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Number of Subscribers
(Million)

happy...
with our achievements

dtac has delivered another set of excellent results in 2008. Our net profit grew markedly thanks to improvement in interconnection balance, the dispute settlement with DPC, lower financial cost, temporary tax reduction, and subscriber and service revenue growth. Furthermore, our financial position continued to improve and provided us with a solid foundation for future investment opportunity and expansion. We will commit to investing for the future despite an economic slowdown foreseen in the coming years.

financial highlights

happy...

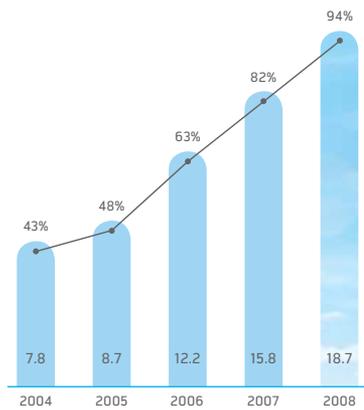
with our achievements

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”).

	2004	2005	2006	2007	2008
Operating Results (in million Baht)					
Service Revenue	37,841	41,979	47,013	64,434	66,600
Total Revenue	38,943	43,129	48,474	65,533	67,695
EBITDA	15,073	16,523	17,817	18,893	23,193
Operating Profit	8,838	9,610	10,324	10,613	11,480
Net Profit	4,480	4,611	4,938	5,841	9,325
Balance Sheet (in million Baht)					
Total Assets	84,122	87,219	95,116	100,862	104,435
Total Liabilities	50,371	50,700	53,660	48,996	44,944
Total Shareholders' Equity	33,751	36,519	41,457	51,866	59,491
Ratio					
EBITDA Margin	38.7%	38.1%	36.5%	28.6%	34.0%
Operating Profit Margin	22.7%	22.3%	21.3%	16.2%	17.0%
Net Debt:EBITDA	2.5	2.2	2.0	1.5	0.9
Net Debt:Equity	1.1	1.0	0.9	0.5	0.4
Shares					
No. of shares (million)	474	474	458	2,368	2,368
Earning per share (Bt)	9.44	9.72	10.54	2.50	3.94
Book value per share (Bt)	71.20	77.04	88.58	22.20	25.12
Share price					
SET (Bt/Share)	n/a	n/a	n/a	39.25	32.00
SGX (USD/Share)	3.55	3.25	4.30	1.15	0.88

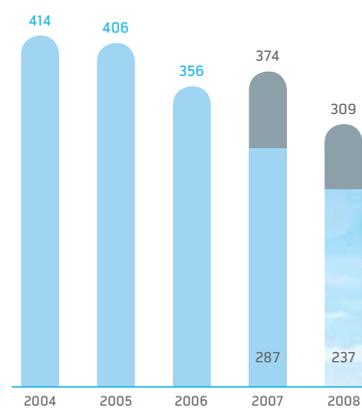
Note: On 17 May 2007, dtac reduced the par value of its ordinary shares from THB 10 to THB 2 per share.

subscribers and penetration rate



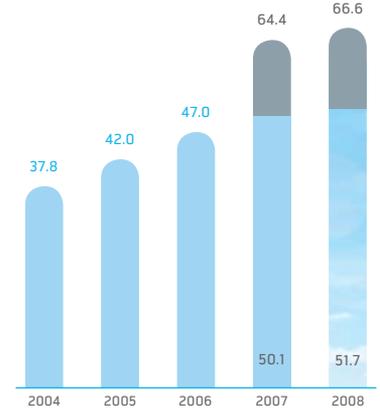
■ dtac Sub (in million)
 — Penetration rate in Thailand

ARPU (baht/month)



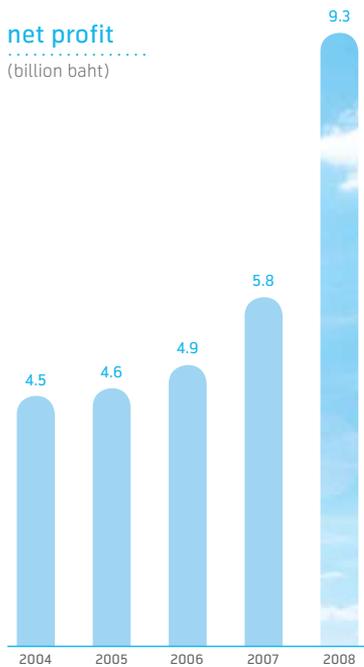
■ ARPU
 ■ ARPU Including IC

service revenues (billion baht)

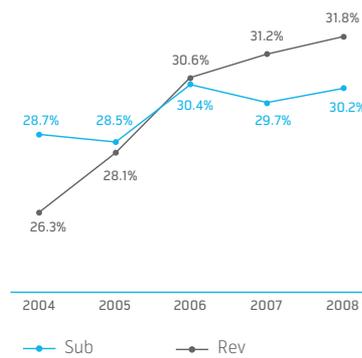


■ Service Revenues
 ■ Service Revenues Including IC

net profit (billion baht)

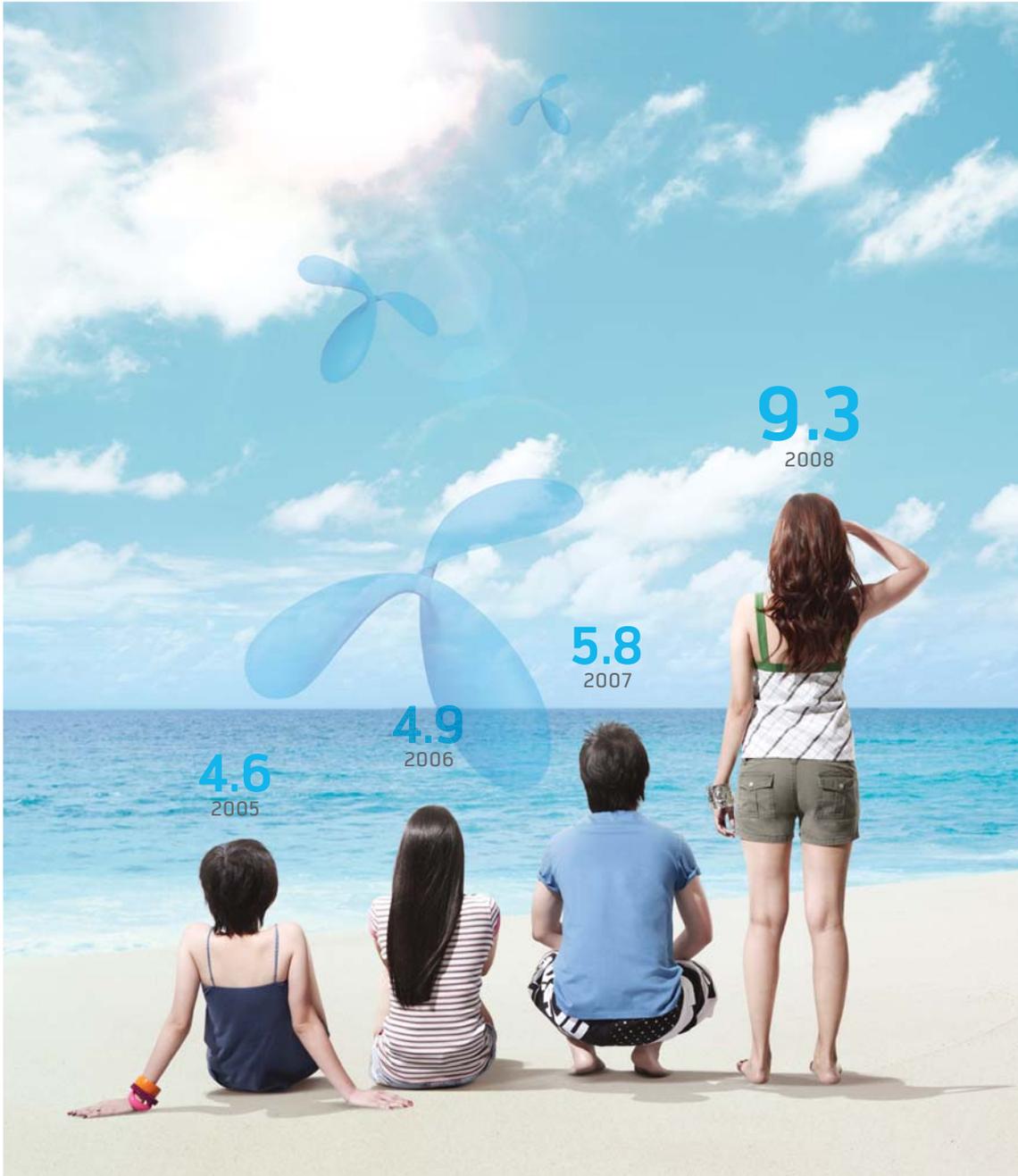


subscribers and revenues market share



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.
- Based on old subscriber definition, market share of subscriber at the end of 2008 was 32.5%.



Net Profit
(Billion Baht)

feel good...
for our growth

The “feel good” campaign aims at improving the customer experience at all contact points. This philosophy proved its success in attracting new customers and increasing the loyalty of our existing customers. We managed to add another 2.9 million subscribers to our subscriber base in 2008, bringing total subscriber base to 18.7 million. To make our customers “feel good” is still a key driver for our future growth in revenues and profitability.

message from the chairman and CEO

Dear Shareholders,

We are pleased to inform you that the year 2008 was another year of success for dtac. Despite the challenges from both domestic and international events, dtac continued to grow the business. The subscriber base increased by 2.9 million, revenues grew by 3.3%, and in particular the net profit improved significantly by 60% over the previous year. The brand refreshing campaign launched a year earlier had provided a solid foundation to build on and dtac followed that up by commissioning a record number of new base stations nationwide and unveiling the new call center facility, equipped with the state-of-the-art customer care system and competent staff. The commitment to provide high quality telecommunication services to our subscriber base has never been stronger.

The market continued to grow albeit at a slower pace as a result of domestic turmoil, the high penetration level reached in Thailand and, in particular, the outbreak of the global financial crisis towards the end of the year. Even so, net additional subscribers for the whole market remained high at approximately 9 million. dtac managed to attract 2.9 million of them, bringing its total subscriber base to 18.7 million, of which 16.2 million were prepaid.

The decoupling of subscriber and service revenue growth has gradually been increasing over the last few years due mainly to the widespread presence of multiple SIM-card users and lower average usage, partly from declining confidence in the future economic prospects and partly from new customers using less than exiting customers. In 2008, dtac recorded total revenues of THB 67.7 billion, 3.3% growth compared to the previous year. Following implementation of the interconnection regime in early 2007, the competition has generally been less fierce than in the past. Furthermore, the net profit came in at THB 9.3 billion, 60.0% higher than last year, mainly driven by improvement in the interconnection balance, the settlement with DPC, lower financial cost, and a 5% temporary tax reduction as a result of SET listing in 2007.

dtac continued to build on its “feel good” branding campaign, focus on innovation, and to emphasize the importance of

social responsibility. The launch of the ATM SIM in 2008 successfully combined financial and mobile phone services, and attracted strong interest from mobile phone users. In addition, the award-winning “Farmer Information Superhighway” has shown how telecommunication technology could be incorporated into providing solutions and bringing knowledge to local communities in the rural Thailand.

On the regulatory front, dtac continued its efforts to bring all telecom operators into the interconnection regime for the benefit of the industry, and the progress had been made even though it was slow. Furthermore, there has been progress relating to the issuance of 3G licenses and the NTC is currently finalizing the framework for awarding the 3G licenses, which is supposed to take place in the second half of 2009.

As the global financial crisis unfolded towards the end of 2008, we are entering into a rather challenging period and many perceive it as the worst crisis since the Great Depression. The downside risk of the crisis remains high as there is significant uncertainty related to how long the crisis might last. On the domestic front, the Thai economy is likely to suffer from increasing unemployment on the back of the reduced export and also from an anticipated set-back for the tourist industry. This will inevitably have a material impact on economic activities and domestic demand. In addition, Thai wireless market is approaching saturation with the penetration rate approaching 100%. In dtac, we have learned our lesson from the Asian Financial Crisis of 1997, and prepared ourselves to cope with the crisis by reducing our capital expenditures, improving our operating efficiency, and focusing on retention of our existing subscriber base rather than acquisition of new subscribers.

We would like to take this opportunity to thank you for your continued support. And finally, we are confident that dtac can weather this crisis and will use it as an opportunity to develop ourselves into an even stronger company.

Mr. Tore Johnsen

Director and Chief Executive Officer

Mr. Boonchai Bencharongkul

Chairman of the Board of Directors





smile...

from dtac team

Our success has primarily been driven by our people. We have assembled a management team with considerable experience and diverse business backgrounds. In addition, our passion for the business and commitment to become the most admired wireless operator in Thailand are driving us to be more innovative and customer-oriented.

board of directors

smile...

from dtac team



1 Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

Academic background

Doctoral degree Honorary Doctoral Degree in Economic Science, Ramkhamhaeng University

Bachelor's degree 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

Academic background

- Master degree** Master Degree in Public Administration, John F. Kennedy School of Government, Harvard University, USA
- Bachelor's degree** Bachelor Degree Program in Management, Norwegian School of Management, Buskerud, Norway
- Bachelor's degree** Degree in Business and Administration, Telemark College, Norway

Work Experience

- 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

Director

Academic background

- Master degree** MA Jurisprudence, Oxford University, UK

Work Experience

- 2007 - present >> Chairman of Remuneration Committee, Independent Director, and Member of Audit Committee, Total Access Communication PLC.
- >> Independent Director and Chairman of Nomination Committee, Thoresen Thai Agencies 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

Director

Academic background

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

Work Experience

- 2006 - present >> Chairman of Audit Committee and
Member of Remueration 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

Director

Academic background

- Bachelor's degree** 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. Ragnar H. Korsæth

Director

Academic background

- Master degree** Master of Science, the Norwegian School of Economics and Business Administration, Norway
- Certified Financial Analyst** The Norwegian School of Business Administration in Berge

Work Experience

- 2006 - present >> Executive Vice President, and Head of Global Coordination, Telenor ASA
>> Director, Telenor Doo, Serbia
- Feb 05 - present >> Director, Total Access Communication PLC.
- 2005 - present >> Director, Telenor Mobil, Norway
- 2004 - present >> Director, Digi, Malaysia
- 2004 - Jan 06 >> Chief Operating Officer, Telenor International Mobile
- 2000 - 2004 >> Chief Financial Officer, Telenor International and Telenor Mobile

7 Mr. Knut Borgen

Director

Academic background

- Master degree** Master of Business Administration, University of Michigan, USA
- Bachelor's degree** B.A. Economics, San Jose State University, USA

Work Experience

- 2008 - present >> Director, Telenor Asia Pte Ltd.
- Feb 06 - present >> Director, Total Access Communication PLC.
>> Senior Vice President, Business Development, Telenor Asia Pte Ltd.
- 2006 - present >> 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



8 Mr. Knut Snorre Bach Corneliusen

Director

Academic background

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

Work Experience

- Jan 09 - Present >> 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, Paradiol, 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. Sompol Chanprasert

Director

Academic background

- Master degree** Master of Business Administration, Thammasat University
- Master degree** Master of Engineering (Electrical), Chulalongkorn University
- Bachelor's degree** Bachelor of Engineering (Electrical), Chulalongkorn University
- Certificate** National Defense College of Thailand

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.
- Jun 08 - present >> Senior Executive Vice President for Broadband Business, CAT Telecom PLC.
- Mar 07 - Jun 08 >> Senior Advisor class 13, CAT Telecom PLC.
- Jul 06 - Mar 07 >> Senior Executive Vice President 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 Corporate Strategy, CAT Telecom PLC.
- 1996 - 2004 >> Vice President, Telecommunication Service Group, The Communications Authority of Thailand
- 1994 - 1996 >> Director, Data Telecommunication Service Division, The Communications Authority of Thailand
- 1993 - 1994 >> Director, Policy and Planning Division, The Communications Authority of Thailand
- 1990 - 1994 >> Assistant Director, Data Telecommunication Service Division, The Communications Authority of Thailand
- 1977 - 1990 >> Engineer, Telegraph Division, The Communications Authority of Thailand
- 1974 - 1977 >> Third Engineer, Domestic Telecommunication Division, Post and Telegraph Department



10 Mr. Tore Johnsen

Director and Chief Executive Officer

Academic background

Master degree Master of Science, University of Trondheim

International Business Management 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

executive management

smile...
from dtac team

1 **Mr. Tore Johnsen** >> Director and Chief Executive Officer

2 **Mrs. Patraporn Sirodom** >> Chief People Officer

3 **Mr. Terje Borge** >> Chief Financial Officer

4 **Mr. Chaiyod Chirabowornkul** >> Senior Vice President



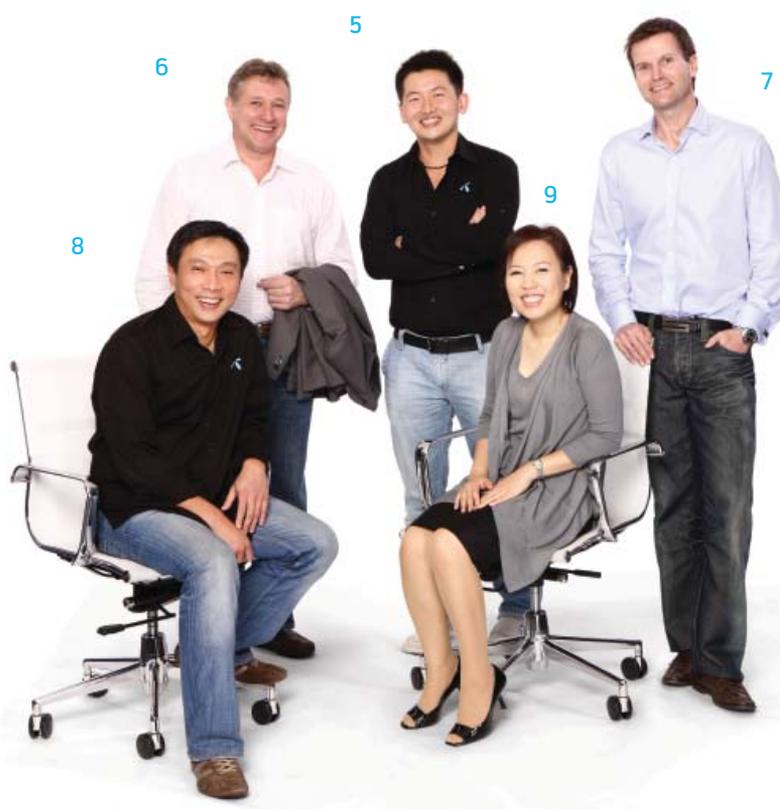
5 Mr. Thana Thienachariya >> Chief Commercial Officer

6 Mr. Rolf Marthinusen >> Chief Technology Officer

7 Mr. Roar Wiik Andreassen >> Chief Strategy Officer

8 Dr. Ketchayong Skowratananont >> Senior Vice President

9 Ms. Tipyarat Kaewsringarm >> Chief Customer Officer



1 Mr. Tore Johnsen

Director and Chief Executive Officer

Academic background**Master degree** Master of Science, University of Trondheim**International Business Management** 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 Sirodorn

Chief People Officer

Academic background**Master degree** Master of Business Administration, The George Washington University, Washington DC, USA**Bachelor's degree** 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 Degree** 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

4 Mr. Chaiyod Chirabowornkul

Senior Vice President

Academic background**Master degree** Engineering Management, University of Missouri-Rolla, Missouri, USA**Master degree** Electrical Engineering, Louisiana State University, Louisiana, USA**Bachelor's degree** Electrical Engineering, Chulalongkorn University**Working Experience**Aug 07 - present >> 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

5 Mr. Thana Thienachariya

Chief Commercial Officer

Academic background

Master degree Master of Business Administration, Washington State University, USA

Bachelor's degree 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 Marthinussen

Chief Technology Officer

Academic background

Master degree Electronic and Computer Engineering, Ostfold College of Engineering

Bachelor's degree 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

7 Mr. Roar Wiik Andreassen

Chief Strategy Officer

Academic background

Master's Degree Master of Business and Administration in Accounting and Tax Law, The Norwegian School of Management, BI Sandvika, Norway

Bachelor's Degree 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 Skowratnanont

Senior Vice President

Academic background

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

Working Experience

2006 - present >> Senior Vice President, Prepaid Business Division, Total Access Communication PLC.
 2000 - 2006 >> Unit Head of Prepaid Business, Total Access Communication PLC.

9 Ms. Tipyarat Kaewringarm

Chief Customer Officer

Academic background

Master Degree 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.
 2007 >> Vice President, Product and Distribution Management Department, Bangkok Bank PLC.
 Mar 03 - Dec 06 >> Marketing Specialist, Asia-Pacific Marketing Practice, McKinsey and Company (Thailand)



VAS Revenue
(Billion Baht)

simple...
ways to differentiate

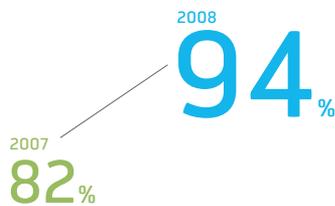
The market is now approaching saturation and, as a company, we are determined to continuously improve the way we do things and reach the goals through innovative services and simple product offerings to meet our customers' needs in all segments. To facilitate this change process, we need to prepare ourselves to enter into the new era with the objective to further strengthen the dtac brand and enhance our customer experience.

business operation, strategies, and outlook

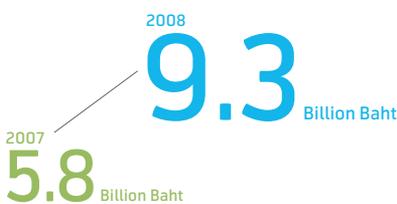
simple...

ways to differentiate

Penetration Rate



At the end of 2008, the number of total market subscribers was 62 million, growing from 53 million in the previous year.



Net Profit

dtac reported net profit at THB 9.3 billion, a growth of 60% from the previous year. This growth was principally driven by improvement in the interconnection balance, the settlement with DPC, lower financial cost, and a 5% temporary tax reduction from IPO on SET.

Business and Financial Performance 2008

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 the 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

There are 3 principal mobile telecommunication service providers in Thailand. dtac is the 2nd largest player, operating cellular services under brand “dtac” with a strong commitment to deliver innovative products and services to satisfy the needs of our customers. As of 31 December, 2008, dtac had a subscriber market share of approximately 30.2%.

In 2008, we achieved 2.9 million net additional subscribers and by year-end 2008 dtac’s total number of subscribers amounted to 18.7 million. At the end of 2008, the number of total market subscribers was 62 million, a 16.7% growth

from approximately 53 million at the end of the previous year, and mobile penetration reached 94%. Furthermore, 90% of those customers, or 55 million, were in prepaid segment.

The challenge facing the mobile operators in 2008 was declining phone usage amidst the economic slowdown, in the 1st half driven by spiraling inflation and in the 2nd half driven by the world financial crisis. However, the competition has been less fierce than in the past following the introduction of interconnection charge in the beginning of 2007. During the course of this year, more aggressive on-net promotions were launched not only to counteract the soft economy but also to keep traffic on-net. In summary, the overall usage has been adversely affected as both consumer confidence and business sentiment remained subdued resulting from the above mentioned factors.

dtac continued to roll-out new base stations in rural areas, primarily in the North and the North East. The penetration rates in these two regions are still well below the average penetration level in Thailand and as such these two regions present interesting business opportunities in terms of attracting new subscribers

Financial Highlights

Due to the political uncertainty and the difficult economic conditions in 2008, the consumer confidence and business sentiment were in decline and consumers were in general more cautious about spending money. The average rate held

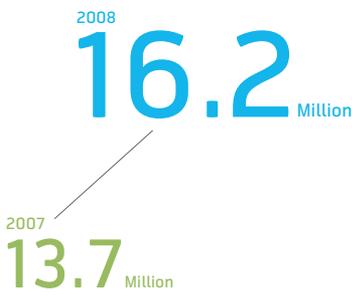
up reasonably well in 2008, but as the market competition continued to be focused on favorable on-net rates, on-net traffic increased thereby putting more pressure on revenue growth despite strong subscriber growth.

In May 2008, dtac concluded a settlement and release agreement with Digital Phone Co., Ltd. (DPC) for an amount of THB 3.0 billion, translating into a before-tax profit of THB 2.4 billion.

dtac generated annual revenues and EBITDA of THB 67.7 and 23.2 billion respectively, a growth of 3.3% and 22.8% from the previous year, respectively. In addition, net income grew to THB 9.3 billion in 2008, a growth of 59.6%. The growth was primarily driven by gain from DPC settlement, lower financial cost, and the temporary 5% tax reduction from IPO on SET in 2007.

dtac has been reducing total debt to ensure capacity for future financing, thus enhancing flexibility to invest in new business opportunities. The financial status of dtac continued to strengthen in 2008, with the Debt/Equity ratio and the Debt/EBITDA ratio below 1x. This moved dtac's rating up to A (local) by Fitch and TRIS.

dtac still maintains the dividend payout ratio of no less than 30% of the net profit.



Number of Prepaid Subscribers

dtac grew its prepaid subscriber base by 2.5 million in 2008 thanks to a continuous expansion of network coverage. dtac aims to further strengthen its position to defend its market share by focusing on "Value-for-Money" and "Friendly" services.



Prepaid

Even though the prepaid market growth was not as strong as in 2007, dtac was able to add 2.5 million new prepaid subscribers to its subscriber base in 2008, bringing total prepaid subscriber base at the end of the year to 16.2 million.

dtac has continuously been expanding its network coverage for the past few years, particularly in the northern and the northeastern regions of the country, where the majority of new prepaid subscribers resides. The network coverage expansion, accompanied with distribution channel development, helped maintain our fair share of the market net additional subscribers.

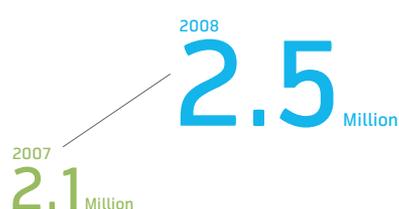
As mentioned above, dtac continued to focus on having a strong distribution network to ensure the availability of products and services to its subscribers. In doing so, dtac has developed innovative SIM cards and airtime refill/voucher distribution channels, via both telecom and non-telecom ones.

Innovative tariff plans were still crucial in attracting new and keeping existing subscribers. Overall pricing environment was more rational, with more favorable tariffs being offered only for on-net calls from time to time, while average tariff remained fairly stable.

Besides innovative tariff plans, alliances with partners to expand the scope of our services also helped attract new subscribers. By partnering up with solid consumer brands, such as GMM and KFC, our subscribers can enjoy not only special tariff plans but also special privileges from our partners.

Despite slower growth being expected in 2009, dtac will continue to strengthen its positioning and defend its market share by affirming its "value-for-money" and "friendly" position.

Number of Post-paid Subscribers



The marketing campaign under the new concept of **“feel good”** together with the revamp of post-paid distribution resulted in a growth of 0.4 million post-paid subscribers in 2008. dtac still focus on innovative tariff plans to serve different customers’ need.



Post-paid

dtac’s post-paid subscriber base increased continuously during the course of 2008. This was a result of improvement in many aspects, especially the revamp of the post-paid distribution model. At the end of 2008, dtac’s post-paid subscriber base stood at 2.5 million, an increase of 0.4 million subscribers from a year earlier.

Previously, subscribing to post-paid service could only be done at dtac’s service centers and some major dealers’ shops. The expansion of the post-paid distribution network allowed dtac to increase its presence in the post-paid market and enabled potential customers with easier and faster access to our products and services. In addition, we also introduced a number of new payment points outside the traditional service centers.

The price plans were tailored to serve different targets, while being kept simple with one rate for all network 24 hrs. Promotions bundling voice and VAS together, like the “feel free” package, reflected the essence of our value propositions to our subscribers.

The “feel good” brand campaign led dtac to focus more on providing new services to enhance the customer experience. In order to enhance loyalty to our service, we introduced a new reward program in 2008. Under the “good! reward” program, we offer privileges that genuinely suit the lifestyle of our subscribers.

In 2009, dtac will continue to develop innovative price plans to encourage higher usage and to tailor service packages to serve different subscribers’ need as they become more sophisticated.

VAS Revenues to Service Revenues

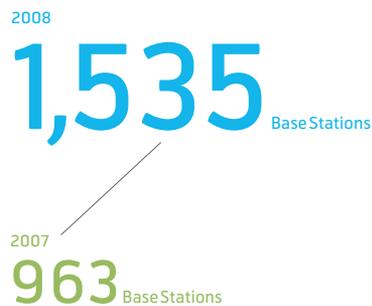


With the nationwide coverage using EDGE technology, revenues from VAS have been considerably growing.



Number of New Base Stations

To expand network coverage in new service areas is one of key factors to enhance dtac's competitiveness.



Value Added Services (VAS)

Revenues from VAS have become increasingly significant due to an increase in data usage, particularly from mobile internet users, thanks to the nationwide coverage of high speed data network using EDGE technology. It accounted for 10.8% to total service revenues in 2008, increasing from 8.1% in 2007.

Currently, the VAS market is dominated not only by basic entertainment services like ring tones or song download, which are extremely popular among the younger generation, but also by real-time information services, like news and stock market movement for business decision making.

For entertainment dtac partnered with GMM Grammy, the biggest music house in Thailand, to offer Happy Vampires which provides unlimited download of MP3 through dtac's network based on a monthly subscription fee. Furthermore, dtac launched the ATM SIM, which enables our subscribers with KASIKORNBANK accounts to conduct financial transactions, such as balance checking, and money transfer or bill payment, via their mobile phones. ATM SIM won the prize as the best mobile money services at Mobile Asia Congress. Moreover, during the year dtac also launched the Internet SIM in response to a substantial growth of mobile internet users from the completion of nationwide coverage of EGDE/GPRS network.

For 2009, dtac will try to maintain its leading position in providing innovative value added services that fit different lifestyles.

Customer Relationship

In today's highly competitive environment, customer relationship management, CRM, is a crucial part of our strategy. dtac focuses on customers in a way that is geared towards building, enduring, and mutually-satisfying customer relationships based on trust.

dtac has 4 call centers, including Rangsit, Srinakarin, Chiangmai, and Surat Thani. In addition, dtac has recently launched On-line Call Center (Chat Service), a customer interaction platform which provides a new communication channel, especially for active internet users.

In response to emerging demands for more technologically sophisticated transactions, dtac has put in VAS Corner, Self Service Kiosk, and Queue Plus in our Service Centers.

In 2009, a more advanced training program will be developed to enhance the competency level for provisioning of some services, which require a functional in-depth understanding and foreign language competency. These include Value Added Services (VAS) and International Roaming (IR).

People Company

dtac believes in the importance of our “people” as each individual is critical in delivering excellent products and services to our customers.

dtac provides a clear direction and focus to ensure that our people are working towards the same goal, called the “dtac’s way”. It reflects a working environment in which the passion, simplicity, friendliness and humbleness, as well as “walk the talk” are combined.

Besides behavioral competencies from “dtac way”, functional competencies are also seen as crucial to develop the skills, knowledge, and abilities of employees. dtac offers a number of training course uniquely designed to develop diverse skills of our employees.

In the future, dtac will continue to emphasize the human capital to enhance our employees’ capabilities and to prepare our resources for more challenging environment.

Network and Information Technology

The quality of dtac’s network and IT system plays a significantly role as a high-quality network is the prerequisite for providing services to and retaining our subscriber base, as well as the foundation of the next-generation services. Network coverage is a key factor for subscribers when choosing which mobile phone operator to subscribe.

dtac will continue to develop and improve our network quality in terms of both coverage and capacity. In 2008, dtac rolled out a total of 1,535 new base stations, a record high since the start of dtac’s operation, in addition to 8,166 existing base stations at the end of 2007, making the total number of base stations at the end of 2008 equal to 9,701.

Business Outlook

The Thai mobile market is approaching saturation with the total number of subscriptions surpassing 60 million. While Bangkok and most urban areas already have reached

saturation level, mobile operators remain focused on improved network coverage in areas where penetration is still limited. Although competition to acquire subscribers is likely to intensify taking into consideration the anticipated lower market growth, there are still growth opportunities, both in terms of addressing the needs of specific segments and also specific geographic markets..

As the rural market, especially in the North and the North-East still represents growth opportunities following the network expansion that was carried out in 2008, dtac’s aims to increase the number of distribution and refilling channels while improving service quality to provide the best possible customer experience.

Amidst expected challenges to encounter in 2009, dtac will emphasize new strategies, more suitable for a mature market, with a focus on the length and depth of existing subscriber relationships, thereby increasing brand loyalty and securing a stable revenue foundation. “Happy” and “dtac” brand will be further strengthened and we will make our market position more prevailing under the concept of “feel good!”

Like many other companies, dtac is dealing with uncertainties in meeting the business objectives in 2009. These challenges include slower subscriber acquisition from market saturation, and usage decline resulting from the weaker global economy. dtac therefore has to take actions in order to align our cost structure and spending to market realities. These carefully considered actions are critical to the long-term success of our company and balance the best interests of our customers, shareholders and employees.

Rapidly changing technology continues to dominate telecom industry whilst uncertainties in regulatory environment may delay provision of new services like 3G. However, dtac will certainly seize new business opportunities such as 3G on 850 MHz and 2.1 GHz to meet new customer demands.



sharing...

is giving back to everyone

In today's world, consumers, investors, the government and even employees have become more sophisticated and more aware of good corporate behavior. In this new business environment, a company's reputation has become one of the most valuable assets, and CSR has become one of the key components of corporate reputation. dtac has continuously implemented CSR programs to enhance the standard of livings of Thais and committed ourselves to give back to our society.

do good deeds every day project

CSR strategies for 2008

sharing...

is giving back to everyone



In 2008, dtac's Corporate Social Responsibility efforts have adopted CSR strategies under the 'Do Good Deeds Every Day Project' using communication technologies to create social activities based on three concepts: do good deeds by using technologies, do good deeds by sharing knowledge and do good deeds from heart. It also makes sure that the activities are in line with the 'Sufficiency Economy' of His Majesty the King. Under this concept, dtac has worked closely with its long-time social partners – Sam Nuek Rak Ban Kerd Foundation and Ruam Duay Chuay Kan Happy Station and has successfully combined the strengths of each partner to create projects for local communities. Over the past year, dtac and its partners have conducted more than 200 activities in all 76 provinces in Thailand, successfully overcoming obstacles like budget constraints, time limitation and human resources.

Outstanding CSR activities of dtac in 2008 can be summarized as follows:

>> *1677 Farmer Information Superhighway: a CSR-based innovative project which integrates communication technologies--mobile phone, internet and radio network--to enhance knowledge for farmer communities nationwide. Launched on August 12, 2008 (Mother's day), it originally aimed for 20,000 subscribers at year-end 2008. Surprisingly,

the project has captured the heart of potential customers and more than 130,000 customers have subscribed for the service. The project has even won Thailand ICT Excellence Awards 2008 in the category of Business Enabler for the Service Sector from Thailand's Management Association (TMA). The achievement is a great pride for dtac and it's the first time that dtac's social responsibility activities have been recognized at national level.

- >> Operation for kids with cleft lips and cleft palates: dtac joined Operation Smile Foundation and Ruam Duay Chuay Kan Happy Station inviting customers to send SMS to dtac enabling CSR to provide free surgeries for 84 kids with cleft lips and cleft palates in the northern provinces of Thailand. The activity was in honor of the late HRH Princess Galayani Vadhana. In addition, dtac has also joined Tour de Thailand to organize bicycling activity in Thailand to raise additional funds to support Operation Smile and the Foundation for the Blind in Thailand.
- >> Rescue Boat: dtac donated a rescue boat to Krabi Provincial Administration. It reportedly has saved lives of hundred of tourists in the Andaman Sea for over 670 times in just a year. Thus, the rescue boat from dtac partly helps rediscover Thailand tourism industry in the South of Thailand.

- >> Clean Train Project: dtac has joined with the State Railways Authority of Thailand to support the Clean Train project by providing 1,500 recycle bins to put on train stations nationwide.
 - >> Battery for Life: a joint activity between dtac and the Robinson department store to raise awareness on safe discarding of obsolete mobile phone batteries. In this project dtac has produced and placed battery boxes in 16 branches of Robinson department stores nationwide and Robinson awards 100 points for The One card holders who drop their obsolete batteries in the provided boxes. Just within 3 months, more than 6,000 batteries have been collected and Robinson has awarded more than 600,000 points to the holders of The One Card.
 - >> Reforestation Projects: dtac and the Royal Thai Army have jointly organized a reforestation project to raise awareness on environmental preservation throughout Thailand. dtac has also joined hand with Ruam Duay Chuay Kan Happy Station to do reforestation along the Andaman coastline. More than one million trees have been planted under these joint projects.
 - >> Computers for public service: To facilitate Ruam Duay Chuay Kan Happy Station, dtac donated more than 100 computers to enhance the effectiveness of public services for communities throughout the country.
 - >> Scholarships: In terms of youth and education development, dtac continues to grant scholarships to 999 students of Sam Nuek Rak Ban Kerd Foundation to equip them with the knowledge to develop their hometown. So far, more than half of them have graduated from undergraduate level and have served the country in various fields of expertise.
 - >> Education: dtac and Yamaha Motor conducted a joint project to provide extra educational development for youths in 17 technical colleges in every region by donating 125 model motorcycles and related technical literature.
 - >> CSR Campus: dtac joined force with Thaipat Institute, Communication Authority of Thailand (CAT) and Toyota Motor Thailand to do 'CSR Campus' project which aims to educate local people to learn the importance of CSR and apply CSR knowledge for the development of each province. Throughout the year 2008, CSR Campus workshops were held in all 76 provinces with more than 4,000 participants. The project has resulted in guidelines for the future development of each province and guidelines for the future development of the country. In addition, the partners have also cooperated in disseminating the academic knowledge on the Sufficiency Economy in a Global View.
 - >> Art of the Kingdom: dtac has played an active role in promoting the Art of the Kingdom – a special exhibition at Anantasmakhom Throne Hall showcasing finely-crafted art of the farmers under the patronage of Her Majesty the Queen. dtac donated 3,000 entry tickets (worth 150 baht each) to participants in the activity of Ruam Duay Chuay Kan Happy Station. In parallel, dtac also donated a book to promote H.M the King's theories on 'Sufficiency Economy'.
 - >> City Without Diabetes: dtac joined hands with World Diabetes Foundation, Theptarin Hospital and many other organizations in a joint campaign to promote Bangkok as 'City without Diabetes' and were running the activities in 24 office buildings around Bangkok to educate people about how to avoid diabetes.
 - >> Community Projects: dtac collaborated with Princess Pa Foundation under the Thai Red Cross Society to do various community projects. For example, providing SIM card for Natural Disaster Warning Centre, providing communication devices in times of natural disasters, doing rehabilitation projects for communities affected by flood or other disasters and also supported learning centres for Sufficiency Way of Living for rural people.
- In time of hardship when Thai people might suffer from natural disasters such as flood, harsh weather condition or any incidents, dtac will offer immediate assistance to relief the situation. All the CSR activities are and will be based on the concept of doing good deeds for sustainable happiness of the Thai society as a whole.



good...

things happened from the inside

dtac embraces a culture of good governance and accountability throughout the organization. Our corporate governance addresses risk assessment and communication activities to strengthen ethical decision skills among employees at all levels. dtac believes that these practices make good business sense in the long run as they contribute towards building trust among all stakeholders.

milestone

good...

things happened from the inside

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 year 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 per cent 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.
- April 2003** • In the “Asia’s Best Company 2003” survey conducted by Financial Asia Magazine, the Company received: Best Company in Financial Management (4th rank); Best Company in Enhancing of Shareholders’ Wealth (5th rank);

Best Company in Investor Relations (6th rank);
 Best Company in Business Administration (7th rank); and
 Best Company in Good Corporate Governance (8th rank).

- October 2003** • Received “Disclosure Report Award 2003” from the SEC.
- April 2004** • In the “Asia’s Best Company 2004” survey conducted by Financial Asia Magazine, the Company received:
 Best Company in Investor Relations (4th rank); and
 Best Company in Business Administration (6th rank).
- 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.
- July 2005** • Introduced the first mobile email solution in Thailand for corporate segment, called “Push Mail”.
- 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.
 • dtac signed Interconnection agreement with 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** • “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”.
- December 2007** • Launched “SIM Muan Okk Muan Jai” in the North of Thailand.
- January 2008** • Took over “Pay Sabuy”, an online paying system.
 • dtac together with CAT tested HSDPA technology on 850MHZ in Mahasarakram.
- February 2008** • Launched ‘Suriyan-Chandra’ SIM for prepaid customers.
 • Introduced “SIM WE” for post-paid customers.

- March 2008**
 - Introduced “ATM SIM” with which customers can conduct their financial transactions via mobile phones.
 - Launched “Blue Flag” SIM with a rate of 50 satang/min.
 - 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.
 - dtac introduced “Simple Tid Gas” SIM with a rate of 1 baht per min.
 - August 2008**
 - Joined Grammy to launch “Happy Vampire *333 Services”.
 - Introduced “Half Price” SIM for post paid customers.
 - Introduced “SIM Lite In Love” for post paid customers.
 - Introduced “Rub Sai Rub Sab” SIM for prepaid customers.
 - September 2008**
 - Introduced INTERNET SIM.
 - Opened a new call center in Rangsit.
 - Joined KFC to introduce “KFC Happy SIM”.
 - Fitch Ratings upgraded dtac Long-term foreign currency Issuer Default to ‘BBB-’, 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.
 - December 2008**
 - Introduced “SMS SIM”.
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risk and mitigation

good...

things happened from the inside

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 could affect the Company and the value of its shares. However, there are some risks that the Company may not currently be aware of and some risks that the Company considers to be immaterial. These risks could have an impact upon the operation of the Company in the future.

1. Risks from Business Operations

The Thai telecommunications sector has undergone major changes, both in terms of technological and regulatory reform, which may render the business operations of the Company vulnerable to the following risks:

Risk on continued long-term operations

The Company's core business is the operation and provision of cellular system radio telecommunications services under the Telecommunications Business Operation Act B.E. 2544 (2001), (TBA). According to Section 80 of the TBA, the Company is able to continue to provide such services pursuant to the terms of the Cellular Agreement between the Company and CAT, without the requirement to obtain a licence from the NTC. Under the Cellular Agreement, CAT may exercise its rights, including the right to terminate the Cellular Agreement, if the Company is in breach of the Cellular Agreement and fails to rectify the breach within the specified period and, as a result, CAT suffers losses and damages, or if the Company becomes disqualified under the FBA. Therefore, it is possible that if the Company is in breach of the Cellular Agreement, CAT may terminate the Cellular Agreement and if such the termination is validly and legally made, the right of the Company to continue to operate the telecommunication business may be affected, unless it obtains the relevant telecommunication licences from the NTC. However, the Company cannot be assured or determine whether it will be granted such licences, and if such licences will be granted, what terms and conditions will be imposed upon the Company. Therefore, if the Cellular Agreement is validly and legally terminated and the Company is not granted the relevant licenses from the NTC, this may have a material and adverse effect on the business, financial position, results of business operations and prospect of the Company.

Risk from expiration of the Cellular Agreement

The Company's core business is the operation and provision of cellular system radio telecommunications services under the Cellular Agreement between the Company and CAT dated 14 November 1990 using the Analog AMPS network at 800 MHz frequency band and the Digital GSM network at 1800 MHz frequency band. The Cellular Agreement originally had a term of 15 years but was later extended by two subsequent amendments dated 23 July 1993 and 22 November 1996 to cover a term of 22 years and 27 years respectively. The Cellular Agreement will expire on 15 September 2018. After the enactment of the TBA, a telecommunications business operator must obtain a licence from NTC, and CAT no longer has the authority to grant a concession to any person to operate a telecommunications business. If the Company wishes to continue its telecommunications business operations after the Cellular Agreement expires, the Company must apply for a licence from NTC.

Therefore, after the Cellular Agreement expires, the Company cannot be assured that it will be granted a telecommunications business licence from NTC and, if granted, under what terms and conditions. Such uncertainties may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Risks from changes in laws and regulations concerning the telecommunications business

(a) The telecommunications industry is in a state of transition and not all laws and regulations concerning the telecommunications business are clear.

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

Legal issues arising under the relevant law, particularly the TBA and the Frequency Act are uncertain because the TBA and the Frequency Act remain largely untested in the Thai courts.

In October 2004, the NTC was established as the new independent regulator of the telecommunications sector in Thailand. It is empowered, under the TBA 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) fair and orderly 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) the promotion of specific telecommunications services deemed beneficial to economic and social development, and (vi) the establishment of emergency telecommunications services.

Later, the 1997 constitution was cancelled which was followed by the announcement of 2007 constitution which section 47 of such constitution states that one state agency must be established to operate independently (from now will be called NBTC) which is responsible for the allocation and the supervision of frequency and telecommunication businesses according to the law which means NBTC is replacing NTC. At the present, the new draft of the act on frequency allocation is being proposed to the House of Representatives to replace the present act which is a procedure according to section 47 of the 2007 constitution. However, the new draft is still being process and it is still unclear whether who will be included in the NBTC, how its selection process is going to be, what authority would it has, when will it commence, and what policy does it has. These questions lead to uncertainty in the direction of telecommunication businesses regulations.

Furthermore, 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. However, the Company believes that the NTC will exercise its regulatory authority in accordance with the TBA and the Frequency Act, on the basis of free and fair competition.

This uncertainty poses risks to the Company. While the Company believes that the establishment of the NTC and NBTC is a positive development for private operators such as the Company, it cannot be assured that any actions undertaken by the NTC and NBTC, or any other regulatory bodies, or the reform of the telecommunications regulatory regime will not impact its business, financial condition, results of operations and prospects.

Furthermore, for NTC regulations which may affect the Company operation such as Number Portability regulation, section 12 of the TBA states that NTC has the authority to regulate and allow subscribers to use previously existing numbers despite changing to another operator, place, or type of service which is the benefit of subscribers for being able to use a single number in every system, encouraging maximum utilization of telecommunication numbers in accordance with the law. In 2008, NTC set up a team to study and prepare Mobile Number Portability project to find effective way to utilize and invest in the usage of a single number for every system. NTC is considering the draft of the announcement regarding the Number Portability. If such draft become effective, it would encourage competition amongst operators due to such system would allow subscribers to easily change operator. It, in turn, forces operators to come up with better services, promotion, and marketing plan in order to keep as much of own customers as possible. However, operators cannot predict consumers' behavior after the announcement of Number Portability regulation. Therefore, the competition which may become even more intense and the uncertainty of subscribers' behavior after the announcement of the Number Portability regulation are the relevant risks to operators in the telecommunication industry as a whole. However, it is certain that the Company has the ability to compete due to our high service quality, increasing network coverage, strong brand, and high reputation in service quality and customer relations. Furthermore, the Company has been offering various promotions to serve the ever changing customers' demand. All customer segments are emphasized to ensure higher satisfaction and trust in our service.

(b) Legal issues concerning the Amendments to the Cellular Agreement are being considered by the Government

Under the Act on Private Sector Undertaking of State Businesses B.E. 2535 (1992) (the "PUA"), which became effective on 8 April 1992, a government agency that wishes to engage private entities to join or undertake a government project having a capital investment of Baht 1 billion or more must comply with the following 3 stages. 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, once the Cabinet's approval has been obtained, the process of selecting private entities to join or undertake the project, including negotiating agreements, in particular those relating to the Government's interest, may begin. Third, this stage involves the supervising and monitoring of the results of the operation under the agreements.

The Company entered into the Cellular Agreement with CAT on 14 November 1990 before the PUA became effective. The project under the Cellular Agreement had a capital investment of more than Baht 5,500 million and a term of 15 years. Although the Cellular Agreement was entered into before the PUA became effective, such Cellular Agreement still remained in full force and effect. The PUA provides that any stages proceeded by government project before the PUA became effective will be valid. However, any stages proceed thereafter must comply with the PUA. Therefore, The Cellular Agreement, which was entered into on 14 November 1990, remains valid without having to comply with stages one and two. Only stage three under the PUA, which involves the supervising and monitoring of the project, must be complied with.

After the PUA became effective, the Company and CAT entered into 3 amendments to the Cellular Agreement as follows: Amendment No. 1/2536 on 23 July 1993, Amendment No. 2/2539 on 26 June 1996, and Amendment No. 3/2539 on 22 November 1996. Such amendments include the term of the agreement, rate of compensation payable by the Company to CAT and certain other issues.

On 23 January 2007, the Cabinet resolved that the Office of the Council of State review legal issues to ascertain whether CAT, as the project owner, in all 3 Cellular Agreement amendments has complied with the PUA. The Office of the Council of State states (ruling number 292/2550) that the all three amendments were not proposed to the committee for the consideration and were not proposed to the cabinet for approval, therefore, not complying with the PUA. Despite, all three amendments are still effective, the cabinet can revoke all three agreements regarding the consideration of public benefits as well as allow appropriate amendments to such agreements.

However, above opinion of the Office of the Council of State is merely an interpretation which does not in any obligation to the company. The court also has not reach a final decision whether all three amendments comply with the PUA.

The Company believes that the amendments to the Cellular Agreement are not required to comply with the PUA because the agreement between the company and CAT was made before the PUA became effective. It means that the agreement does not need to be in compliance with the first two steps except for the third which is the supervision of the compliance to the agreement stated in this act.

However, if it appears that the amendment above must be comply with the procedures of the PUA and such amendment did not comply with such procedures, the company will proceed to rectify such in accordance with the PUA. However, if all three amendments cannot be rectified, the effect of the PUA on the amendments to the Cellular Agreement may have a material adverse affect on the Company, in particular to the term of the Cellular Agreement and the rate of compensation payable by the Company to CAT.

(c) The operation costs of the Company under the terms of the interconnection agreements between the Company and certain operators are not clear.

Pursuant to the TBA, an operator who wishes to inter-connect with the network of another operator must enter into an inter-connection agreement with the owner of the network. At present, certain operators have not entered into negotiations on the interconnection charge that the Company will charge. In particular, TOT, who entered into an Access Charge Agreement with the Company in 1994 and 2001, has not come to any agreement with the Company on the interconnection charge. Pursuant to the Access Charge Agreements, the Company is required 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. However, at present, the interconnection between business operators is subject to the TBA and the Interconnection Notification. The TBA and the Interconnection Notification require that the interconnection charge be calculated on a fair and cost-based basis and must not purport to discriminate. In this regard, on 17 November 2006, the Company informed TOT and CAT that it will pay the access charge at

the rate prescribed by the applicable laws, instead of the access charge prescribed in the Access Charge Agreement under the Old Regime. The Company believes that the access charge under the Access Charge Agreement is not in compliance with the TBA and the Interconnection Notification, which require that TOT charge the interconnection charge at a fair, reasonable and cost-oriented rate.

Although TOT has argued that the Company is obliged to make payment at the rate specified in the Access Charge Agreements and has refused the payment of the interconnection charge (calculated by the Company in accordance with the law). And on 16 November 2007, TOT submitted the case to the Civil Court requiring that CAT and the Company make payment of Access Charge and penalty from November 2006 to 31 October 2007 at the total amount of 11,705,066,637.11 baht and of Access Charge from 1 November 2007 until the case is final. On 3 November 2008, the Civil Court dismissed this case as the Court viewed that it should be under the jurisdiction of Administrative Court and currently the Company has not received any notification from Administrative Court regarding the re-submission of this case by TOT at the Administrative Court. There is no judicial decision indicating that the above-mentioned payment of Interconnection Charge instead of Access Charge is incorrect. However, if any ruling or decision is made by the competent agencies or the Court that the Company must pay the access charge prescribed in the Access Charge Agreement, such ruling or decision may have an effect on the financial condition of the Company. However, the legal opinion indicated that the Company was not obliged to pay Access Charge as it does not comply to the current Interconnection regulation issued by NTC in 2006 and the Company already notified TOT a termination of Access Charge Agreement. Therefore, the Company views that the final ruling of this case will not impact business, financial condition, results of operation and prospects.

(d) The Company's ability to raise capital may be restricted due to statutory or contractual restrictions on foreign ownership.

Generally, the foreign shareholding restrictions differ from statute to statute, and from contract to contract. Any breach of these restrictions may result in a revocation of permits or termination of contracts and/or the Company may not be able to provide telecommunications services under Section 80 of the TBA because of such breach.

Major restrictions imposed by laws are summarised as follows:

(i) Land Code

Foreigners are prohibited from owning land under the Land Code, except where permission is granted under the relevant law. Without permission, foreigners are required to dispose of the land in their possession within a period of not 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 with more than 49 percent of its registered capital being held by foreigners or more than half of its shareholders being foreigners.

(ii) FBA

"Foreign entities", as defined under the FBA, are prohibited from engaging in certain businesses, including telecommunications services, unless a licence (the "FBA Licence") from the Director-General of the Department of Business Development of the MOC is obtained.

(iii) TBA

Under the TBA, “foreign entities” under the FBA are not eligible for Type 2 and/or Type 3 telecommunications business licences.

In addition, the Cellular Agreement requires that the Company maintain its qualifications under the FBA.

Despite the restrictive effect of the FBA, which has been in effect for more than 10 years, several provisions of the FBA remain largely untested in the Thai courts and in practice there exists no guidance from any regulatory bodies which would enable the Company to accurately evaluate or determine the effect of these statutory restrictions on the Company.

If the Company fails to maintain its status as a Thai Company or its qualifications under the FBA, or is in breach of the FBA or the TBA (as may be amended), this may give rise to a breach of contract and may constitute a ground for the counterparties to terminate certain commercial contracts. The Company may also be in breach of the condition of the licences or permits, if such licences or permits require the Company to maintain its foreign shareholding limit or comply with the FBA. It is possible that these statutory restrictions or regulatory changes could adversely affect the ability of the Company to provide telecommunications services and/or to compete in the market.

(e) Prohibition on acts constituting foreign dominance

Section 8 of the TBA authorises the NTC to require applicants for a licence of certain types to prescribe a prohibition on acts constituting foreign dominance. The NTC is in the process of drafting a regulation governing actions or behaviours that constitute business dominance by foreigners or tend or are likely to constitute business dominance by foreigners. Given that the relevant regulation has not yet been issued, it is currently unclear as to how the regulation, once issued, would affect the business operations of the Company.

(f) Inspection of contracts or agreements entered into with foreign entities, foreign governments or international organisations

Section 54 of the TBA prescribes that any contract or agreement for the business operation and supply of telecommunications services (as prescribed in the relevant notification of the NTC), to be entered into between the licensee under the TBA and foreign governments, international organisations and a natural person or juristic person residing in a foreign country (including any amendment thereto or cancellation thereof) must be approved by the NTC, except for regular procurements. Pursuant to the Foreign Contract Notification, the licensees are required to obtain the NTC’s approval before entering into a contract in connection with the telecommunications business with a foreign counterparty, except for regular procurement contracts or exempted contracts as prescribed by the NTC. In addition, the NTC is also empowered to order the licensees to amend such contacts in the case where the terms and conditions of such contracts are not in compliance with the applicable laws or may cause a monopoly or restrict competition in a manner in which customers may be treated unfairly. In this regard, the ability of the Company to enter into a contract may be restricted by the requirements of the Foreign Contract Notification. However, pursuant to the Foreign Contract Notification, contracts entered into by the Company prior to the issuance of this Notification will not be affected, except where the terms and conditions of such contracts are not in compliance with the applicable laws or may cause a monopoly or restrict competition in a manner in which customers may be treated unfairly.

(g) Tariffs

The NTC has the authority to prescribe the maximum tariffs that the Company and other telecommunications service providers can charge for providing various types of telecommunications services in Thailand, and to regulate the ability of telecommunications service providers to offer discounts and bundled services. Adoption by the NTC of a new tariff regime could conflict with some of the Company's current contractual commitments and the new regime may require the Company to reduce the fees it currently charges customers or may prevent the Company from changing or increasing tariffs in a timely manner. However, if a new tariff regime were adopted, it would be applicable to all operators across the industry.

(h) The operation costs of the Company may change due to a change in the excise tax

In 2003, the Emergency Decree for the Amendment to the Excise Tax Act B.E. 2527 (1984) imposed an excise tax on telecommunications service businesses. The excise tax was originally imposed on industrial operations and entertainment establishments. In addition, the Emergency Decree for the Amendment to the Excise Tax Tariff Act B.E. 2527 (1984) imposed an excise tax at the rate of 10 percent for wireless operators and 2 percent for fixed line operators.

The excise tax payment (excluding interest, penalty or any surcharge) could be made by offsetting this with the revenue sharing payment that the telecommunications service providers are required to make to their respective state agencies party.

The two Emergency Decrees drew heavy criticism, as the state agencies who are parties to concession agreements suffered a significant burden on excise tax payment at a rate of 10 percent for wireless operator counterparties and 2 percent for fixed line operator counterparties, causing a significant loss of state revenue. The imposition of the excise tax on telecommunications businesses also contradicts the principle on taxation. Excise tax should be imposed on goods and services whose consumption is under the state's control policy, such as luxury items. Telecommunications does not fall within the ambit as it is a fundamental public service.

On 23 January 2007, the Cabinet passed a resolution cancelling the Cabinet resolution on the right of telecommunications service providers to offset the excise tax from the total annual revenue sharing payment payable to CAT or TOT under the relevant agreements and instructed the Ministry of Finance to prescribe a new excise tax rate of 0 per cent. However, it is possible that the Thai government may decide to increase the excise tax rate in the future or increase tax payable on revenues from telecommunications business. In such case, the operational costs of the Company may increase, which may ultimately have an effect on the Company's financial condition and results of operations.

On 11 January 2008, CAT submitted the dispute to the Arbitration Institute requesting the Company make concession payments for the 12th – 16th concession year together with penalties totalling Baht 21,982 million, by claiming that the Company paid incorrect amount of revenue sharing during that period. However, the Company had complied with the Cabinet resolution, dated 28 January 2003 and 11 February 2003, which allowed the paid excise tax to offset revenue sharing and CAT also notified the Company on 27 March 2003 that the Company may deduct revenue sharing by paid excise tax to follow the Cabinet resolution.

Currently, the dispute is still in the arbitration process, and the process of resolving these matters could take several years.

Risk from competition

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

The Thai mobile telecommunications industry is highly competitive. If all operators significantly reduce prepaid and post-paid tariffs and extend promotional period and the Company cannot respond to it in a timely and cost-efficient manner, high competition may adversely affect the business, result of operations, financial conditions and prospects of the Company.

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

At present, the NTC has the authority to issue telecommunication business licences to new operators on the basis of free and fair competition in the market. The Company cannot determine at this stage how many applicants will be granted licences from the NTC and the granting of new licences will result in an increase in the number of market players and, hence, may cause more intense competition. In any event, it is believed that competition in the market will be more intense if the number of licensed operators increases.

The regulatory reform to liberalise the Thai telecommunication market may also add to an increase in the competition level and may have an impact on the competitiveness of the existing operators and the Company. It is possible that they may also adopt an aggressive pricing policy or a subsidy approach to gain more market share.

(c) Technological changes may adversely affect the Company's business

The Company currently operates on the most advanced GSM technology in the Thai market, including high-speed data using a nationwide GPRS and EDGE platform, which is an additional requirement developed for application with a GSM network. Through EDGE, the Company is currently able to satisfy the demands of customers who need services with higher wireless data transfer speeds.

However, it is still possible that the Company may face significant competition from other new technologies or the technologies currently being developed in other more advanced markets. The Company may, for example, face significant competition from a possible introduction of 3G Technology into the Thai market. Such 3G Technology, Wi-Fi (a wireless, short-range connection for access to the internet or other equipment), and WiMAX (a high-speed, wireless large data transfer) are now being deployed in other advanced markets.

Technology has continuously changed, both in wireline and wireless market such as Wireline Broadband, Fiber to the Home, Wireless Broadband (3G, CDMA 2000 1x EV-DO, WiMax, and Wi-Fi). These technologies have been employed in various countries, including Thailand.

However, without the solid business plan, to invest in the latest technology could not guarantee the success in business operation. The Company, nevertheless, concerns a threat from new technologies and prepares to handle these challenges. CAT and dtac have been contemplating an upgrade of dtac's network using HSPA technology under the existing concession

agreement. This undertaking is currently pending for the final regulatory approval. Moreover, given the uncertainties regarding the granting of 3 licenses (i.e. the NTC has not yet provided any official or precise details of the rules and conditions for applying for 3G licenses), the Company believes that it would not be easy for any company to introduce 3G Technology into the Thai market at this time.

However, since the telecommunications sector is characterised by changing technologies, it is still possible that the Company may face increased competition from the introduction of other new technologies into Thailand. The Company cannot assure that it will be successful in responding in a timely and cost-effective manner to these developments and the introduction of these technologies into the Thai market. Furthermore, changing products and services of the Company in response to market demand may require the adoption of new technologies that could render many of the technologies the Company currently uses less competitive. To respond successfully to technological changes, the Company may be required to make substantial capital expenditures and/or obtain access to related or enabling technology. The Company's ability to fund such capital expenditures in the future will depend on its future operating performance, which is subject to prevailing economic conditions, levels of interest rates and other factors, many of which are beyond its control, and upon its ability to obtain additional external financing. The Company cannot be assured whether additional financing will be available to it on commercially acceptable terms. Even if the Company has sufficient capital resources to fund capital expenditures, it may not be able to have access to the latest technology in a timely and cost-effective manner. If the Company cannot procure appropriate technologies in a timely and cost-effective manner, this could adversely affect the Company's quality of services, business, financial condition, results of operations and prospects.

Risk relating to the Company's operations

(a) Risk inherent to equipment, systems, computers, networks and other assets used in operations of the Company

The Company's business relies on its ability to continue network operations and manage all the systems, such as the information system, the billing system, the customer services and network management system, to be functioning at all times with a view to ensuring the best satisfaction of the customers.

The Company continually trains its staff to understand their responsibilities and sets forth procedures which they must apply, particularly those applicable during operational failures. In addition, the Company has arranged an appropriate risk assessment and management system, which is under the supervision and recommendation of its Audit Committee and management. Moreover, the Company took steps to formalise its approach to business risks and, in 2003, the Company established a revenue assurance function tasked with the supervision of the entire revenue generation cycle and any potential leakage in the process, to help ensure that the Company can generate revenue from the services it provides. The Company is running risk reviews of certain areas on a regular basis, and making appropriate adjustments to ensure all aspects of the risk management programs run smoothly. The Company also utilises some software tools, namely the revenue assurance process software, to enhance the quality of its service fee calculation. For network maintenance, the Company has a monitoring system and clear maintenance schedules to maintain the entire network in order to efficiently deliver its service to its customers, and an

indispensable insurance policy has also been put in place for any possible losses that may occur to its network. This insurance policy, however, does not cover losses from the Company's business interruption.

However, there can be no assurance that the measures that the Company has taken in this regard will be sufficient to address these risks, and flaws or failures in such systems could impair the Company's network and ability to provide service to its customers.

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

In providing mobile telecommunications services, the Company relies on complex telecommunications devices, including mobile telecommunications network and 9,701 cell sites all over the country (as at 31 December 2008). The success of the business of the Company, therefore, depends on the effective maintenance and repair of the Company's telecommunications devices.

At present, the Company engages BB Technology to provide maintenance and repair services on all telecommunications devices, including the transmission network, of the Company. If BB Technology is, by whatever reasons, unable to perform services 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 the Company losing its customers and significant amount of revenues. This may effect on the business, financial condition, results of operations and prospects of the Company.

(c) Risk from reliance on UD

As the past, Company did not focus on selling starter kits and refill vouchers directly to customers, which would add burdens in inventory management system including logistics and documentation to the Company, the Company has appointed UD, an affiliated company in which the Company holds 25 percent. of the total issued shares and Benchachinda Holdings hold the remaining 75 per cent. of the total issued shares, as the principal distributor of starter kits and refill vouchers to wholesale and retail outlets in Thailand, not under direct management of the Company. Most of these products are sold to UD for 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 of year 2008 and 2007 are amounted to 23,505 million and Baht 25,745 million, respectively.

At present, the Company expand service on selling refill vouchers directly to customers, which would reduce the reliance on UD. The volume of selling E-refill vouchers (Happy Online) directly to customers is continuing upward.

As of 31 December 2008, Baht 4,470.8 million, or approximately 61.5 percent of the Company's total trade receivables, was owed by UD to the Company. Any failure or delay on the part of UD to pay such amounts owed to the Company, due to whatever reasons, may cause a material adverse effect on the business, financial condition, results of operations and prospects of the Company. However, UD has a good record of debt repayment to the Company.

2. Financial Risks

Risks from the fluctuation of foreign exchange rates

The Company is exposed to a risk from the fluctuation of foreign exchange rate because the principal revenues of the Company are denominated in Baht while the capital expenditures or operating costs of the Company, i.e. trade payables from the purchase of equipment and accessories and a portion of long-term facilities are denominated in foreign currency.

As of 31 December 2008, the Company's liabilities which were nominated in foreign currency accounted for Baht 12,072 million or 43 percent of the total liabilities of the Company. To mitigate the foreign exchange risk, the Company has entered into forward exchange contracts and cross currency swap contracts with leading financial institutions with a credit rating equal to or higher than investment grade, covering 100 per cent. of the total liabilities of the Company which are denominated in foreign currency.

However, in operating its telecommunications business, the Company will continue to incur operating costs denominated in foreign currency, i.e. payment for new equipment and devices and new technology, while the principal revenues of the Company will be denominated in Baht. In this regard, although the Company maintains its hedging policy by entering into swap arrangements to hedge foreign exchange risks in relation to all or almost all of its liabilities denominated in foreign currency, there is no assurance that such swap arrangements will be entered into on the best terms under the conditions of the foreign exchange market at the time. This may cause an increase in the operating costs of the Company.

Risk from bill collection of telephone services

The Company is exposed to credit risk with respect to trade receivables, mainly, from mobile phone services on its post-paid package, whose revenues from voice services account for 14 percent of total revenue as of 31 December 2008. However, due to the large number of the Company's customer base, the Company believes that such potential risk may not have any adverse effect on the Company's financial status. Nevertheless, as regard this potential risk, the Company has also set up an allowance for doubtful debts, as stated in its balance sheets.

The Company has set up an allowance for doubtful accounts at a certain percentage of post-paid service revenues and aging of account receivables on a progressive basis. As at 31 December 2008, the account receivables, which are overdue by more than 180 days, was in the amount of Baht 364 million, representing 14.9 percent of total account receivables from telephone services.

Risk from interest rate fluctuation

Changes in market interest rates affect the fair value of financial assets and liabilities of the Company, especially the financial assets and liabilities with fixed interest rates. Interest income and interest expense to the Company will also be affected because certain portions of the financial assets and liabilities of the Company are subject to floating interest rates.

As of 31 December 2008, the financial assets with floating interest rates of the Company accounted for Baht 3,835 million or 3.7 percent of the total financial assets of the Company, while the financial liabilities with floating interest rates of the Company (after taking into account the effect of the relevant derivatives contract) accounted for Baht 2,120 million or 8.0 percent of the total financial liabilities of the Company.

The Company has a policy to manage interest rate risks by entering into interest rate swap contracts with leading financial institutions with a credit rating equal to or higher than investment grade in order to maintain the risks from changes in the fair value of liabilities of the Company and interest rate fluctuation in appropriate level.

However, as of 31 December 2008, the Company did not have substantial financial assets with floating interest rate and most of such assets were short-term. Therefore, the Company did not enter into any swap arrangements in relation to such assets.

Since the Company has financial liabilities with floating rate interest (after taking into account the effect of the relevant derivatives contract), changes in market interest rates will cause an increase in the operating costs of the Company.

Risk from economic slowdown

The trend of economic slowdown in Thailand as a result of global economic crisis together with other negative factors within the country such as reduction in productivity and higher unemployment negatively affects consumers' income and purchasing power. At the end of 2008, the political situation led to the airport closure incident, together with the global financial crisis, affected the revenue from tourism industry due to decreasing number of tourists. With respect to above reasons, the national economic expansion is at risk of entering into recession and has direct effect in confidence and spending behavior of consumers.

For mobile phone operator industry, such situation may cause reduction in mobile phone usage. However, it is considered to be an essential part of the present day life which may be affected by such situation less comparing with other industries. Furthermore, the government has issued economic stimulus plan to boost consumers' spending and the Company has also developed various services to reduce the risk of service cancellation. The Company is well aware of this risk and ready to adjust marketing strategies to tackle with such situation.

3. Other Risks

Risk from natural disasters

Risks from disasters may occur and may have a material adverse impact on its business operations. For example, the outbreak of SARS in March–April 2003 and the outbreak of Avian Influenza or Bird Flu start from October 2003 reduced the number of tourists. The Tsunami disaster in December 2004 also caused damage to a number of cell sites in some areas. Although the Tsunami disaster resulted in a reduction in the Company's international roaming revenue, such service accounts for small percentage of total revenue of the Company.

To ensure the continuity of its business activities and services to its customers, the Company has a recovery plan in connection with technical interruption. To relieve network problems, the Company also provides mobile cell sites in the form of cars to support its cell site in areas that face network problems. In addition, the Company has also entered into insurance policies to cover any damage that may occur to its network equipment. The insurance proceeds, which the Company receives under the insurance policies, shall be used for the reparation of the network equipment and/or for purchase of new equipment to replace lost or damaged equipment in accordance with the terms and conditions of the Cellular Agreement. The Company also has a back-up system on billing and customer data, which are collected by the Company on a regular basis. Despite these measures, there can be no assurance that the Company's business will not be materially adversely affected by disasters in the future.

corporate governance

good...

things happened from the inside

The Director and Management of the Company are committed to the practice of appropriate corporate governance pursuant to the Principles of Good Corporate Governance for Listed Companies 2006 of the Stock Exchange of Thailand (“SET”) and Code of Corporate Governance 2005 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) to protect long-term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of all stakeholders. A Corporate Governance Committee comprising senior executives of the Company has been established to promote the Company’s adherence to the principles of good corporate governance in accordance with internationally accepted practices and standards recognized by shareholders, investors, regulators and other stakeholders.

For ease of reference, the Company outlines the Company’s corporate governance practices of previous year under the principles established in the Good Corporate Governance for Listed Companies 2006 of the SET which comprise of 5 categories as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board of Directors

1. Rights of Shareholders

The Board realises that the Company’s information, both financial and non-financial, is important to the decision-making of investors and related parties. To ensure that it discloses material information correctly, timely, and transparently, the Company has established an Investor Relations Department to engage in regular, effective and fair communication with shareholders. The Company regularly reviews its procedures for reporting information with a view to improving the awareness and transparency of its business strategies, goals, and results.

At present, a conference call for quarterly operating results has been organised for investors and analysts by senior management. It offers the best opportunity to share ideas, comments, questions or recommendations among concerned parties.

Timely disclosure of material information is also provided to shareholders in accordance with the Corporate Disclosure Policy of SET and SGX-ST, and the shareholders are kept informed of the Company’s developments, operational information, quarterly operating results, and performances through SGX-ST’s SGXNET and SET’s system, as well as the Company’s website and other distribution channels on transparency and fair basis.

The Company holds its Annual General Meeting within 4 months from the end of each financial year. The notice of the meeting indicating the place, date, time, agendas, and matters to be proposed to the meeting with appropriate detail including the annual report is sent to the shareholders not less than 7 days prior to the meeting date, and it is also published in a newspaper for 3 consecutive days with at least 3 days prior to the meeting date.

The Company allows a shareholder to appoint a proxy to attend and vote on any matter at any General Meeting.

The chairman of the meeting ensures fair opportunity for the shareholders to make inquiries or comments at the meeting.

The Company encourages directors and Management to attend shareholders' meeting. For the 2008 Annual General Meeting, the Chairman of the Board of Directors, an independent director, Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, Deputy Chief Financial Officer attended such meeting.

2. Equitable Treatment of Shareholders

The Board of Directors has imposed the policy and procedures for shareholders to propose an agenda for a shareholders' meeting and to nominate one or more person(s) to be director(s) of the Company in advance.

The Board of Directors provides proxy forms on which shareholders are able to specify their votes and provide an option to shareholders whereby they may appoint an independent director as their proxy.

The Board of Directors provides voting cards for shareholders to cast their votes in the shareholders' meeting.

The Company has been monitoring on a regular basis any use of inside information in order to ensure that the management has strictly complied with its policy regarding this matter. In early 2004, the Company formalised policies and guidelines for dealings in securities of the Company as follows:

- >> A regular issuance of circular letters to the Board of Directors and the Management informing them about restrictions on dealing in the Company's securities while they are in possession of price sensitive information which has not yet been disclosed, or restrictions on trading of securities for short-term speculation.
- >> A prohibition of trading of the Company's securities by directors and Management for a period of one month prior to the announcement of the Company's financial statements of each quarterly accounting period or its year end accounting period until the day following the date when the Company's financial statements are made public.
- >> The Company's directors and Management are required to inform the Company's Investor Relations Department about any change to the directors' or Management' interest in the Company's securities within 24 hours from the date of the change.
- >> In the case of directors, Investor Relations will file a notice of changes in the holding of the Company's securities to the SGX-ST via SGXNET and to the SET.

In addition, directors and Management are required to prepare and submit a report of their shareholding or changes in their shareholding, and their spouse and minor in a prescribed form and within a period of time specified under the regulations concerning disclosure of securities holding to the SEC with a copy to the Company on the same date. Directors and Management of the Company are required to report any acquisition or disposition of securities of themselves and their related persons resulting in a multiple increase or decrease of 5 percent of the total number of issued securities of the Company on the date of such acquisition or disposition or the following business day.

3. Role of Stakeholders

The Company realizes the right of both internal and external stakeholders and ensures that such right will be well protected in order to build good understanding and cooperation between the Company and the stakeholders.

1) Shareholder

The Company realizes good long-term consideration for shareholders. The Company will ensure that each shareholder will receive full and fair consideration and will be provided with the right and transparent information from the Company.

2) Employee

The Company realizes the importance of its employees. The Company aspires to develop the employees in aspect of skill, knowledge and ability, and to support efficient working environment. The Company also provides equal opportunity and proper consideration to the employees. In addition, the Company supports internal culture for working efficiency and internal communication in order for the employees to be informed with the direction and business plan of the Company. To follow the same direction and goal, the Company clearly separate duties and responsibilities of the employees.

3) Community and Society

The Company supports activities of the community and society as one of main policy for business operation. The Company aims to be the leading telecommunication company of the country which has honesty, fairness and sincerity to its customers. Meanwhile, the Company has established various activities for community and society through its Corporate Social Responsibility Department. The details of such activities elaborated on page 32-33.

4) Customer

The company continues to improve its efficiency in providing new services to satisfy its customers. All customers shall be equally and fairly treated and their personal information will be kept confidentially. The employees of the Company are pleased to receive customers' complaint and will provide the solution for such complaint within a reasonable time.

5) Supplier

Regarding the procurement of goods and services, the Company will enter into an agreement with its supplier under the Arm's Length Basis and will stringently comply with conditions under such agreement.

6) Competitor

The Company encourages and supports equal and fair competition. The Company will not perform any illegal acts or will not jeopardize the reputation of its competitors.

4. Disclosure and Transparency

The Company will ensure complying with regulations of the SEC, SET and SGX-ST in disclosing important information e.g., financial statements and its business operation through SET and SGX-ST on the transparent and equal basis. In addition, the Company has posted and updated information both in Thai and English languages regarding financial statements, Form 56-1, Annual Report, reports on the Corporate Governance, CSR activities on its website at www.dtac.co.th.

The Board realizes the importance of disclosure of the result of business operation, status and business plan of the Company and the Board will be responsible for financial statements contained in the Annual Report that such financial statements are in compliance with the generally accepted accounting principles in Thailand and the same accounting standard for the same accounting period. The Board has appointed the Audit Committee comprising of three members to be responsible for the quality of the financial statements and internal control of the Company as well as sufficient disclosure of notes of the financial statements in order for ensuring the correctness and completeness of the financial statements for the benefit of the shareholders and general investors. Furthermore, the Board prepares the Board of Directors' report providing information on the result of business operation and important matters to be specified in the Annual Report for shareholders' acknowledgement.

The Board realizes that financial information and non-financial information of the Company would affect the decision of investors and public. As such, the Company has established the Investor Relations Department to efficiently communicate with shareholders for correct, transparent and prompt disclosing of information. The Company has continuously improved the way we communicate to investors in order to ensure that they correctly understand about the Company's strategies, target, and financial performance. Shareholders and public can contact the Investor Relations Department at the telephone number 02-202-8000 or email address IR@dtac.co.th.

In each quarter, the Company also holds a conference for announcing the result of the business operation of the Company for shareholders, investors, appraisers, fund managers and interested persons. The Management of the Company attend such conference to clarify and answer inquiries of attending persons.

5. Responsibilities of the Board of Directors

The Board of Directors

The duties and responsibilities of the Board of Directors are set out in the Company's Articles of Association, the Thai Public Company Limited Act, the Securities and Exchange Act and in the regulations of SET and SGX-ST.

The principal duties and responsibilities of the Board of Directors are to:

- >> Authorize and delegate responsibility for the performance of the Company's business in accordance with the law, the Company's objectives and Articles of Association, and resolutions of shareholders' general meetings.
- >> Establish the Company's vision and strategic directions and supervise the Management in its implementation.
- >> Ensure that the Company has internal control systems including an Office of Internal Audit and the Audit Committee, and covering such matters as related party transactions and reporting to the shareholders and regulators.
- >> Arrange for the Company to report accurate and sufficient financial and other relevant information to the shareholders and investors generally.

The Board of Directors defines the power and authority of the Management to approve different types of transaction by way of a Corporate Authority Index reviewed by the Board of Directors. This authority is divided into (1) Corporate Authority Index for Board of Director (CAI-BOD level) (2) Corporate Authority Index for CEO (CAI-CEO level) which includes

- 2.1 Set up credit limit and authority for the following items: (1) Capital Expenditures, (2) Expenditures, (3) Personnel, (4) Procurement, (5) Contracting and Power of attorney, (6) Selling, (7) Financial transaction, (8) Accounting, (9) Disposal and write-off, (10) Public disclosure, (11) Customer services, and (12) Computer system authorization, (13) Set up credit limit and authority in case over-budget or without budgeting
- 2.2. Set up authority to sign on the following documents: (1) Purchasing order, (2) Cheque/instruments/documents related to financial transactions, and (3) Tax applications to Revenue Department, Excise Department and other government office (4) General agreements and specific Power of Attorney

The Board of Directors meets as often as necessary, but at least on a quarterly basis. During the financial year ended 31 December 2008, the Board of Directors held 6 meetings. The directors' attendances at those meetings were as follows

Name	Number of Meetings Attended		
	Board of Directors	Audit Committee	Remuneration Committee
Mr. Boonchai Bencharongkul	6	-	-
Mr. Sigve Brekke	5	-	-
Mr. Arve Johansen ⁽¹⁾	5	-	-
Mr. Knut Borgen	4	-	-
Mr. Ragnar H. Korsæth	2	-	-
Mr. Chulchit Bunyaketu	6	12	4
Mr. Stephen Woodruff Fordham	3	9	4
Mr. Soonthorn Pokachaiyapat	6	10	4
Mr. Sompol Chanprasert	6	-	-
Mr. Roar Wiik Andreassen	5	-	3
Mr. Tore Johnsen ⁽²⁾	-	-	-
Total	6	12	4

Note:

(1) Mr. Arve Johansen resigned as a director at the Board of Directors' Meeting No. 6/2008 held on 19 August 2008.

(2) Mr. Tore Johnsen was appointed to be a member of the Board of Directors at the Board of Directors' Meeting No. 6/2008 held on 19 August 2008.

As at 31 December 2008, there was no meeting of non-executive directors of the Company.

To ensure that incoming directors are familiar with the Company's business, and governance practices, all relevant information on the Company's business is made available to new directors when first appointed to the Board and an orientation program may be conducted for new directors upon request. The Company, from time to time, informs directors regarding appropriate available training courses, which would help them to discharge their duties as members of the Board.

Board Composition and Balance

As at 31 December 2008, the Board consists of ten directors, including three independent directors, and one nominated by CAT Telecom Public Company Limited. Details of their academic and professional qualifications and other appointments are set out on page 12 to 17. The members of the Board of Directors were:

Directors	Position	Age	Date of Initial appointment	Last Appointed Date
1. Mr. Boonchai Bencharongkul	Chairman	54	29 Oct 1990	30 Apr 2007
2. Mr. Sigve Brekke	Vice Chairman	49	8 Feb 2006	30 Apr 2007
3. Mr. Tore Johnsen	Director and CEO	60	19 Aug 2008	19 Aug 2008
4. Mr. Knut Borgen	Director	48	8 Feb 2006	30 Apr 2007
5. Mr. Ragnar H. Korsæth	Director	42	25 Feb 2005	30 Apr 2008
6. Mr. Sompol Chanprasert	Director	56	6 Jul 2006	30 Apr 2008
7. Mr. Chulchit Bunyaketu	Independent Director and Audit Committee Chairman	65	6 Mar 2000	30 Apr 2008
8. Mr. Soonthorn Pokachaiyapat	Independent Director and Audit Committee member	71	6 Mar 2000	30 Apr 2007
9. Mr. Stephen Woodruff Fordham	Independent Director and Audit Committee member	57	17 Nov 2006	30 Apr 2008
10. Mr. Roar Wiik Andreassen	Director	41	12 Dec 2007	12 Dec 2007
A director resigning prior to the completion of his term				
11. Mr. Arve Johansen	Former Vice Chairman	59	29 Sep 2000	30 Apr 2007

Currently there are 3 independent directors who carry out their functions independent from the directors and the management of the Company. The independent directors are fully qualified pursuant to the requirements of the Office of the Securities and Exchange Commission ("SEC") and the SET.

Chairman and Chief Executive Officer

The Chairman of the Board is responsible for scheduling meetings and setting meeting agendas, exercising control over quality, quantity and timeliness of the flow of information between members of the Board. The Chairman is also the Chairman of Board meetings, and in the case of a tied vote, the Chairman of the meeting has an additional casting vote. Each director has one vote, and a decision at the meeting is made by a majority vote. A director who has any interest in any matter is not entitled to vote on such matter.

In order to achieve a balance of power and separation of responsibilities between supervision and daily management, the Company separates positions of the Chairman of the Board of Directors and Chief Executive Officer to be held by different individuals.

Board Membership / Board Performance

Appointments to, and withdrawal and retirement from, the Board of Directors are governed by the Company's Articles of Association that requires:

1. The Board of Directors must have at least 5 members and at least half of the directors appointed must have permanent residence in Thailand.
2. Shareholders appoint the members of the Board:
 - a) Voting is in proportion to the number of shares held;
 - b) Votes can be for one or a group of nominees but votes cannot be split between a number of nominees;
 - c) Nominees with the highest number of votes are appointed. Where there is a tie, the chairman of the meeting has the casting vote.
3. A board member wishing to resign from his position must submit a letter of resignation to the Company. A resignation takes effect when the Company receives it.
4. Shareholder' meeting may resolve to remove any director before the expiration of his/her term out of office by having votes of not less than three-fourths of the number of shareholders attending the meeting and having the rights to vote with no less than one-half of the shares held by all the shareholders attending the meeting and having the right to vote.

At every Annual General Meeting (AGM) one-third of the directors must retire determined on the basis of the longest serving. A retiring director is eligible for re-election.

Currently, the Nominating Committee, which is to be responsible for the nomination of new directors for the Board's approval and the assessment of the Board's performance, has not yet been established. Pursuant to the Cellular Agreement which the Company has entered into with CAT, the Company agrees that CAT may appoint at least 1 representative to sit on the Board of Directors of the Company. However, the appointment and removal of such director are still subject to the above procedures.

The Company currently has not yet established a formal policy regarding the serving of directorship in other companies other than the Company. However, the directors of the Company shall efficiently perform their duties and be responsible to the Company in case they serve many directorships.

The Company arranges for the directors to conduct self evaluation on an annual basis.

The Company supports the directors and Management to attend seminars or trainings. The Chairman of the Board of directors attended the Role of the Chairman Program of the IOD. In addition, two independent directors namely Mr. Chulchit Bunyaketu and Mr. Soonthorn Pokachaiyapat attended the Director Accreditation Program of the IOD.

The Company usually provides the directors and Management with updated laws, rules, regulations and guidelines in relation to the corporate governance.

Access to Information

The Management recognizes its obligation to provide the Board with complete, adequate information in a timely manner, and the Board also has independent access to the Company's senior Management. The Management also attends the Board of Directors' meeting to present information to the Board and answer inquiry of the Board.

In the Board of Directors' meeting, Chief Executive Officer will report the Board on the operation of the Company and update the status of important projects and inform the future operation plan to the Board.

As a general rule, information papers including background and explanatory information relating to matters are provided to the Board members to provide a better understanding of the matter to be discussed at least 7 days prior the Board meeting. The Board of Directors also has access to the Company's Management and company secretary for additional insight and other relevant information on any matter.

Currently, the Company appointed Mrs. Veeranuch Kamolyabutr as a Company's Secretary to provide legal advice, take care of the board's activities, and monitor compliance to the board's resolutions.

Remuneration Matters / Level and Mix of Remuneration / Disclosure of Remuneration

The Company established the Remuneration Committee comprising of four persons who have knowledge and experience in the field of executive compensation.

1. Mr. Chulchit Bunyaketu
2. Mr. Soonthorn Pokachaiyapat
3. Mr. Stephen Woodruff Fordham (as Chairman)
4. Mr. Roar Wiik Andreassen⁽¹⁾
5. Mr. Knut Snorre Bach Corneliussen⁽²⁾

Note:

- (1) The Board of Directors' Meeting No. 1/2009 held on 13 January 2009 acknowledged the resignation of Mr. Roar Wiik Andreassen as the Remuneration Committee member.
- (2) The Board of Directors' Meeting No. 1/2009 held on 13 January 2009 approved the appointment of Mr. Knut Snorre Bach Corneliussen as the Remuneration Committee member.

This committee has the following responsibilities.

- 1) review and recommending the remuneration of the Chairman and other Directors;
- 2) review and approve the remuneration of the Chief Executive Officer;
- 3) review the on-going appropriateness and relevance of the remuneration policy;
- 4) ensuring that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;
- 5) reporting to the Board regarding the remuneration of the Chief Executive Officer (including base pay, incentive payments, equity awards and retirement or severance rights), having regard to the remuneration policy and whether in respect of any elements of remuneration, any shareholder approvals are required;
- 6) review the contractual rights of the Chief Executive Officer on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances;

- 7) providing the Board with minutes of Remuneration Committee meetings and to report the Remuneration Committee's actions to the Board with appropriate recommendations;
- 8) providing a statement for inclusion in the annual report that describes the Remuneration Committee's composition and how its responsibilities were discharged;
- 9) review annually and update the Remuneration Committee's charter for approval by the Board; and
- 10) performing such other functions as may be assigned to it by the Board.

According to the Company's Articles of Association, the remuneration of directors is determined by the shareholders' general meeting.

As of 31 December 2008, the Company did not have any kind of remuneration payable to its employees in the form of shares.

The following table sets out the remuneration of the directors and the Management for the years 2007 and 2008:

Directors' Remuneration for the year 2008⁽¹⁾

Directors' Remuneration by Band	Meeting allowance ⁽²⁾	Salary	Bonus	Share options
Above SGD 750,000				
- Nil -	-	-	-	-
Above SGD 500,000 to 750,000				
- Nil -	-	-	-	-
Above SGD 250,000 to 500,000				
- Nil -	-	-	-	-
Below SGD 250,000				
Mr. Boonchai Bencharongkul	40%	60%	-	-
Mr. Arve Johansen ⁽³⁾	-	-	-	-
Mr. Ragnar H. Korsæth	-	-	-	-
Mr. Chulchit Bunyaketu	100%	-	-	-
Mr. Soonthorn Pokachaiyapat	100%	-	-	-
Mr. Sigve Brekke	-	-	-	-
Mr. Knut Borgen	-	-	-	-
Mr. Stephen Woodruff Fordham	100%	-	-	-
Mr. Sompol Chanprasert	100%	-	-	-
Mr. Roar Wiik Andreassen	-	-	-	-
Mr. Tore Johnsen ⁽⁴⁾	-	-	-	-

Note:

(1) Based on amounts received in 2008.

(2) Remuneration comprised meeting allowances paid to 5 directors

(3) Mr. Arve Johansen resigned as a director at the Board of Directors' Meeting No. 6/2008 held on 19 August 2008.

(4) Mr. Tore Johnsen was appointed to be a member of the Board of Directors at the Board of Directors' Meeting No. 6/2008 held on 19 August 2008.

(5) As of December 2008, there was no other employee who is immediate family member as defined in the Listing Manual of SGX-ST of a director or the Chief Executive Officer, and whose remuneration exceeds SGD 150,000 during the year.

Directors' Remuneration for the year 2007⁽¹⁾

Directors' Remuneration by Band	Meeting allowance ⁽²⁾	Salary	Bonus	Share options
Above SGD 750,000				
-Nil-	-	-	-	-
Above SGD 500,000 to 750,000				
-Nil-	-	-	-	-
Above SGD 250,000 to 500,000				
Mr. Boonchai Bencharongkul	40%	60%	-	-
Below SGD 250,000				
Mr. Arve Johansen	-	-	-	-
Mr. Christian Storm ⁽³⁾	100%	-	-	-
Mr. Ragnar H. Korsaaeth	-	-	-	-
Mr. Chulchit Bunyaketu	100%	-	-	-
Mr. Soonthorn Pokachaiyapat	100%	-	-	-
Mr. Sigve Brekke	-	-	-	-
Mr. Knut Borgen	-	-	-	-
Mr. Stephen Woodruff Fordham ⁽⁴⁾	100%	-	-	-
Mr. Sompol Chanprasert ⁽⁵⁾	100%	-	-	-
Mr. Roar Wiik Andreassen ⁽⁶⁾	-	-	-	-

Note:

- (1) Based on amounts received in 2007.
- (2) Remuneration comprised meeting allowances paid to 6 directors
- (3) Mr. Christian Storm resigned as a director at the Board of Directors' Meeting No. 5/2007 held on 12 December 2007.
- (4) Mr. Stephen Woodruff was appointed to be a member of the Board of Directors and a member of the Audit Committee at the Board of Directors' Meeting No. 6/2006 held on 17 November 2006
- (5) Mr. Sompol Charnprasert was appointed to be a member of the Board of Directors at the Board of Directors' Meeting No. 2/2006 held on 29 June 2006.
- (6) Mr. Roar Wiik Andreassen was appointed to be a member of the Board of Directors at the Board of Directors' Meeting No.5/2007 held on 12 December 2007.
- (7) As of December 2007, there was no other employee who is immediate family member as defined in the Listing Manual of SGX-ST of a director or the Chief Executive Officer, and whose remuneration exceeds SGD 150,000 during the year.

Remuneration of the Management for the year 2008

The Management's Remuneration by Band ⁽¹⁾	Base Salary	Bonus	Share options
Above SGD 750,000			
Nil	-	-	-
Above SGD 500,000 to 750,000			
Mr. Sigve Brekke	85%	15%	-
Mr. Terje Borge	89%	11%	-
Mr. Rolf Mathinussen	89%	11%	-
Mr. Thana Thienachariya	82%	18%	-
Above SGD 250,000 to 500,000			
Mr Gunnar John Bertelsen	86%	14%	-
Mr. Premon Pinskiul	83%	17%	-
Ms. Patraporn Sirodom	83%	17%	-
Mr. Chaiyod Chirabowornkul	83%	17%	-
Dr. Ketchayong Skowratananont	83%	17%	-
Below SGD 250,000			
Mr. Tore Johnsen	100%	-	-
Ms. Tipayarat Kaewsringarm	85%	15%	-

Note:

(1) Remuneration for the Management includes salaries, bonuses, and car allowances for the year ended 31 December 2008.

Remuneration of the Management for the year 2007

The Management's Remuneration by Band ⁽¹⁾	Base Salary	Bonus	Share options
Above SGD 750,000			
Mr. Sigve Brekke	82%	18%	-
Above SGD 500,000 to 750,000			
Mr. Thana Thienachariya	63%	37%	-
Above SGD 250,000 to 500,000			
Mr. Petter-Borre Furberg	66%	34%	-
Mr. Gunnar John Bertelsen	85%	15%	-
Mr. Somlak Sachjapinan	86%	14%	-
Mr. Sunti Medhavikul	73%	27%	-
Mr. Premon Pinskiul	80%	20%	-
Ms. Patraporn Sirodom	70%	30%	-
Mr. Andrew McBean	82%	18%	-
Mr. Chaiyod Chirabowornkul	64%	36%	-
Dr. Ketchayong Skowratananont	63%	37%	-
Below SGD 250,000			
Mr. Terje Borge	91%	9%	-
Mr. Rolf Marthinusen	94%	6%	-
Mrs. Netima Urthamapimuk	82%	18%	-
Ms. Panida Tangwinyu	78%	22%	-
Mr. Pakorn Pannachet	80%	20%	-
Mr. Vatcharapong Siripak	59%	41%	-
Mr. Worawat Pridaphatrakun	76%	24%	-
Ms. Tipyarat Kaewsringarm	91%	9%	-

Note:

(1) Remuneration for the Management includes salaries, bonuses, and car allowances for the year ended 31 December 2007.

Accountability

The Board of Directors recognizes the importance of providing the shareholders with a balanced and understandable assessment of the Company's performance, position, and prospects on a timely basis; therefore, the Company reports and makes public its financial statements on a quarterly basis.

To assist the directors, Board Committees have been established with clear scope of work and responsibilities. Currently there are two Board Committees, namely the Audit Committee, and the Remuneration Committee.

A number of committees have been established by management as key elements of the Company's internal control system.

Investment Committee

The Investment Committee, comprising of the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer and Deputy Chief Financial Officer, reviews and, if appropriate, approves all investment in the Company's assets that is Baht 2 million or more.

Company Assets Committee

The Company Assets Committee comprises the Chief People Officer, Deputy Chief Financial Officer and Division Head – Legal. The Company Assets Committee has the roles and responsibilities for approving the disposal or write-off of the Company's assets with a book value less than Baht 300,000 before proposing the Chief Executive Officer for preliminary considering the reasonableness of the disposal, destroy or write-off of the Company's assets with a book value exceeding Baht 300,000 and approving land procurement if the conditions differ from being stated by the Company's standard.

Vendor Selection Committee (Excluding Network/ Mobile/ IT infrastructure/ Application)

The Vendor Selection Committee (Excluding Network/ Mobile/ IT infrastructure/ Application) comprises the Deputy Chief Financial Officer, Division Head – Legal, Department Head – Procurement and the requesting person. The Vendor Selection Committee (Excluding Network/ Mobile/ IT infrastructure/ Application) has the roles and responsibilities for recommending and approving all purchases with a value exceeding Baht 2 million.

Risk Management Committee

The Risk Management Committee comprises Chief Financial Officer, Chief Technology Officer, and Chief Financial Officer. The Risk Management Committee has the roles to analyze the appropriate risk level for business operation and propose to the Board of Directors for approval, to consider and approve risk management procedures, to ensure the sufficiency and appropriateness of business operation, and to evaluate the efficiency of company's risk management.

Audit Committee / Internal Control / Internal Audit

The Audit Committee comprises of all the three independent directors. A member of the Audit Committee, Mr. Chulchit Bunyaketu has knowledge and experience in finance, accounting, and financial management. Mr. Chulchit Bunyaketu served as Managing Director of Thai Oil Company Limited from 1998 – 2003, and now serves as the Group Deputy Chairman of King Power International Group, and Chairman of Ekarat Engineering Public Company Limited.[to be confirmed by Audit]

The Audit Committee's responsibilities include:

- 1) review the Company's financial reporting process to ensure that it is accurate and adequate;
- 2) review the Company's internal control system and internal audit system, which includes the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company ("Internal Controls") to ensure that they are suitable and sufficient. Such review should be conducted at least once per year and can be carried out by solely the internal accountants or the internal accountants together with public accountants;

- 3) review the effectiveness of the Company's internal audit function and it should, at least annually, ensuring the adequacy of the internal audit function. The Audit Committee should ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- 4) determining of the internal audit function's independence, as well as to approve the appointment, transfer and dismissal of the chief of the Internal Audit Unit or any other unit in charge of an internal audit;
- 5) review the Company's compliance with the Securities and Exchange Act (the "SEC Act"), the SET's and SGX-ST's regulations and the laws relating to the Company's business;
- 6) considering, selecting and nominating an independent person to be the Company's external auditor, and proposing such person's remuneration and terms of engagement, as well as to attend a non-management meeting with the external auditor at least once a year. The Audit Committee may also re-appoint or remove the external auditor;
- 7) review the independence of the external auditors annually;
- 8) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the auditor;
- 9) review arrangements by which the Company's staff may, in confidence, raising concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Audit Committee should be to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;
- 10) review Connected Transactions, Interested Person Transactions, or transactions which may lead to conflicts of interests, to ensure that they are in compliance with the laws and the SET's and SGX-ST's rules and regulations, and are reasonable and for the highest benefit of the Company;
- 11) preparing, and disclosing in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's Chairman and consist 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 compliance with the SEC Act, the SET's and SGX-ST's rules and regulations, or the laws relating to the Company's business,
 - >> an opinion on the suitability of an auditor,
 - >> an opinion on the transactions that may lead to conflicts of interests,
 - >> the number of the Audit Committee meetings, and the attendance of such meetings by each committee member,
 - >> an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with this Charter, and
 - >> other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of the duties and responsibilities assigned by the Board; and
- 12) performing any other act as assigned by the Board, with the approval of the Audit Committee.

The Audit Committee reviews the performance, including the independence, of the external auditor annually in making its recommendation to the Board on the appointment of the external auditor. To ensure that the audit system is appropriate, the Audit Committee meets with the external auditor without the presence of the Company's management on an annual basis. The Audit Committee also has full access and cooperation from the management in the case that any issue or concern may arise.

The Company believes that the Audit Committee possesses the appropriate experience, knowledge, and skills that are fully supportive of the above specified operations. If necessary, the Audit Committee may seek comments and recommendations in respect of financial and accounting matters from the Office of Internal Audit and the auditor to ensure high standard of performance.

The auditor, Ms. Sumalee Reewarabandith, of Ernst and Young Office Limited, who currently performs audit services for the Company, was first appointed at the Annual General Meeting of Shareholders No. 1/2008 held on 30 April 2008. Accordingly, the appointment of Ms. Sumalee Reewarabandith is in compliance with Rule 713 (1) of the SGX-ST.

In the financial year ended 31 December 2008, the Company paid 320,000 baht as a non-audit fees for professional services rendered in connection with issue of Auditor's Certificates under facility agreements.

The Audit Committee held 12 meetings during the year ended 2008 with attendances as follows:

Directors	Position	No. of Meetings Attended
1. Mr. Chulchit Bunyaketu	Audit Committee Chairman	12
2. Mr. Soonthorn Pokachaiyapat	Audit Committee Member	10
3. Mr. Stephen Woodruff Fordham	Audit Committee Member	9

The Audit Committee Report on page 93 to 94 reviews the major areas of the Committee's work.

Conflict of Interest

To avoid any conflict of interest, the Board of Directors established internal procedures on the Connected Person Transaction and the Interested Person Transaction pursuant to rules of SEC, SET and SGX-ST, respectively.

Ethics

The Company upholds lawfulness and faithfulness to operate the business. The Company issued the Codes of Conduct for the directors, the Management and employees to perform their duties with integrity in accordance with the law for the upmost benefit of the Company simultaneously with the promotion of the ethical business operation. The Company arranged for the directors, the Management and employees to acknowledge the Codes of Conduct and posted the Codes of Conduct at the Company's intranet as well as appointed the Compliance Manager to oversee the compliance of the Codes of Conduct.

interested & connected person transactions

good...

things happened from the inside

As shown in the Note 7 to the Financial Statements for the year ended 31 December 2008, 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)	
	2007	2008
1. Revenue		
- Accounts receivable	-	-
- Sales on right of E-refill service	181.7	-
- Sales on Vouchers	242.7	-
2. Expenses and other payments		
- Service fees to UCOM for network operations and management	-	-
- Rent for space in Benchachinda Building	-	-
- Commission expenses	5.2	-
- 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 many years. In addition, the Company leased space for offices, mobile switching, including parking on 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 became 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 vouchers within authorized area in February 2007. UCOM received a commission fee in return for 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 transactions.
- 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)	
	2007	2008
1. Revenue		
- Sales of SIM cards, SIM card packages, refill vouchers and Starter Kits to UD	25,819.2	23,535.7
- Dividend	30.0	30.0
- Accounts receivable	4,904.5	4,468.1
- Advances	0.04	0.04
2. Expenses and other payments		
- Purchase of mobile handsets from UD	125.0	62.7
- Marketing support expense	34.5	3.0
- Rental fee	14.0	10.0
- Account Payable	35.7	11.7
- Advances	4.5	1.9

Rationale for the transactions:

- In June 2002, the Company and UCOM transferred their sales and distribution business to UD. UD also has an exclusive right to distribute and sell the Company's telecommunication products. The business relationship is beneficial as it allows the Company to 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)	
	2007	2008
Expenses and other payments		
- Hire of UTEL for installation and maintenance services of base stations and cell site equipment	1,783.0	3,296.5
- Advances	9.0	10.8
- Account payable	304.9	1,684.1

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 constantly 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 price bidding prior to entering into the agreement. Senior management (with no direct or indirect interest) will obtain quotations from at least two services providers. The company will award the agreement to the party with the most competitive pricing, taking into consideration 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)	
	2007	2008
1. Revenue		
- Revenue from base station sublease and electricity	3.6	1.5
- Advances	1.1	0.3
2. Expenses and other payments		
- Rent to UIH for high speed leased circuit for the company's data communication	15.1	21.4
- Account payable	13.3	17.7
- Advances	-	0.7

Rationale for the transactions:

- UIH provides high-speed data communications 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 factors, 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)	
	2007	2008
1. Revenue		
- International Roaming Service Income	278.0	319.8
- Revenue from interconnection	0.9	6.3
- Account receivable	78.1	83.5
- Advances	-	0.8
2. Expenses and other payments		
- Fees to Telenor under a service agreement	151.5	281.1
- Advances	56.0	93.8
- International Roaming Service Cost	7.4	10.0
- Cost of interconnection	46.9	168.7
- Rental Signaling	-	10.5
- Account payable	23.2	34.0

Rationale for the transactions:

- It is a policy that Telenor provides secondments with appropriate experience and capacity as requested by the Company to jointly manage the business operations for the shareholders' best interest by charging an applicable service fee. The Internal Audit Department submits the report on this matter to the Audit Committee for review and approval.
- International Roaming service income arises from the usage of Telenor subsidiaries customers who travel to Thailand and use the roaming service of DTAC's network. The fee is charged at the market rate on the agreement.
- Revenue and cost from interconnection arises 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)	
	2007	2008
1. Expenses and other payments		
- Rent for land	1.2	0.4

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)	
	2007	2008
1. Expenses and other payments		
- Rent for office space	10.8	11.1

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)	
	2007	2008
1. Revenue		
- Sponsor fee	3.6	15.5
- Advances	1.1	-
2. Expenses and other payments		
- Information service fee	1,105.7	306.9
- Termination Fee	-	200.0
- Account payable	292.6	0.3

Rationale for the transactions:

- Connect One is a content provider providing information service to mobile phone users. Currently, dtac already terminated Personal Ring Back Tone Cooperation 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)	
	2007	2008
1. Revenue		
- Rental revenue	0.08	0.08
- Revenue from marketing support	-	0.05
2. Expenses and other payments		
- Marketing expense	36.4	53.5
- Information service fee	39.2	38.8
- Account payable	5.8	5.9
- Advances	11.3	11.9

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 is a content provider providing news service and overdue bill payment alert to mobile phone users.

10. Transactions with Setthakij Ruam Duay Chuay Kun Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Expenses and other payments		
- Marketing expense	9.0	-

Rationale for the transactions:

- The Company advertised the Company's products and services through Setthakij Ruam Duay Chuay Kun's radio program. The advertising rate is of normal commercial terms.

11. Transactions with Private Property Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Revenue		
- Mobile service revenue from VIP number	0.2	0.1
- Account receivable	0.03	0.01
2. Expenses and other payments		
- Rent for space in Benchachinda Building	8.3	6.3

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.

12. Transactions with Benchachinda Holding

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Revenue		
- Sale of investment in subsidiaries	0.5	-
- Advance	0.2	-
2. Expenses and other payments		
- Service fees to UCOM for network operations and management	746.1	917.2
- Investment in subsidiaries	-	0.5
- Account payable	129.1	136.2
- Advances	-	0.01

Rationale for the transactions:

- The Company hired Benchachinda to operate and maintain the Company's entire transmission network and to install additional transmission case of network expansion. The maintenance fee is charged in fixed amount based on the number of existing cell sites while the installation fee is charged on actual quantity of work carried out during the year.

In considering the extension of the service agreement, the Company compares service fees proposed by Benchachinda with the rate the Company would otherwise pay to an independent service provider, who can render similar service in a particular area, to ensure the reasonableness of new pricing.

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

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Expenses and other payments		
- Advance	0.2	0.2

14. Transactions with Ekarai Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Expenses and other payments		
- Rental expense	2.9	2.1

Rationale for the transactions:

- The Company leased the residence for Chief Executive Officer and it was charged on annual basis.

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

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Expenses and other payments		
- Rental expense	2.0	2.2
- Advances	-	0.02

Rationale for the transactions:

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

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

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Expenses and other payments		
- Publications	-	0.4

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.

17. Transactions with BB Technology Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (Million Baht)	
	2007	2008
1. Expenses and other payments		
- Hire of BB for network operation and management	-	12.2
- Account payable	-	12.2

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 2008, or if not subsisting at the end of the financial year ending 31 December 2008, entered into since the end of the previous year ending 31 December 2007.

According to the Annual General Shareholders' Meeting for the year 2008, 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 of 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 2009 at the upcoming Annual General Shareholders' Meeting for the year 2009.

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)	
	2007	2008	2007	2008
UCOM	-	-	430	-
UD	30	30	25,992	23,611
UTEL	-	-	1,783	3,296
UIH	-	-	19	23
Telenor	48	-	437	796
Connect One	-	200	1,109	322
International Cold Storage	-	-	11	11
I.N.N	4	-	72	92
Setthakij Ruam Duay Chuay Kun	-	-	9	-
Private Property	-	-	9	6
Benchachinda	-	-	746	917
Ekarai	3	-	-	2
BB Technology	-	-	-	12

Notes:

dtac (the “Company”)

>> Total Access Communication Public Company Limited

Subsidiaries

- >> DTAC Network Company Limited to provide international call services
- >> Crie Company Limited to provide value added services on mobile phone
- >> Fat Degree Company Limited to operate media, advertising, radio, and publication business

UCOM

>> United Communication Industry Public Company Limited. UCOM was a major shareholder of TAC with 43.13% shareholding (from 1 Jan – 31 Aug 2007) and became dtac’s subsidiary since then.

UD

>> United Distribution Business Company Limited. 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 Company Limited. UTEL is a subsidiary of BCH with 99.99% shareholding. Mr. Boonchai Bencharongkul is a shareholder of BCH.

UIH

>> United Information Highway Company Limited. UIH is a subsidiary of BCH with 49% shareholding. Mr. Boonchai Bencharongkul is a shareholder of BCH.

TELENOR

>> Telenor Asia Pte. Limited’s group. TELENOR is a major shareholder of dtac with 34.0% shareholding.

International Cold Storage

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

Connect One

>> Connect One Co., Ltd. is an associate of UD with 49.99% shareholding. Mr. Boonchai Bencharongkul is a director of Connect One.

I.N.N. Group

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

Setthakij Ruam Duay Chuay Kun

>> Mr. Boonchai Bencharongkul is a director of Setthakij Ruam Duay Chuay Kun Co., Ltd.

Private Property

>> Private Property Company Limited. Mr. Boonchai Bencharongkul is a director and shareholder of Private Property with 33 percent shareholding.

Benchachinda

>> Benchachinda Holding Company Limited. Mr. Boonchai Bencharongkul is a director and shareholder of Benchachinda with 45.8 percent 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 Company Limited.

King Power Suvarnabhumi

>> Mr. Chulchit Bunuaketu is a director of King Power Suvarnabhumi Company Limited.

Ruam Duay Chuay Kun Publication Co., Ltd.

>> I.N.N Radio holds 51% interest and Benchachinda holds 10% interest.

BB Technology Co., Ltd.

>> Benchachinda holds 99.99% interest in BB Technology.

Shareholder Structure

good...

things happened from the inside

Total Access Communication Public Company Limited

Information on Share Capital and Shareholding

As at 5 March 2009

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	22,129	82.21	1,057,372	0.04
1,000	-	10,000	3,797	14.11	11,830,731	0.50
10,001	-	1,000,000	921	3.42	90,223,250	3.81
1,000,001	and	above	72	0.27	2,264,699,647	95.65
Total			26,919	100.00	2,367,811,000	100.00

Note: Includes CDP (see details in the Statistics of shareholding in the CDP in Singapore, page 80)

Substantial Shareholdings (Holding 5% and above)

	Direct Interest		Indirect Interest ¹	
	No. of Shares	%	No. of Shares	%
Telenor Asia PTE LTD	804,207,144	33.96	1,526,282,528	64.46
Thai Telco Holdings Limited	722,075,384	30.50	-	-
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 722,075,384 Shares owned by Thai Telco Holdings Limited.

Top Largest Shareholders

No.	Name	No. of Shares	%
1.	Telenor Asia PTE LTD	804,207,144	33.96
2.	Thai Telco Holdings Limited	722,075,384	30.50
3.	THE CENTRAL DEPOSITORY(PTE)LIMITED	162,348,498	6.86
4.	TOT Public Company Limited	132,145,250	5.58
5.	Thai NVDR Company Limited	127,455,654	5.38
6.	NORTRUST NOMINEES LIMITED	82,370,400	3.48
7.	Thai Securities Depository	22,980,269	0.97
8.	HSBC (SINGAPORE) NOMINEES PTE LTD	16,009,420	0.68
9.	STATE STREET BANK AND TRUST COMPANY	14,760,236	0.62
10.	Social Security Fund	12,074,400	0.51

Detail of the Shareholdings by the Central Depository (Pte) Limited in Singapore As at 5 March 2009

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	24	4.87	7,681	0.01
1,000	-	10,000	338	68.56	1,349,555	0.83
10,001	-	1,000,000	123	24.95	5,841,363	3.60
1,000,001	and	above	8	1.62	155,149,899	95.57
Total			493	100.00	162,348,498	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 29.82% of our issued shares were held as part of the public float (as of March 5, 2009).

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	DBS NOMINEES PTE LTD	74,413,341	45.84
2.	HSBC (SINGAPORE) NOMS PTE LTD	30,374,600	18.71
3.	DBSN SERVICES PTE LTD	25,452,975	15.68
4.	TELENOR ASIA PTE LTD	12,927,600	7.96
5.	RAFFLES NOMINEES PTE LTD	5,037,152	3.10
6.	CITIBANK NOMS S'PORE PTE LTD	4,683,631	2.88
7.	UOB KAY HIAN PTE LTD	1,135,000	0.70
8.	OVERSEA-CHINESE BANK NOMS PTE	1,125,600	0.69
9.	NOMURA SINGAPORE LIMITED	766,000	0.47
10.	UNITED OVERSEAS BANK NOMINEES	474,221	0.29
11.	LAM HUP SUM	340,000	0.21
12.	PHILLIP SECURITIES PTE LTD	182,634	0.11
13.	CHIN KEE CHOY	130,000	0.08
14.	CHOO SENG KWEE	130,000	0.08
15.	CHUA HUA THEAN	125,000	0.08
16.	DB NOMINEES (S) PTE LTD	109,200	0.07
17.	CITIBANK CONSUMER NOMS PTE LTD	105,000	0.06
18.	DBS VICKERS SECS (S) PTE LTD	101,000	0.06
19.	CHOY YEW KUAN	100,000	0.06
20.	TAN BUCK LIANG	100,000	0.06

Other References

Ordinary Share Registrar >> Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building, 62, Ratchadapisek Road, Klongtoey,
Klongtoey, Bangkok 10110 Tel: (66) 2229-2800 Fax: (66) 2359-1259

>> Lim Associates (Pte) Ltd. 10 Collyer Quay, #19-08, Ocean Building, Singapore 049315

The agenda of the Annual General Meeting 2009 includes

- Item 1 To consider and certify the Minutes of the Annual General Meeting of Shareholders held on 30 April 2008
- Item 2 To consider and acknowledge the Annual Report on the Company's performance in 2008
- Item 3 To consider and approve the Company's Audited Balance Sheet and the Profit and Loss Account as at 31 December 2008
- Item 4 To consider and approve the annual dividend payment from the net profits of the Company as at 31 December 2008
- Item 5 To consider and elect the directors to replace those who retire by rotation
- Item 6 To consider and approve the remunerations of the directors for the year 2009
- Item 7 To consider and approve the appointment of the Company's auditors and fixing their remuneration
- Item 8 To consider and approve the General Mandate for the Interested Person Transactions (as required under SGX-ST Rules)
- Item 9 To consider and approve the amendments to the Articles of Association of the Company



EBITDA
(Billion Baht)

comfortable...

performance for tomorrow growth

Continuous improvement in our financial results has provided us with flexibility for future investment opportunity. We are committed to further strengthen our financial position with an aim to create long-term value and maximize returns to our shareholders.

MD&A

comfortable...

performance for tomorrow growth

Executive Summary

In 2008, despite a slow down in subscriber growth in the Thai mobile industry, mobile penetration rate surpassed the 90% mark. dtac's full year net additions of approximately 2.9 million were in line with the full-year target despite slower growth towards the end of the year. The growth was driven not only by the continuous expansion of network coverage but also by the increasing competition mainly on on-net promotions. This has resulted in a slower revenue growth compared to the past.

The domestic political uncertainty and the global financial crisis has had a major impact on the Thai economy. Both the tourism and the export sector, which are main contributors to the Thai economy, were severely hit. Consequently, consumer confidence and business sentiment remained subdued throughout the year. On the positive side, competition among players in the market was less fierce than in the past following implementation of interconnection in the beginning of 2007.

On 30 May 2008, dtac concluded a settlement and release agreement with Digital Phone Co., Ltd. (DPC) for an amount of Baht 3.0 billion, translating into a before-tax profit of Baht 2.4 billion.

In 2008, dtac added another 2.9 million subscribers and its total subscriber base at the end of the year stood at 18.7 million. Moreover, underlying service revenues grew by 3.3% due mainly to subscriber growth and higher revenues from VAS, while total revenues grew by 3.3% as a result of one additional month of interconnection revenues in 2008. EBITDA grew by 22.8% mainly from the DPC settlement, and by 10.0% when excluding the DPC settlement, driven by higher revenues and a more favorable interconnection balance. The EBITDA margin increased to 34.0%, excluding the gain from the DPC settlement it was 30.4%.

On the regulatory front, in January 2009 NTC issued the final ruling ordering TOT to enter into an interconnection agreement with dtac with immediate effect. Regarding the IC agreement with Hutch, the issue is still in the dispute resolution process at the NTC's Dispute Resolution Committee (DRC).

Operation Summary

	2007	2008	% change
Additional subscribers			
Post-paid	36,643	397,121	983.8%
Prepaid	3,866,369	2,512,929	-35.0%
Total	3,903,012	2,910,050	-25.4%
Total subscribers			
Post-paid	2,072,745	2,469,866	19.2%
Prepaid	13,699,281	16,212,210	18.3%
Total	15,772,026	18,682,076	18.5%
ARPU			
Post-paid	823	711	-13.7%
Prepaid	297	255	-14.2%
Blended	374	309	-17.4%
Total sites on air	8,166	9,701	18.8%

Note:

1. Total and net additional prepaid subscribers are active subscribers
2. MOU and ARPU include IC minutes and revenues.

Financial Summary

	(Unit : Million Baht)		
	2007	2008	% change
Service revenues (without IC)	50,056	51,722	3.3%
IC revenues	14,378	14,878	3.5%
Revenue from starter kits and telephone sets	735	727	-1.1%
Revenue from other operating income	364	368	1.0%
Total revenues	65,533	67,695	3.3%
Cost of services (without IC)	25,783	29,206	13.3%
IC Cost	18,551	15,033	-19.0%
Cost of starter kits and telephone sets	366	405	10.6%
Total costs	44,701	44,643	-0.1%
SG&A	10,219	11,571	13.2%
Operating profit	10,613	11,480	8.2%
Net profit	5,841	9,325	59.6%
EBITDA	18,893	23,193	22.8%
EBITDA margin	28.7%	34.0%	+5.3pp
EBITDA (ex-DPC)	18,893	20,773	10.0%
EBITDA margin (ex-DPC)	28.7%	30.4%	+1.7pp

Revenues Breakdown

Service Revenues

Underlying service revenues in 2008 grew by 3.3% due mainly to subscriber growth and higher revenues from VAS, while total revenues increased 3.3% as a result of one additional month of interconnection revenues. Total revenues comprises revenue from voice service, value added services (VAS), international roaming (IR), and interconnection charge (IC).

	% of service revenue		Growth
	2007	2008	%
Voice revenue	62%	59%	-2.1%
Value added service revenue	8%	11%	39.0%
International roaming	3%	4%	5.6%
Interconnection revenue	22%	22%	3.5%
Others	4%	5%	12.5%
Service revenues	100%	100%	3.4%

1. **Voice revenues** in 2008 dropped 2.1% from lower usage due to the soft economy and represented 58.7% of total service revenues.
2. **Revenues from Value Added Services (VAS)** posted a strong growth at 39.0% from a year earlier due mainly to higher data usage and accounted for 10.8% of total service revenues.
3. **Revenues from International Roaming (IR)** increased 5.6% from the previous year and represented 3.5% of total service revenues, the same level as 2007.
4. **Interconnection Revenues (IC)** grew 3.5% as a result of one additional month of IC revenues in 2008 and accounted for 22.3% of total service revenues, fairly stable from 2007.

Revenues from starter kits and telephone sets were Baht 727 million, a slight decline from the previous year.

Other operating revenues, mainly transmission rental fees, were relatively flat from last year.

Cost Breakdown

Cost of Services for 2008 amounted to Baht 44.2 billion, relatively stable from the previous year.

	% of cost of service		Growth %
	2007	2008	
Regulatory Costs	27%	31%	15.4%
Amortization of deferred rights	16%	18%	10.6%
Interconnection cost	42%	34%	-19.0%
Other operating costs	15%	17%	12.3%
Cost of services	100%	100%	-0.2%

1. **Regulatory costs** comprises revenue share to CAT, excise tax, access charge to TOT, and numbering fees. For 2008, regulatory costs grew 15.4% from higher service revenues.
2. **Amortization of deferred rights** increased 10.6% as a result of the continued expansion of the cellular network and lower amortization period reflecting the shorter remaining lifetime of the concession.
3. **Interconnection cost (IC)** dropped 19.0% for the previous year following the expiry of all-network buffet promotions.
4. **Others**
 - a. **Production costs**, including refill vouchers and sales margin, increased 3.6% to support higher service revenue.
 - b. **Roaming charges and cost of international and long distance calls (IR and IDD)** includes costs paid to roaming partners. It declined 16.4% from the previous year.
 - c. **Other operating costs**, mainly comprises repair & maintenance and electricity, increased by 27.8% due mainly to higher number of cell sites.

Cost of starter kits and telephone sets was Baht 405 million and grew by 10.6% from the previous year.

SG&A

SG&A for 2008 amounted to Baht 11.6 billion, growing 13.2% from the previous year.

	% of SG&A		Growth
	2007	2008	%
Selling and marketing expenses	33%	31%	4.9%
General administration expenses	53%	54%	15.1%
Provision for doubtful accounts	7%	6%	-5.9%
Depreciation and amortization	7%	10%	61.2%
SG&A	100%	100%	13.2%

- Selling and marketing expenses** grew 4.9% on the back of higher selling expenses as more efforts were required owing to the weakening economy.
- General administrative expenses** increased 15.1% from higher employee-related expenses and maintenance costs for computer systems.
- Provision for doubtful accounts** was 4.8% of post-paid revenue, down from 5.1% in 2007.
- Depreciation and amortization** grew 61.2% due to an investment in computer system and software to improve the quality of our customer service.

EBITDA and Net Profit

For 2008, EBITDA was Baht 23,193 million, up 22.8% from the previous year due partly to the one-time gain from DPC settlement, translating into EBITDA margin of 34.0%. Excluding DPC, EBITDA grew 10.0% and the margin was at 30.4%.

Net profit was Baht 9,325 million, growing 59.6% thanks to the gain from DPC settlement, lower financial cost, and the temporary 5% tax reduction from IPO on SET in 2007.

Financial Summary – Balance Sheet and Cash flow

(Unit : Million Baht)

	2007	2008	% change
Cash and cash equivalent	3,277	7,082	116.1%
Other current assets	10,152	9,521	-6.2%
Non-current assets	87,433	87,832	0.5%
Total assets	100,862	104,435	3.5%
Current liabilities	24,858	27,581	11.0%
Non-current liabilities	24,139	17,363	-28.1%
Total liabilities	48,996	44,944	-8.3%
Shareholders' equity	51,886	59,491	14.7%
Total liabilities and shareholders' equity	100,862	104,435	3.5%

Assets

Assets at the end of 2008 were Baht 104.4 billion, increasing 3.5% YoY from higher cash level and continued roll out of network coverage.

Liabilities

Liabilities at the end of 2008 were Baht 44.9 billion, down 8.3% YoY due to the reduction in interest-bearing debt.

Shareholder Equity

Shareholder Equity at the end of 2008 was Baht 59.5 billion, up 14.7% YoY.

Cash flow

In 2008, DTAC generated Baht 19.3 billion of net cash from operating activities and used Baht 10.9 billion for investing activities, mainly on network capacity and coverage expansion. Net cash used in financing activities was Baht 4.6 billion mainly for loan repayment.

Financial Summary – Financial Ratios

	2007	2008
Net debt to Equity	0.5	0.4
Net debt to EBITDA	1.5	0.9
Interest Coverage Ratio	8.7	12.7
FFO to Total Debt (%)	52.4%	65.5%

Key financial ratios continued to strengthen in line with improved profitability.

director's report

The Directors present their report to the members together with the audited accounts of the company and its subsidiaries for the financial year ended 31 December 2008

1. Directors of the Company

a. The Directors of the Company in office at the date of this report are:

1. Mr. Boonchai Bencharongkul	Chairman of the Board of Directors
2. Mr. Sigve Brekke ¹	Vice Chairman of the Board of Directors
3. Mr. Chulchit Bunyaketu	Director
4. Mr. Soonthorn Pokachaiyapat	Director
5. Mr. Sompol Chanprasert	Director
6. Mr. Ragnar Korsæth	Director
7. Mr. Knut Borgen	Director
8. Mr. Stephen Fordham	Director
9. Mr. Tore Johnsen ²	Director and CEO
10. Mr. Knut Snorre Bach Corneliusen ³	Director

Note: 1. Mr. Sigve Brekke had been appointed as new Vice Chairman of the Board of Directors to replace the resigned Director (Mr. Arve Johansen) as of the resolution of the Board of Directors Meeting No. 6/2008 dated 19 August 2008.

2. Mr. Tore Johnsen had been appointed as new Chief Executive Officer to replace the resigned Chief Executive Officer (Mr. Sigve Brekke) as of the resolution of the Board of Directors Meeting No. 5/2008 dated 3 July 2008 and had been appointed as new Director as of the resolution of the Board of Directors Meeting No. 6/2008 dated 19 August 2008.

3. Mr. Knut Snorre Bach Corneliusen had been appointed as new Director to replace the resigned Director (Mr. Roar Wiik Andreassen) as of the resolution of the Board of Directors Meeting No. 6/2008 dated 19 August 2008.

b. Table showing shareholding of directors¹ of the company

Directors	No. of Shares	%
Mr. Boonchai Bencharongkul	10	0.00
Mr. Sompol Chanprasert	3,900	0.00
Mr. Sigve Brekke	900,000	0.04

Note: 1. The company received above information from directors which is information of both direct and indirect shareholding according to the regulation in Chapter 50 of Singapore Companies Act and section 59 of the Securities and Exchange Act 1992.

2. Audit Committee

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

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

The Audit Committee recommended to the appointment of Ernst & Young Office Limited as auditor of the Company and its subsidiaries for the fiscal year 2009 which will be proposed at the forthcoming annual meeting of shareholders for an approval.

3. Principal Activity

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

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

4. Results of the financial year 2008 (in thousands of Thai Baht)

	2008	2007
Company Profit (after deducting revenue tax and minority interests)	9,329,101	5,841,426

The Committee regards the operating result of the Company and its subsidiaries in the past fiscal year as 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.2/2009 passed a resolution approving that the company make dividend payment on ordinary shares at the rate of Baht 1.50 per share, less deductions as required by law, for the operation from 1 January 2008 to 31 December 2008. The dividend payment will be proposed to approve by the Annual General Meeting of the Company's shareholders, and payment will be made on 25 May 2009.

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 business transactions with each other and with associated and related companies as shown in the Note 7 to the Financial Statement which ends 31 December 2008. Such transactions have been concluded on terms and conditions determined by the Company and those related companies and are in the normal course of business. The Company will be seeking approval in the committee and the annual shareholder meetings for a general mandate for interested person transactions, which are recurrent transactions/services 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.

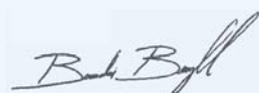
c. As at the date of this report, (i) there are no charges in the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person, and (ii) there are no material contingent liabilities which have arisen since the end of the financial year.

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, our 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

10 March 2009

audit committee report

To Shareholders of Total Access Communication Public Company Limited

The Audit Committee of Total Access Communication Public Company Limited is comprised of 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 2008, 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 2008, the Audit Committee conducted 12 meetings with the Executive Management also 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	10
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 2008 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 2009.

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

comfortable...

performance for tomorrow growth

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 2008 and 2007, 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 2008 and 2007, the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

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

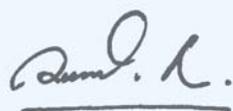
- a) As discussed in Note 33 to the financial statements regarding the litigation and dispute between the Company and TOT Public Company Limited ("TOT") in relation to the access charge payment, on 17 November 2006, the Company sent written notice informing TOT and CAT Telecom Public Company Limited ("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 2008 the Company did not accrue the access charge in its financial statements because of the termination of Access Charge Agreements.

Currently, the dispute is under discussion and under the legal and court proceedings, as discussed in Note 33 to the financial statements. The outcomes of the dispute can not be determined and depend on the results of the discussion and future proceedings as part of the 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 34 to the financial statements, the Company has significant other outstanding lawsuit and commercial disputes. At present, such lawsuit 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 41 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: 6 February 2009

Total Access Communication Public Company Limited and subsidiaries

balance sheets

As at 31 December 2008 and 2007

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Assets					
Current assets					
Cash and cash equivalents		7,081,730,031	3,276,655,130	6,147,950,197	1,476,562,439
Accounts receivable - trade - net	6	2,709,392,523	2,960,099,804	2,709,309,523	2,960,099,804
Accounts receivable - trade: related parties					
Accounts receivable - trade: subsidiaries - net	7	-	-	23,223,762	107,303,294
Account receivable - trade:					
associated company	7	4,468,066,769	4,904,472,217	4,468,066,769	4,904,472,217
Accounts receivable - trade:					
related companies - net	7	84,616,312	78,291,976	78,792,307	77,403,562
Advances to related parties - net	7	7,348,450	2,644,015	41,233,846	39,606,095
Inventories - net	8	110,982,662	121,533,457	110,381,146	121,533,457
Deferred cost of unearned revenue from telephone services		408,191,660	561,696,706	408,191,660	561,696,706
Other current assets - net	9	1,732,294,598	1,523,626,225	1,685,581,069	1,416,029,973
Total current assets		16,602,623,005	13,429,019,530	15,672,730,279	11,664,707,547
Non-current assets					
Pledged deposits at financial institutions	32.3	558,059	772,759	-	-
Investments in subsidiaries - net	10	-	-	662,147,345	3,482,567,436
Investment in associated company	11	251,949,642	239,732,782	50,000,000	50,000,000
Other long-term investments - net	12	199,500,665	199,599,191	199,500,665	199,599,191
Amount due from related parties					
Amount due from subsidiary	7	-	-	1,212,806,442	1,271,284,608
Amounts due from related companies - net	7	454,948	454,948	-	-
Account receivable from assignment of right - net	13	-	579,741,804	-	579,741,804
Property, plant and equipment - net	14	5,725,108,419	4,806,910,068	4,490,617,438	3,560,836,124
Deferred right to use of equipment - net	15	75,613,805,857	73,812,555,473	75,612,800,124	73,812,039,889
Equipment under installation		1,633,070,876	2,896,734,361	1,633,070,876	2,896,734,361
Deferred tax assets	25	346,371,350	1,191,535,136	367,023,647	1,208,065,323
Other non-current assets					
Deposits and prepayment for purchase and installation of equipment		115,185,190	487,262,869	115,185,190	487,262,869
Goodwill		44,110,718	-	-	-
Leasehold rights - net		47,188,778	51,442,116	47,188,778	51,442,116
Others	16	3,854,837,027	3,166,456,927	3,744,326,303	3,110,076,555
Total non-current assets		87,832,141,529	87,433,198,434	88,134,666,808	90,709,650,276
Total assets		104,434,764,534	100,862,217,964	103,807,397,087	102,374,357,823

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

Total Access Communication Public Company Limited and subsidiaries

balance sheets (continued)

As at 31 December 2008 and 2007

(Unit : Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Liabilities and shareholders' equity					
Current liabilities					
Trust receipts		-	50,934,910	-	50,934,910
Accounts payable - trade	17	6,809,114,784	8,668,537,650	6,742,325,400	8,656,416,761
Accounts payable - trade : related parties					
Accounts payable - trade : subsidiaries	7	-	-	184,433,375	86,384,095
Accounts payable - trade :					
associated company	7	11,696,370	35,718,896	11,696,370	35,718,896
Accounts payable - trade :					
related companies	7	1,873,312,085	755,606,130	1,839,554,094	732,633,894
Other payables : related parties					
Other payables : subsidiaries	7	-	-	12,679,004	39,228,454
Other payables : associated company	7	1,866,860	4,466,783	1,866,860	4,466,783
Other payables : related companies	7	137,702,429	92,488,843	134,226,357	89,571,979
Current portion of long-term loans	18	3,097,200,262	1,657,600,262	3,097,200,262	1,657,600,262
Current portion of debentures	19	8,000,000,000	5,500,000,000	8,000,000,000	5,500,000,000
Unearned revenue from telephone service		3,800,227,692	3,768,697,266	3,800,227,692	3,771,734,128
Other current liabilities	20	3,849,964,549	4,323,510,753	3,703,707,250	4,271,598,437
Total current liabilities		27,581,085,031	24,857,561,493	27,527,916,664	24,896,288,599
Non-current liabilities					
Long-term loan from subsidiary	7	-	-	-	1,721,209,677
Long-term loans - net of current portion	18	10,474,904,715	9,253,304,976	10,474,904,715	9,253,304,976
Debentures - net of current portion	19	6,500,000,000	14,500,000,000	6,500,000,000	14,500,000,000
Provision for post employee					
benefit - statutory severance pay		71,915,753	79,673,105	71,915,753	79,673,105
Other non-current liabilities		316,007,035	305,646,830	186,306,831	178,733,868
Total non-current liabilities		17,362,827,503	24,138,624,911	17,233,127,299	25,732,921,626
Total liabilities		44,943,912,534	48,996,186,404	44,761,043,963	50,629,210,225

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

Total Access Communication Public Company Limited and subsidiaries

balance sheets (continued)

As at 31 December 2008 and 2007

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Shareholders' equity					
Share capital	21				
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	10	1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361
Retained earnings					
Appropriated - statutory reserve	22	560,057,915	560,057,915	560,057,915	560,057,915
Unappropriated		28,963,656,307	21,362,964,137	28,560,089,644	21,258,884,118
		29,523,714,222	21,923,022,052	29,120,147,559	21,818,942,033
Equity attributable to the Company's shareholders		59,449,919,787	51,849,227,617	59,046,353,124	51,745,147,598
Minority interest - equity attributable to minority shareholders of subsidiary		40,932,213	16,803,943	-	-
Total shareholders' equity		59,490,852,000	51,866,031,560	59,046,353,124	51,745,147,598
Total liabilities and shareholders' equity		104,434,764,534	100,862,217,964	103,807,397,087	102,374,357,823

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

Total Access Communication Public Company Limited and subsidiaries

Income statements

For the years ended 31 December 2008 and 2007

(Unit : Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues from sales and services					
Revenue from telephone services		66,599,779,124	64,434,184,728	66,237,518,319	64,385,803,391
Revenue from sales of telephone sets and starter kits		727,219,002	735,211,994	727,219,002	735,211,994
Other operating income		367,524,202	363,982,819	457,936,678	439,933,051
Total revenues from sales and services		67,694,522,328	65,533,379,541	67,422,673,999	65,560,948,436
Cost of sales and services					
Cost of telephone services		44,238,713,176	44,334,709,576	44,422,669,847	44,418,115,533
Cost of sales of telephone sets and starter kits		404,783,561	365,883,827	404,783,561	365,883,828
Total cost of sales and services		44,643,496,737	44,700,593,403	44,827,453,408	44,783,999,361
Gross profit		23,051,025,591	20,832,786,138	22,595,220,591	20,776,949,075
Selling expenses		(3,557,201,995)	(3,391,209,919)	(3,573,910,074)	(3,390,820,446)
Administrative expenses		(8,013,654,903)	(6,828,125,076)	(7,845,130,522)	(6,796,293,235)
Operating profit		11,480,168,693	10,613,451,143	11,176,179,995	10,589,835,394
Interest income		426,687,746	197,899,432	388,664,071	180,757,173
Other income		120,783,182	182,248,017	63,736,775	209,881,984
Gain on the negotiated settlement	13	2,420,258,196	-	2,420,258,196	-
Foreign exchange loss		(48,843,837)	(17,396,935)	(48,634,562)	(24,244,472)
Net operating profit		14,399,053,980	10,976,201,657	14,000,204,475	10,956,230,079
Loss from capital reduction of subsidiary		(41,978,649)	-	(6,563,913)	-
Income before finance cost and corporate income tax		14,357,075,331	10,976,201,657	13,993,640,562	10,956,230,079
Finance cost	24	(1,947,817,978)	(2,327,855,682)	(1,969,165,602)	(2,354,410,773)
Share of profit from investment in associated company accounted for under equity method		42,216,861	38,675,297	-	-
Income before corporate income tax		12,451,474,214	8,687,021,272	12,024,474,960	8,601,819,306
Corporate income tax	25	(3,126,272,171)	(2,845,762,736)	(2,994,860,296)	(2,828,663,531)
Net income for the year		9,325,202,043	5,841,258,536	9,029,614,664	5,773,155,775
Net income attributable to:					
Equity holders of the parent		9,329,101,308	5,841,425,913	9,029,614,664	5,773,155,775
Minority interests of the subsidiaries		(3,899,265)	(167,377)	-	-
		9,325,202,043	5,841,258,536		
Earnings per share					
Basic earnings per share					
Net income attributable to equity holders of the parent	26	3.94	2.50	3.81	2.47
Weighted average ordinary shares (shares)		2,367,811,000	2,332,663,002	2,367,811,000	2,332,663,002

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



statements of changes in shareholders' equity

For the years ended 31 December 2008 and 2007

(Unit: Baht)

		Consolidated financial statements							
		Equity attributable to the parent's shareholders							
	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	Total
					Appropriated - statutory reserve	Unappropriated			
Balance - as at 31 December 2006		4,580,161,260	20,794,742,634	-	535,001,026	15,546,595,113	41,456,500,033	-	41,456,500,033
Income and expenses recognised directly in equity									
Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date	10	-	-	1,647,137,361	-	-	1,647,137,361	-	1,647,137,361
Net income and expenses recognised directly in equity									
Net income (loss) for the year		-	-	-	5,841,425,913	5,841,425,913	5,841,425,913	(167,377)	5,841,258,536
Total income and expenses for the year									
Unappropriated retained earnings transferred to statutory reserve		-	-	-	25,056,889	(25,056,889)	-	-	-
Share capital issued	21	155,460,740	2,748,703,570	-	-	-	2,904,164,310	-	2,904,164,310
Minority interest from sell of subsidiary		-	-	-	-	-	-	470,048	470,048
Minority interest from purchase of subsidiary		-	-	-	-	-	-	16,501,272	16,501,272
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
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									
Dividend paid	29	-	-	-	-	(1,728,409,138)	(1,728,409,138)	-	(1,728,409,138)
Minority interest - equity attributable to minority shareholders of subsidiaries		-	-	-	-	-	-	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

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

Total Access Communication Public Company Limited and subsidiaries

statements of changes in shareholders' equity

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Separate financial statements				Total	
	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	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Note						
Balance - as at 31 December 2006		4,580,161,260	20,794,742,634	535,001,026	15,510,785,232	41,420,690,152
Income and expenses recognised directly in equity:						
Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date	10	-	-	-	-	1,647,137,361
Net income and expenses recognised directly in equity		-	-	-	-	1,647,137,361
Net income for the year		-	-	-	-	5,773,155,775
Total income and expenses for the year		-	-	-	-	5,773,155,775
Unappropriated retained earnings transferred to statutory reserve		-	-	25,056,889	(25,056,889)	-
Share capital issued	21	155,460,740	2,748,703,570	-	-	2,904,164,310
Balance - as at 31 December 2007		4,735,622,000	23,543,446,204	560,057,915	21,258,884,118	51,745,147,598
Balance - as at 31 December 2007		4,735,622,000	23,543,446,204	560,057,915	21,258,884,118	51,745,147,598
Net income for the year		-	-	-	-	9,029,614,664
Total income and expenses for the year		-	-	-	-	9,029,614,664
Dividend paid	29	-	-	-	-	(1,728,409,138)
Balance - as at 31 December 2008		4,735,622,000	23,543,446,204	560,057,915	28,560,089,664	59,046,353,124

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



Total Access Communication Public Company Limited and subsidiaries

statements of cash flows

For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Cash flows from operating activities					
Net income before tax		12,451,474,214	8,687,021,272	12,024,474,960	8,601,819,306
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		(42,216,861)	(38,675,297)	-	-
Dividend received from associated company		-	-	(30,000,000)	(30,000,000)
Gain on sales of investment in subsidiary		-	(19,952)	-	-
Allowance for inventory obsolescence		6,880,005	1,360,001	6,816,854	1,360,001
Allowance for doubtful accounts - accounts receivable - trade (reversal)		(262,132,622)	174,683,827	(262,132,622)	174,683,827
Reversal allowance for doubtful accounts - amount due from related companies		(33,920,096)	-	-	-
Loss from capital reduction of subsidiary		41,978,649	-	6,563,913	-
Depreciation and amortisation	27	9,254,750,577	8,205,206,346	9,170,414,750	8,121,159,100
Provision for asset retirement obligation		(24,644,911)	(154,760,661)	(24,644,911)	(154,760,661)
Fixed assets written-off		46,155	3,581,360	46,155	3,105,211
Loss (gain) from sales of property, plant and equipment		1,456,577	(11,659,503)	1,280,588	(11,659,503)
Increase/decrease in deferred tax assets/liabilities		(44,877,640)	16,530,187	-	-
Increase/decrease in provision for statutory severance pay		(7,757,352)	8,380,899	(7,757,352)	8,380,899
Financial costs		1,947,817,978	2,327,855,682	1,969,165,602	2,354,410,773
Income from operating activities before changes in operating assets and liabilities					
		23,288,854,673	19,219,504,161	22,854,227,937	19,068,498,953
Decrease (increase) in operating assets					
Trade accounts receivable		512,839,903	(474,508,114)	512,922,903	(474,508,114)
Trade accounts receivable - subsidiaries		-	-	84,079,532	(107,296,594)
Trade account receivable - associated company		436,405,448	224,959,864	436,405,448	224,959,864
Trade accounts receivable - related companies		(6,324,336)	(121,847,669)	(1,388,744)	(17,239,420)
Advances to subsidiaries		-	-	(2,698,625)	1,342,586
Advance to associated company		-	(81,754)	-	(81,754)
Advances to related companies		(4,704,434)	(1,618,028)	1,070,874	(1,618,028)
Inventories		3,670,790	(42,661,840)	4,335,458	(42,661,840)
Account receivable from assignment of right		579,741,804	-	579,741,804	-
Other current assets		(126,599,937)	(303,763,518)	(116,046,055)	(304,034,995)

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

Total Access Communication Public Company Limited and subsidiaries

statements of cash flows (continued)

For the years ended 31 December 2008 and 2007

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
Note	2008	2007	2008	2007
Increase (decrease) in operating liabilities				
Accounts payable - trade	(994,808,513)	3,844,340,195	(1,049,477,007)	3,832,623,450
Accounts payable - trade : subsidiaries	-	-	98,049,281	81,164,666
Accounts payable - trade : associated company	(24,022,526)	15,958,947	(24,022,526)	15,958,947
Accounts payable - trade : related companies	25,463,657	106,402,257	14,677,902	83,430,023
Other payables : subsidiaries	-	-	(26,549,450)	61,803,105
Other payables : associated company	(2,599,923)	(636,615)	(2,599,923)	(636,615)
Other payables : related companies	45,213,586	35,374,519	44,654,377	57,046,848
Other current liabilities	452,576,674	1,191,611,463	307,202,303	1,159,107,046
Other non-current liabilities	12,532,844	155,411,726	9,745,602	145,068,319
Cash flows from operating activities	24,198,239,710	23,848,445,594	23,724,331,091	23,782,926,447
Cash paid for interest expenses	(1,862,290,558)	(2,209,626,414)	(1,909,461,930)	(2,236,181,505)
Cash paid for corporate income tax	(3,009,598,422)	(3,549,664,494)	(2,950,668,964)	(3,537,818,619)
Net cash from operating activities	19,326,350,730	18,089,154,686	18,864,200,197	18,008,926,323
Cash flows from investing activities				
Decrease in deposits with maturity of				
more than 3 months or have commitment	214,700	271,800	-	-
Dividend received from associated company	30,000,000	30,000,000	30,000,000	30,000,000
Investments in subsidiaries	(52,045,179)	-	(294,411,072)	(143,583,450)
Cash received (paid) from capital reduction				
in subsidiary	(6,055,239)	-	3,108,267,250	-
Acquisition of investment in subsidiary	-	(32,396,554)	-	-
Proceed from sales of investment in subsidiary	-	490,000	-	-
Decrease in other long-term investments	98,526	88,050	98,526	88,050
Decrease in accounts receivable in subsidiaries	-	-	58,478,165	53,767,831
(Increase) decrease in amounts due from				
related companies	33,920,097	(234,443)	-	-
Cash and cash equivalents acquired in exchange				
of interest in subsidiary	-	1,654,197,764	-	-
Acquisition of property, plant and equipment	(1,881,887,201)	(1,212,684,680)	(1,811,833,807)	(1,170,199,271)
Proceed from sales of property, plant and equipment	7,342,663	12,034,591	6,061,311	12,034,591
Acquisition of deferred right to use of equipment				
and equipment under installation	(7,767,664,600)	(9,989,976,099)	(7,767,129,600)	(9,989,435,749)
(Increase) decrease in deposits and prepayment				
for purchase and installation of equipment	372,077,679	(309,929,291)	372,077,679	(309,929,291)
Increase in other non-current assets	(1,639,132,965)	(1,418,533,499)	(1,580,890,651)	(1,393,902,788)
Net cash used in investing activities	(10,903,131,519)	(11,266,672,361)	(7,879,282,199)	(12,911,160,077)

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

Total Access Communication Public Company Limited and subsidiaries

statements of cash flows (continued)

For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2008	2007	2008	2007
Cash flows from financing activities					
Repayment of short-term loans from financial institutions		-	(1,000,000,000)	-	(1,000,000,000)
Decrease in trust receipts		(50,934,910)	(1,616,944,853)	(50,934,910)	(1,616,944,853)
Repayment of loan from a subsidiary		-	-	(1,695,385,930)	-
Drawn down of long-term loans		5,758,400,000	-	5,758,400,000	-
Repayment of long-term loans		(3,097,200,262)	(5,657,600,262)	(3,097,200,262)	(5,657,600,262)
Repayment of bonds		(5,500,000,000)	-	(5,500,000,000)	-
Dividend paid		(1,728,409,138)	-	(1,728,409,138)	-
Cash received from share capital increase (net)		-	2,912,703,570	-	2,912,703,570
Net cash used in financing activities		(4,618,144,310)	(5,361,841,545)	(6,313,530,240)	(5,361,841,545)
Net increase (decrease) in cash and cash equivalents					
		3,805,074,901	1,460,640,780	4,671,387,758	(264,075,299)
Cash and cash equivalents at beginning of year		3,276,655,130	1,816,014,350	1,476,562,439	1,740,637,738
Cash and cash equivalents at end of year		7,081,730,031	3,276,655,130	6,147,950,197	1,476,562,439

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 transactions:					
Purchase of deferred right to use of equipment and equipment under installation that have not yet been paid		1,712,195,966	1,484,568,021	1,712,195,966	1,484,568,021
Share capital increase in exchange for interest in subsidiary		-	-	-	3,333,984,031

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

Total Access Communication Public Company Limited and subsidiaries

notes to consolidated financial statements

For the years ended 31 December 2008 and 2007

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.

The Company's registered address is 333/3 Chai Building, Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok.

1.2 Agreements to operate cellular telephone services

1.2.1 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 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 agreement was amended on 23 July 1993 and 22 November 1996, and 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. 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.

1.2.2 Assignment of Airtime Provider Agreement with The International Engineering Public Company Limited.

On 10 April 1998, the Company entered into the “Airtime Provider Agreement” with The International Engineering Public Company Limited (“IEC”), to assign to IEC the right to operate as an airtime provider for a cellular telephone service for a period of 17 years commencing from the date following the date of the agreement. IEC is to receive a fee based on a percentage of revenues from its telephone services.

However, the Company and IEC agreed to terminate the Airtime Provider Appointment Agreement prior to its expiry date. In this regard, the Company paid compensation for canceling the agreement, recording the amount as an expense in the third quarter of 2007.

1.2.3 Assignment of a certain portion of rights and obligations under an agreement to operate cellular telephone services with Digital Phone Company Limited.

On 19 November 1996, the Company, CAT and Digital Phone Company Limited (“DPC”) entered into an agreement to assign a certain portion of rights and obligations under the Agreement to Operate Cellular Telephone Services. With the consent of CAT, the Company assigned and transferred to DPC a certain portion of the Company’s rights and obligations to operate a cellular telephone service (Digital PCN 1800). The Company agreed to terminate an earlier Agreement on the Appointment of Agent to provide the cellular telephone service (Digital PCN 1800) (the Service Provider Agreement) with Samart Corporation Public Company Limited (“Samart”) prior to 16 March 1998 or on such earlier date that DPC commenced commercial operations. DPC commenced commercial operation of a cellular telephone service on 16 March 1998.

On 7 January 1997, the Company, Samart and DPC entered into a Shareholders Agreement, the Unwind the Service Provider Agreement and other relevant agreements which included the conditions that the Company received approximately Baht 5,400 million from DPC as consideration for allowing DPC to use the Company’s network and facilities and the transfer to DPC of a certain portion the rights and obligations to operate the cellular telephone service. The Company recognised this amount in the income statement as a reduction against cost of providing service evenly over the remaining concession period.

On 9 October 1998, the Company entered into an Amendment Agreement to the Unwind Agreement to receive early payment of certain amounts before the repayment date in the Unwind Agreement in return for a discount on the consideration due of approximately USD 10 million and rescheduled the repayment of the balance of the consideration. However, on 30 May 2008, the Company and DPC agreed to terminate these agreements as discussed in Note 13 to the financial statements.

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 is to be collected on revenue from mobile telecommunication service at a rate of 10 percent. This tax can be deducted from the fees to be paid to CAT, as described in Note 1.2.1 to the financial statements, and is payable to the Excise Department on a monthly basis.

However, on 26 February 2007 the Ministry of Finance approved that excise tax on telecommunication services is collected at a zero rate, thus the Company changed a 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 has received an approval from the National Telecommunications Commission (NTC) for the Reference of Interconnect Offer (RIO) on 29 August 2006, which requires 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 as stipulated in the Interconnection Notification.

In case, the licensees can not reach the agreement within 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 the 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 already 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 by paying at the minimum amount as specified in the Concession Agreement in respect of each year, or at the specified percentage of its concessionary income before deducting expenses, whichever is higher. However, 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 has discussed this matter with CAT but a resolution has not reached. Therefore, the payment of revenue sharing might be adjusted depending on the future outcome. However, the Company's management believes that the negotiations 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. 56 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 14 September 2001, 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 official statutory 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	
			2008 Percent	2007 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 (Formerly known as “Wide Broadband Company Limited”)	Incorporate to provide mobile phone services (not yet commenced operation)	Thailand	100	51
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 (Note 10)	Sale of voucher cards and sale on right of E-Refill service	Thailand	99.81	99.51
PaySbuy Company Limited (Note 10)	Incorporate to provide an online payment service	Thailand	100	98.13
Crie Company Limited (Note 10)	Value added services on mobile phone	Thailand	51	-
Fat Degree Company Limited (Note 10)	Media, advertising, radio and publication	Thailand	51	-
Subsidiaries held through TAC Property Company Limited				
Eastern Beach Company Limited	Land development	Thailand	100	100
TAC Finance Company B.V.	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 (2007: 97% of assets and 100% of revenues)

In the first quarter of 2007, DTAC Network Co., Ltd. was awarded an International Direct Dialing License (type 3) by the National Telecommunication Commission (NTC), for a duration of 20 years. The company commenced providing such service since 2 August 2007.

- 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

3.1 Accounting Standards which are effective for the current year

The Federation of Accounting Professions (FAP) has issued Notifications 9/2550, 38/2550 and 62/2550 regarding accounting standards. The notifications mandate the use of the following new accounting standards.

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 49 (revised 2007) are not relevant to the business of the Company, while TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007), TAS 43 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions (FAP) has issued Notification No. 86/2551 regarding accounting standards. The notification mandates the use of the following new accounting standards.

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

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are 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 is recognised on an accrual basis at the rates stipulate in the agreements.

Revenue from sales of telephone sets and starter kits

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

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

Other operating income

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

Revenues are shown excluding of value added tax.

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.
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.
- 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).

Loss on impairment of other long-term investments is recognised in the income statements when there is permanent diminution in the value of the investments. Previously recognised impairment losses of other long-term investments are reversed when there is a change in the estimates used to determine the impairment loss. The carrying amount of the investment is increased to its recoverable amount, not exceeding the carrying amount that would have resulted had no impairment loss been recognised in prior years. The reversal of an impairment loss is recognised in income statements immediately.

4.5 Property, plant and equipment/depreciation

Property is stated at cost. Plant and equipment are stated at cost less accumulated depreciation. 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.

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 on a straight-line basis over the borrowing 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 long-lived assets

The Company and the subsidiaries assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, 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. There 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 ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling 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. Unrealise gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

Interest rate swap contracts

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

Cross currency swap agreements

Payables and receivables arising from the cross currency swap agreements are translated into Baht at the rates of exchange ruling on the balance sheet. Unrealise 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 cash at financial institutions 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. The significant accounting judgments and estimates are as follow:

Assessment of risk and rewards

When considering the recognition and derecognition of assets or liabilities, the management is required to use judgment in assessing risk and rewards. Although management uses its best knowledge of current events and actions in making assessments of risk and rewards, actual risks and rewards may ultimately differ.

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 estimates 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 using by estimates of the present value of such expenses, based on the actual expense incurred on 1% of the number of networks installed during the year, which the actual average rate of retirement. Such provision is recorded as part of concession assets and amortised over the concession period, but not over 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 results. Therefore no contingent liabilities are recorded as at the balance sheet date. However, actual results could differ from the estimates.

6. Accounts receivable - trade

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Accounts receivable - telephone services	2,436,772,163	3,046,862,125	2,436,772,163	3,046,862,125
Accounts receivable - international				
telephone roaming services	300,201,042	401,816,609	300,201,042	401,816,609
Accounts receivable - sales of				
telephone sets and starter kits	437,782,355	231,726,992	423,257,522	217,285,159
Accounts receivable - others	97,066,004	104,255,741	27,775,244	34,964,981
Total	3,271,821,564	3,784,661,467	3,188,005,971	3,700,928,874
Less: Allowance for doubtful accounts	(562,429,041)	(824,561,663)	(478,696,448)	(740,829,070)
Accounts receivable - trade, net	2,709,392,523	2,960,099,804	2,709,309,523	2,960,099,804

The aging of the outstanding balances of trade accounts receivable - telephone services as at 31 December 2008 and 2007, based on due date, is as follows:

(Unit : Baht)

	Consolidated financial statements/ Separate financial statements	
	2008	2007
Age of receivables		
Not yet due	1,322,515,372	1,448,524,336
Past due less than 1 month	387,796,235	467,498,681
Past due 1 month to 3 months	192,336,540	210,232,444
Past due 3 months to 6 months	169,721,036	256,983,021
Past due over 6 months	364,402,980	663,623,643
Total	2,436,772,163	3,046,862,125
Less: Allowance for doubtful accounts	(451,723,842)	(720,826,210)
Accounts receivable - telephone services, net	1,985,048,321	2,326,035,915

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 2008 and 2007, based on due date, is as follows:

	(Unit : Baht)	
	Consolidated financial statements/ Separate financial statements	
	2008	2007
Age of receivables		
Not yet due	223,064,320	314,082,083
Past due less than 1 month	41,699,836	52,456,250
Past due 1 month to 3 months	21,889,872	24,314,653
Past due 3 months to 6 months	2,335,918	6,749,717
Past due over 6 months	11,211,096	4,213,906
Total	300,201,042	401,816,609
Less: Allowance for doubtful accounts	(11,211,096)	(4,353,486)
Accounts receivable - international telephone roaming services, net	288,989,946	397,463,123

The aging of the outstanding balances of trade accounts receivable - sales of telephone sets and starter kits as at 31 December 2008 and 2007, based on due date, is as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Age of receivables				
Not yet due	413,168,469	202,046,253	413,085,469	202,046,253
Past due less than 1 month	696,121	1,671,681	696,121	1,671,681
Past due 1 month to 3 months	337,448	3,701,187	337,448	3,701,187
Past due 3 months to 6 months	74,523	81,496	74,523	81,496
Past due over 6 months	23,505,794	24,226,375	9,063,961	9,784,542
Total	437,782,355	231,726,992	423,257,522	217,285,159
Less: Allowance for doubtful accounts	(23,997,457)	(24,796,639)	(9,555,624)	(10,354,806)
Accounts receivable - sales of telephone sets and starter kits	413,784,898	206,930,353	413,701,898	206,930,353

The aging of the outstanding balances of trade accounts receivable - others as at 31 December 2008 and 2007, based on due date, is as follows:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Age of receivables				
Not yet due	15,268,614	25,695,118	15,268,614	25,695,118
Past due less than 1 month	5,131,279	1,916,054	5,131,279	1,916,054
Past due 1 month to 3 months	25,025	524,574	25,025	524,574
Past due 3 months to 6 months	1,398	183,336	1,398	183,336
Past due over 6 months	76,639,688	75,936,659	7,348,928	6,645,899
Total	97,066,004	104,255,741	27,775,244	34,964,981
Less: Allowance for doubtful accounts	(75,496,646)	(74,585,328)	(6,205,886)	(5,294,568)
Accounts receivable - others, net	21,569,358	29,670,413	21,569,358	29,670,413

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. These transactions, have been concluded on commercial terms and have been agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

Transactions with associated company, subsidiaries and related companies

	(Unit: Million Baht)				
	Consolidated		Separate		Transfer pricing policy
	financial statements	financial statements	financial statements	financial statements	
	2008	2007	2008	2007	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales on right of E-Refill service	-	-	-	115	as per agreement
Sales of voucher card	-	-	-	47	as per agreement
Service income	-	-	99	79	as per agreement
Rental and service expenses	-	-	576	234	as per agreement
Interest expense	-	-	21	26	as per agreement
Purchases of assets	-	-	6	-	as per agreement
Transactions with associated company: United Distribution Business Co., Ltd.*					
Sales of goods	23,536	25,819	23,536	25,819	selling price less a certain margin, as per agreement
Dividend income	30	30	30	30	as declared
Purchases of goods	63	125	63	125	market price
Rental and service expense	10	14	10	14	as per agreement

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2008	2007	2008	2007	
Transactions with related company: United Communication Industry Plc. ("UCOM") (Until 31 August 2007)					
Sales on right of E-Refill service	-	182	-	182	as per agreement
Sales of voucher card	-	243	-	243	as per agreement
Commission expenses	-	-	-	-	as per agreement
Service expenses	-	5	-	5	as per agreement
Transactions with other related companies					
International roaming service income	320	278	320	278	as per agreement
Service income	36	8	17	8	market price
Service expenses	1,583	2,031	1,365	1,984	as per agreement
Service fees for installation of cell site equipment	3,309	1,783	3,309	1,783	as per agreement
Management fee	281	151	281	151	as per agreement
Sales of investment in subsidiary	-	0.5	-	0.5	at par value
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	-	-	-	as per agreement

* The Company paid marketing support expense for year ended 31 December 2008 at Baht 3 million (2007: Baht 34 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	
	2008	2007	2008	2007
Trade accounts receivable - subsidiaries				
WorldPhone Shop Co., Ltd.	-	-	196,854,268	199,503,476
United Communication Industry Plc.	-	-	-	19,532,619
DTAC Network Co.,Ltd.	-	-	23,215,134	87,763,975
Others	-	-	8,628	6,700
Less: Allowance for doubtful accounts	-	-	(196,854,268)	(199,503,476)
Total trade accounts receivable - subsidiaries - net	-	-	23,223,762	107,303,294
Trade account receivable - associated company				
United Distribution Business Co., Ltd. (Note 7.1)	4,468,066,769	4,904,472,217	4,468,066,769	4,904,472,217
Total trade account receivable - associated company	4,468,066,769	4,904,472,217	4,468,066,769	4,904,472,217
Trade accounts receivable - related companies				
TN Mobile AS ⁽¹⁾	31,396,902	31,118,668	31,396,902	31,118,668
Digi Telecom ⁽¹⁾	5,190,320	4,081,116	4,630,976	4,081,116
Sonofon AS ⁽¹⁾	7,691,300	6,325,001	7,691,300	6,325,001
Telenor Sverige AB ⁽¹⁾	31,815,941	30,697,382	31,815,941	30,697,382
Others	11,144,735	8,692,695	5,880,074	7,804,281
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)	84,616,312	78,291,976	78,792,307	77,403,562
Advances to related companies				
Advances to subsidiaries				
WorldPhone Shop Co., Ltd.	-	-	16,036,517	16,579,883
TAC Service Co., Ltd.	-	-	27,436,600	30,950,650
Others	-	-	13,149,130	6,393,089
Less: Allowance for doubtful accounts	-	-	(16,771,512)	(16,771,512)
Total advances to subsidiaries - net	-	-	39,850,735	37,152,110
Advances to associated company				
United Distribution Business Co., Ltd.	2,774,555	2,774,555	2,774,555	2,774,555
Less: Allowance for doubtful accounts	(2,736,046)	(2,736,046)	(2,736,046)	(2,736,046)
Total advances to associated company - net	38,509	38,509	38,509	38,509
Advances to related companies				
Advances to related companies	13,252,215	8,547,780	7,286,876	8,357,750
Less: Allowance for doubtful accounts	(5,942,274)	(5,942,274)	(5,942,274)	(5,942,274)
Total advances to related companies - net	7,309,941	2,605,506	1,344,602	2,415,476
Total advances to related companies - net	7,348,450	2,644,015	41,233,846	39,606,095



(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Amounts due from related parties				
Amounts due from subsidiary				
TAC Property Co., Ltd. (Note 7.3)	-	-	1,212,806,442	1,271,284,608
Total amounts due from a subsidiary	-	-	1,212,806,442	1,271,284,608
Amounts due from related companies				
Amounts due from related companies	125,765,138	159,685,234	-	-
Less: Allowance for doubtful accounts	(125,310,190)	(159,230,286)	-	-
Total amounts due from related companies - net	454,948	454,948	-	-
Trade accounts payable - subsidiaries				
TAC Property Co., Ltd.	-	-	-	10,990,490
United Communication Industry Plc.	-	-	1,863,101	1,510,650
DTAC Network Co., Ltd.	-	-	180,915,124	73,882,955
Fat Degree Co., Ltd.	-	-	1,655,150	-
Total trade accounts payable - subsidiaries	-	-	184,433,375	86,384,095
Trade accounts payable - associated company				
United Distribution Business Co., Ltd.	11,696,370	35,718,896	11,696,370	35,718,896
Total trade accounts payable - associated company	11,696,370	35,718,896	11,696,370	35,718,896
Trade accounts payable - related companies				
United Telecom Sales and Services Co., Ltd. ⁽²⁾	1,684,066,984	304,913,239	1,684,066,984	304,913,239
Connect One Co., Ltd. ⁽²⁾	270,914	292,632,610	270,914	292,632,610
Benchachinda Holding Co., Ltd. ⁽²⁾	136,196,993	129,070,550	136,196,993	129,070,550
BB Technology Co., Ltd.	12,161,415	-	12,161,415	-
Telenor Global Service AS ⁽¹⁾	32,085,983	22,972,236	-	-
Others	8,529,796	6,017,495	6,857,788	6,017,495
Total trade accounts payable - related companies	1,873,312,085	755,606,130	1,839,554,094	732,633,894
Other payables: related parties				
Other payables: subsidiaries				
DTAC Network Co., Ltd.	-	-	-	37,720,557
Crie Co., Ltd.	-	-	12,086,549	-
Others	-	-	592,455	1,507,897
Total other payables: subsidiaries	-	-	12,679,004	39,228,454
Other payables: associated company				
United Distribution Business Co., Ltd.	1,866,860	4,466,783	1,866,860	4,466,783
Total other payables: associated company	1,866,860	4,466,783	1,866,860	4,466,783
Other payables: related companies				
Telenor Consult AS ⁽¹⁾	18,274,279	7,204,598	18,274,279	7,204,598
Telenor ASA ⁽¹⁾	73,518,939	48,812,854	73,518,939	48,812,854
Others	45,909,211	36,471,391	42,433,139	33,554,527
Total other payables: related companies	137,702,429	92,488,843	134,226,357	89,571,979

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Long-term loan from subsidiary				
United Communication Industry Plc. (Note 7.4)	-	-	-	1,721,209,677
Total long-term loan from subsidiary	-	-	-	1,721,209,677

Relationship with the related companies

(1) have same ultimated shareholder

(2) have same directors

7.1 The aging of trade account receivable - associated company as at 31 December 2008 and 2007 based on due date, is as follow:

(Unit : Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2008	2007
Age of receivables		
Not yet due	3,610,688	4,051,589
Past due less than 1 month	857,379	852,796
Past due 1 month to 3 months	-	-
Past due 3 months to 6 months	-	-
Past due over 6 months	-	87
Trade account receivable - associated company	4,468,067	4,904,472

7.2 As at 31 December 2008, 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.

7.4 Long-term loan from United Communication Industry Plc. ("UCOM") was subject to interest at a rate of 4.52% per annum, with due of payment upon receiving the funds returned when UCOM reduced its capital in future. The loan represent the amount the Company had to pay UCOM as a result of the selective reduction of capital made by cancelling shares of the Company held by UCOM, as discussed in Note 21.5 to the financial statements. In April 2008, the Company repaid the loan to UCOM since it received the return of funds from UCOM's capital reduction.

Directors and management's remuneration

In 2008 the Company paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 125 million (2007: Baht 88 million) (Subsidiaries: none).

8. Inventories

(Unit: Baht)

	Consolidated financial statements							
	Cost		Allowance of diminution in value of inventory				Inventory-net	
			Cost higher than net realisable value		Allowance of stock obsolescence			
	2008	2007	2008	2007	2008	2007	2008	2007
Finished goods	132,904,794	143,966,604	-	-	(21,922,132)	(22,433,147)	110,982,662	121,533,457
Total	132,904,794	143,966,604	-	-	(21,922,132)	(22,433,147)	110,982,662	121,533,457

(Unit: Baht)

	Separate financial statements							
	Cost		Allowance of diminution in value of inventory				Inventory-net	
			Cost higher than net realisable value		Allowance of stock obsolescence			
	2008	2007	2008	2007	2008	2007	2008	2007
Finished goods	130,709,962	142,436,439	-	-	(20,328,816)	(20,902,982)	110,381,146	121,533,457
Total	130,709,962	142,436,439	-	-	(20,328,816)	(20,902,982)	110,381,146	121,533,457

9. Other current assets

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Value added tax suspension	979,301,697	715,990,325	959,912,533	697,386,052
Prepaid expenses	162,948,248	211,194,163	162,547,813	210,106,548
Prepaid rental - land for cell sites	290,536,641	243,482,143	290,536,641	243,482,143
Value added tax refundable	53,385,636	14,160,237	53,358,380	14,099,977
Withholding tax deducted at source	11,206,588	91,356,035	-	-
Account receivable - CAT	176,624,284	195,862,604	176,624,284	195,862,604
Others	71,502,316	64,791,530	42,601,418	55,092,649
Total	1,745,505,410	1,536,837,037	1,685,581,069	1,416,029,973
Less: Provision for impairment of assets	(13,210,812)	(13,210,812)	-	-
Total other current assets - net	1,732,294,598	1,523,626,225	1,685,581,069	1,416,029,973

10. Investments in subsidiaries

	Separate financial statements									
	Paid-up share capital		Percentage of shareholding		Investments at cost		Impairment loss on investments		Net	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	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. (formerly known as "Wide Broadband Co., Ltd.")	1	1	100	51	1,000	510	-	-	1,000	510
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.	272	4,347	99.81	99.51	271,161	3,333,984	-	-	271,161	3,333,984
Paysbuy Co., Ltd.	200	61	100	98.13	236,756	85,073	-	-	236,756	85,073
Crie Co., Ltd.	0.2	-	51	-	39,230	-	-	-	39,230	-
Fat Degree Co., Ltd.	0.2	-	51	-	51,000	-	-	-	51,000	-
Subsidiaries held through TAC Property Co., Ltd.										
Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
TAC Finance Company B.V.	0.5	0.5	100	100	-	-	-	-	-	-
Viphavadee Office Building Co., Ltd.	208.6	208.6	100	100	-	-	-	-	-	-
Total investments in subsidiaries, net					1,132,145	3,952,565	(469,998)	(469,998)	662,147	3,482,567

- a) In 2008 and 2007, the subsidiaries did not pay dividend.
- b) In accordance with the resolution passed by a meeting of the Company's Board of Directors, approving the provision of financial support to DTAC Network Co., Ltd. for the operation of an International Direct Dialing (IDD) business, during the third quarter of 2007 the Company purchased all of the 590,000 newly issued ordinary shares of DTAC Network Co., Ltd. with a par value of Baht 100 each, for a total of Baht 59 million. The Company made payment for these additional shares on 12 July 2007.
- c) During the third quarter of 2007, the Company restructured its shareholding by means of a selective capital reduction involving all of the ordinary shares in the Company that were held by UCOM. In addition, the Company made a tender offer for all UCOM shares, with new shares of the Company to be issued to UCOM's shareholders in consideration for those shares. As a result of UCOM shareholders accepting the tender, the Company acquired a total of 432,524,792 shares of UCOM, and the Company's shareholding in UCOM stands at 99.51 percent. The Company and UCOM have the same major shareholders

and management team as before, and the tender offer was made in order to restructure shareholdings within the group of companies. The Company therefore recorded the investment in UCOM equally to the net book value of UCOM as at 31 August 2007 and also recorded the excess of the net book value of the assets acquired over the cost of acquisition, amounting to approximately Baht 1,647 million, in shareholders' equity in the consolidated financial statements and the separate financial statements under the caption "Capital surplus of subsidiary arising as a result of purchase of subsidiary at a price lower than its attributable net book value of at the acquisition date".

The net asset value of UCOM, at the acquisition date, consisted of the followings: -

	(Unit: Baht)
	31 August 2007
Assets	
Cash and cash equivalents	1,654,197,764
Inventories	26,068,202
Other current assets	103,932,711
Investment in associated company - net	1,695,385,930
Equipment - net	1,350,083
Other non-current assets	464,002
Total assets	3,481,398,692
Liabilities	
Trade account payable - related party	105,274,940
Amount due from related party	21,672,329
Accrued expenses	652,527
Other current liabilities	3,397,901
Total liabilities	130,997,697
Total net asset value	3,350,400,995
Percentage of investment by the Company (%)	99.51%
Net asset value in the percentage of investment by the Company	3,333,984,031
Capital surplus of the subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than its attributable net book value of the subsidiary at the acquisition date	(1,647,137,361)
Shares issued in exchange for interest in subsidiary	1,686,846,670

On 12 December 2007, the Company's board of directors meeting approved the acquisition of the remaining shares of United Communication Industry Plc. (UCOM), a subsidiary, from the minority shareholders at the offer price Baht 40 per shares between 21 January 2008 and 21 March 2008. The minority shareholders of UCOM sold 1,298,281 shares to the Company, a total of Baht 51.93 million and as a result the Company's shareholding in UCOM changed from 99.51% to 99.81%.

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.

- d) In October 2007, the Company acquired 112,510 shares with a par value of Baht 100 each in PaySbuy Co., Ltd., or 75.01% of that subsidiary's paid-up capital for Baht 38.8 million. Subsequently, in November 2007, the subsidiary increased its registered share capital from Baht 15 million to Baht 200 million by issuing 1,850,000 additional ordinary shares with a par value of Baht 100. The subsidiary called up 25% of its additional share capital and the Company exercised its right to acquire all of the additional shares. As such, the percentage of shareholding of the Company increased to 98.13%. In November 2007, the Company paid up the additional capital, Baht 46.3 million, that had been called.

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%.

- e) 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.
- f) 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)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements			
					Cost		Carrying amounts based on equity method	
			2008	2007	2008	2007	2008	2007
			Percent	Percent				
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipments	Thailand	25	25	50,000	50,000	251,950	239,733

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements					
					Cost		Provision for impairment of investments		Carrying amounts based on cost method - net	
					2008	2007	2008	2007	2008	2007
			Percent	Percent						
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipments	Thailand	25	25	50,000	50,000	-	-	50,000	50,000

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income/loss from investments in associates during the year		Dividend received during the year	
	2008	2007	2008	2007
United Distribution Business Co., Ltd.	42,217	38,675	30,000	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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	United Distribution Business Co., Ltd.	200	200	5,773	6,022	4,765	5,077	31,510	34,528	162

12. Other long-term investments

(Unit : Baht)

	Consolidated financial statements/ Separate financial statements	
	2008	2007
Debt securities	300,665	399,191
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	199,500,665	199,599,191

In 2007, the Company received dividend income from Digital Phone Co., Ltd. amounting to Baht 34 million.

13. Assignment of rights and obligations under the agreement to operate cellular telephone services

As at 31 December 2007, the Company had outstanding account receivables from the assignment of rights - net in the amount of Baht 580 million. This amount represents the consideration, which were due to be paid by Digital Phone Co., Ltd. ("DPC") as a result of the Company's permitting DPC to use the Company's network and facilities and transferring to DPC certain rights and obligations to operate cellular telephone services, together with related accrued interest, less the balance of "advance received - others" (which represents unearned revenue from DPC) and provisions for loss. The consideration receivable from the assignment of rights was secured by certain rights and obligations under DPC's agreement to operate cellular telephone services (if DPC is in default, certain rights and obligations under DPC's agreement to operate cellular telephone services shall be re-assigned back to the Company provided that approval from CAT Telecom Public Company Limited (CAT) is obtained).

The outstanding balance of consideration receivables under the assignment of rights were due to be paid during the period between 30 September 2002 to 30 September 2005, at the agreed exchange rate of the lower of Baht 38.57 per USD 1 or the average exchange rates quoted by the Bank of Thailand on the date specified in the agreement, together with interest at the rate of 9.50 percent per annum. The Company did not receive the payment of the outstanding account receivables, which were due to be paid by DPC during the period between 30 September 2002 to 30 September 2005, in the total amount of USD 122.9 million (excluding interest). The Company subsequently submitted the dispute to the Arbitration Institute in relation to the non-payment by DPC of the outstanding account receivables in the total amount of USD 134.5 million (including interest in the total amount of USD 11.6 million, calculated from the date of default until the date the Company submitted the disputes) and demanded for the payment thereof.

On 25 March 2008, the Arbitral Tribunal rendered its awards in favour of the Company. The Arbitral Tribunal ordered that the Company be entitled to the payment by DPC of 80 percent of the amounts claimed for the amounts which were due to be paid on 30 September 2003, 30 September 2004 and 30 September 2005, namely, being the amounts of USD 14.84 million, USD 32.50 million and USD 37.40 million, respectively, together with interest at the rate of 9.5 percent per annum calculated from 1 October 2003, 1 October 2004 and 1 October 2005, respectively, onwards until the payment are made in full. The amount which was due to be paid on 30 September 2002 had not yet been awarded by the other Arbitral Tribunal.

On 30 May 2008, the Company and DPC entered into the compromise agreement to settle the dispute, whereby DPC paid Baht 3,000 million, plus VAT in the amount of Baht 210 million, totaling Baht 3,210 million, to the Company on the execution date thereof, and both parties agreed to terminate the Unwind Agreements to which both parties had entered. As a result, the Company would no longer be obliged to allow DPC to use its telecommunication network and DPC would no longer be obliged to make any further payments to the Company. Therefore, the Company has reversed all related accounts, including the previously recognized loss provisions, and recognized gain on the negotiated settlement of Baht 2,420 million in the income statements for the current year.



14. Property, plant and equipment

Consolidated

(Unit: Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular Telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Others	Total
Cost										
31 December 2007	1,045,329,761	1,468,720,504	439,943,142	2,362,128,935	213,011,352	767,729,473	4,709,121,118	122,702,570	459,914,261	11,588,601,116
Purchases	-	422,549,202	93,995,096	73,025,998	-	107,705,633	1,111,153,745	7,773,366	65,684,161	1,881,887,201
Disposals/written-off	-	(8,224,525)	(18,486,703)	-	-	(27,946,668)	(146,089,745)	(11,220,817)	(14,644,453)	(226,612,911)
Transferred in (out)	-	(15,000)	-	-	-	15,000	-	-	-	-
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	510,953,969	13,243,875,406
Accumulated depreciation										
31 December 2007	-	551,673,827	332,474,901	979,863,932	93,148,750	635,002,851	3,891,420,550	100,324,222	89,810,692	6,673,719,725
Depreciation for the year	-	122,935,928	43,802,186	139,660,654	4,242,659	60,811,777	553,306,692	8,813,281	20,833,837	954,407,014
Depreciation - disposal/written-off	-	(6,613,826)	(13,477,435)	-	-	(23,658,086)	(140,356,202)	(10,264,557)	(12,429,222)	(206,799,328)
Transferred in (out)	-	(1,839)	-	-	-	1,839	-	-	-	-
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
Provision for impairment										
31 December 2007	3,000,000	-	548,489	-	-	4,233,629	16,610,462	347,121	83,231,622	107,971,323
Reversal provision for impairment	-	-	(548,489)	-	-	(4,233,629)	-	(347,121)	(5,402,508)	(10,531,747)
31 December 2008	3,000,000	-	-	-	-	-	16,610,462	-	77,829,114	97,439,576
Net book value										
31 December 2007	1,042,329,761	917,046,677	106,919,752	1,382,265,003	119,862,602	128,492,993	801,090,106	22,031,227	286,871,947	4,806,910,068
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	334,909,548	5,725,108,419
Depreciation included in the income statements for the years										
2007										753,222,084
2008										954,407,014

As at 31 December 2008, 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 4,779 million (2007: Baht 4,141 million).

Separate financial statements

(Unit: Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular Telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Others	Total
Cost										
31 December 2007	748,118,291	733,725,785	406,671,802	1,514,289,583	86,941,843	724,494,040	4,520,235,510	119,079,732	457,906,048	9,311,462,634
Purchases	-	422,198,876	93,544,530	73,025,998	-	106,730,664	1,107,481,599	7,773,366	1,078,774	1,811,833,807
Disposals/written-off	-	(8,224,525)	(13,153,288)	-	-	(12,958,950)	(129,876,781)	(8,994,102)	(12,636,245)	(185,843,891)
Transferred in (out)	-	(15,000)	-	-	-	15,000	-	-	-	-
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	446,348,577	10,937,452,550
Accumulated depreciation										
31 December 2007	-	277,308,778	300,273,675	513,601,634	29,051,847	596,959,438	3,760,657,706	97,048,788	89,750,014	5,664,651,880
Depreciation for the year	-	94,169,458	43,639,967	96,679,963	4,242,659	60,518,884	551,329,865	8,813,045	14,834,156	874,227,997
Depreciation - disposals/written-off	-	(6,613,827)	(8,692,509)	-	-	(12,911,969)	(129,280,782)	(8,384,964)	(12,135,344)	(178,019,395)
Transferred in (out)	-	(1,839)	-	-	-	1,839	-	-	-	-
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
Provision for impairment										
31 December 2007	3,000,000	-	-	-	-	-	-	-	82,974,630	85,974,630
31 December 2008	3,000,000	-	-	-	-	-	-	-	82,974,630	85,974,630
Net book value										
31 December 2007	745,118,291	456,417,007	106,398,127	1,000,687,949	57,889,996	127,534,602	759,577,804	22,030,944	285,181,404	3,560,836,124
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	270,925,121	4,490,617,438
Depreciation included in the income statements for the years										
2007										669,205,647
2008										874,227,997

As at 31 December 2008, certain equipment items of the Company have been fully depreciated. The original cost, before deducting accumulated depreciation of those assets amounted to Baht 4,669 million (2007: Baht 4,141 million).

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



15. 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 1.2.1 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	
	2008	2007	2008	2007
Deferred right to use of equipment	124,475,412,636	115,230,125,517	124,474,337,286	115,229,585,167
Deferred expenses on transmission facilities	716,521,626	702,852,715	716,521,626	702,852,715
Less: Accumulated amortisation	(49,578,128,405)	(42,120,422,759)	(49,578,058,788)	(42,120,397,993)
Net deferred right to use of equipment	75,613,805,857	73,812,555,473	75,612,800,124	73,812,039,889
Amortisation included in the income statements	7,457,705,646	6,699,641,950	7,457,660,796	6,699,617,184

16. Other non-current assets

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Deferred expenses - net	2,351,732,047	1,935,827,275	2,324,155,756	1,880,520,618
Deferred underwriting fees / arrangement fees				
for loans and bonds - net	226,107,100	329,029,852	226,107,100	329,029,852
Deposits	899,062,733	615,351,641	897,251,735	614,549,579
Income tax refundable	153,143,953	153,143,953	153,143,953	153,143,953
Others	224,791,194	133,104,206	143,667,759	132,832,553
Total other non-current assets	3,854,837,027	3,166,456,927	3,744,326,303	3,110,076,555
Amortisation included in the income statements	838,384,579	747,118,579	834,272,619	747,112,536

17. Accounts payable - trade

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Accounts payable for the purchase of				
equipment for providing telephone services	886,686,245	1,632,904,560	821,532,389	1,621,185,202
Accounts payable - CAT	3,934,639,647	3,809,191,138	3,934,639,647	3,809,191,138
Accounts payable - TOT	1,277,034,676	1,289,311,364	1,277,034,676	1,289,311,364
Account payable - Interconnection charge	141,771,416	1,511,252,576	141,771,416	1,511,252,576
Others	568,982,800	425,878,012	567,347,272	425,476,481
Total accounts payable - trade	6,809,114,784	8,668,537,650	6,742,325,400	8,656,416,761

18. Long-term loans

	(Unit : Baht)	
	Consolidated financial statements/ Separate financial statements	
	2008	2007
18.1 USD 30 million loan facility from Nordic Investment Bank	476,437,500	794,062,500
18.2 USD 40 million loan facility from Nordic Investment Bank	1,644,000,000	1,644,000,000
18.3 JPY 9,515 million loan obtained from a group of financial institutions	2,521,094,400	2,836,231,200
18.4 USD 170 million loan facilities from Finnish Export Credit Ltd.	4,611,773,077	5,636,611,538
18.5 JPY 12,000 million and Baht 2,000 million loan obtained from a group of financial institutions	4,318,800,000	-
Total	13,572,104,977	10,910,905,238
Less: Current portion	(3,097,200,262)	(1,657,600,262)
Long-term loans - net of current portion	10,474,904,715	9,253,304,976

18.1 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 30.5 to the financial statements.

18.2 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 30.5 to the financial statements.

18.3 On 18 November 2005, the Company entered into a Facility Agreement with a group of financial institutions. The principal terms of these facilities are :

Baht loan

Facility	:	Baht 4,000 million (Fully drawn down)
Interest rate	:	THBFIX plus 0.25 percent per annum
Interest period	:	every three months
Principal repayment schedule	:	Repayment in full in 18 November 2007

The interest expense of this Baht loan had been covered by interest rate swap agreement with the fixed interest rate. The Company had wholly repaid its principal on 16 November 2007.

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. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments provided in Note 30.5 to the financial statements.

18.4 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, effective on 3 April 2006 and 28 August 2006 and Tranche B, effective on 31 October 2006 to a Baht 6,661 million loan, with a fixed Baht interest rate as stipulated in the agreements. The possible future financial impact of these agreements is reflected in the estimates of the fair value of derivative instruments provided in Note 30.5 to the financial statements.

18.5 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 30.5 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. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments presented in Note 30.5 to the financial statements.

18.6 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 2008, the Company has not yet drawn down from the facility.

18.7 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 2008, the Company has not yet drawn down from the facility.

18.8 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 2008, the Company has not yet drawn down from the facility.

18.9 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 2008, 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.

19. Debentures

(Unit : Million Baht)

	Consolidated financial statements/ Separate financial statements	
	2008	2007
Thai Baht debentures	14,500	20,000
Less: Current portion	(8,000)	(5,500)
Bonds - net of current portion	6,500	14,500

The movements of Thai Baht debentures for the year ended 31 December 2008 are as follows:

(Unit: Million Baht)

	Tenor	Balance as at 1 January 2008	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2008
19.1 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
19.2 Debentures of Baht 9,000 million (issued on 25 September 2003)					
a) Debentures of Baht 3,000 million	5 years	3,000	-	3,000	-
b) Debentures of Baht 2,500 million	5 years	2,500	-	2,500	-
c) Debentures of Baht 3,500 million	7 years	3,500	-	-	3,500
19.3 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
		20,000	-	5,500	14,500

19.1 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.
- Debentures of Baht 1,000 million bearing interest at 8.3 percent minus the “6-month THBFX” per annum for the first to third years, interest at the fixed 5.8 percent per annum for the fourth to seventh years and due for repayment in full in October 2009.

19.2 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 THBFX” plus 0.95 percent per annum and due for repayment in full in September 2008. The interest expenses of these debentures had been covered by interest rate swap agreements and a risk protection structure against increasing interest risk. However, in the third quarter of 2005 the Company entered into an agreement amending the risk protection structure, as a result of which of the Company was to pay interest at a fixed rate specified in the agreement from 25 September 2005 to 25 March 2007 and at the floating rate specified in the agreement for the remaining period. 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 interest expenses of these debentures had been covered by interest rate swap agreements and a risk protection structure against increasing interest rates. However, in the third quarter of 2005 the Company entered into an agreement amending the risk protection structure, as a result of which of the Company was to pay interest at a fixed rate specified in the agreement from 25 September 2005 to 25 March 2007 and at the floating rate specified in the agreement for the remaining period. 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 30.5 to the financial statements.

19.3 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 and redemption in full in August 2009.
- b) Debentures of Baht 3,000 million, with interest rate at 6.35 percent per annum and redemption in full in August 2011.

All 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.

20. Other current liabilities

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Interest payable	300,931,218	350,680,795	300,931,218	350,680,795
Accrued expenses	1,593,985,490	1,075,756,525	1,549,891,863	1,043,636,622
Other accounts payable	1,138,699,613	955,843,576	1,110,807,918	954,944,050
Corporate income tax payable	123,867,599	874,189,132	65,216,224	862,066,570
Others	692,480,629	1,067,040,725	676,860,027	1,060,270,400
	3,849,964,549	4,323,510,753	3,703,707,250	4,271,598,437

21. Share capital

2007

On 30 April 2007, a resolution of the Extraordinary General Meeting of the Company's shareholders no.1/2007 authorised the following transactions: -

- 21.1** Reduction of the par value of the Company's ordinary shares from Baht 10 per share to Baht 2 per share, with the Company's then share capital (before the initial public offering in June 2007) comprising 458,016,126 ordinary shares with a par value of Baht 10 each, to comprise 2,290,080,630 ordinary shares with a par value of Baht 2 each following the reduction. The reduction of the par value was registered with the Ministry of Commerce on 17 May 2007.
- 21.2** Reduction of registered share capital from Baht 5,114 million to be Baht 4,580 million. The Company registered its reduction of registered share capital to be Baht 4,580 million with the Ministry of Commerce on 18 May 2007.
- 21.3** Increase of registered share capital from Baht 4,580 million to be Baht 6,439 million by issuing 82 million new ordinary shares with a par value at Baht 2 each to support the initial public offering and issuing up to 847,692,965 new ordinary shares to allocate to the shareholders of United Communication Industry Plc. (UCOM). The Company registered the increase of the registered share capital of Baht 6,439 million with the Ministry of Commerce on 21 May 2007.
- 21.4** An initial public offering (including the Company's employees, patrons, general investors, local and international institutional investors) of 222 million ordinary shares of the Company, comprising 82 million newly issued shares with a par value of Baht 2 each, and the sell down of 140 million of the Company's ordinary shares with a par value of Baht 2 each held by UCOM at a price of Baht 40 per share.

Total proceed from the Company's newly share offering was Baht 3,280 million, with a share premium of Baht 2,749 million, net of related expenses incurred in making the offering. The Company registered the change in its paid-up share capital of Baht 4,744 million with the Ministry of Commerce on 19 June 2007.

The Stock Exchange of Thailand approved the listing of the Company's ordinary shares and permitted them to commence trading on 22 June 2007.

- 21.5** A selective reduction of capital by cancelling 847,692,965 ordinary shares of the Company held by UCOM with a par value of Baht 2 each. The Company registered the reduction of its registered share capital from Baht 6,439 million to Baht 4,744 million and paid-up share capital from Baht 4,744 million to Baht 3,049 million with the Ministry of Commerce on 30 August 2007.
- 21.6** The issuance and offering of no more than 847,692,965 ordinary shares of the Company with a par value of Baht 2 each to the UCOM shareholders who accept the Company's tender offer, with 1.95 shares of the Company with a par value of Baht 2 each to be allocated to the UCOM shareholders in exchange for each UCOM ordinary share with a par value of Baht 10 each.

The Company made a tender offer to acquire all shares of UCOM during the period from 25 July 2007 to 30 August 2007, and UCOM's shareholders accepted tenders to acquire a total number of 432,524,792 shares of UCOM, with the Company issuing 843,423,335 new ordinary shares in consideration for those shares. The Company registered the increase in its paid-up share capital from Baht 3,049 million to Baht 4,736 million with the Ministry of Commerce on 3 September 2007 (recording the additional expenses incurred in relation to the restructuring of its shareholding in share premium). The Stock Exchange of Thailand approved the new shares as listed securities on 14 September 2007.

Reconciliation of number of ordinary shares

	(Unit: Million Shares)	
	2008	2007
		(Adjusted to reflect change in par value to Baht 2 per share)
Registered share capital		
Number of ordinary shares at the beginning of the year	2,372	2,557
Decrease in number of registered shares	-	(1,115)
Increase in number of registered shares	-	930
Number of ordinary shares at the end of the year	2,372	2,372
Issued and paid-up share capital		
Number of ordinary shares at the beginning of the year	2,368	2,290
Decrease issued and paid-up share capital	-	(847)
Increase due to the initial public offer of shares	-	82
Increase in paid-up share capital	-	843
Number of ordinary shares at the end of the year	2,368	2,368

22. Statutory reserve

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

23. Expenses by nature

Significant expenses by nature are as follow:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Salary and wages and other employee benefits	3,025,455,392	2,556,588,163	2,984,689,792	2,549,849,749
Depreciation	954,407,014	753,222,084	874,227,997	669,205,647
Amortisation expenses	8,300,343,563	7,451,984,262	8,296,186,753	7,451,953,453
Rental expenses	1,232,707,190	994,060,280	1,241,960,918	1,016,103,326
Purchases in inventories	407,817,133	411,581,776	402,482,588	411,581,776
Changes in inventories of finished goods	11,061,810	(37,320,864)	11,726,477	(37,320,864)

24. Finance costs

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Interest expense	1,822,644,917	2,181,092,230	1,843,992,541	2,207,647,321
Amortisation on deferred financial cost	125,173,061	146,763,452	125,173,061	146,763,452
Total finance costs	1,947,817,978	2,327,855,682	1,969,165,602	2,354,410,773

25. Corporate income tax

Corporate income tax expenses for the years ended 31 December 2008 and 2007 comprised:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Income tax payable on taxable profit				
for the year	2,285,230,494	3,076,459,094	2,153,818,619	3,059,359,889
Add/Less: Net increase/decrease in deferred				
tax assets/liabilities on temporary				
differences and other related write-off	841,041,677	(310,216,277)	841,041,677	(310,216,277)
Adjusted: Deferred tax assets from reduction				
of corporate income tax rate to 25%	-	79,519,919	-	79,519,919
Income tax expenses - net	3,126,272,171	2,845,762,736	2,994,860,296	2,828,663,531

As at 31 December 2008 and 2007 the deferred tax assets/liabilities arose from the following temporary differences:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Allowance for doubtful accounts : accounts receivable - trade	437,462	725,180	437,462	725,180
Provision for loss on account receivable from assignment of right (Note 25.1)	-	1,894,760	-	1,894,760
Allowance for inventory obsolescence	20,329	20,903	20,329	20,903
Accrued expenses	387,713	40,405	387,713	40,405
Amortisation of intangible assets	554,439	242,073	554,439	242,073
Unrealised (gain) loss on derivative instruments for long-term loans and bonds	(330,287)	1,479,317	(330,287)	1,479,317
License on mobile money business (premium from subsidiary acquisition)	(68,841)	(55,101)	-	-
Others	206,038	(110,688)	206,038	(110,688)
	1,206,853	4,236,849	1,275,694	4,291,950
Deferred tax assets/liabilities calculated from tax rate 30%	267,877	793,935	288,529	810,465
Deferred tax assets/liabilities calculated from tax rate 25%	78,494	397,600	78,494	397,600
	346,371	1,191,535	367,023	1,208,065

25.1 Deferred tax assets related to the provision for loss on accounts receivable from the assignment of rights. As at 31 December 2007 the Company was in the process of recovering this receivable through an arbitration process. However, during the year 2008 the Company entered into the compromise agreement discussed in Note 13 to the financial statements.

26. 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. In 2007 the Company adjusted the number of ordinary shares held by outside shareholders in proportion to the change in the number of shares as a result of the change in par value from Baht 10 each to Baht 2 each as discussed in Note 21 to the financial statements. The number of ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest period reported.

27. Depreciation and amortisation expenses

Depreciation and amortisation expenses for the years ended 31 December 2008 and 2007 comprised:-

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Depreciation expense				
Property, plant and equipment	954,407,014	753,222,084	874,227,997	669,205,647
Amortisation expense				
Deferred right to use of equipment	7,457,705,646	6,699,641,950	7,457,660,796	6,699,617,184
Other non-current assets				
- group as selling and administration expenses	717,464,856	605,578,860	713,352,896	605,572,817
- group as finance cost	125,173,061	146,763,452	125,173,061	146,763,452
Total depreciation and amortisation expenses	9,254,750,577	8,205,206,346	9,170,414,750	8,121,159,100

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

	Note	(Unit : Baht)	
		Consolidated financial statements	
		2008	2007
Net income for the year		9,325,202,043	5,841,258,536
Add/Less : Financial cost	24	1,947,817,978	2,327,855,682
: Corporate income tax	25	3,126,272,171	2,845,762,736
: Depreciation expense	14	954,407,014	753,222,084
: Amortisation expense		8,175,170,502	7,305,220,810
: Interest income		(426,687,746)	(197,899,432)
: Loss on foreign exchange		48,843,837	17,396,935
: Loss from capital reduction of subsidiary		41,978,649	-
EBITDA		23,193,004,448	18,892,817,351

29. Dividends

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

30. Financial instruments

30.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investments, accounts payable, short-term, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

30.2 Interest rate risk

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

As at 31 December 2008 the significant financial assets and liabilities (Part of these are under derivative instruments as described in Notes 18 and 19 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		3,835	2,866	381	7,082
Accounts receivable - trade, net		-	-	2,709	2,709
Accounts receivable - trade:					
related parties, net		-	-	4,553	4,553
Financial liabilities					
Accounts payable - trade		-	-	6,809	6,809
Accounts payable - trade: related parties		-	-	1,885	1,885
Other payables related parties		-	-	140	140
Long-term loans	18	2,120	11,452	-	13,572
Thai Baht debentures	19	-	14,500	-	14,500

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			Interest rate
		Within 12 months	Over 12 months	Total	
Financial assets					
Cash and cash equivalents		2,866	-	2,866	0.50% - 3.90%
Financial liabilities					
Long-term loans	18	2,780	8,672	11,452	3.50% - 6.59%
Thai Baht debentures	19	8,000	6,500	14,500	3.90% - 6.35%

30.3 Foreign currency risk

The Company and subsidiaries' exposure to foreign currency risk arised mainly from purchasing of equipment transactions and borrowing 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 18).

As at 31 December 2008 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 2008 (Baht per foreign currency)
	Amount (Million)	Foreign currency	
Assets			
Deposits at financial institutions	4.47	USD	34.8051
	0.61	EUR	48.8809
	0.50	GBP	50.3262
Trade accounts receivable - other companies	5.86	SDRs	53.3937
Trade accounts receivable - related companies	0.64	SDRs	53.3937
Liabilities			
Trade accounts payable*	12.50	USD	35.0824
Amount due to related companies	20.40	NOK	4.9946
Net assets (liabilities)	(8.03)	USD	
	0.61	EUR	
	0.50	GBP	
	6.50	SDRs	
	(20.40)	NOK	

(*) net of the amounts of USD 6 million covered by forward contracts with due during January - February 2009

30.4 Credit risk

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

30.5 Fair value

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

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

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

The carrying value (original value excluded the carrying value of related forward exchange and cross currency swap contracts) and fair value of long-term financial liabilities and the fair value of derivative instruments as at 31 December 2008 are presented below.

	(Unit: Million Baht)	
	Consolidated financial statements	
	Carrying value	Fair value
Hedged		
Loan from Finnish Export Credit Ltd.	4,129	4,430
Loan from a group of financial institutions	7,975	8,128
Thai Baht debentures	3,500	3,602
Unhedged		
Loan from Nordic Investment Bank	1,798	1,811
Thai Baht debentures	11,000	11,259
Derivative instruments		
Unfavourable derivative instruments	-	(626)

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

- The fair value of long-term loans and Thai Baht debentures have 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 value or the discounted cash flow method. The discounted 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.

31. 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 2008, debt to equity ratio in the consolidated financial statements is 0.49:1 (the separate financial statements: debt to equity ratio is 0.49:1).

32. Commitments

32.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building and land and office for cell sites. The terms of the agreements are generally between 1 to 5 years and 12 years.

As at 31 December 2008, future minimum lease payments under these operating leases contracts were as follows.

	<u>Million Baht</u>
Payable within:	
Less than 1 year	873.22
1 to 5 years	2,499.23
More than 5 years	3,282.15

During the year 2008, the Company recognised rental expenses of Baht 1,242 million.

32.2 Capital commitments

As at 31 December 2008 the Company has capital commitments of Baht 130 million and USD 20 million (2007: Baht 290 million and USD 37 million) mainly in respect of the purchase of tools and equipment for providing cellular telephone services and Baht 517 million and USD 0.7 million (2007: Baht 647 million and USD 5 million) relating to the construction of buildings and acquisition of software for the Company's operations.

32.3 Pledged deposits at financial institutions

As at 31 December 2008 deposits at financial institutions of a subsidiary amounting to Baht 0.5 million (2007: Baht 0.7 million) are pledged with the bank to secure facilities granted by the bank.

32.4 Bank guarantees

As at 31 December 2008 there were outstanding bank guarantees of Baht 2,582 million (2007: Baht 1,664 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.

32.5 Agreements to install cell site equipment

As at 31 December 2008 the Company has an outstanding commitment of approximately Baht 19 million under an agreement to install cell site equipment made with United Telecom Sales and Services Co., Ltd., a related company (2007: Baht 512 million).

32.6 Agreement to install and maintain transmission networks

The Company has a commitment to BB Technology Co., Ltd., a related company, relating to the installation 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. (2007: the Company had an outstanding commitment with Benchachinda Holding Ltd., a related company).

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

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

On 17 May 2006, the 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 as 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 Administrative Court under case no. 1523/2550, petition for the cancellation of such NTC and NTC Secretary General's orders. The Administrative Court takes 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 and the NTC Secretary General have filed their objections with the 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 has 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 payables 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 suit 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 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, then the Civil Court 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, whereby 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, the Company was informed by the NTC that NTC has rendered an order to the Company and TOT to enter into an interconnection agreement immediately after the Company and TOT has received the NTC's adjudication. Regarding this, an interconnection agreement must cover all telecommunication numbers which the Company is legally entitled to provide services. Therefore, the Company, on 13 January 2009, sent an invitation letter to TOT requesting TOT to enter into an interconnection agreement in accordance with the NTC's adjudication. Currently, this matter is under coordination with the NTC and TOT in order to comply with such adjudication accordingly.

Based on legal 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 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 court's decision would not have an adverse impact on the Company's financial position in a material respect.

The net effect (before income tax) in ceasing recognizing the access charge under the Access Charge Agreements as from 18 November 2006 to 31 December 2008 has resulted in a reduction of the Company's expenses in the amount of Baht 15.9 billion approximately.

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

34. Significant other litigation and other commercial disputes

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

34.1 Settled litigation and commercial dispute

- (a) In March 2003 the Company, World Phone Shop Company Limited (the subsidiary) and directors of the subsidiary were sued by am/pm (Thailand) Company Limited in relation to the improper transfer of the license to use the am/pm trademark in Thailand, and the improper receipt of the benefits from the use of such trademark. The amount of the claim was Baht 450 million (On 1 January 2003 the subsidiary terminated the assignment agreement to operate am/pm shops in Thailand and stopped using the am/pm trademark as of 31 December 2003.) The Court of the First Instance dismissed the claim. The Appellant Court rejected to accept the appeal filed by am/pm (Thailand) because they failed to deposit the court fees within the specified period. am/pm (Thailand) then appealed to the Supreme Court. On 28 April 2008, the Supreme Court dismissed am/pm (Thailand)'s appeal. The case became final. The Company, the subsidiary and directors of the subsidiary no longer have any obligations to pay for the damages as claimed by am/pm (Thailand).
- (b) Dispute between the Company and DPC regarding default on payment of amounts due under the assignment agreement in relation to the transfer of certain rights and obligations by the Company to DPC to operate a mobile service under the PCN 1800 system.

As discussed in Note 13 to the financial statements, on 30 May 2008 the Company and DPC entered into the compromise agreement to settle all disputes. DPC made payment of Baht 3,000 million plus VAT in the amount of Baht 210 million, totaling Baht 3,210 million to the Company on the execution date thereof. The Company and DPC agreed to terminate the Unwind Agreements between the parties. Therefore, the Company is no longer obliged to allow DPC to use its telecommunication network and DPC is no longer obliged to make any further payments to the Company.

34.2 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 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.

34.3 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 2008, 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 the payment of the numbering fee which CAT is obliged to pay to NTC on a monthly basis pursuant to the Telecommunications Business Act.

During August 2005 and August 2006, CAT made payments of the monthly numbering fees to the NTC. Subsequently, CAT submitted a letter to the Company demanding the Company to make payment of the numbering fees (already paid by CAT to NTC) at a rate of Baht 1 per number per month for the numbers the Company has been allocated for the provision of its telecommunication services in accordance with the Concession Agreement in the total amount of Baht 169.6 million. On 7 September 2006, CAT submitted the dispute to the Arbitration Institute demanding the Company to compensate the principal amount together with interests totaling Baht 171 million. Currently, the dispute is 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.

- (d) 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 revenues as follows:

- 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. The Company believes that the revenues received from other operators represent compensation for costs incurred by it to expand the network to accommodate the increase in network traffic as a result of other operators being granted such roaming.
- Fees on uncollectible receivables from customers of the 1800 system who submitted fraudulent documents in the amount of Baht 38.9 million. The Company considers that CAT waived the fees on uncollectible receivables from customers of the 800 system who fraudulently used the Company's services, and that the nature of the fraud this time is the same.

Currently, the dispute is in arbitration. It could take several years before an arbitral award is rendered.

As at 31 December 2008, 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 of this type.

- (e) 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 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 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.

- (f) 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 their equipments 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. The Company's view is that the disputed steel towers and the corresponding equipment are not the devices and equipment under the Concession Agreement but they are the buildings under the Building Control Act B.E. 2522 (1979) and they are the Company's ownership 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.

35. 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.

Legal issues arising under the Telecommunications Act and the Frequency Act are uncertain. The Company is unable to determine how the NTC will exercise its regulatory authority, the nature and scope of the policies and regulations it will issue in the future, or how it will supervise the implementation of any such policies, or 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. While the Company believes that the establishment of the NTC is a positive development for private operators such as the Company, it cannot be assured that the NTC, or any other regulatory bodies, will not take any actions which may be detrimental to its business, financial position, results of business operations and prospect.

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 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.

36. Financial information by segment

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

37. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to the employees at a rate of 3 or 4 or 5 percent and the Company at a rate of 5 percent of their employees' salaries. The accumulated contributions of the employee and the Company and the fund earnings from the contributions will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by TMB Asset Management Company Limited. During the year ended 31 December 2008 Baht 64.98 million (2007: Baht 34.53 million) has been contributed to the fund by the Company.

38. Subsequent events

38.1 Dividend payment

The Company's Board of Directors Meeting, held on 6 February 2009, passed a resolution approving the payment of a dividend of Baht 1.50 per share to the ordinary shareholders, from the 2008 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 25 May 2009.

38.2 Forward exchange contracts

Subsequent to 31 December 2008, the Company has entered into a number of significant forward exchange contracts with banks to purchase approximately USD 4.46 million (2007: USD 15.89 million), to cover payments for the purchases of cellular telephone service equipment in 2009.

39. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 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
Accounts receivable - trade : subsidiaries - net	-	-	107,303,294	31,902,990
Accounts receivable - trade : associated company	4,904,472,217	4,868,753,321	4,904,472,217	4,868,753,321
Property, plant and equipment - net	4,806,910,068	4,858,352,184	3,560,836,124	3,612,278,240
Leasehold rights - net	51,442,116	-	51,442,116	-
Account payable - trade : subsidiaries	-	-	86,384,095	10,983,790
Account payable - trade: associated company	35,718,896	-	35,718,896	-
Revenue from telephone services	64,434,184,728	64,491,292,545	64,385,803,391	64,442,911,209
Cost of telephone service	44,334,709,576	44,341,692,423	44,418,115,533	44,425,098,379
Selling and administrative expenses	-	10,269,459,965	-	10,237,238,653
Selling expenses	3,391,209,919	-	3,390,820,446	-
Administrative expenses	6,828,125,076	-	6,796,293,235	-

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 6 February 2009.

41. 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 2008 and

2007 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

41.1 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).

41.2 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 2008 and 2007 and consolidated total shareholders' equity as at 31 December 2008 and 2007 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	
	2008	2007	2008	2007
As reported in these consolidated financial statements				
under Thai GAAP	9,329	5,841	59,450	51,849
Add (Less): Thai GAAP /IFRS significant differences (net of tax effect)				
1. Accounting for derivatives (Note 41.1)	15	(23)	(509)	(328)
2. Deferred financial costs (Note 41.2)	51	49	10	(61)
Under International Financial Reporting Standard ("IFRS")	9,395	5,867	58,931	51,460

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 and has changed the name to CAT Telecom Public Company Limited)
CDP	The Central Depository (Pte.) Limited
Churn Rate	The number of customers moved out of the network divided by the total number of customers in the network
Concession Agreement	Agreement to operate and to provide Cellular system Radio Telecommunication Service (including its Amendment)
DPC	Digital Phone Company Limited
EDGE	Enhanced Data-Rates for GSM Evolution
Frequency Act	Act on Organisations Allocating frequency Waves and Supervising Radio/Television Broadcasting and Telecommunication Business B.E. 2543
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
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
NBC	The National Broadcasting Commission
NTC	The National Telecommunications Commission
On net – Off net	The calls made within the same network – to other networks
PCN 1800	Digital GSM wireless telecommunication service under the 1800 MHz frequency band
Penetration Rate	The number of SIM cards divided by the population
Refill Card	Refill card for prepaid service
SGX-ST	Singapore Exchange Securities Trading Limited
Sim Card	Subscriber Identity Mobile Card
SMS	Short Message Service
Starter Kit	A bundled package of a SIM card and a handset
TBO	Telecommunication Business Operation Act B.E. 2544 as amended
TOT	TOT Public Company Limited (formerly known as Telephone Organisation of Thailand has corporatised to TOT Corporation Public Company Limited and has changed the name to TOT Public Company Limited)
True Move	True Move Company Limited
TSD	Thailand Securities Depository Company Limited
UCOM	United Communication Industry Public Company Limited

