - related parties		-	-	1,063	1,063
Other payables related parties		-	-	178	178
Long-term loans	17	1,803	8,672	-	10,475
Thai Baht debentures	18	-	8,500	-	8,500

Financial assets and liabilities carry fixed interest rates can be classified by maturity (or the date of new interest rate is introduced) (if any).

(Unit: Million Baht)

Items	Note	Consolidated financial statements			
		Within 12 months	Over 12 months	Total	Interest rate
Financial assets					
Cash and cash equivalents		2,031	-	2,031	0.25% - 1.78%
Short-term investments		1,378	-	1,378	1.17% - 1.25%
Financial liabilities					
Long-term loans	17	3,252	5,420	8,672	3.51% - 6.60%
Thai Baht debentures	18	3,500	5,000	8,500	3.90% - 6.35%

29.3 Foreign currency risk

The Company and subsidiaries' exposure to foreign currency risk arised mainly from purchasing of equipment transactions and borrowings that are denominated in foreign currencies. The Company and subsidiaries primarily utilise forward exchange contracts and currency swap agreements to manage the exchange rate risk arising from these instruments (Note 17).

As at 31 December 2009 the Company and subsidiaries had the following foreign currency assets and liabilities (after the execution of forward exchange contracts and cross currency swap agreements for certain parts of their liabilities) which were not covered by forward contracts to reduce foreign exchange rate risk:

	Consolidated financial statements		Exchange rate as at 31 December 2009 (Baht per foreign currency)
	Amount (Million)	Foreign currency	
Assets			
Deposits at financial institutions	4.07	USD	33.2207
	0.59	EUR	47.4583
	0.50	GBP	52.6590
Trade accounts receivable - other companies	2.00	SDRs	52.2966
Trade accounts receivable - related companies	0.20	SDRs	52.2966
	0.13	USD	33.2207
Liabilities			
Trade accounts payable*	24.21	USD	33.5168
	0.29	EUR	48.1284
	0.03	SDRs	52.2966
Amount due to related companies	23.47	NOK	5.7774
	0.14	EUR	48.1284
	2.83	SDRs	52.2966
Other payables	1.84	USD	33.5168
	0.09	USD	33.5168
Accrued expenses	2.84	NOK	5.7774
	0.05	USD	33.5168
Net assets (liabilities)	(21.99)	USD	
	0.16	EUR	
	0.50	GBP	
	(0.66)	SDRs	
	(26.31)	NOK	

(*) net of the amounts of USD 8 million covered by forward contracts with due during January 2010 - March 2010.

29.4 Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company's management manages the risk by adopting credit control policies and procedures. In addition, the Company does not have high concentration of credit risk since it has a large customer base. Therefore, the Company does not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the balance sheets.

29.5 Fair value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, such as discounted cash flow, etc.

Given that all financial assets are short-term, parts of financial liabilities are short-term, the Company's management believes that the fair value of financial assets and short-term financial liabilities does not materially differ from their carrying value.

The carrying value (original value excluded the carrying value of related forward exchange and cross currency swap contracts) and fair value of long-term financial liabilities and the fair value of derivative instruments as at 31 December 2009 are presented below.

	(Unit: Million Baht)	
	Consolidated financial statements	
	Carrying value	Fair value
Hedged		
Loan from Finnish Export Credit Ltd.	3,068	3,251
Loan from a group of financial institutions	5,629	5,731
Unhedged		
Loan from Nordic Investment Bank	1,466	1,516
Thai Baht debentures	8,500	8,831
Derivative instruments		
Unfavourable derivative instruments	-	(483)

The fair value of financial instruments is estimated on the following criteria.

- The fair value of long-term loans has been determined based on discounted cash flow analysis, by using discount rates equal to the prevailing rates of return as of the balance sheet date for financial instruments having substantially the same terms and characteristics.
- The fair value of Thai Baht debentures are presented at their fair value, based on the latest yield rated quoted by the Thai Bond Market Association as of the date on which the investments are valued or the discounted cash flow method. The discount rate is based on the prevailing rates of return as of the balance sheet date for financial instruments having substantially the same terms and characteristics.
- The fair value of derivative instruments have been calculated using quoted market rates to terminate the contracts at the balance sheet date.

30. Capital management

The primary objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure. In addition, the Company has to maintain debt to equity ratio as stipulated in loan facility agreements.

As at 31 December 2009, debt to equity ratio in the consolidated financial statements is 0.31:1 (the separate financial statements: debt to equity ratio is 0.32:1) as conditions stipulated in loan facility agreements.

31. Commitments

31.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements for office buildings and land. The terms of the agreements are generally between 1 year to 3 years and 12 years.

As at 31 December 2009, future minimum lease payments under these operating leases contracts were as follows.

	<u>Million Baht</u>
Payable within:	
Less than 1 year	969.16
1 to 5 years	2,094.75
More than 5 years	3,253.77

During the year 2009, the Company recognised rental expenses of Baht 1,310 million (2008: Baht 1,242 million).

31.2 Capital commitments

As at 31 December 2009 the Company has capital commitments of Baht 80 million and USD 37 million (2008: Baht 130 million and USD 20 million) mainly in respect of the purchase of tools and equipment for providing cellular telephone services and Baht 337 million, USD 15 million and AUD 0.4 million (2008: Baht 517 million and USD 0.7 million) relating to the construction of cell sites and acquisition of software for the Company's operations.

31.3 Pledged deposits at financial institutions

As at 31 December 2009 deposits at financial institutions of a subsidiary amounting to Baht 0.4 million (2008: Baht 0.5 million) are pledged with the bank to secure facilities granted by the bank.

31.4 Bank guarantees

As at 31 December 2009 there were outstanding bank guarantees of Baht 3,385 million (2008: Baht 2,582 million) issued by banks on behalf of the Company in respect of certain performance bonds required in the normal course of business of the Company. Bank guarantees are primarily issued to CAT to secure the revenue sharing to be paid under the Agreement to Operate Cellular Telephone Services.

31.5 Agreement to install cell site equipment and maintain transmission networks

As at 31 December 2009, the Company has a commitment to BB Technology Co., Ltd., a related company, relating to the installation of cell site equipment and maintenance of transmission networks. This related company will provide transmission engineering network design and configuration, installation and maintenance services for transmission networks. The Company is committed to pay service fees at the rate specified in the agreement.

31.6 Long-term agreement commitment

During year 2009, the Company entered into a Partner Market agreement with Vodafone Marketing Sarl granting the Company exclusive access to Vodafone' range of products, devices, and services. The Company is committed to pay fees at the rates and terms indicated in the agreement.

32. Court proceedings and commercial dispute between the Company and TOT Plc. (TOT) in relation to the access charge payment

1) TOT, CAT and the Company entered into the Postpaid Access Charge Agreement on 22 February 1994 and the Prepaid Access Charge Agreement on 2 April 2001. Under these Agreements, TOT agreed to interconnect its network with that of the Company in consideration of an access charge of Baht 200 per month for the postpaid service and 18 percent of the price specified on the prepaid card, including VAT, for the prepaid service.

On 17 May 2006, the National Telecommunications Commission (NTC) issued the Notification on Use and Interconnection of Telecommunications Network of 2006, requiring all licensees (who have their own telecommunication networks) (licensees) to allow interconnection by other licensees upon request, in order to ensure good cross-network connections, and the licensees who provide the interconnection is entitled to collect an interconnection charge that reflect its costs.

On 2 October 2006, the Company issued a letter to TOT requesting TOT to enter into negotiation with the Company regarding an interconnection agreement between the Company's network and TOT's network. On 17 November 2006, the Company sent a notice to TOT and CAT informing them that the Company would change the rates for calculating the access charge under the Access Charge Agreements entered into with TOT on the ground that the rate and the collection of access charge under the Access Charge Agreements were contrary to the law in a number of respects and the Company also informed TOT and CAT that it would pay the interconnection charge to TOT at the rate which is in compliance with the law or at the provisional rate announced by NTC while negotiation with TOT on the interconnection agreement has not been concluded.

On 23 November 2006, TOT issued a letter to the Company informing the Company that it was not entitled to interconnect its network with that of TOT because the Company was not a licensee, whose license was granted by NTC, and did not have its own telecommunication network. TOT also claimed that the Access Charge Agreements did not violate any law and, as a result, demanded the payment of the access charge in accordance with the rate and the collection of access charge specified under the Access Charge Agreements. TOT also refused to accept payment of the interconnection charges by the Company.

On 1 February 2007 the Company issued a letter to TOT informing that the Company was pleased to pay the interconnection charge to TOT at the rate under TOT's Reference of Interconnect Offer (RIO) as approved by NTC.

2) On 18 June 2007, according to the Award No. 1/2550 rendered by NTC on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate with the Company within 7 days and enter into an interconnection agreement with the Company within 30 days from the date of the commencement of the negotiation. NTC Secretary General ordered TOT to negotiate an interconnection agreement with the Company in line with NTC's Award but TOT appealed such order to NTC Secretary General. In addition, on 9 October 2007, NTC unanimously resolved to confirm NTC Secretary General's order requiring TOT to negotiate an interconnection agreement with the Company. TOT has filed a lawsuit with the Central Administrative Court under case no. 1523/2550, petition for the cancellation of such NTC and NTC Secretary General's orders. The Central Administrative Court has taken the view that the Company has an interest in and relationship to this case, and for the benefit of the court's consideration of the case thus named the Company as co-defendant with NTC. The Company, NTC and NTC Secretary General have filed their objections with the Central Administrative Court and the case is currently being considered by the court.

- 3) As TOT still refused to enter into an interconnection agreement with the Company, on 8 November 2007, the Company sent TOT a notice regarding the interconnection charges informing TOT that it would like to cancel its previous offer in which it agreed to pay TOT the interconnection charges at a rate to be agreed between the parties in good faith and its offer to pay TOT the interconnection charges at a rate specified in TOT's Reference of Interconnect Offer (RIO) which had already been approved by NTC. In addition, the Company also cancelled the two Access Charge Agreements. The Company accrued in its financial statements the access charge at the interconnection charge rate for the period from 18 November 2006 to 7 November 2007, amounting to Baht 1,973 million. The Company stopped accruing the access charge from 8 November 2007 in its financial statements following the termination of the Access Charge Agreements.
- 4) On 16 November 2007, TOT lodged a lawsuit against the Company with the Civil Court, demanding the Company and CAT to jointly make payment of the access charge and penalties (including VAT) for the period between 17 November 2006 to 31 October 2007, in the total amount of Baht 11,705 million, and to pay access charge from 1 November 2007 onwards until the expiry of the Access Charge Agreements entered into among TOT, CAT and the Company, together with default interest at the rate of 1.25 percent per month from the date the Company is in default of each installment until the payment to TOT is fully discharged.
- 5) On 3 November 2008, the Civil Court and the Administrative Court opined that this case fell within the Administrative Court's jurisdiction, the Civil Court then issued an order to dismiss this case from the court case file. As a result, the civil case is final. Nevertheless, TOT is entitled to file this case, which has been dismissed by the Civil Court, with the Administrative Court. Currently, the Company has not been informed by the Administrative Court of whether TOT has submitted such case against the Company to the Administrative Court or not.
- 6) According to the NTC's Award No. 1/2550 on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate an interconnection agreement with the Company but no agreement had been reached after the 30 days limit had passed. The Company then informed the NTC of such negotiation result and requested the NTC to take further action in this regard. Based on the request by the Company, the NTC resolved to bring this matter to be adjudicated under the dispute resolution procedures being the Special Dispute No. 1/2551. Subsequently, on 9 January 2009, NTC notified the Company that its decision was to order the Company and TOT to enter into an interconnection agreement immediately after the Company and TOT received the NTC's adjudication. The related interconnection agreement must cover all telephone numbers for which the Company is legally entitled to provide services. Therefore, on 13 January 2009, the Company sent a letter inviting TOT to enter into an interconnection agreement in accordance with the NTC's adjudication. The Company also sent a letter requesting the NTC Secretary-General to impose administrative sanctions against TOT for its non-compliance with the NTC's order. On 30 April 2009, however, the NTC Secretary-General notified the Company that, as Secretary-General of the NTC, he did not have the legal authority under the law to impose an administrative sanction against TOT. As a result, the Company has appealed this decision of the NTC Secretary - General and has requested the NTC to impose administrative sanctions against TOT. On 20 January 2010, NTC resolved in favour of the Company's request and ordered the acting NTC Secretary - General to issue an administrative order, within 15 days, requiring TOT to enter into an interconnection agreement with the Company.

Based on legal advice from the Company's external legal counsel, the Company's management is confident that the Company is not obliged to make payment of access charge under the Access Charge Agreements because the Access Charge Agreements do not comply with the current legal principles (in particular the NTC Notification on Use and Interconnection of Telecommunications Network of 2006) and the Company has already terminated the Access Charge Agreements. As a result, the Company's management believes that the outcome of the dispute and the judicial process would not have an adverse impact on the Company's financial position in a material respect.

The net effect (before income tax) in ceasing to recognise the access charge under the Access Charge Agreements as from 18 November 2006 to 31 December 2009 has resulted in a reduction of the Company's expenses amounting to approximately Baht 24.8 billion.

Despite the non-accrual of the access charge as from 8 November 2007, the Company has made provision for expenses that may arise from the resolution of the dispute or the judicial process, in an amount that the Company deems appropriate.

33. Significant other litigation and other commercial disputes

The Company is subject to significant outstanding legal proceedings and claims arising out of its businesses as follows:

33.1 Settled commercial dispute

On 30 December 2009 the Company agreed with CAT to settle a dispute regarding the payment of the numbering fee which CAT was obliged to pay to NTC for the period August 2005 to August 2006 for numbers allocated to the Company for the provision of telecommunication services. The Company paid principal and interest totaling Baht 187 million. CAT is in the process of withdrawing the dispute from the Arbitration Institute. The Company recognized the numbering fee payment in the income statements for the current year.

33.2 Outstanding litigation

On 25 September 2008 CAT filed a complaint against the Company before the Civil Court demanding the Company (the first defendant) and Dtac Network Co., Ltd. (the second defendant), a subsidiary of the Company, to pay damages for wrongful act in an approximate amount of Baht 156 million, including interest at the rate of 7.5 percent per annum from the date of filing the complaint until the discharge of the payment of the damages amount to CAT. CAT claimed that during the period between 2 August 2007 to 30 September 2007, the Company and its subsidiary jointly committed the wrongful act by transferring the international traffic, occurring from customers pressing the plus sign (+) or "001", which should be routed to CAT's network, to the network of the Company's subsidiary.

The Company submitted its answer to the court on 22 January 2009. Currently, this case is under the court proceedings. However, the Company's management believes that the court judgment would not have a material adverse effect on the financial position of the Company.

33.3 Commercial disputes

(a) Dispute between the Company and CAT regarding fees payable by the Company from amounts received from the cellular mobile telecommunications network roaming agreement with DPC.

In 2002, CAT requested the Company to pay fees to it from amounts received from DPC as a result of DPC's roaming on the Company's telecommunications network. CAT subsequently submitted a letter dated 25 August 2003 requesting the Company to pay such fees in the total amount of Baht 477 million.

On 31 August 2004 CAT submitted the dispute to the Arbitration Institute demanding payment by the Company of such fees together with the penalty in the total amount of Baht 692 million (calculated up to the date of the submission of the dispute). The Company's management considers that the revenue received from DPC under the cellular mobile telecommunications network roaming agreement with DPC is to compensate it for the costs incurred to expand the network to accommodate the increase in the network traffic. Therefore, the revenue does not form part of the revenue which is the basis for the calculation of the fees payable by the Company to CAT under the agreement to operate cellular telephone services made between the Company and CAT. In addition, DPC has already paid fees to CAT on the revenue that it has generated from its roaming on the Company's network. Therefore, as at 31 December 2009, the Company has not accrued the fees requested by CAT in its

financial statements. The dispute is currently in arbitration. It could take several years before an arbitral award is rendered. However, the Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

- (b) Dispute between the Company and CAT regarding the calculation methodology for the revenue sharing in relation to the reduction of the access charge fees.

On 18 May 2005 and 19 July 2005, CAT submitted a letter to the Company informing that the Company's calculation methodology for the revenue sharing from the date of its receipt of approval from TOT for the reduction of the access charge fee was incorrect, resulting in Baht 448 million (calculated from 16 September 1996 to 15 September 2004) of the revenue sharing not paid by the Company to CAT. However the Company considers that it has adopted the methodology previously notified to it by CAT, to which the Company agrees. The issue arises because the current management of CAT disagrees with the calculation methodology previously notified to the Company by the former management of CAT and, therefore, claimed that the Company's calculation methodology was incorrect. CAT requested that the Company make such payment to it but the Company disagreed and has not, therefore, accrued such amount in its financial statements. On 16 August 2007, CAT submitted the dispute to the Arbitration Institute, demanding for the payment of the additional amount of the revenue sharing and penalty in the total amount of Baht 749 million. The dispute is currently in arbitration. It could take several years before an arbitral award is rendered. However, the Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

- (c) Dispute between the Company and CAT regarding fees on revenues received from network roaming and corresponding receivables from customers who submitted fraudulent documents.

On 4 April 2006, CAT submitted the dispute to the Arbitration Institute in relation to additional fees payable by the Company from fees on revenues from network roaming in the amount of Baht 7.8 million, which the Company charged other operators in consideration for the use of the Company's network and fees on uncollectible receivables from customers of the 1800 system who submitted fraudulent documents in the amount of Baht 38.9 million

As at 31 December 2009, the Company has not accrued the additional fees requested by CAT, which includes fines (calculated up to the date of the submission of the dispute to the Arbitration Institute), in the total amount of Baht 58.3 million in its financial statements because its management believes that the additional fees do not constitute the revenue which forms the basis for the calculation of the fees payables to CAT and CAT has formerly waived the payment of the fees from fraudulent service revenues.

Currently, the dispute is in arbitration. It could take several years before an arbitral award is rendered. The Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

- (d) Dispute between the Company and CAT regarding revenue sharing payment under the Concessionary Agreement

On 11 January 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to make concession revenue sharing payments for the 12th - 16th concession years in the aggregate amount of Baht 16,887 million, together with penalties, totaling Baht 21,982 million. The Company defended and filed its answer on 29 May 2008. Furthermore, on 20 October 2008, CAT filed a petition for amending the dispute requesting for additional value added tax (VAT) at the rate of 7%. As such, the total claim amount against the Company is Baht 23,164 million. The Company defended the additional claim for VAT by CAT on 14 November 2008. In addition, the statement of claim made by CAT did not mention the reason why the Company did not make the payments in full.

Currently, the dispute is in arbitration. It could take several years before an arbitral award is rendered. The Company's management believes, based on advice from its legal counsel, that the arbitral award would not have a material adverse effect on the financial position of the Company.

- (e) Dispute between the Company and CAT regarding the transfer to CAT of cell site equipment which has already been installed and operated under the Concession Agreement.

On 19 February 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to deliver and transfer ownership of 121 steel towers and the corresponding equipment which have already been installed and operated to CAT, and if the Company fails to do so, it shall be liable for damages in the amount of Baht 56.8 million. Subsequently, in 2009 CAT has increased the amount of claim from 121 steel towers (or Baht 56.8 million) to 3,873 steel towers (and has further claimed that if the Company fails to transfer these towers to CAT, it shall be liable for damages in the amount of Baht 1,894.8 million). The Company's view is that the disputed steel towers and the corresponding equipment are not devices and equipment under the Concession Agreement but that they rather are buildings under the Building Control Act B.E. 2522 (1979) and as such they are the Company's assets in light of clause 4.6 of the Concession Agreement between the Company and CAT. Therefore, the Company does not have any obligation to transfer the steel towers and the corresponding equipment to CAT. Currently, the dispute is in arbitration. It could take several years before an arbitral award is rendered. The Company's management believes that the arbitral award would not have a material adverse effect on the financial position of the Company.

- (f) Other disputes

In addition to the cases between the Company and CAT as described above, during the years 2007 to 2009, the Company is also involved in two other disputes with CAT where the claims amount to Baht 67 million. The disputes are currently in the dispute resolution process. The Company's management believes that the final result on disputes would not have a material adverse effect on the financial position of the Company.

34. Risk from changes in laws and regulations concerning the telecommunications business

Reform of telecommunication regulatory regime

As a member of the World Trade Organisation (WTO), Thailand was obliged to liberalise its infrastructure telecommunications business by the year 2006. As a result, the Thai Government has launched a reform package of the telecommunications regulatory regime.

In October 2004, the NTC was established as a new independent organisation to regulate the telecommunications sector in Thailand. It is empowered, under the Telecommunications Business Operation Act B.E. 2544 (2001) (Telecommunications Act) and the Act on Organisations Allocating Frequency Waves and Supervising Radio/Television Broadcasting and Telecommunications Business B.E. 2543 (2000) (Frequency Act), to issue policies and regulations that may have a significant impact on the telecommunications sector, including those relating to (i) free and fair market competition among telecommunications service providers, (ii) fees and tariffs for telecommunications services, (iii) allocation of frequency and other telecommunications resources, (iv) consumer protection, (v) promotion of other telecommunications services deemed beneficial to the economic and social development of Thailand and (vi) establishment of emergency telecommunications services.

The Constitution of 1997 was cancelled and replaced by the Constitution of 2007, whose Section 47 requires for establishment of an independent organisation (hereinafter referred to as the "NBTC") to be in charge of allocating frequency and regulating the broadcasting and telecommunications business. This means that the NBTC will replace the NTC in regulating the telecommunications business. Nonetheless, the draft Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television

Broadcasting Business and Telecommunications Business, which is to be enacted to replace the Frequency Act, is still under the legislative process. Therefore, it remains unclear as to whether and when the new act will be enacted.

In addition, the Company is unable to predict how the NTC or NBTC will exercise its regulatory authority, the nature and scope of the policies and regulations it will issue in the future, and how it will supervise the implementation of such policies, as well as the enforcement of the legislation and regulations, both at present and which may be enacted in the future.

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

Operation costs of interconnection between the Company and certain operators are unclear

Pursuant to the Telecommunications Act, an operator who wishes to interconnect with the network of another operator must enter into an interconnection agreement. At present, certain operators have not entered into negotiations on the interconnection charge with the Company, in particular, TOT, who had entered into an Access Charge Agreements with the Company in 1994 and 2001. Pursuant to the Access Charge Agreements, the Company was required to pay an access charge to TOT at a fixed rate per number per each month or at a percentage of per value of the prepaid vouchers. However, at present, the interconnection between operators, including the Company, is subject to the Telecommunications Act and the NTC Interconnection Notification. Both the Telecommunications Act and the NTC Interconnection Notification require that the interconnection charge be calculated on a cost-based basis and must not purport to discriminate. The Company believes that the access charge that TOT has fixed under the old regulatory regime is not in compliance with the Telecommunications Act and the NTC Interconnection Notification.

The Company's call termination rate in the existing interconnection agreements to which it is a party is THB 1 per minute. On 2 February 2010, the Company was unofficially informed that the NTC resolved on the rate dispute between the Company and CAT to the effect that the rates be symmetric and be THB 0.50 per minute (for call termination and call origination) and THB 0.20 per minute for call transit. Given that the Company has not officially received the decision of the NTC, it is too early to determine any impact and consequence which may arise from the NTC decision, if any.

The Company is subject to revenue sharing arrangement under the Cellular Agreement.

Under the Cellular Telephone Service Agreement, the Company has an obligation to pay revenue sharing from the service income to CAT.

CAT, which is a party to the Cellular Telephone Service Agreement, has now become an operator in direct competition with the Company in the telecommunications business.

Following the enactment of the Telecommunications Act, it is still unclear whether, and to what extent, the revenue sharing arrangement under the Cellular Telephone Service Agreement would affect the financial condition or business operation of the Company. If the Company continues to make payment to CAT pursuant to this revenue sharing arrangement, it could be placed at a competitive disadvantage and this may have a material adverse effect on the business and financial condition of the Company.

However, Section 80 of the Telecommunications Act provides that any person who has entered into an agreement with TOT or CAT for the operation of a telecommunications business must be subject to the Telecommunications Act and the conditions prescribed by the NTC on the basis of free and fair competition. Therefore, the Company believes that the Company has the right and duty to compete in the telecommunications business with other operators, including CAT, on an equal footing in accordance with the principle of free and fair competition.

Conversion of the Cellular Telephone Service Agreement

Discussions have been made by the Company regarding the regulatory reform of the telecommunications business, particularly the possibility of a conversion of the concession of the Cellular Telephone Service Agreement. However, at present, the conversion issue remains inconclusive and the Company is unable to assess the effect, if any, such conversion may have on the business and financial condition of the Company.

Legal issues concerning the Amendments to the Cellular Telephone Service Agreement

The legal opinion of the Council of State (Ruling Number 292/2550) states that all three amendments to the Cellular Telephone Service Agreement do not comply with the Act on Private Sector Undertaking of State Businesses, B.E. 2535 (1992) ("PUS Act"). However, the Council of State further opines that the three amendments are still effective. As such, CAT is required to proceed in accordance with the PUS Act (i.e. CAT must bring this issue to Section 22 Committee under the PUS Act ("Section 22 Committee"), and Section 22 Committee will then consider and propose their opinion for the Cabinet's consideration) and to report to the Cabinet who are to consider the relevant effects, taking into account state interest as well as public interest. Currently, CAT has been proceeding in compliance with this Act and the Company is not able to determine what conclusion the Cabinet will reach or how they will apply their discretion.

However, the Company believes that all three amendments were entered into in good faith and that any potential non-compliance with the PUS Act was not attributable to the Company's actions.

35. Financial information by segment

The principal operations of the Company and subsidiaries involve a single industry segment, operating wireless telecommunications services and distributing handsets, are carried out exclusively in Thailand. As a result, all revenues, operating profits and assets reflected in these financial statements pertain to this industry segment and geographic area.

36. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to the employees at a rate of 3 or 4 or 5 percent and the Company at a rate of 5 percent of their employees' salaries. The accumulated contributions of the employee and the Company and the fund earnings from the contributions will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by TMB Asset Management Company Limited. During the year ended 31 December 2009 Baht 75.63 million (2008: Baht 64.98 million) has been contributed to the fund by the Company.

37. Subsequent events

37.1 Dividend payment

The Company's Board of Directors Meeting, held on 8 February 2010, passed a resolution approving the payment of a dividend of Baht 1.39 per share to the ordinary shareholders, from the 2009 operating results. The dividend payment will be proposed to approve by the Annual General Meeting of the Company's shareholders, and payment will be on 26 May 2010.

37.2 Forward exchange contracts

Subsequent to 31 December 2009, the Company has entered into a number of significant forward exchange contracts with banks to purchase approximately USD 32.2 million (2008: USD 4.46 million), to cover payments for the purchases of cellular telephone service equipment in 2010.

38. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The significant reclassification are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Cash and cash equivalents	6,797,469,166	7,081,730,031	-	-
Short-term investments	284,260,865	-	-	-
Property, plant and equipment - net	6,436,654,969	5,725,108,419	5,202,163,988	4,490,617,438
Other non-current assets (others)	3,143,290,477	3,854,837,027	3,032,779,753	3,744,326,303
Administrative expenses	7,885,756,949	8,013,654,903	7,718,715,380	7,845,130,522
Management benefit expenses	120,047,950	-	120,047,950	-

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 8 February 2010.

40. Significant differences between accounting principles generally accepted in Thailand and International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Thailand ("Thai GAAP"), which differ in certain significant respects from International Financial Reporting Standards ("IFRS"). Certain significant differences (other than classification, presentation and disclosure requirements) between Thai GAAP and IFRS as applicable to the consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2009 and 2008 are summarised below. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company's operating results and financial position as it is presented for the purpose of giving preliminary information only.

Significant differences between Thai GAAP and IFRS - outstanding

40.1 Accounting for derivatives

Thai GAAP does not presently have any effective accounting guidance for accounting for derivatives.

Under IFRS, a company has to recognise all of its derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the hedging accounting can be applied and what type of relationship as such hedging (i.e. as either a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation).

40.2 Deferred financial costs

Thai GAAP does not presently have any effective accounting guidance for accounting for financial instruments, in respect of recognition and measurement. In general, there is no prohibition on deferral of the financial costs of extinguished debts on a refinancing deal provided that the Company has derived benefit from such refinancing.

IFRS requires an exchange of financial liabilities with substantially different terms and conditions to be accounted for as an extinguishment of the old financial liability and the recognition of a new financial liability. Therefore, the outstanding deferred cost attributable to the issue of the old financial liability is to be written off.

The following table is a summary of numerical reconciliation of consolidated net income for the years ended 31 December 2009 and 2008 and consolidated total shareholders' equity as at 31 December 2009 and 2008 between those shown in consolidated financial statements prepared under Thai GAAP and IFRS. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company's operating results and financial position as it is presented for the purpose of giving preliminary information only.

(Unit: Million Baht)

	Consolidated net income		Consolidated total shareholders' equity	
	2009	2008	2009	2008
As reported in these consolidated financial statements under Thai GAAP	6,628	9,329	62,526	59,450
Add (Less): Thai GAAP /IFRS significant differences (net of tax effect)				
1. Accounting for derivatives (Note 40.1)	66	15	(338)	(509)
2. Deferred financial costs (Note 40.2)	10	51	-	(10)
Under International Financial Reporting Standard ("IFRS")	6,704	9,395	62,188	58,931

glossary

3G Technology	Third Generation Mobile Phone Technology
Access charge (AC)	The charge paid to TOT for an access to TOT's telecommunications network
AIS	Advanced Info Service Public Company Limited
ARPU	Average Revenue per User
CAT	CAT Telecom Public Company Limited (formerly The Communication Authority of Thailand)
CDP	The Central Depository (Pte) Limited
Concession Agreement	Agreement to operate and provide cellular system radio telecommunication service (as amended)
DPC	Digital Phone Co., Ltd.
EDGE	Enhanced Data-Rates for GSM Evolution
Foreign Business Act	Foreign Business Act B.E. 2542 (1999)
Frequency Act	Act on Organisations Allocating Frequency Waves and Supervising Radio/Television Broadcasting and Telecommunication Business B.E. 2543 (2000)
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
HSPA	High Speed Package Access
Interconnection charge (IC)	The cost-based charge paid to other operators for connecting into their networks
IMEI	International Mobile Equipment Identity
IVR	Interactive Voice Response System
MMS	Multimedia Messaging Service
MNP	Mobile Number Portability
MOU	Minute of Use per User
NBC	The National Broadcasting Commission
NBTC	The National Broadcasting and Telecommunications Commission
NTC	The National Telecommunications Commission
On net – Off net	Calls made within the same network – to other networks
PCN 1800	Digital GSM wireless telecommunications service under the 1800 MHz frequency band
Penetration Rate	The number of SIM cards divided by the number of population
Refill card	Refill card for prepaid service
SGX-ST	Singapore Exchange Securities Trading Limited
SIM card	Subscriber Identity Module Card
SmartPhone	Mobile phone offering advanced capabilities, often with PC-like functionality
SMS	Short Message Service
Starter Kit	A bundled package of a SIM card and a handset
Telecommunications Act	Telecommunication Business Operation Act B.E. 2544 (2001) (as amended)
TOT	TOT Public Company Limited (formerly Telephone Organisation of Thailand)
True Move	True Move Company Limited
TSD	The Thailand Securities Depository Company Limited
UCOM	United Communication Industry Public Company Limited
VAS	Value Added Services



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