



AIS

DIGITAL FOR THAIS

THE NEXT GENERATION THAILAND

Annual Report and Sustainability Report 2017
Advanced Info Service Public Company Limited

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NEXTG



Next Generation **Network**

The first Southeast Asia's phenomenon at the fastest speed up to 1 Gbps to leverage Digital Infrastructure on top advancement.

Next Generation **Economy**

Push Thai businesses up to a trend of sharing economy, encouraged sharing resources via internet.

Next Generation **Xperience**

Explore innovative digital technology to build up a new experience for all next generation's lifestyle.

Next Generation **Team**

Create service differentiation combined with our advanced technology to deliver the best customer service experience.





AIS **DIGITAL** **FOR THAIS**

Utilize strength in digital technology to improve the living quality of Thais in four aspects: agriculture, health, education, and business startups, moving forwards to Thailand 4.0



CHAIRMAN MESSAGE

Digital advancement is a compelling opportunity for the company to create added value by providing comprehensive digital life services, while optimizing the digital transformation to enhance company-wide efficiency and competitiveness to capture the growth in digital age.

Capturing growth in the new era with digital life services

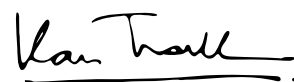
Digital technologies are emerging at a rapid pace and have changed the way the world works. In the past decade, we have witnessed a wide range of new business models, which empowered by technology advancement to serve more sophisticated consumer and business needs e.g. Sharing economy, Over-The-Top (OTT) and Cloud platforms. Digital platforms together with internet connectivity empower people lives in every aspect while traditional voice communication would no longer fulfill a new wave of consumer demands. In light of these trends, telecom operators are facing with ongoing market disruption and structural change. On the flip side, we believe this is a compelling opportunity for the company to create added value by providing comprehensive digital life services, while optimizing the digital transformation to enhance company-wide efficiency and competitiveness in this fast changing environment to capture the growth in digital age.

Gearing toward digital transformation

We are gearing toward digital transformation with an aim to leverage new technologies to enrich customer's digital experience, to improve operational efficiencies, and to enhance revenue generation. In 2017, we set a foot in the digital transformation in key areas including network, services, people and culture. We launched trial technology to be ready for the 5G network. We introduced new convergence lifestyle packages. We deployed new online self-service platform to our customers. During the year, Baht 100 million budget was allocated to drive digital culture and learning platform for our staffs. Looking ahead, our telecommunication infrastructure will need to be agile and cost effective by enabling process and infrastructure with cloud-base and automation. Our people will need to learn new relevant skills and digital tools and effectively build-in digitization through customer journey.

Creating substantial positive impact to the nation

It is clear that digital solutions are one of the biggest drivers to the nation's prosperity. As we look to 2018 and beyond, with the "Digital for Thais" concept in mind, we are determined to drive the sustainable economic development for the country, leveraging our specialization, infrastructure on top with digital advancement. Currently, we witnessed an unequal distribution of academic and healthcare resources within the country. Similarly, people in agricultural sector remain limited access to fair marketplaces and tools to enhance their profitability and capability. Working alongside our local and international partners in different fields ranging from startup, content providers, to equipment manufacturers, we are keen to bridge this digital divide. It is our aim to gear the company's actions toward improving standard of living and help creating positive impact to the country.



Mr. Kan Trakulhoon
Chairman of the Board of Directors



CEO MESSAGE

In 2017, we confirmed the arrival of AIS THE NEXT GENERATION through which we aim to continue our leadership in deploying the best Network, supporting all kinds of Economies including startups, building excellent after-sales services and privilege to uplift the customer eXperience, and improving the capabilities of the AIS Team in an environment of swiftly-changing technology.

Dear Shareholders,

As we reflect on 2017, we see a year in which AIS solidified its position as the Digital Life Service Provider of mobile, fixed broadband, and digital services in Thailand. When compared to the previous year, our financial results improved accordingly, with service revenue growth of 4.9%, EBITDA of 16%, while net profit slightly declined 1.9%. The key contribution to this growth firstly came from the increasing mobile data usage, which grew 2 times, on our nationwide 4G network newly launched last two years. Secondly, our fixed broadband business also continued to expand with growing number of subscribers, amounting to 521,200. We recently have our fixed broadband service in 50 cities and are on our plan to expand in 2018. The connectivity of both wireless and wireline networks of AIS service is an important fundamental for this era of Thailand 4.0 and AIS is determined to continue investing in this infrastructure to enable the delivery of products and services from all sectors to customers at all time via a smartphone.

Digital services also played a significant role in 2017. Firstly, AIS announced our partnerships with both local and foreign content partners to bring entertainment such as movies, sports, and variety shows to AIS customers either they are outside of home through AIS' 4G network or inside their home through AIS Fibre. This is not only creating differentiation for AIS in the market but also leading us to a new potential revenue stream. Moreover, AIS announced our readiness in providing the Business Cloud for Enterprises and SMEs. AIS' Enterprise Cloud is an end-to-end service ranging from the enterprise data service (EDS), data centers, Platform-as-a-Service, Software-as-a-Service to the 24/7 managed service and consultancy. Also, the acquisition of CS Loxinfo Plc into a part of our business will certainly strengthen our service for enterprises next year.

In 2017, AIS has strongly announced that we are **AIS THE NEXT GENERATION** in which we aim to continue our leadership in deploying the best Network, supporting all kinds of Economies including startups, building excellent after-sales services and privilege to uplift the customer eXperience, and improving the capabilities of the AIS Team amid swiftly-changing technology. This shows that although AIS is a large organization providing core telecom infrastructure for the country, we realize of our moving environment and are determined to adjust our company's business direction and strategy so as to face new opportunities and challenges. For the upcoming 2018, AIS has clearly set our compass as shown in the guidance to our investors (page 38-39). This is the yearly plan as a part of our long-term strategic move. As the CEO and on behalf of AIS' colleagues, AIS is ready to continue our task in creating sustainably return to Thailand, shareholders, and stakeholders.

Warm regards,



Somchai Lertsutiwong
Chief Executive Officer



VISION

To become the most-admired Digital Life Service Provider in Thailand.



MISSION

To enhance people's lives through Digital Services.

- Deliver superior products and services to enrich people's daily lives and business capabilities.
- Enhance customer intimacy through the best customer experience.
- Drive intrapreneurship and employees' professionalism, and promote a positive, lively and agile work culture.
- Build win-win growth to all stakeholders.

Operational Highlights

Mobile

Rolled out advanced technology to strengthen mobile leadership position

1
with
48%
revenue
market share
45%
subscriber
market share

Launched
network with **1 Gbps speed**



Network superiority guaranteed by OOKLA



Deployed nationwide **4G/3G**
coverage with 2- and 3-carrier
aggregation technology in key cities

Increasing data consumption supported
revenue growth.

4Q16	4Q17
3.6	6.7

Volume of Usage (GB/data sub/month)

Fixed Broadband

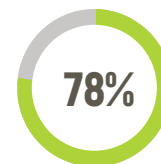
Expanded coverage with a focus on quality acquisition



Service coverage available in **50 cities**

Leading with FTTH technology
with **521,200 subscribers**

Strengthening integrated position with
fixed-mobile convergence



of AIS Fibre customers
are AIS mobile
customers

- AIS Fibre and AIS mobile
- AIS Fibre but non-AIS mobile

Digital Service

Supported core businesses with differentiation



Video Content

offering world-class entertainment
to provide exclusivity and variety
via AIS mobile and fixed platforms



Business Cloud ready to serve

end-to-end Cloud system including
consultancy for Thai corporates
and SMEs



mPAY

AIS' mobile payment platform for
top-up, bill pay, and money
transfer, all in one application

Awards and Recognition



Selected as a
constituent of the
FTSE4Good Index
Series demonstrating strong
Environmental, Social and
Governance (ESG) management



Listed in Thailand
Sustainability
Investment
for three consecutive years from
the ongoing long-term value
creation to shareholders

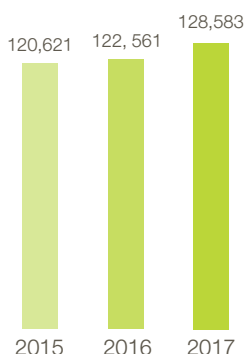


Became the first digital
life service provider in
Thailand granted the
“TGO Guidance of the Carbon Footprint for
Organizations” certification

Financial Highlights

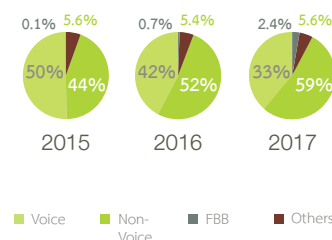
Service revenue ex. IC (Bt mn)

Service revenue continued to grow 4.9% YoY from both mobile and fixed broadband.



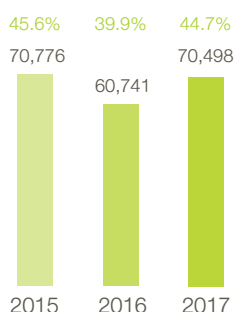
Breakdown of service revenue

4G consumption and FTTH subscriptions have been key revenue drivers.



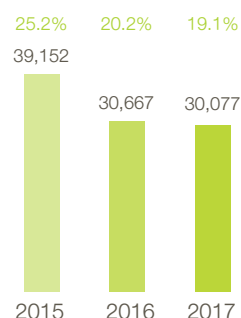
EBITDA (Bt mn) and margin (%)

EBITDA improved 16% YoY following revenue growth and cost control.



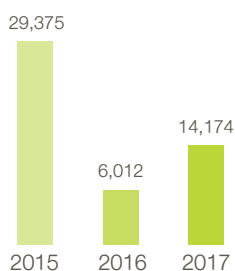
Net profit (Bt mn) and margin (%)

Net profit was maintained despite continued network investments.



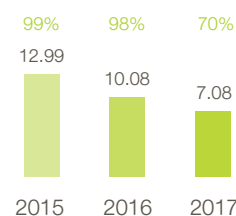
Free cash flow (Bt mn)

Strong operating cash flow to support investments for the long term



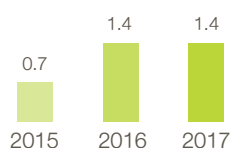
Dividend Payment (Bt/share) and Payout Ratio

Continued to deliver high dividend payout and maintained optimal cost structure



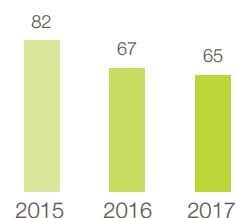
Net debt to EBITDA (times)

Gearing level was in a manageable range with room to support future operations.



Return on Equity (%)

Continued to create high return to shareholders amid competitive landscape



Financial Ratio

For the years ended 31 December

Consolidated financial statements	2015	2016	2017
Liquidity Ratio			
Current Ratio (time)	0.66	0.47	0.50
Quick Ratio (time)	0.37	0.33	0.36
Operating cash flow to current liability (time)	1.07	0.89	0.94
A/R turnover (time)	13.23	12.27	11.11
Collection period (day)	27	29	32
Inventory turnover (time)	7.39	6.12	7.29
Day sales period (day)	49	59	49
A/P turnover (time)	5.94	5.17	5.69
Payment period (day)	61	70	63
Cash Cycle (day)	15	19	19
Profitability Ratio			
Gross profit margin ratio (%)	45.38	45.45	41.51
Operation income ratio (%)	32.44	25.88	25.61
Other operating income ratio (%)	0.48	0.37	0.48
Free cash flow to EBIT (%)	13.65	16.59	35.70
Net profit margin (%)	25.21	20.16	19.07
Return to Equity (%) (average)	82.12	67.25	64.59
Return to Equity (%) (as at end)	80.74	71.80	59.65
Efficiency Ratio			
Return on total assets (%)	25.41	13.41	10.75
Return on fixed assets (%) ^{*/1}	49.12	29.23	23.19
Total assets turnover (time)	1.01	0.67	0.56
Financial Policy Ratio			
Debt to equity ratio (time)	2.75	5.45	4.63
Interest coverage ratio (time)	28.27	13.90	12.45
Debt service ratio (time)	3.87	3.35	3.92
Dividend payout ratio (%)	98.64	97.72	69.98
Data on per Share Capital			
Net book value per share (Baht)	16.31	14.36	16.96
Net Profit per share (Baht)	13.17	10.31	10.12
Dividend per share (Baht)	12.99	10.08	7.08
Percentage Growth on			
Total Assets (%)	43.85	51.67	3.05
Total Liabilities (%)	67.66	74.81	0.29
Revenue from services & sales (%)	3.98	(2.01)	3.66
Selling & admin. expenses (%)	6.53	48.20	(15.78)
Net Profit (%)	8.66	(21.67)	(1.92)

^{*/1} excluding spectrum licenses

Key Developments Towards Sustainable Growth

Business Strategy



- Announced the AIS vision on “**Digital for Thais**”, utilizing AIS’s strength in digital technology and staff expertise to improve the living quality of Thai people in four aspects: agriculture, public health, education, and business startups.
- Announced “**AIS Business Cloud 2017**”, an AIS vision and policy to promote collaboration with partners in providing end-to-end cloud services for enterprise customers with international standard security. Counseling, co-planning, full-scale cloud system management and maintenance by professional AIS staff are also available.

Products and Services to Meet Digital Lifestyle

- Joined **Netflix**, world’s leader in streaming services, to offer exclusive marketing for Thai customer to access world-class movies and TV series on smartphones and tablets at affordable prices.
- Expanded collaboration in digital content with multiple partners, both domestic and international, to exceed 100 channels such as Workpoint, HBO, FOX and Warner TV. The content can be viewed in full HD quality on smartphones via AIS Play or via AIS Playbox for AIS Fibre customers.
- Created differentiation through innovative services, including, **My AIS Application**, which empowers customers to access all services available at AIS Shop and all AIS privileges via a mobile phone or tablet anywhere, anytime. This initiative will help reduce transportation costs and time while providing a more superior customer experience.
- Collaborated with Samsung Pay to develop Samsung pay platform that support cashless society by enabling AIS mPAY Mastercard user to purchase products and services by Samsung Pay for more convenient.
- AIS Fibre introduced Power 4, the first convergence package featuring high-speed fiber internet, a data SIM to enjoy world-class entertainment, and Super Wifi. The package is expected to fulfill customers’ demands for 24-hour internet connection and access to high-quality content.
- Introduced AIS mPay PromptPay, a new service that enables customers to transfer and receive money via the PromptPay service. PromptPay QR Code is also available for product and service purchases made from partners’ shops, including QR codes issued by banks.



Partnered with Microsoft Corporation to provide the most secure and reliable Microsoft Cloud Service on the AIS network for general and enterprise customers in Thailand. The partnership agreement includes infrastructure development, business development, and customer service management. Through this enhanced access infrastructure, enterprise customers who use Microsoft Azure, Office 365, Dynamic 365, and EMS through the Enterprise Data Service (EDS) can reduce the cost of operations that require international bandwidth for connecting to Microsoft’s overseas data center.

Network Innovation

- Launched the first Narrow Band IoT Live (NB-IoT) in Thailand and Southeast Asia. This initiative aims to support the Thailand 4.0 policy and the Smart City in the future.
- Succeeded in developing and testing 4G Massive MIMO 32T 32R technology in FDD ready for 5G. Able to increase customers' capacity by 5-8 times.



- Collaborated with Qualcomm Technologies, Inc. on developing LTE Advanced (LTE-A) technology and supporting equipment, enabling users to achieve high efficiency in communication technology. The initial test results showed a 30% increase in downlink connections and more than 50% increase in uplinks. The collaboration between AIS and Qualcomm is aimed at strengthening the mobile ecosystem in Thailand and preparing for new technologies such as Downlink 3x carrier aggregation (DL-3xCA) and 4x4 MIMO.
- Became the first digital service provider to launch 4.5G. Utilizing 256QAM, 4x4 MIMO and Carrier Aggregation technology, AIS managed to maximize internet speed to as fast as 550 Mbps, and increase massive data transmission by 30% compared to the 4G service. These improvements help AIS pave the way for 1 Gbps speed.
- Launched “AIS NEXT G” to meet customers' demands for more data usage by combining the frequency efficiency of AIS 4G Advanced and AIS Super WiFi using Multipath TCP technology that enabling customers to experience internet speed as fast as 1 Gbps.

Expanding the business opportunity through social and environmental development



- Launched “AIS D.C.”, a new knowledge center for the public, content developers and startups. AIS DC offers API (Application Programming Interface) to benefit application developers and startups in testing their applications, products and services before launching to the market. Knowledge sharing from gurus and experts in various fields of digital business is also provided.
- Opened the AIS Contact Center Development & Training Arena to enhance the call center capacity by reserving 8-10 million customer lines a month as well as to improve the competency of all call center staff. This is to support the young generation to return to work in their home provinces. AIS provides more than 1,000 job opportunities in Nakhon Ratchasima and the Northeastern region.



- Granted the “TGO Guidance of the Carbon Footprint for Organizations” certification from the Thailand Greenhouse Gas Management Organization (a public organization) for the accuracy and efficiency in the greenhouse gas data (direct and indirect emission) collected from our business activities. The purpose of this program is to quantify and identify any significant sources of greenhouse gas emissions from our activities that could be mitigated.

Awards and Recognition

Best Company

- **Super Brand 2016 award** (presented in 2017) for the 13th consecutive year based on the scores given by customers for the best quality brand which they believe in and trust the most, and which has achieved a high level of satisfaction in customer engagement.
- **Best Organization Management Award** from Drive Award 2017 organized by the MBA Alumni Association of the Faculty of Commerce and Accountancy, Chulalongkorn University. The award is given to companies which have demonstrated the highest level of organization management with sustainable and transparent business practices, clear strategic planning, good governance, and emphasis on initiating social projects.
- **Best Company 2017 award** for the 8th consecutive year from Money & Banking Awards 2017 for being a listed company in the Stock Exchange of Thailand which has demonstrated excellent performance in the past year.
- **Thailand Top Company Awards 2017** in the category of Information and Communications for the 2nd consecutive year. AIS was recognized as a company with excellent performance and outstanding management, and was seen as a good example. The event was organized by the University of the Thai Chamber of Commerce and Business+ Magazine of the ARIP Group.
- **Outstanding Investor Relations Award** for the 6th Consecutive Year in the Category of Companies with Market Capitalization of More Than Baht 100,000 million. The award ceremony was held during the SET Awards 2016 and organized by the Stock Exchange of Thailand in partnership with Money & Banking magazine.
- **“Best in Sector: Telecommunications”** organized by IR Magazine Awards - South East Asia 2017. Awarded for the 2nd consecutive year in recognition of outstanding investor relations roles which investors and shareholders believe in and trust the most.
- **The Technology Stock Award** presented at the Popular Stock Awards for 2016. This honor recognized AIS as the most trusted and trustworthy organization in the technology industry in Thailand. Organized by Kaohoon Magazine, the Stock Exchange of Thailand and the

University of the Thai Chamber of Commerce, the award was based on a compilation of the results of an assessment of the popularity of shares to investors from all the public companies listed on the Stock Exchange of Thailand.

- **Four Outstanding Awards for “Leadership”, “Marketing”, “Product and Service”, and “Human Resource Management”** from the Thailand Corporate Excellence Awards 2016 organized by the Thailand Management Association (TMA) in partnership with the Sasin Graduate Institute of Business Administration.

Best Brand

- **“The Most Powerful Brands of Thailand 2016”** organized by the Marketing Department, the Faculty of Commerce and Accountancy, Chulalongkorn University for strength in brand and popularity with the highest number of subscribers in the telecommunications industry.
- **“Hall of Fame Brand 2017”** from Thailand’s Most Admired Brand award for the 17th consecutive year. AIS was recognized as the most popular and trusted brand for having the largest market share in the telecommunications industry, constantly introducing innovative products and services to the market, and continuously recording growth in business performance.
- **“Thailand’s Top Corporate Brand Values Hall of Fame”** for maintaining the highest corporate brand value for the 5th consecutive year based on company ranking for the highest corporate brand values in Thailand calculated by CBSV (Corporate Brand Success Valuation). The award was organized by the Faculty of Commerce and Accountancy at Chulalongkorn University.

Best Product and Service

- **“Thailand’s Fastest Mobile Network 2017”** awarded by Ookla, the global leader in internet testing and analysis. AIS maintained its leadership position in 4G service for the 2nd consecutive year based on a customer survey conducted during a testing period involving more than 9 million tests a day from July 2015-December 2016.

- **“Best Brand Performance on YouTube 2017”** at the Thailand Social Awards 2017. The award is given to companies which use social media most effectively through the continuous use of videos and customer engagement on YouTube as well as for their overall management of their YouTube channel.

Best Human Resource Management

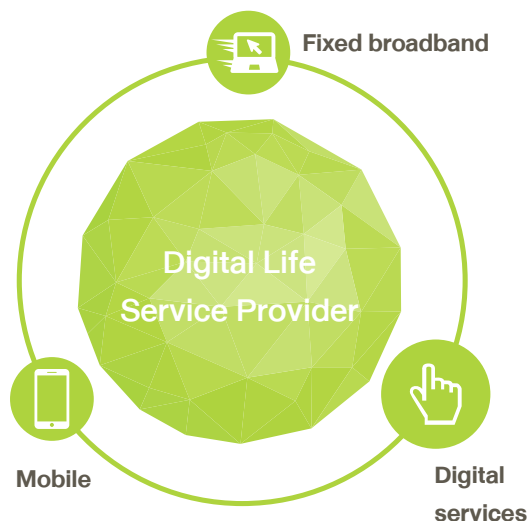
- **“The Global HR Excellence Award 2017”** in the Managing Health at Work category from the World HRD Congress, which promotes innovation and practice in strategic human resource management worldwide.
- **“Promoting Health in the Workplace Award”** for the AIS Wellness program initiative to promote excellent holistic health care among employees. The award was presented at the Best Employer Brand Awards 2017.
- AIS and ACC received **“Best Employers Thailand Award 2017”** for their excellence initiative and continuity in human resource management based on a survey by Aon Hewitt (Thailand) in partnership with the Sasin Graduate Institute of Business Administration.
- **“The 2017 award for Most Admired Companies Thais Want to Work with”** organized by Jobs DB (Thailand) Limited Company, which surveyed job applicants by asking which company they most want to work with and why.
- **“Best Employers 2017”** organized by Forbes Magazine based on outstanding internal communication methods to achieve employee recognition in various aspects. Over 2,000 companies worldwide were evaluated.

Best Sustainability Management

- **The Winner of the WSIS Prizes 2017 under the E-Employment category** for the AorSorMor Online application with regard to digital innovation for sustainable development that improves processes in working, learning, and healthcare in 2017. WSIS Prizes 2017 was organized by the International Telecommunication Unions (ITU) and United Nations (UN).

- **The AorSorMor Online application won an Outstanding Award in Sustainable Business Project 2017** from the Thailand ICT Excellence Awards 2017 organized by the Thailand Management Association (TMA) in partnership with the Ministry of Digital Economy and Society.
- **The AorSorMor Online application received the second prize from the Thailand ICT Awards 2017** organized by the Association of Thai ICT Industry (ATCI) under the category of Inclusion & Community. AIS’s application was recognized for demonstrating the use of ICT to benefit society and reduce the digital divide.
- **Listed in MSCI Global Sustainability Indexes** for the 3rd consecutive year as a result of AIS’s commitment to building a value-added organization to deliver long-term yield for stockholders while creating added value for society and the environment.
- **Listed in FTSE4Good Indexes** conducted by the FTSE Group, which designs indexes in collaboration with the Stock Exchanges in various countries in Europe and Asia. AIS has been selected for the 2nd consecutive year based on the Company’s performance, financial strength, and business development towards sustainability in accordance with global standards.
- Listed as one of 65 companies by the Stock Exchange of Thailand (SET) in the category of **“Sustainable Stocks”** for two consecutive years, setting a good example in balancing environmental care, social contribution, good governance, and business performance.
- Received **ESG 100/2017** rating by ThaiPAT Institute for three consecutive years. ESG 100 accredits companies listed in Thailand’s stock market for their outstanding performance in caring for the environment, contributing to society, and practicing good governance.
- **“Sustainability Report Award 2017”** from Thai Listed Companies Association for the 3rd consecutive year in recognition of sharing information transparently and completely, with clear policy in sustainability reporting.

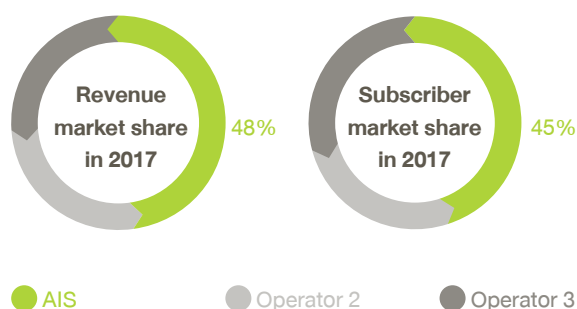
Business Overview



AIS: the Digital Life Service Provider

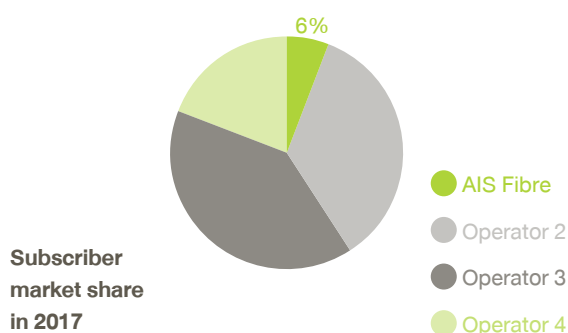
Advanced Info Service Public Company Limited (AIS) is the “Digital Life Service Provider”. Operating three core businesses in the telecom industry, AIS provides mobile, fixed broadband, and digital services, while also being one of the largest contributors to the development of Thailand’s telecom infrastructure. As Thailand’s Digital Life Service Provider, AIS also develops and delivers a range of products and services that support the changing lifestyles and usage trends of both retail and corporate customers in the digital era. In 2017, AIS had total assets of Baht 284,067 million and market capitalization of Baht 567,800 million, ranked number 5 in the Stock Exchange of Thailand.

Leader in mobile market



At the end of 2017, AIS confirmed our position as the leader in Thailand’s mobile market with revenue market share of 48% and a total of 40.1 million customers nationwide. Having provided mobile services for more than 27 years, AIS still generates 97% of our service revenue from this sector. In 2017, mobile revenue continued to grow 3.1% YoY. With the spectra AIS currently owns and operates, we provide quality 4G, 3G, and 2G networks nationwide to more than 98% of the population. AIS is also collaborating with vendors to conduct research and development with the aim of deploying advanced technology that can further improve network quality and effectively serve the growing demand for data consumption. This also provides a strong foundation in preparation for the coming 5G era. The mobile services provided by AIS include voice calls, mobile data, WiFi, international direct dialing (IDD), and international roaming.

Growing in the fixed broadband market



As an addition to our mobile business, AIS launched a fixed broadband service in 2015 under the brand name “AIS Fibre”. Since its launch, the service has grown continuously on the back of an increasing subscriber base and expanded coverage that now reaches 50 cities or 6 million households. AIS Fibre has successfully penetrated the market by drawing on our ability to provide FTTH technology for connecting households to the internet and upgrading existing ADSL users to the fibre optic network which can deliver higher reliability and superior speed of up to 1 Gbps. As a result, fixed broadband revenue grew 264% YoY in 2017 and contributed 3% of service revenue with total subscriber numbers of 521,200 or around 6% of the market. The goal is for AIS Fibre to become established as a significant player in the market by 2020.

Building upon existing businesses via digital services

The third business of AIS is digital services. Following the arrival of the digital era, AIS has achieved our objective of becoming Thailand's leading digital life service provider through a focus on the research and development of digital services for both retail and corporate customers. AIS believes in collaborating with digital service creators and providers to develop a digital ecosystem in which we grow together. Currently, AIS is focusing on four areas which are video, the Enterprise Cloud, mobile money, and the internet of things (IoT). One example of our successes in 2017 was the progress of our AIS PLAY and AIS PLAYBOX which provide customers with world-class entertainment content such as movies, TV series, and sports, both on the go and at home. This has helped differentiate the AIS brand in the market. AIS also leveraged our extensive nationwide fibre footprint to render the enterprise data service (EDS) for our corporate customers. We also announced our readiness for providing an end-to-end Enterprise Cloud service to help uplift the cost structure of Thai corporations to be on par with international standards.

Digital services are set to become an important propeller that will enable AIS to access a new source of revenue, on top of the current mobile internet charges. These services will also allow AIS to be an integrated player offering convergence products and services from our three core businesses.

Operating under licenses regulated by the NBTC

AIS is under the regulation of the NBTC. The NBTC is a regulator formed in accordance with the Frequency Allocation

Act 2010. AIS, through a subsidiary, has been granted three licenses at 2100 1800 and 900MHz from the NBTC after winning the spectrum license auctions. AIS also partners with TOT to utilize TOT's 2100MHz spectrum. This has resulted in AIS having 55MHz of frequency in total in 2017. The license fee, universal service obligation (USO) fee, and numbering fee that AIS is mandated to pay to the NBTC amounts to approximately 4% - 5% of service revenue each year.

Paying not less than 70% of net profit as dividends

It is the Company's policy to pay at least 70% of consolidated net profits as dividends. Dividend payments are made twice a year. The first payment is based on the operating results during the first half of the year while the second payment is based on the operating results during the second half of the year. The total annual dividend payment must be approved in the annual shareholders' meeting.

With regard to each subsidiary, dividend payments are based on its operating results, financial conditions and other material factors.

In all cases, dividend payments are dependent on cash flow and the investment plan including any other future obligations of the Company and/or its subsidiaries. Total dividend payments shall not exceed the retained earnings of the Company's financial statements nor adversely affect the ongoing operations of the Company or its subsidiaries. The past five years of dividend payments are shown below.

	2013	2014	2015	2016	2017
Total dividend payment (Baht per share)	12.15	12.00	12.99	10.08	7.08
1. Dividend for first half	6.40	6.04	6.50	5.79	3.51
2. Dividend for second half	5.75	5.96	6.49	4.29	3.57
Dividend payout ratio	100%	99%	99%	98%	70%

Top Ten Shareholders

Top ten shareholders as of 10 August 2017,
the latest book closing date for the right to receive dividend.

No.	Name	No. of shares held	% of shareholding
1	Intouch Holdings Plc	1,202,712,000	40.45
2	Singtel Strategic Investments Pte. Ltd.	693,359,000	23.32
3	Thai NVDR Co, Ltd.	149,850,387	5.04
4	Littledown Nominees Limited	100,370,100	3.38
5	Social Security Office	72,026,900	2.42
6	State Street Bank Europe Limited	39,847,498	1.34
7	Chase Nominees Limited	36,963,717	1.24
8	The Bank of New York Mellon	30,832,000	1.04
9	State Street Bank and Trust Company	26,540,300	0.89
10	GIC Private Limited	20,065,037	0.67
Total		2,372,566,939	79.80

Note: Information from Thailand Securities Depository Company Limited

Major shareholder whose behavior can influence when determining policy or handling operation, are

1. Intouch Holdings Plc., major shareholders of Intouch Holdings Plc. as follows:

No.	Name ⁽¹⁾	Number of shares held	% of shareholding
1	Singtel Global Investment Pte. Ltd. ⁽²⁾	673,348,264	21.00
2	The Hongkong and Shanghai Banking Corporation ⁽³⁾	509,766,840	15.90
3	Thai NVDR Co., Ltd.	438,202,756	13.67
4	Aspen Holdings Limited ⁽⁴⁾	115,485,120	3.60

Note: ⁽¹⁾ The latest register book closing date of the Company as of 21 August 2017 prepared by Thailand Securities Depository Co., Ltd. (Registrar)

⁽²⁾ Singtel Global Investment Pte. Ltd. is an indirect subsidiary of Singapore Telecommunications Ltd.

⁽³⁾ Anderton Investments Pte Ltd. holds 509,766,840 shares in the Company, representing 15.90%, under the name of The Hongkong and Shanghai Banking Corporation Limited.

⁽⁴⁾ On the list of shareholders provided by the Department of Business Development, Ministry of Commerce, as of 14 November 2017, Aspen Holdings Limited is incorporated in Thailand and 99.99% owned by Anderton Investments Pte Ltd., Singapore.

2. Singtel Strategic Investments Pte Ltd holds 23.32% directly in AIS. The shareholder of Singtel Strategic Investments Pte Ltd is

Name	% of shareholding
Singtel Asian Investments Pte. Ltd.*	100.00

* Singtel Asian Investments Pte Ltd is 100% hold by Singapore Telecommunication Limited.

(Source: Accounting and Corporate Regulatory Authority (ARCA), Singapore as of 31 December 2017)

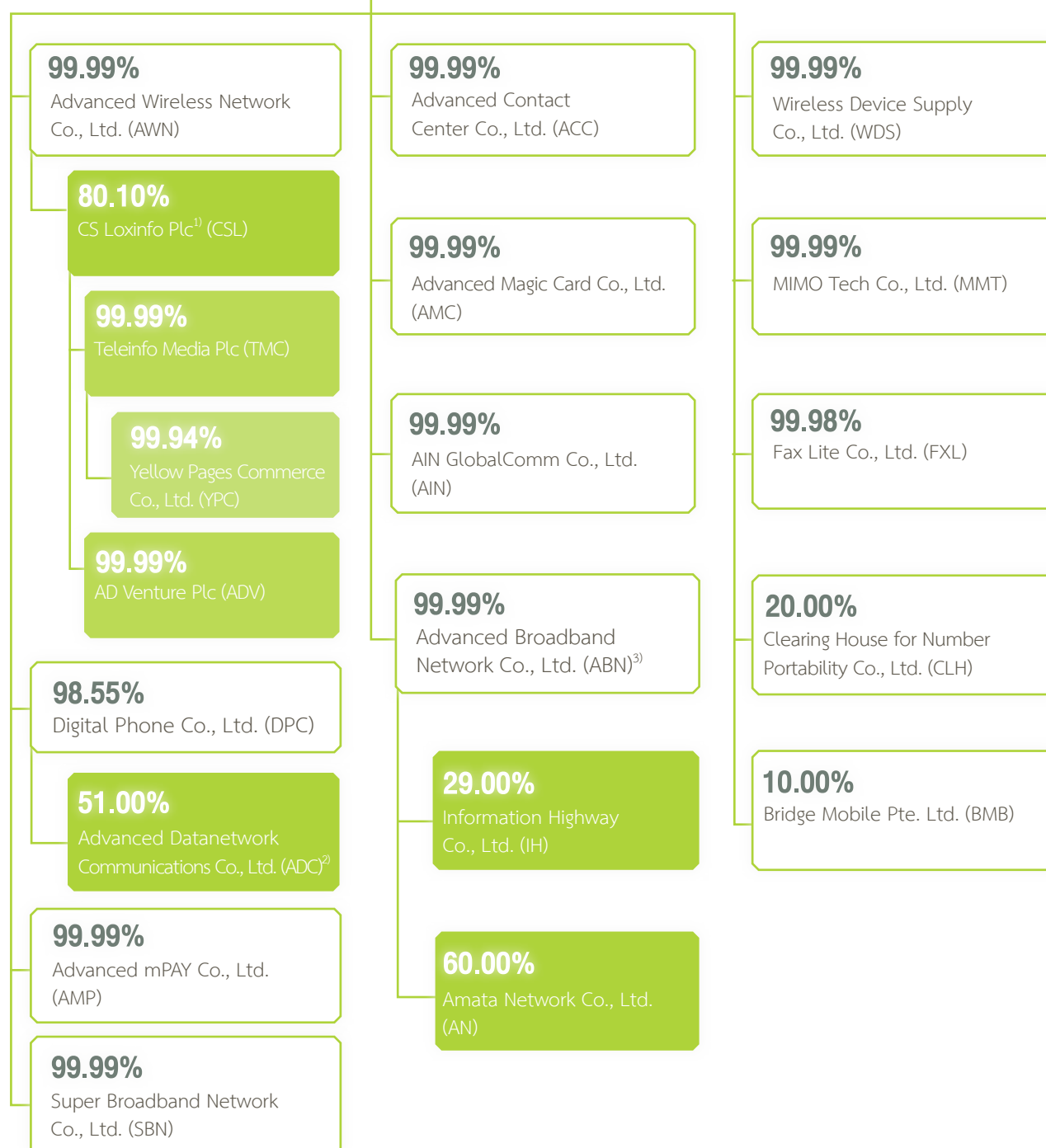
Agreements between major shareholders and the Company concerning topics which affect the issuance of securities or management of the Company's operations.

- None -

Investment Structure of AIS

As of 23 January 2018

Advanced Info Service Public Company Limited (ADVANC) Registered capital Baht 4,997 Million,
Paid-up capital Baht 2,973 Million



¹⁾ Advanced Wireless Network Co., Ltd. (AWN) acquired ordinary shares in CS Loxinfo Plc. (CSL), equivalent to 80.10% of the paid-up capital, through a voluntary tender offer. (This information as of 23 January 2018 is from the report on the result of the Tender Offer (Form 256-2) submitted by AWN to the Office of the Securities and Exchange Commission.

²⁾ The remaining share percentage of ADC in the amount of 49% is held by other persons with no conflict of interest

³⁾ ABN is currently not start the operation

INTOUCH Group's Investment Structure

As of 23 January 2018

Intouch Holdings Plc¹⁾

Advanced Info Services Plc¹⁾ 40.45%

Advanced Wireless Network Co., Ltd. 99.99%

CS Loxinfo Plc^{1),4)} 80.10%

Teleinfo Media Plc 99.99%

Yellow Pages Commerce Co., Ltd. 99.94%

AD Venture Plc 99.99%

Wireless Device Supply Co., Ltd. 99.99%

Advanced Contact Center Co., Ltd. 99.99%

Advanced MPAY Co., Ltd. 99.99%

Advanced Magic Card Co., Ltd. 99.99%

AIN GlobalComm Co., Ltd. 99.99%

Super Broadband Network Co., Ltd. 99.99%

MIMO Tech Co., Ltd. 99.99%

Fax Lite Co., Ltd. 99.98%

Advanced Broadband Network Co., Ltd. 99.99%

Amata Network Co., Ltd. 60.00%

Information Highway Co., Ltd. 29.00%

Digital Phone Co., Ltd. 98.55%

Advanced Datanetwork Communications Co., Ltd. 51.00%

Clearing House for Number Portability Co., Ltd. 20.00%

Bridge Mobile Pte. Ltd. 10.00%

Thaicom Plc¹⁾

Satellite services

IPSTAR Co., Ltd. 100%

IPSTAR New Zealand Ltd. 100%

IPSTAR Australia Pty Ltd. 100%

Orion Satellite Systems Pty Ltd. 100%

IPSTAR International Pte. Ltd. 100%

IPSTAR Global Services Co., Ltd. 100%

IPSTAR Japan Co., Ltd. 100%

Star Nucleus Co., Ltd. 100%

TC Broadcasting Co., Ltd. 99.99%

International Satellite Co., Ltd. 100%

IPSTAR (India) Private Ltd. 100%

TC Global Services Co., Ltd. 100%

Telephone services abroad

Shenington Investments Pte Ltd. 51.00%

Lao Telecommunications Co., Ltd. 49.00%

Wireless Telecommunication Business

Satellite and International Businesses

41.14%

Internet and media services⁴⁾

DTV Service Co., Ltd. 99.99%

Cambodian DTV Network Ltd. 100%

Ookbee Co., Ltd. 20.94%

Golfdigg Co., Ltd. 25.00%

Event Pop Holdings Pte. Ltd. 17.96%

Sinoze Co., Ltd. 16.67%

Meditech Solution Co., Ltd. 16.66%

Playbasis Pte. Ltd. 15.36%

Wongnai Media Co., Ltd. 9.54%

Digio (Thailand) Co., Ltd. 8.05%

I.T. Applications and Services Co., Ltd. 99.99%

Intouch Media Co., Ltd. 99.99%

Touch TV Co., Ltd. 99.99%

Hight Shopping Co.,Ltd. 51.00%

Hight Shopping TV Co.,Ltd. 99.99%

ITV Plc²⁾ 52.92%

Artware Media Co., Ltd.²⁾ 99.99%

¹⁾ Listed Company on the Stock Exchange of Thailand

²⁾ Currently not in operation

³⁾ Excluded investment in debt security

⁴⁾ Advanced Wireless Network Co.,Ltd (AWN) acquired ordinary shares in CS Loxinfo Plc. (CSL), equivalent to 80.10% of the paid-up capital, through a voluntary tender offer. (This information as of 23 January 2018 is from the report on the result the Tender Offer (Form 256-2) submitted by AWN to the Office of the Securities and Exchange Commission.)

Other Businesses

Venture Capital³⁾

Others



>> Chairman of Executive Committee Message

Executive Committee Report

The Executive Committee comprises of four (4) members namely Mr. Allen Lew Yoong Keong as Chairman, and Mr. Gerardo C. Ablaza, Jr., Mr. Somchai Lertsutiwong and Mr. Paiboon Panuwattanawong as members.

In 2017, the Executive Committee held a total of eleven (11) meetings and performed its duties in accordance with the authorities and duties in its Charter. The summary of the Executive Committee's performance for the year 2017 are as follows:

1. Reviewed and approved the Company's strategic direction, management structure, and annual business plan and budget and proposed to the Board of Directors for approval.

2. Monitored the financial and operational performance of the Company and report to the Board of Directors for acknowledgement.

3. Considered, provided opinions and concurred with the execution of investment transactions and projects, and proposed to the Board of Directors for approval.

4. Considered and reviewed the Company's risk management undertaken by the Risk Management Committee and proposed to the Board of Directors for acknowledgement.

5. Prepared this Executive Committee Report for the year 2017 and disclosed in the annual report.



Mr. Allen Lew Yoong Keong
Chairman of Executive Committee

Revenue Structure

Revenue structure from providing service & sales income in AIS group to the third party within 3 years

Service / Product	Operation By	% Holding of shares	2015		2016		2017	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Mobile phone service								
- Mobile phone services & rental and call center services	AIS		7,467	4.81	414	0.27	30	0.02
	AWN	99.99	117,370	75.60	124,922	82.11	127,506	80.84
	DPC	98.55	4	-	-	-	-	-
	AIN	99.99	1,272	0.82	370	0.24	233	0.15
	AMP	99.99	224	0.14	190	0.12	183	0.12
	FXL	99.98	30	0.02	149	0.10	172	0.11
	ACC	99.99	4	-	1	-	-	-
Construction income from the Agreements for operation	AIS		64	0.04	-	-	-	-
Sub-Total			126,435	81.43	126,046	82.84	128,124	81.24
Mobile phone sales								
	AWN	99.99	23,736	15.29	23,197	15.25	24,353	15.44
	WDS	99.99	4,091	2.63	750	0.50	425	0.27
Sub-Total			27,827	17.92	23,947	15.75	24,778	15.71
Data network and broadband Service	ADC	51.00	3	-	3	-	2	-
	SBN	99.99	884	0.57	596	0.39	352	0.22
	AWN	99.99	127	0.08	1,558	1.02	4,466	2.83
Sub-Total			1,014	0.65	2,157	1.41	4,820	3.05
Total Revenue			155,276	100.00	152,150	100.00	157,722	100.00

Revenue structure by service type

Service / Product	2015		2016		2017	
	Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Voice	60,547	38.99	51,250	33.68	42,829	27.15
Non-voice	53,193	34.26	63,857	41.98	76,062	48.23
Fixed broadband	120	0.08	860	0.57	3,128	1.98
IR and Others	6,760	4.35	6,594	4.33	6,564	4.16
Service revenue excluding IC	120,620	77.68	122,561	80.56	128,583	81.52
Interconnection (IC)	6,794	4.38	5,665	3.72	4,364	2.77
SIM and Handset	27,798	17.90	23,924	15.72	24,775	15.71
Construction	64	0.04	-	-	-	-
Total Revenue	155,276	100.00	152,150	100.00	157,722	100.00

Products and Services

In 2017 AIS continued to consolidate our position as the mobile services where we launched new packages to better serve the current mobile data usage of our customers on the nationwide 4G network. Several attractive models of handsets were also selected to campaign and fit customer lifestyle. In addition, we continued to expand our fibre broadband coverage, currently available in 50 cities, and offer new digital services that respond to customers' need for both consumers and corporates.

Today AIS is operating three core businesses with key products and services below.



Mobile business

- Mobile network
- Prepaid and postpaid service
- Handset-bundled campaigns
- International roaming and direct dialing



Fixed broadband business

- Fibre service for households
- Convergence product
- Fibre packages for SMEs



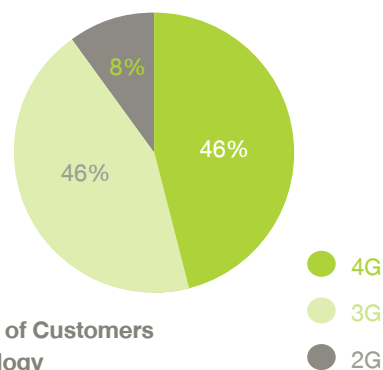
Digital service business

- Video content
- Enterprise cloud
- Mobile money
- Internet of Things

1. Mobile Phone Business

AIS operates 4G/3G/2G mobile services. As of 2017, AIS had a total of 40.1 million mobile numbers, 7.4 million of which were postpaid and 32.7 million prepaid. Our service is operated on the telecom licenses granted by the NBTC.

At the end of 2017, AIS had in total 55MHz of bandwidth consisting of both high bands on 2100 and 1800MHz, a total of 45MHz (the license scheme and a partnership with the TOT), and a low band on 900MHz, accounting for 10MHz (under the license scheme). All frequencies are managed to provide 4G, 3G, and 2G technologies depending on customers' needs in each area. AIS' mobile network covers 98% of population. AIS had also designed the network with due consideration populated areas, including both far-away places, such as newly-born communities, new tourist attractions, and high-traffic areas, such as city areas, main roads, tourist attractions, and high-rise buildings. AIS also provides more than 90,000 access points of AIS Super WiFi which can render a maximum speed of 650Mbps. AIS Super WiFi is mainly installed in places where customers tend to move less, such as in department stores, chain stores, coffee shops, and offices. The combination of mobile network and AIS Super WiFi complements each other to give reliable connectivity which helps increase customer's experience with AIS. Today more than 46% of customers used 4G to consume mobile data and content.



Proportion of Customers by Technology

» Packages and SIMs in 2017

Prepaid Service

In 2017 AIS continuously adjusted prepaid offerings to better suit customer behavior. Overall, prepaid customers would like to use the service only in the time they desire. For example, some prepaid customers prefer to be on a daily plan, some on

a weekly plan. Prepaid customers might not need maximum speed of connectivity, but rather required smooth connectivity and speed for sufficiently accessing social media.



- **SIM Super Play**

This SIM gives full 4G speed and is suitable for consuming mobile entertainment such as video and multi-media streaming. Customers can use AIS PLAY application unlimitedly including 1 GB of YouTube and other popular music applications such as JOOX.



- **SIM Super Social**

This SIM corresponds well with an increasing trend of social media such as Facebook, LINE, Facebook messenger, and Whatapps. Customers can use mobile unlimitedly at fixed speed of 1 Mbps on eight popular social media applications as well as 3 GB of AIS Super WiFi at the full speed of 650 Mbps.



- **SIM Sood Koom**

This SIM aims to support modern trade channels such as Tesco Lotus, BIG C, and Family Mart. SIM Sood Koom is cheaper than other normal SIMS so as to encourage customers entering convenient stores.



- **SIM Freedom Unlimited**

This SIM allows customers to use 512 kbps of internet unlimitedly, appropriate for service social media such as LINE, Facebook, and Instagram. The SIM also gives unlimited AIS Super WiFi and free calls on AIS network during 10pm – 5pm. Customer pays only Baht 99 per week.

Postpaid Service

Postpaid customers were given more data allowance to service the internet, compensated with a small increase in monthly fees. Postpaid is suitable with those customers who call or connect all the time without a need to worry about usage leakage. This includes privilege in, for example, watching free data-charging movies, series, and world-class sports. Examples of postpaid packages are below.

- **4G Max Speed Package**

This package enhances customer usage from the full speed of 4G, suitable for watching movies on a handset with Full HD quality, listening to music, and serving social media applications. This package has two types.

- › Baht 299-999 per month: customer can use 4G starting from 1 GB to 20 GB, after which customer can continue using the internet at a pre-determined speed.
- › Baht 1,099-1,899 per month: customer can use unlimited 4G without speed drop. If customer uses a compatible handset equipped with the Multipath TCP, he or she can experience AIS NEXT G network with a maximum speed of 1 Gbps.

Subscribers of this package will be given privilege to watch movies, series, and world-class sports free of data-charge on AIS' 4G network.

- **Package Buffet Net**

The Buffet Net package is suitable for customers who would like to use unlimited internet at a desired speed to suit their own behavior. The speed provided is in a range of 512 kbps to 6 Mbps between a price of Baht 350 to Baht 600 per month. This also comes with unlimited YouTube, Facebook, LINE, other social media as well as a privilege to watch movies and live TV on AIS PLAY without data charged.

In addition to the normal prepaid and postpaid packages, customers can buy on-top packages to use more voice and data at their own wish. In 2017, customer behavior has changed into buying more fixed-speed unlimited on-top packages, which came in a form of per month basis or shorter. Customers can buy these on-top packages conveniently from several channels i.e. USSD code registration, online web-based eService, or via applications such as my AIS and LINE.

- **Packages for the disabled**

AIS gives high importance to all customers including the disabled in order to give them an equally full access to telecom services for both prepaid and postpaid. An example for a prepaid service for the disabled is a 10% bonus on top of a normal top-up whereas customers can get a 10% discount on a normal postpaid monthly package. Investors can see more detail at http://www.ais.co.th/one-2-call/promotion/hearing_impaired.html

- » **AIS Hot Deal**

Throughout 2017 AIS ran the AIS Hot Deal campaign where we selected mid- to high-end smartphones from several brands for customers to pick at attractive discounted prices. This applied to many subscribed formats focusing on postpaid customers such as a new postpaid registration (with some advanced payment for the package), new postpaid numbers, a mobile number port as well as a prepaid moving to postpaid. Please see more information at www.ais.co.th/hotdeal

- » **International Roaming and International Direct Dialing**

AIS provides international roaming services for AIS customers travelling abroad to use mobile services for voice calls and data by roaming abroad on our partners' network, without changing SIM and phone number. AIS has agreements with 479 international operators in all continents, covering 232 countries to provide International Roaming services. AIS has the largest 4G roaming network coverage in Asia by partnering with 194 international operators in 111 countries. We also provide international direct dialing (IDD) services for international call from Thailand to more than 240 foreign countries. In 2017, AIS has expanded retail roaming packages to cover more than 160 countries. These roaming packages provide worry-free roaming experience of both voice and data roaming to AIS customers. Customers can roam onto our partners' 4G network and use full speed of internet. After customers use up the data allowance, they can continue to serve the internet at a pre-determined speed without changing the mobile number as well as no data leakage assurance.

AIS has SIM2FLY products offering super saving in roaming as prepaid SIM for Non-Stop internet roaming starting from Baht 399. Customers can make phone calls to Thailand or receive calls starting from only Baht 6 per minute. In 2017, AIS has expanded SIM2Fly to cover more than 60 countries in all continents providing convenience and good value to customers. SIM2FLY can be bought in Thailand before traveling and used upon arrival at destination.

AIS Fibre POWER 4
AIS Fibre Power4 Package
 Mobile Unlimited Data (Max Speed)

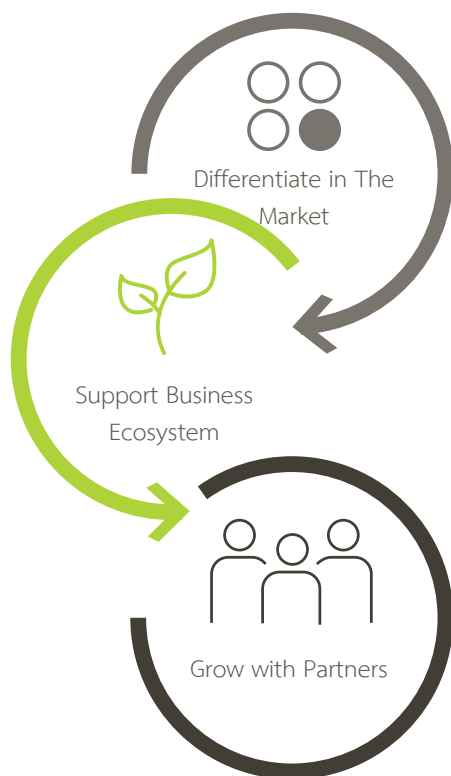
Price (Baht/Month) (Exclude Vat)	Max Speed Internet (Download/Upload)	The ultimate world class entertainment with AIS PLAYBOX	Mobile Unlimited Data (Max Speed)	With Unlimited
599	30/10 Mbps		Max Speed up to 1 Mbps	
Best Deal! 799	50/20 Mbps	PLATINUM 2GB Free 12 months	Max Speed up to 4 Mbps	
Best! 1,099	100/30 Mbps	HQQG Free 12 months	Max Speed up to 6 Mbps	
1,799	100/40 Mbps			
1,999	200/50 Mbps			

- **Power4** Apart from high-speed household internet, AIS Fibre also aims to create higher value for customers by leveraging other services under AIS to provide in one package named “Power4”. This is the first Fixed-Mobile Convergence, the package combining the fixed broadband, content, mobile data allowance, and AIS Super WiFi.

Max Speed Internet Unlimited Night Time (Download/Upload)	Max Speed Internet Speed Boost in Day Time (Download/Upload)	FREE! Monthly service fee for AIS Fixed Line 100 Baht	Standard Price (Baht/Month) (Exclude Vat)
30/30 Mbps	100/100 Mbps	Free Call 50 Minutes*	790
50/50 Mbps	200/200 Mbps	Free Call 100 Minutes*	1,190
100/100 Mbps	300/300 Mbps		1,990

- **PowerBOOST** The PowerBOOST package is suitable for SMEs who require the internet at the office at attractive prices. This comes with automatic speed uplift in the daytime and is equipped with a home line number. We believe this market has a potential to grow in the future.

3. Digital Service Business



In 2017, AIS made a strong announcement of our position as the Digital Life Service Provider whereby we deliver digital services to support and strengthen both our mobile and fixed broadband businesses. AIS focuses on working with partners to create new digital services which enable AIS to own a variety of products while saving on investment costs. Our digital services are focused in four areas, namely video content, Enterprise Cloud, mobile money, and the Internet of Things (IoT). These products will create a new source of revenue on top of the regular voice call and mobile data usage revenue streams. Details of AIS’s digital services are as follows

3.1 Video Content

There has been a dramatic shift in customers’ lifestyles over recent years. A large number of activities are conducted through smart devices. It is now easier than ever before to use smart devices to communicate with friends, engage in e-commerce, and watch TV and videos on the smaller screen of a handset. With this in mind, in January 2016 AIS launched new digital broadcasting and OTT (Over-the-top) businesses to provide music, karaoke, and games via our AIS PLAY application, available on both mobiles and tablets. Also, in April 2015, AIS launched internet television on AIS PLAYBOX via the AIS Fibre service.

AIS announced partnerships with content providers to launch a variety of OTT contents such as movies, Hollywood series, HOOQ, Netflix, ViU (Korean series), NBA (world-class basketball leagues) as well as free digital and satellite channels. This comes in both forms of live and video on demand such as HBO GO and can be accessed via both AIS PLAY and PLAYBOX.

3.2 Enterprise Cloud

“AIS Business Cloud” was launched during the year of 2017 to offer our Enterprise customers Cloud service, platform and infrastructure for business purpose which demand highest security and high performance. Enterprise customers are now transforming their investment of which a cloud service with the agility and scalability can answer to their business needs. Those demands drove the cloud market to achieve more than 20% YoY growth.

AIS has the ability to provide the end-to-end cloud services that span colocation and infrastructure as a service (IaaS), including virtual machine, data storage, disaster recovery as a service, which can support business continuity for enterprise customers when required. AIS also provides our enterprise customers with database as a service (DBaaS) as an effective management database which offers the advantage of cloud usage for both expense and performance management.

The cloud service from AIS comes with the best end-to-end security from network to cloud platform. Above that, AIS also provides Software as a service (SaaS) such as Office365, mForm, the Mobile Threat Prevention App, and Enterprise Storage Box, all of which are supplemented by consultancy services from AIS experts and supported by collaborations with key global partners. In addition, AIS colocations are housed in three tier-4 equivalent Datacenters in Bangkok and vicinity as well as Songkhla, which are ISO27001 certified. AIS Cloud business is designed to support the sustainable growth and digital transformation of enterprise customers by empowering them to compete in an environment of dynamic business competition. Investors can find more detail at <http://business.ais.co.th/th/product/enterprise-cloud>

3.3 Mobile money

In 2017, the government supported the development of the national electronic payment infrastructure and platform (National e-Payment) with the aim of developing a cashless society. AIS's mobile payment platform, mPAY, has played a key



role in advancing the national PromptPay system from the bank sector to the non-bank sector through the launch of “mPAY PromptPay”. This has opened up opportunities for all members of society to use mobile banking, especially those who do not have a bank account but have a mobile number. The safe and convenient service is offered in the form of an e-Wallet, which is secured by a 15-digit ID and enables the user to not only make payments but also transfer and receive money via the mPAY application. We also developed a new payment dimension where customers can use mPAY to make payments at retailers with the PromptPay QR Code (including QR Codes issued by banks) without the need to carry cash. We also use the same security system as financial institutions and support the real digital payment platform in daily life, on top of the existing money payment/transfer/withdrawal services on mPAY.

3.4 Internet of Things or IoT

The IoT (Internet of Things) is a new opportunity that opens for new solution/applications developers to create a new way of effective communication between devices and applications for various uses. With an aim to support the country towards Thailand 4.0 in accordance with government's policy to uplift the life quality of Thai people, we place IoT as one key strategic focus.

AIS has been preparing our network to embrace IoT technology and announced the launch of the latest NB-IoT (Narrow Band – IoT) in February 2017 to become the first company in the South East Asia region to introduce this technology. We aim to fulfill the needs of digital business by providing an international-level standard of technology that will enable developers, universities, start-ups and enterprises to come up with IoT solutions that are applicable not only to business or government entities but also to Thai people as end-users.

AIS also focuses on creating an ecosystem for IoT services. In 2017, we launched the “Mobike”, an application used for renting and returning bicycles in university campuses. This has created additional opportunities for developing new services that respond to changing customer lifestyles. AIS also places emphasis on developing an IoT ecosystem in which we welcome both local and international partners to provide service on AIS's networks, both wireless and wireline, in all industries through our Network and IoT Platform Enabler. This is the first step to making the Smart City concept a reality and marks tangible progress in Thailand's move into the digital era.

Distribution Channel

AIS distribution channels are divided into 4 main categories, details of these channels are as follows:

1. “AIS Shop”: These are service centers managed by AIS and selected distributors with high service potential. AIS Shops offer the most comprehensive range of products, services and after sales services when compared with other channels. They focus on distribution to customers in densely populated urban areas and are focused on creating and maintaining a positive image for AIS products and services. In the past year, AIS started to improve the image of this service centers in order to provide a digital experience for our customers. Through the opening of “AIS The Digital Gallery”, shops become virtual innovative technology centres for the digital world, and our product display format is changed to that of an art exhibition on intelligent display stands or “AIS Intelligent Units”.



AIS Shop



Distributors



Direct Sales Channels



Electronic and self-service
Channels

2. Distributors: AIS has cooperated with a variety of distributors in order to cover the needs of a wide range of customers throughout the country. For example, “AIS Telewiz” partners have strong potential in downtown city areas and provide AIS brand image-level service; retail and wholesale distributors and “AIS Buddy” provide access to district and sub-district areas; and large retail stores and modern trade retailers offer nationwide distribution and easy access for IT customers. These channels include Tesco Lotus and Big C, as well as IT retail outlets, such as Jaymart, TG Fone, and Bangkok Telecom. In this past year, AIS has also developed mobile and tablet applications to help enhance sales and services for these distributors.

3. Direct Sales by the AIS Direct Sales team, with an emphasis on postpaid customers. This channel increases distribution efficiency by offering products and services directly to customers, for example, via sales booths or through the organization of activities in target group areas. In 2017, AIS developed our capabilities and promoted sales by making improvements to the “AIS Easy App”, helping the direct sales team in selling, registering and providing services to customers more efficiently, conveniently, and speedily.

4. Online Distribution Channels: In today’s society, customers tend to carry out their own transactions online, whether by using applications, self-service channels, or other electronic channels. Therefore, AIS aims to expand our distribution platforms and services to reach 80% of Thai internet users within 4 years. Digital technology will also be used to better and more deeply understand customer needs and therefore provide products and services that meet individual needs as well as to build better brand engagement. In the long-term, we will transform our own online channels into platform provider that enables business partners in ecosystem to gain access to new sources of revenue.

Throughout the past year, AIS has developed our own platform to present products and services under the name

“AIS Now”. This platform is connected to the Digital Brain system of AIS and will analyze the behavior and needs of customers. AIS Now is embedded in various popular websites in the country, so that when customers visit these sites, AIS Now will offer products and services that meet the needs of each individual customer via advertising banners on those websites.

AIS also provides top-up services through a variety of electronic channels. There are over 500,000 top-up points nationwide, including automatic top-up machines and ATMs, while customers can also pay via the mPAY and AIS Online Top-Up applications.

An overview of online sales growth shows that our annual growth rate increases every year. In 2017, we experienced a growth rate of 11% when compared to 2016, and transaction value grew 6% higher than the target.

Industry Outlook 2017 and 2018

Industry conditions and competition in 2017

Frequency Allocation Act (Edition 2) announced and regulatory fee reduced to 4% of service revenue

There were two important cases of regulatory change in the Thai Telecom industry in 2017. Firstly, in May the NBTC announced a reduction of the Universal Service Obligation (USO) fee from 3.75% of service revenue to 2.5%, resulting in a decline in the regulatory fee for license holders from 5.25% of service revenue down to 4%. Secondly, during the middle of 2017, the Frequency Allocation Act (Edition 2) 2560 BE was announced in the Royal Gazette and became effective on 23 June, 2017. The Act entails regulations on the selection and appointment of the seven members of the NBTC commissions to replace the existing acting NBTC members whose terms expired in October 2017. The selection and appointment process started in December 2017 and will take approximately 150 days to complete. The NBTC is in charge of regulating the Telecom industry and ensuring service continuity including planning a new spectrum roadmap for frequency allocation and license auctions for the future.

Growth in 4G usage driven by increasing video content and smartphone popularity

The Thai telecom industry continued to grow in 2017, driven by the increasing usage of mobile data. Consumers continued to shift their internet usage behavior to mobile internet accessed via smartphones and tablets. This trend can be seen in the popularity of social media applications such as LINE and Facebook as well as in other mobile tools used for transferring money and for e-commerce. There was also an upward trend in mobile data usage from consumers watching linear, playback, and on-demand television shows, listening to music, and playing games on mobile devices. All of these activities were supported by the expansion of the quality 4G network by mobile operators aiming to improve the customer experience. Currently, around half of total of users are 4G active users, while usage on 3G and 2G networks is gradually declining. The smartphone market also continued to grow on the back of the continuously-enhanced functionality of high-end models, while the low- to mid-end models focused on value for money to attract customer purchases. Overall, smartphone adoption has increased to stay around 70%.

Focusing on postpaid in response to customer behavior

In 2017, Thailand's mobile industry was comprised of 22% postpaid subscriptions and 78% prepaid, changing from 19%:81% in 2016. There was a focus on the postpaid market segment by all operators based on the fact that the ARPU is higher among postpaid customers (Baht 540) than among prepaid customers (Baht 150) as of 2017. Postpaid customers also showed higher brand loyalty to the operator. Therefore, operators launched initiatives to attract new postpaid customers, including attractive discounts when registering a new SIM and enabling mobile number portability when moving from prepaid to postpaid. A free handset was offered in some campaigns, while in other cases, operators offered a 10%-50% discount on the handset price of selected smartphones or the monthly fee for customers subscribing to a certain package. Conversely, there was no growth in the prepaid segment due to the postpaid conversion trend and an overall reduction in promotional campaigns for this segment. In addition, industry handset subsidies declined in 2H17 as operators tried to control costs and maximize their invested capital.

Convergence packages gradually becoming popular

With attractive offerings on mobile data having become a key factor for customers when choosing a carrier, operators have been utilizing product convergence to provide integrated packages that combine voice calls, limited and non-stop data, as well as video content at various levels of pricing that are cheaper than buying the individual services separately. For operators offering only mobile products, it became necessary to base their marketing on cheaper pricing in certain segments in an effort to attract price-sensitive customers. Overall, packages were promoted upon the strength of the 4G-speed network. Meanwhile, unlimited data packages continued to be popular in Thailand, including packages with unlimited but speed-capped data at, for instance, 1Mbps, which were well received in the market. Nevertheless, operators continued to face a challenge in terms of monetizing customers' desire to consume video content or new formats of social media. In the early stage, operators have provided customers with a free trial period to get them accustomed to consuming the content when subscribing to selected packages.

Fixed broadband market moving to fibre technology to keep up with expanding demand

The fixed broadband market continued to grow in 2017 following ongoing urbanization and the demand for wired connectivity at home in Thailand. The overall market grew from 7.2 million connected households in 2016 to 8 million in 2017, with customers given more choices to select from. Although 60% of all connected households still used ADSL technology, FTTH has become one of the first choices in customers' minds due to being available at a similar price to ADSL but with higher quality. Moreover, customers subscribing

to high-end fibre packages can enjoy a speed of at least 50 Mbps, which is beyond the limits of ADSL technology. Therefore, fixed broadband operators have attempted to expand their fibre coverage and have been offering existing ADSL customers an upgrade to fibre at the same price in an effort to retain their subscriber base. As seen in the mobile market, convergence operators are able to provide higher value in each package by combining a fibre service with a mobile SIM and video content to create more attractive choices for customers.

Industry trends in 2018

Continuing prepaid-to-postpaid migration to drive industry revenue growth

In 2018, it is expected that the Thai Telecom industry will continue to expand, driven by the continuing shift in customer behavior to consuming more data and video content on smartphones after becoming more familiar and incentivized to do so through attractive packages. This will result in a continuation of postpaid growth, especially from prepaid migration. Also, as Thailand has 130% mobile number penetration with increasing stickiness to use existing numbers as evidence of transactions, it is expected that total mobile numbers will either grow slightly or not at all. However, ARPU is expected to increase due to the higher proportion of postpaid customers and the new abovementioned services. Market competition will continue because the industry is still transforming from concession to license. The result of upcoming auctions, potentially held next year, will play an important role in determining the market direction. Nevertheless, all operators are attempting to control expenses in order to generate a healthy return for shareholders, which should result in stabilized or slightly declining heightened market competition.

Mobile payments and services on Internet of Things supported

The consumption of products and services through cashless transactions will continue to be supported by the government and other industries which have the potential to offer their products online. New services based on connected equipment will become more prevalent following the growing trend of the

Internet of Things (IoT), especially the Narrow-band IoT (NB-IoT) technology deployed to connect a number of devices with only a low volume of frequency. This technology can offer new services in addition to the normal data consumption on mobile devices, such as the deployment of Smart Parking and other services whose commercial ecosystems are approaching readiness and reinforced by partnerships among operators, vendors, universities and government agencies.

Raising fixed broadband standard to 50–100 Mbps

The fixed broadband market will continue to grow on the back of increasing demand to use the internet at home as well as a drive by operators to expand fibre coverage. Packages with a speed of at least 50 Mbps will be more popular, while 100 Mbps packages will be easier to access. The ARPU level in the industry is expected to remain in the range of Baht 600–700 per month. Moreover, the trend of consuming television and video content via IPTV will continue due to faster connectivity and increased signal reliability. 4K content, which cannot be broadcast on the current digital television platform, will be another important factor influencing customers' decisions to subscribe to a broadband package and watch content on IPTV. It is also expected that convergence packages will gradually become more popular underpinned by service variety and value for money.

Business Direction over The Next 3–5 Years

Evolving digital technologies and more sophisticated customer needs are emerging and taking a major role in the structural change for telecom operators. The wider ability of technologies not only has altered customer behavior to access more comprehensive services but also provide an opportunity to mobile operators to access into broader marketplaces. In the light of these trends, AIS has redefined aspect of ourselves from a traditional mobile operator to a “Digital Life Service Provider”, delivering convergence products and services, which includes mobile, fixed broadband, and contents bundling services to enrich people’s daily life, business capabilities, and the competitive edge of the country. Toward these, we have geared toward Digital Transformation to take advantage of technologies to expand our capabilities, efficiency and to capture the growth in the digital era.

Building future network for superior experience and operational efficiency

“Digital technologies will be adapted to streamline operation including consolidating overlapping capability and automated core process.”

Along with the rapid growth of smartphone adoption and faster connections through 4G networks, AIS witnessed an abundant growth of mobile internet usage beyond a simple need for connectivity. Digital platforms have empowered the way people live and work, and become necessity for many users. We have continuously strengthened our market leadership position with a focus on quality of networks and services while stay ahead of the technology upgrade. AIS has started to deploy the NB-IOT (Narrowband Internet of Things) in limited scope to test and try and be ready for the future-proof 5G ready network. In the foreseeable future, our telecommunication infrastructure will be developed to be nimble, flexible and cost effective by enabling Software-Based Approach. Digital technologies will be adapted to streamline operation including consolidating overlapping capability and automated core process. For example, transformation of IT systems to cloud friendly architecture and Network Functions Virtualization (NFV), which mainly needs significantly less hardware. Our future network will not only allow the superior experience, which

suits the needs in digital era but also enhance operational efficiency and cost optimization to the company.

Bringing in fibre technology to capture underserve demand in broadband market

“We see the potential growth in this market and target to become one of the significant players in residential broadband market within 2020.”

With technology advancement, future digital services are deemed to require higher network specification. For example, the high resolution contents such as 4K and 8K contents are designated clearer and sharper pictures on a television screen but require higher speed for internet connection than the currently widely used full high-definition (full HD) streaming. Those requirements can be fulfilled through fibre technology, which provides faster and more reliable connection than ADSL technology. We see the potential growth in this market and target to become one of the significant players in residential broadband market within 2020. By utilizing the nationwide fibre optic from its mobile networks, AIS Fibre will continue to tap into the new urban areas and reach out to those underserve demand from those who has limited access to the internet and those who use obsolete ADSL technology. The coverage expansion of fiber optic technology will allow AIS to deliver the services to capture the growth opportunities according to the future trends with Economy of Scales.

Building new growth area through enhancing digital ecosystem

“AIS’ strategy is to fully integrate the digital ecosystem by working alongside leading technology partners both local and international in different fields.”

The growing digitalization of consumers and businesses has brought new opportunities for mobile operators to create value to products and service with integration on

Internet of Things (IoT) and digital services. AIS continued to leverage its core strengths, including telecommunication infrastructure, large customer base in mobile segment, and strong branding position to create products and services beyond connectivity with an integration of digital technology and IoT in relevant to the future demand. Our strategy is to fully integrate the digital ecosystem by working alongside leading technology partners both local and international in different fields ranging from start-ups, content providers, Over-The-Top (OTT) players to equipment manufacturers. By combining specialty and experience of each parties with AIS' platform, we are enabled to serve emerging customers and business's needs. We are committed to create a win-win scenario and sustainable growth to all stakeholders. These will complement our convergence strategy to provide relevant digital services through seamless integration of our network, platform and partner's solutions. It will not only enrich customer's lifestyle but also bring in both differentiation and customer stickiness to AIS. In 2017, AIS launched the first convergence package combining mobile, fixed broadband and digital contents to the market. In the future, the company will shift its focus from offering mobile service for an individual to convergences services for family members in each household.

Empowering enterprise segment with end-to-end ICT services

“With extensive mobile network, the company aims to capture growth potential by providing comprehensive end-to-end services.”

As the business world goes digital, cloud and ICT solution are they key enabling digital transformation and are underway to create compelling value to every enterprise, ranging from SMEs to large organization. To support the growing needs, AIS stepped further into the enterprise segment by partnering with leading providers in ICT spaces while expanding IDC footprint to the new location. With extensive mobile network, the company aims to capture growth potential by providing comprehensive end-to-end services e.g. Managed services,

ICT solutions, IDC, and Business Cloud to the enterprise segment. These services will enhance business capability, ensure system security and optimize operational cost and capital expenditure for enterprise customers as well as the serves enhance to the country's economic development and competitiveness in the fast changing environment.

Transforming to digital organization and leveraging technologies to improve sales and operational efficiency

“Machine learning and Artificial Intelligence (AI) will be embedded in our service and operation innovations, resulting in improved sales and efficiency.”

As we are gearing toward digital transformation, our ambition is to create the capability of fully leveraging the new technologies both digital operation process and customer services. Above all, we believe that our employees are one of the key to our long term success. They will be equipped with relevant skills, knowledge, and powerful tools. To start with, in 2017, AIS set the foot on this by allocating the budget of Baht100million and introducing AIS Innovation Centre and learning platform to build staff competency and encourage the growth mind-set to be ready for the disruptive innovation. In the near future, Predictive Analytics Tools will be embedded, supporting staff to develop effective cross selling offers to a micro segment, serving individual needs. Customer Value Management will evolve into the next step with analytical based to improve customer retention. Customer services will converge to full digitization customer journey. Machine learning and Artificial Intelligence (AI) will be embedded in our service and operation innovations, resulting in improved sales and efficiency. For example, AI will empower customers to access and interact with Self-Service platform 24/7 via their fingertips. This digital transformation will not only enhance customers' digital experience but also improve cost and operational efficiencies as well as enhance revenue generation.

Risk Factors

To identify the risk that might have potential impact to AIS's business objectives, goals as well as business opportunities, AIS has considered the following factors:

1. Internal and external factors such as human resources, changing of technology and regulations, customers behaviors as well as business environment
2. Potential adverse events such as flood, fire or other natural disasters or ongoing conditions that result in inefficient work practices or business competitiveness
3. Past events, current exposures and future trends
4. Significant movement of economy, society and environment
5. Causes of events
6. New initiatives or new products and services that AIS is seeking to develop
7. Opportunities to identify new value adding activities

Risk identification process

Management and employees identify their own functional risks.

Risk Management working group considers and selects those identified functional risk and propose to Risk Management Committee as corporate risks.

Risk Management Committee consider the proposed risks and prioritize based on its impact and likelihood. The process includes risk assessment according to risk appetite and risk tolerance, and identify mitigation actions to encounter with those risks. Risk Management Committee, then, proposes to the Board of Directors for acknowledgement.

Significant Risk Factors

Risks from Regulatory and Government Policies

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
1.1 Risk from changes in government policies, rules, regulations and orders of regulators	AIS operates under the supervision of NBTC, the organization regulating the telecommunications business who has legal authority in issuing rules, regulations and orders to regulate the licensees. The rules, regulations, and orders issued in the future, such as fixing tariff structure and service fees, or issuing rules and measures for consumer protection, might affect to business operations, reduce the Company's ability to generate profit and/or might increase the cost services.	1. Business operations 2. Revenue and cost 3. Company's reputations	AIS has the unit responsible for a work related with NBTC directly. Which it is responsible for regularly monitoring the issuance and change of regulations for report to management and coordinate with relevant departments to be informed promptly and ready to respond. Including performed as intermediate to coordinate with NBTC for the NBTC will have been given information of the business impact of regulations. The Company would have the opportunity to raise our concerns or make comments, suggestions and/or oppositions if the enactment of the laws, rules, regulations and/or orders is deemed to have seriously affected the Company's operations, or has been unlawfully conducted. Furthermore, the Company, as a telecommunications service provider which is a direct stakeholder, would be invited to provide opinion and comment on the drafts of laws, rules, regulations and/or orders which will be issued for enforcement in the future.	—
1.2 Disputes over revenue sharing relating to excise tax	(1) Case between AIS and TOT submitted a dispute to AIS demanding that the Company pay an additional share of revenue of Baht 31,463 million. Currently, TOT has appealed this judgment to the Supreme Administrative Court. (Further details, please see "Legal Dispute" in Form 56-1)	1. Financial status 2. Company's reputation	On 13 July 2017, the Central Administrative Court has announced an order of the Supreme Administrative Court where the court has rejected an appeal against the order of the Central Administrative Court submitted by TOT. Since this case was forbidden to appeal, as a result, the case has become final, in this regard the Company has no obligation to pay an additional benefit as requested by TOT	—
	(2) Case between DPC and CAT submitted a dispute to DPC, demanding that DPC pay an additional share of revenue under the Digital PCN (Personal Communication Network) Agreement, plus a penalty totaling Baht 3,410 million. (Further details, please see "Legal Dispute" in Form 56-1)	1. Financial status 2. Company's reputation	This case is in considering of the Supreme Administrative Court. If the Supreme Administrative Court revokes such Arbitrator's Decision, DPC may be obliged to pay CAT as demanded. However, the management of AIS firmly believes that this case shall reach a positive conclusion since the share of revenue demanded by CAT is equal to the amount of excise tax which has already been paid by the Company according to the unanimous resolution of the Arbitral Tribunal, which dismissed the dispute.	—

Risks from Regulatory and Government Policies

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
1.3 Dispute over revenue sharing from interconnection charges	TOT has demanding that the AIS pay the share of revenue from the interconnection charges of the concession in the defined amount plus interest by did not allow AIS deducted the interconnection fee charged from other operators. (Further details, please see "Legal Dispute" in Form 56-1)	1. Financial status 2. Company's reputation	At present, the case is pending consideration of the Arbitral Tribunal and may take several years to conclude. If AIS loses the case, it may be obliged to pay TOT as demanded. However, the management of AIS firmly believes that the resolution of the Arbitral Tribunal will reach a positive conclusion for the Company since it has fully complied with the law.	—
1.4 Dispute DPC and regarding the reduction of roaming charges between DPC and the Company	DPC submitted a dispute requesting CAT to revoke the allegations that DPC was in breach of the Roaming Service Agreement due to the agreement between AIS and DPC and DPC demanded that CAT pay compensation. While, CAT submitted a dispute to the Arbitration Institute demanding that DPC pay additional remuneration for concession years incurred due to the reduction of the roaming charge rate between DPC and AIS. (Further details, please see "Legal Dispute" in Form 56-1)	1. Financial status 2. Company's reputation	At present, such disputes are pending consideration of the Arbitral Tribunal. If DPC loses the case, DPC may be obliged to pay CAT as demanded. However, the management of AIS believes that the ruling of the Arbitration Panel of this case shall decide in favor of DPC as DPC had informed CAT that it was applying a roaming rate in July 2006. CAT had then given its written approval of this rate. In addition, CAT had never sent any refusal or objection to DPC during the disputed periods. The roaming rate is also in conformity with market conditions as approved by the NTC.	—
1.5 Dispute DPC and CAT on tower and power supply ownership	CAT submitted a dispute demanding that DPC deliver and transfer ownership of 3,343 Towers including 2,653 units of Power Supply equipment under the terms and conditions of the Digital PCN (Personal Communication Network) Agreement. After DPC failed to do so, CAT demanded that DPC pay Baht 2,230 million to CAT as compensation. (Further details, please see "Legal Dispute" in Form 56-1)	1. Property used in business operations 2. Financial status 3. Company's reputation	On 12 June 2017, DPC has received the notice from the Central Administrative Court regarding the order to allow CAT renounce its request to revoke the decision of the Arbitral Tribunal, and order to dispose the case from the directory. However, there is a possibility for CAT to submit this dispute to the Arbitration Institute again.	—

Risks from Regulatory and Government Policies

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
1.6 Dispute AIS and TOT on 900 MHz subscribers migration to 3G 2100MHz.	TOT submitted a dispute demanding AIS to pay compensation from the 900MHz subscribers porting to 2100MHz provided by AWN, which considered as a breach of the Concession Agreement for operation between TOT and the Company for the migration occurred during a period of May 2013 to June 2014.	1. Financial status 2. Company's reputation	Currently, the case is in the Arbitration process. If AIS loses the case, AIS may have to pay compensation plus interest as demanded by TOT. However, the management of AIS believes that the result of the dispute should be settled favorably due to the migration was done following the desire of subscribers, as a result, the Company is not considered as a breach of the contract as claimed by TOT.	—
1.7 Dispute Case regarding Companies not collecting all information from prepaid subscribers under NBTC Notification regarding Prepaid Identification.	According to NBTC order that requiring AIS and the other 2 major mobile phone operators in this telecommunication industry to pay an administrative fine in the amount of Baht 80,000 per day until such time as the operators fully comply with the order that mobile phone operators must collect and record all required information of all prepaid subscribers within the specified time.	1. Financial status 2. Company's reputation	At present, the case is pending the consideration of the Supreme Administrative Court. If AIS loses the case, AIS may have to pay an administrative fine of Baht 80,000 per day, from 6 July 2012 until the date that AIS can comply with the said order of the NBTC. However, the management of AIS believes that this dispute will be resolved in a positive way due to the fact that NBTC and all mobile operators had a concerted effort to record all prepaid subscriber information to facilitate the compliance of the telecommunication business with such order. The effort includes a joint development of an application called "2 Snap Shot" to facilitate a simpler and quicker registration of prepaid subscriber of which the information can be directly submitted to the system of mobile operators. The application is deployed throughout various distribution channels as an additional method to filling out the registration form and recording a copy of the identity card. Recently, several Biometric identification methods such as fingerprint and face recognition are used as one of the registration methods in order to record subscribers' information more efficient and accurate.	—

Risks from Regulatory and Government Policies

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
1.8 Dispute regarding revenue share for providing National Roaming Service	TOT issued a letter to AIS notifying it that AIS has not paid TOT the full share of revenue owed from the National Roaming Service. TOT has requested AIS to pay TOT an additional share of revenue from the National Roaming Service in the amount of Baht 13,341 million. (Further details, please see “Legal Dispute” in Form 56-1)	1. Financial status 2. Company’s reputation	In this case, should TOT bring this issue to the arbitration process, the management of AIS believes that this issue can be opposed because AIS has done everything correctly subject to the Concession Agreement. Moreover, the supervision and control of service fees are regulated by NBTC.	—
1.9 Dispute between AIS and TOT Public regarding the titles of towers	AIS requested the arbitral tribunal to find that the Company’s signaling towers are not equipment and assets to be transferred to TOT and that AIS owns the signaling towers; and to request TOT to return the associated revenue which it had already been paid by AIS. (Further details, please see “Legal Dispute” in Form 56-1)	1. Property used in business operations 2. Financial status 3. Company’s reputation	Presently the dispute is under the arbitration process. The management of AIS believes that the dispute will end favorably because AIS and TOT are currently negotiating to become business partners.	—

Risks from Regulatory and Government Policies

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
1.10 Dispute regarding the request from TOT to AIS to transfer additional equipment used for the operation of the 900MHz Cellular Telephone System	TOT requested that AIS transfer additional assets used in the operation of the 900MHz Cellular Telephone System to TOT. TOT considers that such assets are equipment and tools which the Company provides for the operation of the 900MHz Cellular Telephone System and, as such, is obligated to transfer the assets to TOT as defined in the Concession Agreement. However, AIS considers that such 6 systems as requested by TOT are not equipment and tools for the operation of the 900MHz Cellular Telephone System as defined under the Concession Agreement. (Further details, please see "Legal Dispute" in Form 56-1)	1. Property used in business operations 2. Financial status 3. Company's reputation	Should TOT bring this dispute to the arbitration process, the management of AIS believes that the dispute can be settled via negotiation since currently AIS and TOT are currently negotiating to become business partners.	—
1.11 Dispute regarding Claim for additional revenue from the 6 th and 7 th Amendments to the Concession Agreement	TOT requested AIS for the payment of additional revenue in the amount of Baht 62,773 million. TOT claimed such additional payment based on the ground that the 6 th and 7 th Amendments were of significant amendment which caused TOT to receive lower revenue than the rate as specified in the Concession Agreement. (Further details, please see "Legal Dispute" in Form 56-1)	1. Financial status 2. Company's reputation	At present, the dispute is under the consideration of the arbitrators. The management of AIS believes that twice of the Concession Agreement are binding and effective until the expiration of the Concession Agreement on 30 September 2015, and AIS has fully complied with all concerned Agreements. Moreover, the Council of State opined on this matter that the amendments to the Concession Agreement between TOT and AIS that the amendment process of the Concession Agreement which is the administrative contract can be separated from such amendment attached hereto, the amendments have still been in effect as long as it is not revoked or terminated by time, or otherwise. Furthermore, the twice Amendments had never been revised or revoked until the 30 September 2015, which is the ending date of the Concession Agreements. Therefore, the outcome of the said dispute should be settled favorably and have no considerable impact.	—


Risks from Regulatory and Government Policies

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
1.12 Dispute regarding the claim for the sage/revenue arising from the use of telecommunication equipment and telecommunication network during the temporary (1800MHz) customer protection period after the Concession ended.	CAT filed a lawsuit against DPC to the Central Administrative Court to pay for the fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT during the temporary customer protection period announced by NBTC following the Expiration of the Agreement for operations or Telecommunication Service Agreement. (Further details, please see “Legal Dispute” in Form 56-1)	1. Financial status 2. Company’s reputation	Currently, the dispute has been considered by the Central Administrative Court. However, if DPC loses the case, DPC may have to pay the usage fee and revenue, plus interest from the usage of telecommunication equipment and telecommunication network to CAT. Therefore, the management of AIS believes that the DPC has no obligation to pay for the usage fees and revenue from the use of telecommunication equipment and telecommunication network as claimed by CAT due to the service provided to the subscriber according to NBTC’ regulation, DPC did not rent such telecommunication equipment and telecommunication network from CAT. Namely, CAT and DPC have served together in providing services to subscribers. Therefore, the outcome of the case would be resolved positively.	—
1.13 Dispute over revocation of the NTC order regarding to revenue incurred from the temporary service (1800MHz and 900MHz) for customer protection period after the Concession end	NTC has demanded DPC and AIS to deliver revenue at remedy period starting after end of concession agreement including interest. (Further details, please see “Legal Dispute” in Form 56-1)	1. Financial status 2. Company’s reputation	Presently, the said case is in the process of the Central Administrative Court. If DPC and AIS loses the case, DPC and AIS may have to submit the revenue sharing plus interest to NBTC. However, the management of AIS considered that the DPC and AIS has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2012, that requires DPC and AIS to submit the revenue after deducting any expense to NBTC but DPC and AIS has the expenses more than the revenue incurred from the service. Therefore, DPC and AIS has no revenue remain in order to submit to NBTC as stipulated in the announcement.	—

Risks from Regulatory and Government Policies

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
1.14 Dispute regarding the revenue payment to NBTC according to the remedy period of the subscriber in 900 MHz	The notice of NBTC and the conclusion of NTC about the temporary service for customer protection period after the Concession end no. 2 which enforce the mobile phone operators to pay the revenue occurred during the remedy period to NBTC after expense deduction but the amount of this revenue must not be less than the percentage of revenue sharing being used to pay in the Concession Agreement as of the last day prior to the Concession end. (Further details, please see “Legal Dispute” in Form 56-1)	1. Financial status 2. Company’s reputation	Presently the said case is in the process of the Central Administrative Court. The management of AIS believes that this notification is discriminate among the Operator which the Concession had ended prior to this Notification (no. 2) be effective. This notification is also undue burden to AIS either concession agreement was ended which is not the purpose of this notification issuance to protect the customer during the remedy period. In this case, if AIS loses the case, AIS shall have to pay the revenue plus interest as claimed by the NBTC.	—

Operational Risks

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
2.1 Risk to information security and threat from cyber-attack	<p>The Company has rapidly developed a variety of products and services to serve customer's needs and increase convenience. The technology is necessary to develop and improve the services. The advanced technology may also come with a risk of information technology. Such risks comprised by the complexity of the technology itself, gaps in the skill and knowledge levels of the Company's employees, the potential deficiency of the Company's own system and external threats or any cyber-attack.</p> <ul style="list-style-type: none"> • If information security system is insufficient or incomplete, it will cause to get seriously impact to the company especially significant data. • Threat from cyber-attack e.g. DDoS Attack, Website phishing, Malware/Virus etc. which may cause to business disruption 	<ol style="list-style-type: none"> 1. Financial revenue 2. Business or IT systems disruption 3. Company's Reputation 	<ol style="list-style-type: none"> 1. Information security regulations 2. Apply an international standards e.g. PCI-DSS, ISO 27001:2013 Information Security Management System etc. 3. Extend and expand security appliance tools to cover all significant systems. 4. Enhance information security measures e.g. a revision of the access control procedure, a closed working environment etc. <p>Build IT Awareness to all entire the company.</p>	

Operational Risks

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
2.2 Risk from major network failure or interruption to important systems	In case of uncontrollable disaster, natural disaster or any crisis event affect to the company which may lead to primary operating system and business disruption	<ol style="list-style-type: none"> 1. Financial revenue 2. Business or IT systems disruption 3. Company's asset 4. Employee 5. Company's reputation 	<ol style="list-style-type: none"> 1. Business Continuity Management Policy (BCM Policy) 2. Business Continuity Plan (BCP) both enterprise and departmental level 3. Annual review and exercise of Business Continuity Plan 4. ISO 22301: Business Continuity Management System (BCMS) certification 5. Redundancy 	➤
2.3 Reputation risk due to community's lack of understanding on health issue arising from radio waves	Problem of understanding of the concerned communities on health issues arising from radio waves nearby the Company's base stations, which may lead to resistance to the construction and/or appeals to related parties. The company cannot expand the installation of transmission equipment or build new base stations.	<ol style="list-style-type: none"> 1. Company's reputation 2. Unachieved operations 	<ol style="list-style-type: none"> 1. Setting up specific teams to communicate to the relevant communities before construction, in line with NBTC's regulations. 2. Analyze the relationship between the company and community for reduce a resistance and plan to make understanding to encourage their confidence if they still have concerned on safety issues. 3. The company will prepare construction blueprints of the base stations have been certified by professional civil engineers to meet the standards of the Engineering Institute of Thailand strictly. 	➤

Operational Risks

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
2.4 Risk arising from the Company's failure to respond in a timely manner to customers' needs/issues via various social media platforms	In response to customers' behaviors of connecting with various social media platforms, the sharing of product and service information, the handling of enquiries and the resolution of complaints must be performed in a prompt manner with the accurate information. This is to prevent the spread out misleading information, which may have a negative impact on the Company's corporate image	1. Company's reputation 2. Confidence of customer, partner and stakeholder	1. Implement tools to monitor related information in various social media 2. Appoint specialized team to monitor and respond to customer needs specifically via online channels.	➤
2.5 Risk from intensive competition in the market	The entering of new players such as OTT (Over the Top Players) who possess their own global platforms and lower cost of operation i.e. LINE has significantly change the competition environment in Thailand's telecommunication market in various areas e.g. maintain existing customer base and new customer acquisition strategies, after sales service etc.	1. Financial revenue 2. Market share 3. Company's reputation	1. Enhances the quality of after sales service to maintain customer base and attract new customers especially Serenade privileges program. The company has defined strategies to develop benefits of Serenade in many areas e.g. expand Serenade Club, focus on Serenade device offering, expand privileges in the Top-Trend partners such as dining, traveling experience, entertainments etc. 2. Develops strategies for maintain customer base and offer products and services to meet the needs of customers by use Advanced Analytics Tools	New risk 2017

Operational risks

Risk Issues	Description of Risk	Potential Impact	Mitigation Plan/Progress	Risk Movement from 2016
2.6 Risk from changing in customers' behavior and technology advancement	The change and advancement of technologies especially digital technology in currently which it make new product launch by incumbent provider with new business model. It's also changes the customers' behavior in the use of products and services because customers have extensive choices for new services in the digital world. Therefore, causes to the company has to adapt and develop their business plans to accommodate the changing of technologies and new innovations to maintain existing customer bases, make revenue from new channel and keep long-term sustainability.	1. Financial revenue 2. Market share 3. Company's reputation	1. Defines key strategies both in short-term and long-term to respond with changing of customers' behavior and technologies. 2. Enhances full digital customer services system e.g. produce engagement with customer via fully online, building AI/Chatbot capability, implement Robotic Process Automation for customer services. 3. Bundling product and service offerings of mobile, fixed broadband and digital content in new model which provides value added to reduce complexity and cost savings for customers. And also adds benefits to attract new customers. 4. Building capability to gain customer insights with Data Analytics to manage products and services offering to customer according to their needs at the right value. 5. Develops network infrastructure, customer services systems and support systems as new technology mandatory. 6. Growing corporate business and content business e.g. expand IoT business, create and drive complete Cloud Business Ecosystem. 7. Organizational structure transformation and develop competency of employees to support key strategies of the company.	New and emerging risk 2017
2.7 Risk from talent acquisition for digital transformations	According to the rapidly change of technology and customers' behaviors. The telecommunication providers need to improve their service capabilities to quickly respond to customer needs. If the company cannot develop skills or capabilities in a timely, it will impact to the Company's business advantage in currently businesses and new businesses in the future.	1. Company's reputation 2. Market share	1. Recruits employees with new ability that meet the needs of the company including offer scholarship to potential employees for talent development applied with new business in the future. 2. Collaborates with world-class expertise institutions to build a foundation, develop knowledge and prepare for digital business of employees including implement succession plan and culture transformation to be ready for digital era.	New and emerging risk 2017

GRI 102-15 , GRI 417-2 , GRI 417-3

Profile of the Directors and Management

**Mr. Kan Trakulhoon**

Age 62 Years

Appointed 3 August 2015

Appointed as Chairman of the Board of Director on 8 Nov 2016

- Chairman of Board of Directors
- Independent Director
- Chairman of Leadership Development and Compensation Committee

Share Ratio (%)* None

Relationship with Management None

Highest Education

Honorary Degrees of Engineering, Chulalongkorn University
Honorary Degrees of Manufacturing Engineering,
Mahasarakham University

Related Training Program held by IOD

- Director Certification Program (DCP 29/2003)

Position in Company

2017 - Present	Independent Director / Intouch Holdings Plc.
2016 - Present	Chairman of the Board of Directors, Chairman of the Leadership Development and Compensation Committee / Advanced Info Service Plc.
2015 - Present	Independent Director / Advanced Info Service Plc.
2015 - 2017	Chairman of Sustainable Development Committee / Advanced Info Services Plc.

Position in Other Listed Companies

2017 - Present	Independent Director / Bangkok Dusit Medical Services Plc.
2016 - Present	Independent Director / Siam Commercial Bank Plc.
2006 - Present	Director / The Siam Cement Plc.
2006 - 2015	President / The Siam Cement Plc.

Position in Non Listed Companies

2015 - Present	Advisory Board / Nomura Holdings Inc.
2011 - Present	Consultant / Kubota Corporation (Japan)

Illegal Record in past 10 years None

*Includes holding by spouse and minor children

**Mr. Somprasong Boonyachai**

Age 62 Years

Appointed 28 March 1994

- Vice-Chairman of Board of Directors
- Member of Leadership Development and Compensation Committee
- Authorized Director

Share Ratio (%)* None

Relationship with Management None

Highest Education

Master of Engineering, Asian Institute of Technology

Related Training Program held by IOD

- Role of the Chairman Program (RCP 21/2009)
- Director Certification Program (DCP 65/2005)
- Director Accreditation Program (DAP 30/2004)

Position in Company

2007 - Present	Director / Intouch Holdings Plc.
2008 - Present	Vice-Chairman of Board of Director Member of Leadership Development and Compensation Committee / Advanced Info Service Plc.
2006 - Present	Director / Thaicom Plc.
2016 - 2017	Advisor to CEO / Intouch Holdings Plc.
2008 - 2017	Chairman of Executive Committee / Intouch Holdings Plc.
2008 - 2017	Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc.
2010 - 2015	Acting-President / Intouch Holdings Plc.
2009 - 2011	Chairman of Executive Committee / Thaicom Plc.

Position in Other Listed Companies

2017 - Present	Director, Chairman of Executive Committee / BEC World Co., Ltd.
2017 - Present	Director / Dusit Thani Plc.
2002 - Present	Independent Director and Member of Audit Committee / Power Line Engineering Plc.

Position in Non Listed Companies

2017 - Present	Director / National Strategy Committee for the Development and Capacity Building of Human Resources
2016 - Present	Director / Osotsapa Co., Ltd.
2016	Independent Director / Pruksa Real Estate Plc.
2004 - 2016	Director / Praram 9 Hospital Co., Ltd.

Illegal Record in past 10 years None

**Mr. Prasan Chuaphanich**

Age 65 Years

Appointed 30 March 2017

- Independent Director
- Member of Audit Committee
- Chairman of Sustainable Development Committee

Share Ratio (%)* 0.0001

Relationship with Management None

Highest EducationBachelor of Commerce and Accountancy (2nd Class Honor), Chulalongkorn University**Related Training Program held by IOD**

- Director Certification Program (DCP 119/2009)
- Financial Institution Governance Program (FGP 6/2013)

Position in Company

2018 - Present Chairman of Sustainable Development Committee / Advanced Info Services Plc.

2017 - Present Independent Director, Member of Audit Committee / Advanced Info Service Plc.

Position in Other Listed Companies

2016 - Present Independent Director, Member of Audit Committee / PTT Global Chemical Plc.

2013 - Present Independent Director, Chairman of Audit Committee / Siam Commercial Bank Plc.

2013 - Present Independent Director, Member of Audit Committee Chairman of Nomination and Compensation Committee / Thai Solar Energy Plc.

Position in Non Listed Companies

2017 - Present Expert Member on Accounting / Public Senior Audit Evaluation Committee

2016 - Present Member of the Mahidol University Interanl Audit Committee Mahidol University Council

2015 - Present Member of the Financial and Property Committee / King Mongkut's University of Technology Thonburi

2017 - Present Chairman of the Board of Directors / Thai Institute of Directors Association (IOD)

2015 - Present Director, Member of Audit Committee / Thai Institute of Directors Association (IOD)

2015 - Present Member of Thailand's Private Sector Collective Action Against Corruption Certification Committee / Thai Institute of Directors Association (IOD)

2014 - Present Member of Advisory Committee on Corporate Governance and Policy / Thai Institute of Directors Association (IOD)

2015 - Present Director / OIC Advanced Insurance Institute

2014 - Present Member of Audit Committee, Expert Member on Accounting / Office of Insurance Commission (OIC)

2014 - Present Member of Anti-Dumping and Subsidies Committee / Ministry of Commerce

2012 - 2017 Expert Member of General Insurance Fund / Ministry of Finance

2014 - 2017 Director / IFRS Advisory Council

Illegal Record in past 10 years None

**Mr. Surasak Vajasit**

Age 64 Years

Appointed 10 May 2006

- Independent Director
- Chairman of Nomination and Corporate Governance Committee
- Member of Audit Committee

Share Ratio (%)* None

Relationship with Management None

Highest Education

Barrister at Law, Lincoln's Inn, UK

Related Training Program held by IOD

- Director Accreditation Program (DAP 29/2004)

Position in Company

2014 - Present Chairman of Nomination and Corporate Governance Committee, Member of Audit Committee, and Independent Director / Advanced Info Service Plc.

2008 - 2014 Member of Audit Committee, Member of Nomination and Corporate Governance Committee and Independent Director / Advanced Info Service Plc.

2007 - 2008 Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc.

2006 - 2007 Director, Member of Audit Committee, Independent Director / Advanced Info Service Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

2014 - Present Managing partner / R&T Asia (Thailand) Ltd.

2005 - 2014 Executive / Hunton and Williams (Thailand) Ltd.

1997 - 2008 Director / Thai Tallow and Oil Co., Ltd.

Illegal Record in past 10 years None



Ms. Jeann Low Ngiap Jong Age 57 Years

Appointed 27 March 2013

- Director
- Member of Nomination and Corporate Governance Committee

Share Ratio (%)* None

Relationship with Management None

Highest Education

Bachelor of Accountancy, National University of Singapore

Related Training Program held by IOD

-

Position in Company

2016 - Present Director / Intouch Holding Plc.
2013 - Present Director, Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

2016 - Present Director / Amobee Asia Pte. Ltd.
2015 - Present Group Chief Corporate Officer / Singapore Telecommunications Ltd.
2015 - Present Director / Singtel Enterprise Security Pte. Ltd.
2015 - Present Director / Trustwave Holdings Inc.
2014 - Present Director / Amobee Inc.
2014 - Present Director / Kontera Technologies Ltd.
2013 - Present Director / Optus Australia Investments Pty Limited
2012 - Present Director / Singtel Digital Life Pte. Ltd.
2012 - Present Director / Amobee Group Pte. Ltd.
2012 - Present Director / Comcentre PCC Limited
2012 - Present Director / Singtel ICT Pte. Ltd.
2012 - Present Director / GDL Lifestream Pte. Ltd.
2008 - Present Director / Singtel Asian Investments Pte. Ltd.
2008 - Present Director / Singtel Strategic Investments Pte. Ltd.
2007 - Present Director / OPEL Networks Pty Limited
2006 - Present Director / Singtel Services Australia Pty Limited
2006 - Present Director / Singtel Telecom Australia Pty Limited
2006 - Present Director / Singtel Optus Pty Limited
2006 - Present Director / Integrated Data Services Limited
2008 - 2015 Group Chief Financial Officer / Singapore Telecommunications Ltd.

Illegal Record in past 10 years None

*Includes holding by spouse and minor children



Mr. Allen Lew Yoong Keong Age 62 Years

Appointed 20 March 2006

- Chairman of Executive Committee
- Director
- Member of Leadership Development and Compensation Committee

Share Ratio (%)* None

Relationship with Management None

Highest Education

Master of Science (Management),
Massachusetts Institute of Technology, USA

Related Training Program held by IOD

-

Position in Company

2008 - Present Chairman of Executive Committee, Member of Leadership Development and Compensation Committee / Advanced Info Service Plc.
2006 - Present Director / Advanced Info Service Plc.
2006 - 2008 Member of Executive Committee / Advanced Info Service Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

2014 - Present Chief Executive Officer Consumer Australia and Chief Executive Officer / Optus Pty Limited
2012 - 2014 Chief Executive Officer Group Digital Life and Country Chief Officer (Singapore) / Singapore Telecommunications Ltd.
2006 - 2012 Chief Executive Officer (Singapore) / Singapore Telecommunication Ltd.

Illegal Record in past 10 years None

**Mr. Krairit Euchukanonchai****Age 63 Years****Appointed 26 March 2014**

- Chairman of Audit Committee
- Member of Nomination and Corporate Governance Committee
- Independent Director

Share Ratio (%)* None**Relationship with Management** None**Highest Education**

Master of Business Administration, North Texas State University, USA

Related Training Program held by IOD

- Director Certification Program (DCP 59/2005)
- Role of the Chairman Program (RCP 16/2007)

Position in Company

2014 - Present Chairman of Audit Committee,
Member of Nomination and
Corporate Governance Committee and
Independent Director /
Advanced Info Service Plc.

Position in Other Listed Companies

2015 - Present Vice-Chairman of Board of Directors,
Chairman of Executive Committee,
Chairman of Risk Management Committee /
Krungthai Bank Plc.

2011 - 2012 Director and Member of Audit Committee /
PTT Plc.

2006 - 2012 Chairman of Board of Directors and
Chairman of Risk Management Committee /
Krungthai Asset Management Plc.

Position in Non Listed Companies

2017 -Present Chairman /
Mass Rapid Transit Authority of Thailand

1998 - Present Chairman / V Group Honda Car Co.,Ltd.

Illegal Record in past 10 years None**Mr. Stephen Miller****Age 54 Years****Appointed 2 June 2015**

- Director

Share Ratio (%)* None**Relationship with Management** None**Highest Education**Bachelor of Economics and Finance (1st Class Honor),
University of New South Wales**Related Training Program held by IOD**

-

Position in Company

2015 - Present Director / Advanced Info Service Plc.

2015 - 2016 Member of Executive Committee /
Advanced Info Service Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

2017 - Present Director, CEO, President /
Singapore Technologies Telemedia Pte. Ltd.

2016 - Present Member of Executive Committee,
Member of Remuneration Committee /
STT GDC Pte. Ltd.

2017 - Present Director / Asia Mobile Holding Company Pte. Ltd.

2017 - Present Director / Asia Mobile Holding Pte. Ltd.

2017 - Present Director / i-STT Investment Pte. Ltd.

2017 - Present Director / Shenington Investment Pte. Ltd.

2017 - Present Director / StarHub Ltd.

2017 - Present Director / STT APDC Pte. Ltd.

2017 - Present Director, CEO, President / STT Communication Ltd.

2017 - Present Director / STT Crossing Ltd.

2017 - Present Director / STT International Vietnam Pte. Ltd.

2012 - Present Member of Executive Committee /
U Mobile Sdn. Bhd.

2017 - Present Director / TeleChoie International Limited.

2017 - Present Director / STT Global Data Centres India
Private Limited.

2017 - Present Director / Datameer Inc.

2017 - Present Chariman / STT Communication (Shanghai) Co. Ltd.

2017 - Present Director / STT inTech Pte. Ltd.

2017 - Present Director / STT Quantum Global Pte. Ltd.

2017 - Present Director / STT Connect Holdings Pte. Ltd.

2011 - Present Adviser / Sky Cable Pte. Ltd.

Illegal Record in past 10 years

None



Mr. Somchai Lertsutiwong Age 55 Years

Appointed as director on 27 June 2014

Appointed as Chief Executive Officer on 1 July 2014

- Director
- Member of Sustainable Development Committee
- Member of Executive Committee
- Chief Executive Officer
- Acting Chief Strategy Officer
- Authorized Director

Share Ratio (%)* 0.0027

Relationship with Management None

Highest Education

Master of Business Administration, Chulalongkorn University

Related Training Program held by IOD

- Director Certification Program (DCP 107/2009)

Position in Company

2014 - Present	Director, Member of Sustainable Development Committee, Member of Executive Committee, Chief Executive Officer, Acting Chief Strategy Officer and Authorized Director / Advanced Info Service Plc.
2012 - 2014	Director, Chief Marketing Officer / Advanced Info Service Plc.
2007 - 2012	Executive Vice President - Marketing / Advanced Info Service Plc.
2004 - 2007	Senior Vice President - Wireless Communication / Advanced Info Service Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

None

Illegal Record in past 10 years None



Mr. Gerardo C. Ablaza, Jr. Age 64 Years

Appointed as director on 27 April 2017

- Independent Director
- Member of Executive Committee
- Member of Sustainable Development Committee

Share Ratio (%)* None

Relationship with Management None

Highest Education

Bachelor of Arts (Mathematics) De La Salle University, Manila

Related Training Program held by IOD

-

Position in Company

2017 - Present	Independent Director, Member of Sustainable Development Committee, Member of Executive Committee / Advanced Info Service Plc.
----------------	--

Position in Other Listed Companies

2017 - Present	Director / Bank of the Philippines Islands
2010 - Present	Director, Vice Chairman, Member of Executive Committee / Manila Water Company Inc.
1998 - Present	Senior Managing Director / Ayala Corporation
Position in Non Listed Companies	
2012 - Present	Director / AC Energy Holding Inc.
2012 - Present	Director / AC Infrastructure Holding Corp.
2010 - 2017	President, CEO / Manila Water Company Inc.
1998 - 2009	President, CEO / Globe Telecom Inc.

Illegal Record in past 10 years None

*Includes holding by spouse and minor children

**Mr. Hui Weng Cheong**

Age 62 Years

Appointed as director on 27 July 2017

- Director
- President
- Chief Operating Officer
- Authorized Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

Master of Business Administration
University of Southern California, USA

Related Training Program held by IOD

- Director Certification Program (DCP 230/2016)

Position in Company

2017 - Present Director / Advanced Info Service Plc.
2016 - Present President / Advanced Info Service Plc.
2013 - Present Chief Operating Officer / Advanced Info Service Plc.
2009 - 2010 Chief Operating Officer / Advanced Info Service Plc.
2006 - 2009 Deputy President / Advanced Info Service Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

2010 - 2013 CEO International / Singapore
Telecommunications Ltd.

Illegal Record in past 10 years

None

**Mr. Paiboon Panuwattanawong** Age 57 Years

Appointed as director on 4 Feb 2016

- Member of Executive Committee

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

Master of Science in Electrical Engineering
Carnegie Mellon University, Pittsburgh, USA

Related Training Program held by IOD

- Director Certification Program (DCP 156/2012)

Position in Company

2016 - Present Member of Executive Committee /
Advanced Info Service Plc.
2015 - Present Director and Chief Executive Officer /
Thaicom Public Plc.
2011 - Present Member of the Executive Committee /
Thaicom Public Plc.
2015 - Present Director and Chairman of the Executive
Committee / CS Loxinfo Plc.

Position in Other Listed Companies

None

Position in Non Listed Companies

2015 - Present Director / Teleinfo Media Plc.
2015 - Present Director / TC Broadcasting Co. Ltd.
2015 - Present Director and Chairman of the Executive
Committee /
Shenington Investment Pte. Ltd.
2015 - Present Director / International Satellite Co. Ltd.
2015 - Present Director / Lao Telecommunications Co. Ltd.
2007 - Present Director / Star Nucleus Co. Ltd.
2007 - Present Director / IPSTAR International Pte. Ltd.
2007 - Present Director / IPSTAR Global Services Limited
2007 - Present Director / IPSTAR Australia Pty Ltd.
2007 - Present Director / IPSTAR New Zealand Ltd.
2007 - Present Director / IPSTAR New Zealand Ltd.
Present Director / IPSTAR Japan Limited

Illegal Record in past 10 years

None



Ms. Sunitaya Shinawatra Age 57 Years

Appointed 1 June 2016

- Chief Finance Officer

Share Ratio (%)* 0.0005

Relationship with Management None

Highest Education

Master of Business Administration (Finance),
North Texas University, USA

Related Training Program held by IOD

- Director Certification Program (DCP 156/2012)

Position in Company

2016 - Present	Chief Finance Officer / Advanced Info Service Plc.
2012 - 2016	Senior Vice President - Finance / Advanced Info Service Plc.
2009 - 2010	Vice President - Finance / Advanced Info Service Plc.

Illegal Record in past 10 years None



Ms. Kantima Lerlerttitham Age 47 Years

Appointed 1 July 2015

- Chief Human Resources Officer

Share Ratio (%)* None

Relationship with Management None

Highest Education

Master of Psychology Counseling Service, Rider University, USA

Related Training Program held by IOD

Director Certification Program (DCP 244/2017)

Working Experiences in 5 years

2016 - Present	Chief Human Resources Officer / Intouch Holding Plc.
2015 - Present	Chief Human Resources Officer / Advanced Info Service Plc.
2013 - 2015	Deputy Chief Operation Officer / MC Group Plc.
2011 - 2013	Chief Human Resources Officer / Prudential Life Insurance (Thailand) Plc.
2007 - 2011	Human Resources Director / Microsoft (Thailand) Co., Ltd.

Illegal Record in past 10 years None



Mr. Weerawat Kiattipongthaworn Age 58 Years

Appointed 1 October 2016

- Chief Corporate Officer

Share Ratio (%)* None

Relationship with Management None

Highest Education

- Master of Engineering (Computer)
University of Michigan at Ann Arbor, USA
- Master of Business Administration, Thammasat University

Related Training Program held by IOD

- Capital Market Academy

Working Experiences in 5 years

2016 - Present	Chief Corporate Officer / Advanced Info Service Plc.
2013 - 2016	Senior Executive Vice President - Operation / Advanced Info Service Plc.
2011 - 2015	Director of Jor Group / Telephone Number Portability Service Center Ltd.
2006 - 2013	Executive Vice President - Operation / Advanced Info Service Plc.

Illegal Record in past 10 years None

*Includes holding by spouse and minor children

Profile of Company Secretary and Head of Compliance

Mr.Chavin Chaivatcharaporn	Age 45 Years
Appointed 3 January 2013	
<ul style="list-style-type: none"> Company Secretary 	
Share Ratio (%)*	None
Relationship with Management	None

Highest Education

Master of Law (LL.M), University of Pennsylvania, USA

Related Training Program held by IOD

- C-Seminar-Anti Corruption Seminar 1/2016
- Role of the Compensation Committee (RCC 19/2014)
- Director Certification Program (DCP 192/2014)
- Company and Board Reporting Program (CRP 6/2013, BRP 11/2013)
- Anti-Corruption for Executive Program (ACEP 10/2014)
- Fundamental Practice for Company Secretary (FPCS 29/2014)
- Company Secretary Program (CSP 51/2013)

Working Experiences in 5 years

2013 - Present Company Secretary / Advanced Info Service Plc.
 2010 - 2013 Assistant Vice President-Legal / Advanced Info Service Plc.
 2003 - 2010 Associate / Hunton & Williams Thailand Ltd.

Illegal Record in past 10 years None

Ms.Nattiya Poapongsakorn	Age 42 Years
Appointed 1 April 2013	
<ul style="list-style-type: none"> Senior Vice President, Investor Relations and Compliance 	
Share Ratio (%)*	0.00025
Relationship with Management	None

Highest Education

- Master of Technology Management, Washington State University, USA
- Master in Finance, Chulalongkorn University

Related Training Program held by IOD

-

Working Experiences in 5 years

2017 - Present Senior Vice President, Investor Relations and Compliance / Advanced Info Service Plc.
 2015 - 2017 Vice President, Investor Relations and Compliance / Advanced Info Service Plc.
 2013 - 2015 Assistant Vice President, Investor Relations / Advanced Info Service Plc.
 2011 - 2013 Acting Assistant Vice President, Investor Relations / Advanced Info Service Plc.
 2008 - 2011 Investor Relations Manager / Advanced Info Service Plc.

Illegal Record in past 10 years None

Directors and Management's Shareholding in AIS and Subsidiaries

As of 31 December 2017, the number of ordinary share includes holding by spouse and minor child

Name	Position	ADVANC					AWN		ADC		
		Ordinary share		ESOP (warrants)			Ordinary share		Ordinary share		
		31/12/2016	Buy(+)/Sell(-)	31/12/2017	31/12/2016	Grant (+) ⁴⁾	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017
1. Mr. Kan Trakulhoon	Chairman of the Board of Directors and Independent Director	-	-	-	-	-	-	-	-	-	-
2. Mr. Somprasong Boonyachai	Vice-Chairman of the Board of Directors	-	-	-	-	-	-	-	-	-	-
3. Mr. Krairit Euchukanonchai	Independent Director and Chairman of Audit Committee	-	-	-	-	-	-	-	-	-	-
4. Mr. Prasan Chuaphanich ¹⁾	Independent Director and Member of Audit Committee	-	-	-	-	-	-	-	-	-	-
5. Mr. Surasak Vajazit	Independent Director and Member of Audit Committee	-	-	-	-	-	-	-	-	-	-
6. Mr. Allen Lew Yoong Keong	Director and Chairman of Executive Committee	-	-	-	-	-	-	-	-	-	-
7. Ms. Jeann Low Ngiap Jong	Director	-	-	-	-	-	-	-	-	-	-
8. Mr. Stephen Geoffrey Mille	Independent Director	-	-	-	-	-	-	-	-	-	-
9. Mr. Gerardo C. Ablaza, Jr. ²⁾	Independent Director and Member of Executive Committee	-	-	-	-	-	-	-	-	-	-
10. Mr. Paiboon Panuwattanawong	Member of Executive Committee	-	-	-	-	-	-	-	-	-	-
11. Mr. Somchai Lertsutiwong	Director, Member of Executive Committee, Chief Executive Officer, and Acting Chief Strategy Officer	80,126	-	80,126	158,040	88,700	246,740	-	-	-	-
12. Mr. Hui Weng Cheong ³⁾	Director and President	-	-	-	-	-	-	-	-	-	-
13. Mr. Weerawat Kiattipongthaworn	Chief Corporate Officer	-	-	-	107,354	44,300	151,654	-	-	-	-
14. Ms. Sunitaya Shinawatra	Chief Finance Officer	15,157	-	15,157	41,674	35,440	77,114	-	-	-	-
15. Ms. Kantima Lerlertyuttitham	Chief Human Resource Officer	-	-	-	33,200	44,300	77,500	-	-	-	-

Note:

¹⁾ Appointed by the 2017 shareholders' meeting on 30 March 2017 replacing Mrs.Tasane Manerot who retired by rotation.

²⁾ Appointed as the member of Board of Directors and member of Executive Committee on 27 April 2017.

³⁾ Appointed as the member of the Board of Directors on 27 July 2017 replacing Mr. Philip Chen Chong tan who resigned.

⁴⁾ The change in number of warrant holding is derived from the approval of shareholders' meeting on 30 March 2017. See more details in page 77.

[illegible]

Message from Nomination and Governance Committee

The Nomination and Governance Committee (NGC) consists of three (3) members namely: Khun Surasak Vajasit as Chairman, Khun Krairit Euchukanonchai and Khun Jeann Low Ngiap Jong as members.

During the year 2017, the NGC held a total of six (6) meetings. All members of NGC attended all the meetings. The summary of NGC's performance for the year 2017 are described as follows:

1. Corporate governance policy

The committee monitored performance in compliance with the Corporate Governance Policy and viewed that the policy is suitable for the Company's management structure and the current business environment. However, in order to improve the board of directors' performance efficiency, in 2017, the committee has proposed the amendment to Corporate Governance Policy concerning the board size, board nomination process by increasing the reference sources in order to identify potential candidates and preparing the board skill matrix in connection therewith. The improvement of such policy aims to comply with the Company's sustainable development target under the good corporate governance principles of the Securities and Exchange Commission and Thai Institution of Directors.

2. Endorsement of material corporate policy

The committee considered and concurred new policies/ amendment of the current policies of the Company as follows:

- Corporate Governance Policy
- Securities Trading Policy
- Connected Transaction Policy
- Market Disclosure Policy
- Supplier Code of Conduct
- Code of Business Ethic

To elevate good governance of the organization in accordance with sustainable business guidelines

3. Director nomination process

The committee has invited shareholders to propose candidate(s) to be nominated as a director during 1 October – 31 December 2017. In addition, the NGC has also enhanced the methods concerning nomination process such as hiring of HR professionals so as to be an adviser and recommend qualified candidate. In this regard, NGC considers qualification of proposed candidate(s) to be nominated as director thoroughly by referring to Board Skill Matrix, expertise and experience of proposed candidate before proposing the qualified candidate to the Board and shareholders for consideration.

In 2017, the NGC has considered and nominated a total of three (3) qualified candidates to be appointed as directors provided that two (2) are independent directors and one (1) is executive director.

4. NGC's Structure

The committee considered and reviewed the NGC's structure by decreasing the number of non-executive director from two (2) to one (1) which causing the number of independent director to be more than half of the total number of the committee so as to be in line with the good corporate governance of a listed company.



Mr. Surasak Vajasit
Chairman of Nomination
and Governance Committee

Message from Leadership Development and Compensation Committee

The Leadership Development and Compensation Committee consists of three (3) members namely: Khun Kan Trakulhoon as Chairman, Khun Somprasong Boonyachai, and Khun Allen Lew Yoong Keong as member.

In 2017, LDCC held a total of four (4) meetings. In addition, the Committee views that their performance is in accordance with LDCC's Charter. The summary of LDCC's performance for the year 2017 are described as follows:

1. Compensation

Directors and top executives' compensation

The Committee considered and concurred the directors and top executives' compensation based on study and analysis of benchmarking with the top 30 listed companies of the Stock Exchange of Thailand which could retain quality directors and top executives to the Company.

Further, the Committee has also considered and concurred long term incentives for executives which is an issuance of warrants under Performance Share Plan (PSP) and EV Bonus (Economic Value Bonus)

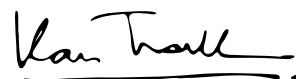
Employees' compensation

The Committee approved the employees' compensation by benchmarking with the top leading companies within the market and industry and also approved annual bonus budget for employees that is in line with KPI Achievement.

2. Leadership development

The Committee promotes the development of executives' capabilities of the Company so as to lead its telecom business which has been facing the rising competition and the rapid change in technology and consumer behavior towards success. The LDCC has approved leadership development programs from two (2) of the world's leading universities, Harvard University's Leadership Development Program and the Industrial Liaison Program of the Massachusetts Institute of Technology (MIT).

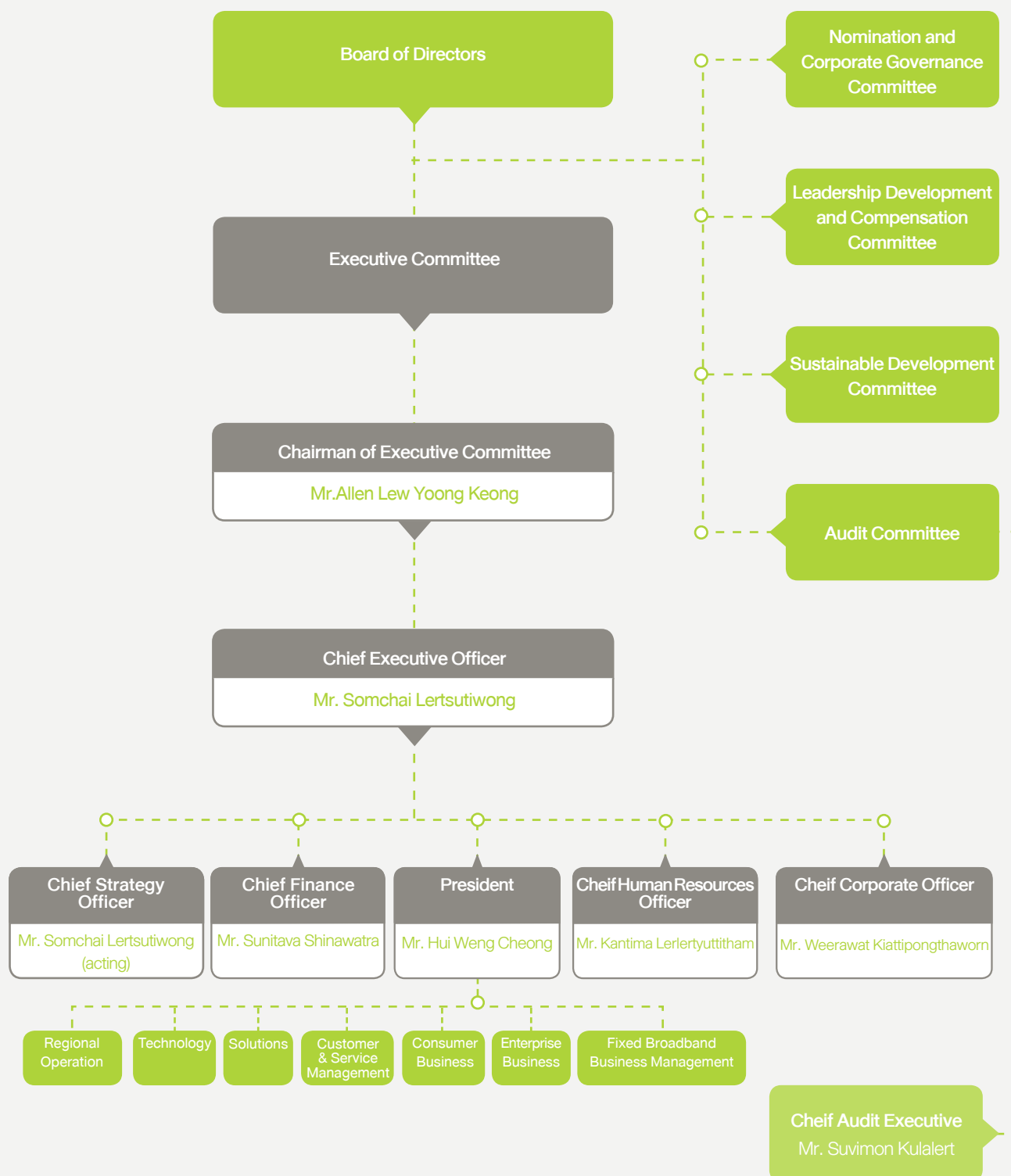
In this regard, the Committee urges the management to follow up the success of this project as and how it could improve the management of the company to be more effective in concrete ways.



Mr. Kan Trakulhoon
Chairman of Leadership Development
and Compensation Committee

Management Structure

Management Structure of Advanced Info Service Public Company Limited As of 31 December 2017



Board of Directors and Sub-Committees

The Company's board structure comprises the Board of Directors and five sub-committees:

1. The Audit Committee
2. The Leadership Development and Compensation Committee
3. The Nomination and Corporate Governance Committee
4. The Sustainable Development Committee
5. The Executive Committee

The names of their members and directors as well as their meeting attendance information in 2017 are listed in the following table:

Name	Title	Attendance ¹⁾ / Total Meetings in 2017				
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee
Mr. Kan Trakulhoon	• Independent Director	8/8 (Attending the meeting in person all time)	-	-	4/4 (Attending the meeting in person all time)	-
	• Chairman of Board of Directors					
Mr. Somprasong Boonyachai ²⁾	• Chairman of Leadership Development and Compensation Committee	8/8 (Attending the meeting in person all time)	-	-	4/4 (Attending the meeting in person all time)	-
	• Vice Chairman of Board of Directors					
Mr. Prasarn Chuaphanich ^{3) 4) 7)}	• Member of Leadership Development and Compensation Committee	5/5 (Attending the meeting in person all time)	8/8 (Attending the meeting in person all time)	-	-	1/1 (Attending the meeting in person all time)
	• Authorized Director					
Mr. Surasak Vajisit	• Independent Director	8/8 (Attending the meeting in person all time)	12/12 (Attending the meeting in person all time)	6/6 (Attending the meeting in person all time)	-	-
	• Member of Audit Committee					
Ms. Jeann Low Ngiam Jong ³⁾	• Chairman of Nomination and Corporate Governance Committee	7/8 (Attending the meeting through Video Conference 1 time)	-	6/6 (Attending the meeting in person all time)	-	-
	• Director					
Mr. Allen Lew Young Keong ²⁾	• Member of Nomination and Corporate Governance Committee	4/8 (Attending the meeting through Video Conference 1 time)	-	-	3/4 (Attending the meeting in person all time)	11/11 (Attending the meeting through Video Conference 4 time)
	• Chairman of Executive Committee					
	• Member of Leadership Development and Compensation Committee					

Name	Title	Attendance ¹⁾ / Total Meetings in 2017				
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee
Mr. Kraitit Euchukanonchai	• Independent Director	8/8	12/12	6/6	-	-
	• Chairman of Audit Committee	(Attending the meeting in person all time)	(Attending the meeting in person all time)	(Attending the meeting in person all time)		
	• Member of Nomination and Corporate Governance Committee					
Mr. Gerardo C. Ablaza Jr. ⁵⁾	• Independent Director	3/4	-	-	-	6/7
	• Member of Sustainable Development Committee	(Attending the meeting in person all time)				(Attending the meeting through Video Conference 1 time)
	• Member of Executive Committee					
Mr. Stephen Miller ³⁾	• Director	7/8	-	-	-	-
		(Attending the meeting through Video Conference 2 times)				
Mr. Philip Chen Chong Tan ⁶⁾	• Director	5/6	-	-	-	5/5
	• Member of Executive Committee	(Attending the meeting in person all time)				(Attending the meeting in person all time)
	• Authorized Director					
Mr. Somchai Lertsutwong ²⁾	• Director	8/8	-	-	-	11/11
	• Member of Sustainable Development Committee	(Attending the meeting in person all time)				(Attending the meeting in person all time)
	• Member of Executive Committee					2/2
	• Chief Executive Officer					
	• Authorized Director					
Mr. Hui Weng Cheong	• Director	2/2	-	-	-	-
	• President	(Attending the meeting in person all time)				
	• Chief Operating Officer					
	• Authorized Director					
Mr. Paiboon Panuwattanawong	• Member of Executive Committee	-	-	-	-	10/11
						(Attending the meeting in person all time)

Notes :

- The meeting attendance includes physical and video conference participation. However, the quorum and resolution of the Board of Directors' meeting was counted only for member who was present at the meeting.
- Mr. Somprasong Boonyachai, Mr. Allen Lew Yoong Keong, Mr. Gerardo C. Ablaza, Jr. and Mr. Somchai Lertsutwong are directors who have expertise in telecommunications business. Summary profiles of these four (4) directors are shown in Appendix 1.
- Mr. Prasan Chuaphanich, Ms. Jeann Low Ngap Jong and Mr. Stephen Miller are directors who have expertise in account and finance. Summary profiles of these three directors are shown in Appendix 1.
- Mr. Prasan Chuaphanich has been appointed as the member of the Board of Directors at Annual General Shareholders' Meeting 2017 on 30 March 2017 replacing Mrs. Tasanee Manot who retired by rotation.
- Mr. Gerardo C. Ablaza Jr. has been appointed as the member of Board of Directors and member of Executive Committee on 27 April 2017 and as the member of Sustainable Development Committee on 2 November 2017.
- Mr. Hui Weng Cheong has been appointed as the member of the Board of Directors on 27 July 2017 replacing Mr. Philip Chen Chong tan who resigned.
- Mr. Prasan Chuaphanich has been appointed as Chairman of Sustainable Development Committee in 22 January 2018.
- Mr. Kan Trakulhoon has resigned from Sustainable Development Committee on 1 November 2017.

The Authorized Directors

Any two of the following directors namely: Mr. Somchai Lertsutiwong, Mr. Hui Weng Cheong or Mr. Somprasong Boonyachai jointly sign with the Company's seal affixed.

The Board of Directors

The Board of Directors is comprised of 11 directors whose expertise and experience cover various fields. Four (4) directors are experienced in the area of telecommunications and another three (3) directors are experienced in the area of finance and accounting. In order to maintain a balance between the supervisory and management functions of the

Company, the Chairman of the Board of Directors must not hold the Chief Executive Officer position simultaneously as well as their role and responsibility is explicitly separated. There are five (5) independent directors, representing over one-third of the members, and there is one (1) non-executive female director sitting in the Board of Directors.

The Board of Directors is the representative of all shareholders, not of a particular group of shareholders. Nonetheless, the number of non-executive directors nominated by the controlling shareholders is in corresponding fairly to the shareholding percentage in the Company.

Skill & Expertise of Board of Directors



The scope of authority and duties of the Board of Directors

1. Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and Articles of Association including the resolutions of shareholders' meeting, and carefully protect the Company's interests;
2. Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with the plans which are set out efficiently and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders;
3. Consider and approve major issues such as large investments, purchase of assets etc. and any actions/ transactions as prescribed by law;
4. Approve and/or agree to major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand;
5. Assess the performance of the Chief Executive Officer and high level executives, and assign appropriate remuneration on a regular basis;
6. Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care;
7. Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems;
8. Ensure avoidance of conflict of interests amongst the Company's stakeholders;
9. Supervise business operations to enforce ethical work standards;
10. Annually review the Company's Corporate Governance Policy and assess due compliance;
11. Report on the execution of the Board of Directors' responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

Reserved key matters for the Board's approval

Although the Board of Directors has delegated specific powers to Sub-Committees, the Chief Executive Officer and high level executives, the Board of Directors has reserved its authorization over certain matters so as to protect the highest interests of the Company and its shareholders, including:

- Strategy, business plan and annual budget
- Capital expenditure and expense which exceeds the approved authority of the relevant sub-committee or executives
- Strategic investments in new business and divestments
- Significant policies
- Material contracts
- Material litigation
- Dividend policy

Independent directors

The Company's independent director criteria has been defined stricter than criteria established by the Securities and Exchange Commission and the Stock Exchange of Thailand in order to avoid conflict of interest and balance the power between committee. An independent director must:

1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. Neither being nor having been an executive director, employee, or advisor who receives salary or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic persons which may have conflicts of interest. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing not less than two years prior to the date of appointment.
3. Not having any business relationship with the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, in any manner that may interfere with his or her independent judgment, and not be, or used to be, a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment.

The term 'Business Relationship' aforementioned under paragraph one, includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more

of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

4. Not being a person related by blood or registration under laws, such as in the manner of father, mother, spouse, sibling, and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
5. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
6. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest and not having been a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;
7. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, and not having been a substantial shareholder, controlling person or partner of the professional advisor. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;
8. Not conduct any business of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor being a substantial partner, shareholder holding more than one (1) percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.

9. Not having any other manners, which may render him or her incapable of expressing independent opinions with regard to the Company's business affairs;

After having been appointed as an independent director with qualifications complying with the criteria under 1 to 9, the independent director may be assigned by the Board of Directors to take part in the business decisions of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or legal entity who may have a conflict of interest, on condition that decisions must be collective ones.

The Company may appoint a person who has a business relationship or provides a professional service described in item 3 and 7 above if the Board carefully considers the business relationship or service provided and concludes that the appointment will not interfere with the exercise of independent judgment in the independent director's responsibilities. The Company must disclose the following information in the item regarding the appointment of independent directors on the agenda of the shareholders' meeting:

- (1) The nature of the business relationship or professional service that excludes the nominated independent director from the standard requirements.
- (2) The reason or need to retain or appoint this person as an independent director.
- (3) The Board's opinion on proposing the appointment of this person as an independent director.

It is the Board's policy that an independent director may not be considered to remain "independent" after he or she has completed three (3) consecutive terms or a total of nine (9) years. In this regard, the board will consider the independency of such director every year thereafter.

The segregation of duty of the Board of Directors and management

The Company clearly separates the roles and responsibilities of the Board of Directors and the Management. The Board of Directors has its duty to govern the operations in accordance with the provisions of the law, the Company's objectives, articles of association, the resolutions of the shareholders' meetings, and the Corporate Governance Policy. In governing the Company, the directors must exercise their business judgment and act in what they reasonably believe to be the best interests of the Company and its shareholders. The Management is responsible for implementing the Company's strategy, achieving the planned objectives, and handling the day-to-day administration and affairs of the Company.

The segregation of duty of Chairman of the Board of Directors and Chief Executive Officer

Both the Chairman of the Board of Directors and the Chief Executive Officer must be competent and have the appropriate experience and qualifications for their positions. In order to maintain a balance between the supervisory and management functions of the Company, one person cannot hold both of these positions simultaneously.

The Chairman of the Board of Directors, an independent director, does not participate in the day-to-day management of AIS's business; nor shall the Chairman be authorized to sign binding agreements on behalf the Company. This is to clearly separate roles between supervision of the Company's overall policy, and day-to-day management. In addition, the Chairman of the Board of Directors is the leader of the Board of Directors who acts as the Chairman of both Board of Directors and shareholders' meetings

The Chief Executive Officer is the head and leader of the Company's executives, and is accountable to the Board of Directors for managing the Company in order to achieve all its planned objectives.

The Scope of Authority and Duties of the Sub-Committees

1. The scope of authority and Duties of the Audit Committee

1. To review the accuracy of the Company's financial reports in accordance with legally defined accounting principles, and to ensure that there is adequate disclosure;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine the internal audit unit's independence, as well as to approve the appointment, transfer, dismissal, performance appraisal and remuneration of the Chief of Internal Audit;
3. To review that the Company complies with the requirements of the Securities and Exchange Commission, SET, and all laws relating to its business;
4. To review the overall performance of the external auditors and recommend to the Board on the proposal to shareholders on the appointment, reappointment or removal of the external auditors and the auditor's remuneration;
5. To hold a meeting with the external auditor without management in attendance, at least once a year;
6. To review the policy on the engagement of the external audit firm to provide non-audit service to the Company;
7. To review all connected transactions and possible conflicts of interests to ensure they are in compliance

with the laws and regulations of SET to ensure that all transaction are reasonable and beneficial to the Company and all its stakeholders;

8. To review that the Company has established an appropriate and effective risk management system;
9. To review and approve the Charter of Internal Audit activities, annual audit plan and activities of Internal Audit, and coordinate with the external auditor;
10. To review the Company's compliance with Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy, and consider all concerns of misconduct or fraud and the final investigation report quarterly, and be one channel to receive complaints according to such policy;
11. To oversee Anti-Bribery and Corruption policy and its programme to ensure compliance with legal and ethical obligation;
12. To prepare, and to disclose 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
 - (1) An opinion on the accuracy, completeness and creditability of the Company's financial report;
 - (2) An opinion on the adequacy of the Company's internal control system;
 - (3) An opinion on the compliance with the law on securities and exchange, SET's regulations, or the laws relating to the Company's business;
 - (4) An opinion on the suitability of an auditor;
 - (5) An opinion on the transactions that may lead to conflicts of interests;
 - (6) The number of Audit Committee meetings, and the attendance of such meetings by each committee member;
 - (7) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;
13. To continue the inspection when the external auditor informs regarding any suspicious circumstance that the director, manager or any person responsible for the operation of such juristic person commits an offence under the law on the Security and Exchange and the Audit Committee shall report the result of preliminary inspection to the Office of the Securities and Exchange Commission and the external auditor within thirty days;

14. To report the discussion and/or decision of the Audit Committee at its meetings and make recommendation as necessary to the Board of Directors at least four times a year. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts, which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
 - (1) Any transaction which causes any conflict of interest; or
 - (2) Any fraud, irregularity, or material defect in an internal control system; or
 - (3) Any infringement of the law on securities and exchange, SET's regulations, or any law relating to the Company's business,

If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or SET;
15. To have the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary;
16. In performing their duties and responsibilities assigned, the Audit Committee may engage consultants or experts to provide opinions, advice or work, if necessary;
17. To evaluate the scope of the performance of the Audit Committee on an annual basis;
18. To review the charter annually and propose to the Board of Directors for approval if changes are needed;
19. To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.
5. Consider and approve the performance evaluation of the Company's Chief Executive Officer and those high-level executives who report directly to the Chief Executive Officer in order to determine their annual bonus, merit-based salary increase and long term incentives;
6. Consider and approve the annual bonus allocation of the Board of Directors;
7. Disclose policies governing the directors' remuneration in the annual report;
8. In consultation with the Chief Executive Officer, identify and evaluate potential successors for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer, and report annually to the Board of Directors on executive succession planning;
9. In consultation with the Chief Executive Officer, prepare succession planning policies for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer;
10. Oversee the process by which the Chief Executive Officer and high level executives;
11. Engage consultants or independent persons to provide opinions or advice if necessary, especially on leadership development;
12. The Committee is accountable to the Board of Directors and under obligation to explain its decisions at the shareholders' meetings, and answer any questions that may arise;
13. Annually review and reassess the adequacy of the charter and proposed any changes to the Board of Directors for approval;
14. Report regularly to the Board of Directors on matters within the scope of the Committee, as well as any special issues that merit the Board of Directors' attention;
15. Request members of the management or staff to attend the Committee meetings or provide pertinent information on the matters under discussion;
16. Perform other tasks requested by the Board of Directors.

2. The scope of authority and duties of the Leadership Development and Compensation Committee

1. Fix appropriate annual remuneration in monetary and/or non-monetary form for the Board of Directors, committee members, and high level executives for the benefit of shareholders as a whole;
2. Prepare policy and guidelines to designate appropriate remuneration of the Board of Directors and high level executives to be proposed to the Board of Directors and/or the shareholders' meetings for approval;
3. Review and approve the Company's performance in order to determine the annual KPI bonus and merit-based salary increase across the Company;
4. Consider and approve the Long Term Incentive Plan and related practices;

3. The scope of authority and duties of the Nomination and Corporate Governance Committee

1. Draw up criteria and policy with respect to nomination of Board members and committee members of the Company;
2. Supervise implementation of the policy on the good corporate governance of the Company, annually review such policy including recommendation of any revision thereof for further consideration by the Board of Directors;
3. Consider and nominate appropriate persons to become Board members and/or committee members to be proposed to and approved by the Board of Directors and/or at shareholders' meetings, as the case may be; and
4. Perform other tasks as designated by the Board of Directors.

4. The scope of authority and duties of the Sustainable Development Committee

1. Define policy, strategy, operating target and sufficient budget including any other relevant action in connection with sustainability development and propose to the Board of Directors for approval;
2. Propose any material issues of the Company in connection with sustainability development to the Board of Directors for consideration;
3. Ensure that the implementation of sustainability development policy and strategy meets the target;
4. Advise and assist the Chief Executive Officer concerning the sustainability development operations;
5. Report the sustainability development performance to the Board of Directors;
6. Review the sustainability development report and propose to the Board of Directors for approval;
7. Perform other tasks as designated by the Board of Directors.

5. The scope of authority and duties of the Executive Committee

1. Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board of Directors' approval;
2. Manage the Company's business operations in order to achieve the planned objectives and targets;
3. Monitor the Company's financial and operating results, and keep the Board members informed by monthly report;
4. Identify and evaluate new business opportunities;
5. Review and make recommendations to the Board of Directors regarding the Company's dividend policy;
6. Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of delegated approval authority granted by the Board of Directors;

7. Review matters that require the Board of Directors' approval and make appropriate recommendations with the exception of activities that have been delegated to other Board sub-committees;
8. Consider and review the Company's risk management and control system;
9. The Committee may delegate its authority to any member of the management or staff as it deems appropriate. However, such authority does not permit the Committee or appointed persons to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's Articles of Association and Notifications of the Securities and Exchange Commission). The approval for transactions shall be in accordance with the policies and principles already determined by the Board of Directors and regulatory bodies;
10. Engage consultants or independent persons to provide opinions or advices if necessary;
11. The Committee may ask members of the management or other persons to attend its meetings or provide pertinent information as necessary;
12. Report to the Board of Directors on a quarterly basis regarding the material actions taken by the Committee under the Chief Executive Officer Report agenda;
13. Annually review its own performance and assess the adequacy of the Charter, which may be done in conjunction with the annual evaluation of the Board of Directors and its other committees, conducted under the oversight of the Nomination and Governance Committee; and
14. Take any other action or assume any other powers and responsibilities that may from time to time be assigned or delegated to the Committee by the Board of Directors.

In addition to the Board of Directors and the Sub-Committees, the Company supports the performance of the Board of Directors with the following management team:

Management Team

Mr. Somchai Lertsutiwong	Chief Executive Officer and Acting Chief Strategy Officer
Mr. Hui Weng Cheong	President
Mr. Sunitaya Shinawatra	Chief Finance Officer
Mr. Weerawat Kiattipongthaworn	Chief Corporate Officer
Ms. Kantima Lerlerttitham	Chief Human Resources Officer

Notes: List of Management Team members as of 31 December 2017 was prepared in accordance with their definitions as stipulated in the notification of the Securities and Exchange Commission.

Nomination of Directors and Management

1. Criteria and procedure for Director Nomination

1. The Nomination and Corporate Governance Committee is responsible for identifying and selecting qualified candidates to be appointed by the Board of Directors or proposed through the Board of Directors for election at the shareholders' meetings in accordance with the Company's Articles of Association.
2. The Nomination and Corporate Governance Committee is responsible for annually reviewing the skills and characteristics required of directors in the light of the Board of Directors' compositions and the Company's current and future business directions. The Committee must develop a skill matrix to identify gaps in the Board of Directors' current profile and make recommendations accordingly. In conducting this review, the Committee will also consider diversity in term of skills, experience, knowledge, independence, age, and gender.
3. In determining whether to recommend a director for re-election, the Nomination and Corporate Governance Committee will consider relevant factors such as the director's performance, history of attendance at and participation in meetings, and other contributions to the activities undertaken by the Board of Directors. In the case of independent directors, their respective independence qualifications shall also be considered.
4. The appointment of the Board members shall comply with the Company's Articles of Association and all relevant laws. Selection of the directors shall be transparent and clear through initially consider of Nomination and Corporate Governance Committee. In the shareholders' meeting:
 - (1) Each shareholder shall be entitled to one vote for each shareholding;
 - (2) Each shareholder shall be entitled to cast all the votes as defined under (1) to elect one or several persons to be the Company's director(s) but cannot split their votes for any particular person or persons;
 - (3) Persons who receive the highest number of votes, arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed, are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors more than required, the Chairman of the meeting shall have the casting vote.

In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications, and without any characteristics that would prohibit him/her from acting as director, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed director shall assume the position for the remaining term of the vacating director. To approve such new director appointment, a resolution must be passed by not less than three-fourths of the total remaining directors.

The Company provides an opportunity for minority shareholders to nominate qualified candidates for election as the Company's directors in advance, at least three months prior to the fiscal year end date. The information is published as an SET Announcement and on the Company's website and includes the criteria and consideration procedure. In 2016, no minority shareholder nominated a candidate for directorship.

2. Nomination of management

The Leadership Development and Compensation Committee shall nominate the suitable person(s) to be appointed as the Chief Executive Officer and other senior management positions which report directly to the Chief Executive Officer, including the preparation of a succession plan relating thereto. In this regard, the Leadership Development and Compensation Committee shall seek to recruit the qualified person(s) either internally or externally with support from professional consultants if required.

In addition, the Company shall prepare the succession plan of the high level executives (AVP up) by identifying the suitable persons to hold such positions, and shall utilize the human resource development and management system to prepare the subordinates for succession.

Term of Directors

- (1) According to the Public Companies Act B.E. 2535 and the Articles of Association, at the annual general meeting of shareholders, one-third of the directors shall vacate office. If one-third is not a round number, the number closet thereto shall be the applicable number. The directors who have held office the longest shall vacate. The vacating directors may be re-elected.
- (2) In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications and without any characteristics that would prohibit him/her from acting as director, according to article 68 of the Public Companies Act B.E. 2535, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed directors shall assume the position for the remaining term of the vacating director.

1. Term of Membership of Audit Committee

- (1) A Committee Member shall serve for a term as long as they are serving on the Board of Directors. A retiring member may be re-elected. For a committee member who has completed a total of nine years, or three consecutive terms, the Board of Directors shall review their respective independent qualifications each year.
- (2) A Committee Member who wishes to resign during his or her term of office must give notice to the Chairman of the Board of Directors. The resignation date is effective upon the Company receiving the notice in order that the Board of Directors can appoint a qualified director(s) in replacement. The Board of Directors must fill the vacancy within 90 days from the date on which such Committee Member resigned.

In the case that all members vacate office except otherwise by reason of disqualification or as prohibited by law, the Audit Committee shall remain in office as necessary until a new Audit Committee is appointed.

2. Term of membership of Other Sub-Committees

- (1) Members of the Committees may hold their posts for as long as they are serving on the Board of

Directors. Any Member who vacates office at the end of their term may be re-elected.

- (2) In addition to section (1), membership of the Sub-Committees will be automatically cancelled in the following situations:
 - Death;
 - Resignation;
 - Being disqualified as sub-committee;
 - Removal from office by resolution of the Board of Directors.

Remuneration for Directors and Management

The Company has specified the remuneration for directors which reflect to their duties and responsibilities and at a rate similar to the industry standards and companies of similar size. The remuneration is considered to be appropriate to retain quality directors within the Company. The remuneration for the directors and management is in accordance with the Company's operational performance and the performance of the individuals.

The Leadership Development and Compensation Committee will determine necessary and appropriate remuneration in both monetary and non-monetary terms for the Company's directors, members of the sub-committees, and the Chief Executive Officer, including senior executives reporting directly to the Chief Executive Officer. Additionally, the Directors' Compensation Survey published by the Stock Exchange of Thailand and the Thai Institute of Directors Association shall be considered annually.

The remuneration for directors and members of the sub-committees shall be proposed, respectively, to the Board of Directors meeting and the Company's general shareholders' meeting, which is held on an annual basis.

1. Directors' remuneration

Total monetary remuneration for the Chairman of the Board of Directors, independent directors, and non-executive directors totaling 8 persons was Baht 28.63 million. The remuneration was paid from 2017 operating results as approved by the general meeting of shareholders, held on 29 March 2017, in an amount not exceeding than Baht 36 million which was approved by the shareholders and comprised of monthly allowances, meeting allowances and bonus payments. The criteria of payment are the same as those of year 2015.

The remuneration for 8 directors in year 2017 is as follows:

Director	Monetary Remuneration (Baht)		
	Monthly Retainer	Meeting Allowance	Bonus
The Board of Directors			
• Chairman	300,000	x	✓
• Member	75,000	25,000	✓
Audit Committee/Executive Committee			
• Chairman	25,000	25,000	✓
• Member	x	25,000	✓
Other Sub-Committees			
• Chairman	10,000	25,000	✓
• Member	x	25,000	✓

Notes:

- 1) Directors who are executives or employees of the Company or its controlling shareholders are not entitled to receive such remuneration.
- 2) Chairman of the Board of Directors is not entitled to receive an additional monthly retainer or meeting allowance when he or she holds any chair or membership of the sub-committees.

The remuneration for 8 directors in year 2017 is as follows:

Name	Position	Monthly Retainer (Baht)	Meeting Allowance ¹⁾ (Baht)	Bonus (Baht)	Others
Mr. Kan Trakulhoon	- Independent Director - Chairman of the Board of Directors - Chairman of Leadership Development and Compensation Committee	3,600,000	-	3,150,000	-
Mr. Somprasong Boonyachai	- Vice Chairman of the Board of Directors - Member of Leadership Development and Compensation Committee	900,000	350,000	2,253,600	-
Mr. Krairit Euchukanonchai	- Independent Director - Chairman of Audit Committee - Member of Nomination and Corporate Governance Committee	1,200,000	650,000	3,150,000	-
Mr. Surasak Vajisit	- Independent Director - Chairman of Nomination and Corporate Governance Committee - Member of Audit Committee	1,020,000	650,000	2,289,000	-
Mr. Prasan Chuaphanich ¹⁾	- Independent Director - Chairman of Sustainable Development Committee - Member of Audit Committee	679,839	350,000	1,737,132	-
Mr. Gerardo C. Ablaza, Jr. ²⁾	- Independent Director - Member of Executive Committee - Member of Sustainable Development Committee	610,000	225,000	2,372,387	-
Mr. Stephen Miller	- Director	900,000	175,000	2,253,600	-
Mrs. Tasanee Manorot ³⁾		225,000	175,000	558,140	-
Total⁴⁾		9,134,839	2,575,000	16,928,859	-

Notes:

- 1) Mr. Prasan Chuaphanich was elected to be an independent director and member of Audit Committee at Annual General Shareholders' Meeting 2017 and at the Board of Directors' Meeting No. 2/2017 on 30 November 2017, respectively and was appointed as member of Sustainable Development Committee on 2 November 2017.
- 2) Mr. Gerardo C. Ablaza Jr, was appointed as director and member of Executive Committee on 27 April 2017 and was appointed as member of Sustainable Development Committee on 2 November 2017.
- 3) Mr. Tasanee Manorot expressed her intention not to continue her directorship in Annual General Shareholders' Meeting 2017.
- 4) The above payments are the transactions during 2017 period including bonus 2017 paid in February 2018.

2. Management's remuneration

The Company's compensation philosophy seeks to recognize and reward the executives' performance in implementing the approved business plans and policies. The Leadership Development and Compensation Committee, as delegated by the Board, annually reviews and approves the Executives' Compensation Policy, which incorporates the following key elements:

Pay for performance

- Variable compensation is tied directly to the achievement of Company's strategic targets.
- A Key Performance Indicator (KPI) scorecard is used to measure performance, comprising of financial and non-financial metrics.

Shareholder alignment

- Appropriate performance metrics are selected for annual and long-term incentive plans that will support business strategies and enhance value for shareholder.
- Appropriate goals are set for threshold, target and stretch levels of performance.
- A sound compensation structure is established to ensure affordability.

Competitive compensation

- Compensation benchmarking helps the Company attract and retain highly experienced and talented individuals.
- A significant proportion of remuneration is linked to performance, both on an annual and long-term basis.

3. Compensation structure

The compensation provided to CEO and Executives, as approved by the Board, consists of the following components:

Fixed compensation and benefits		+	Performance-related variable compensations		
Base Salary	Benefits		Performance Bonus	Value-Sharing: Cash	Value-Sharing: Equity

Fixed compensation and benefits

Base salary

- The level of base compensation reflects each associate's key responsibilities, job characteristics, experience and skill sets. It is paid in cash, monthly. Base compensation is reviewed annually, and any increase reflects merit based on performance, as well as market movements.

Benefits

- The primary purpose of benefits is to establish a level of security for employees and their dependents with respect to age, health, disability and death. The provident fund, insurance plans, and other welfare provisions are in line with market practices and legislative requirements.

Performance-related variable compensation

Performance bonus

- Provides a variable level of remuneration dependent on short-term performance against the annual plan, as well as relevant market remuneration benchmarks. The performance bonus is tied to annual Key Performance Indicator (KPI) and weights the various scorecard measures in order to determine overall company and individual performance evaluations and bonus awards.

Value-Sharing cash

- Value-Sharing Cash drives fundamental performance and aligns the interests of shareholders and executives based on economic profit. Part of the award is paid in cash provided that is positive in the current year. The remaining balance will be carried forward into cumulative bonus bank and at risk as it is subject to performance-related clawback and could be reduced as negative in the event of underperformance in the years.

Value-Sharing equity

- Value-Sharing Equity focuses on a long-term incentive to reinforce the delivery of sustainable growth and increase shareholder value by fostering an ownership culture and retaining key talent. In order to retain valuable executives and to show gratitude for their devotion at work which contribute greatly to growth and prosperity of the company, the company considers the allocation of the warrant to executives who possess high level of expertise and play a significant role in strengthening future business success. This allocation of warrant will contribute more benefit to the organization through sustainable leadership.

Company's compensation structure

	CEO	Executives	All Employees	Description	Link to compensation principle
Base Salary	✓	✓	✓	Cash - all employees	Attract and retain high quality employees and provided for ongoing performance and delivery in position
Performance Bonus	✓	✓	✓	Cash - all employees	Performance-based compensation that reward employees on annual to individual performance
Value-Sharing Cash	✓	✓		Cash - Executive	Drives fundamental performance that aligns interests of shareholders and the Executives based on economic profit performance of the Company
Value-Sharing Equity	✓	✓		Warrant - Executive	Reinforce the delivery of long-term growth and shareholder value

In 2017, the total amount of remunerations for five (5) executives of the management team was calculated at Baht 48.60 million comprised of salary, bonus, provident fund and other benefits.

4. Performance share plan

To enhance the Company's sustainability for long-term growth and to promote mutual benefits between the Company, its shareholders and the management team, the

Company has issued warrants to be converted into the Company's ordinary shares to the management. This is pursuant to the Performance Share Plan since 2013 to 2016

As defined by the notification of the Office of Securities and Exchange Commission, the members of the management team who were granted the warrants are as follows:

The Amount of Warrants (unit)												
Name		2017	Percentage of Total Warrants	2016	Percentage of Total Warrants	2015	Percentage of Total Warrants	2014	Percentage of Total Warrants	2013	Percentage of Total Warrants	Total
1. Mr. Somchai Lertsutiwong	Units	88,700	6.3	56,800	6.87	51,600	5.92	29,816	4.38	19,824	4.89	246,740
2. Ms. Sunitaya Shinawatra	Units	35,440	2.5	11,900	1.44	11,890	1.36	11,020	1.62	6,864	1.69	77,114
3. Mr. Weerawat Kiattipongthaworn	Units	44,300	3.1	30,200	3.65	30,174	3.46	27,116	3.99	19,864	4.90	151,654
4. Ms. Kantima Lerlertutthitham	Units	44,300	3.1	33,200	4.01	0	n/a	0	n/a	0	n/a	77,500

Company secretary

Mr. Chavin Chaivatcharaporn has been assigned to perform duties in accordance with Section 89/15 of the Securities and Exchange Act B.E. 2535 (1992) and to give advice to the Board of Directors in order to comply with relevant rules and regulations pertaining to responsibilities of directors. In this regard, Company Secretary also ensures that the Company acts in accordance with the Board of Directors' resolution as well as ensures that the Board of Directors acts in compliance with related laws and Notifications.

Head of compliance

As Head of Compliance, Ms. Nattiya Poapongsakorn is responsible for overseeing the Company's operations and transactions to ensure that the company is in compliance with SET/SEC regulations for listed companies and other enforcements related to Public Company Limited Acts.

In this regard, the credentials of the company secretary and head of compliance are provided on page 59.

Corporate Governance Policy and Report on Practice

Award of achievement 2017



Announce the Securities Trading Policy for Directors, Management and Employees: All designated person whose position or duty entitled them to access the insider information are prohibited to buy/sell AIS and INTOUCH's securities for a period of thirty (30) days prior to the date of disclosure of the quarterly and annual financial statements, or any period that the company will announce (Blackout Period).



Received "Excellent CG Scoring" from Report of Thai Listed Companies 2017 by Thai Institute of Directors Association.



Received "Best Investor Relation Awards" for 6 consecutive years from SET Awards with the recognition of analysts and institutional investors on the reliability and transparency of information, the involvement of executives, performance, diversity of communication channels, Investor Relations Activities, and a policy which focused on the benefits of shareholders and investors.

Corporate governance policy

Since 2002, the **Corporate Governance Policy** has been prescribed by the Board of Directors and is applicable to all directors, executives, and employees within AIS group. The Board reviews such policy annually and potentially revise so as to be applicable for current business operations and in accordance with the laws, regulations, articles, and guideline of relevant authorities. The Board of Directors has authorized the Nomination and Corporate Governance Committee to review before proposing to the Board of Directors for approval. The latest revision was considered and approved in 2017.

Corporate Governance of AIS adheres fundamentally to laws and developed to be transparent, reliable and acceptable in line with best practice of good corporate governance and sustainability growth, both domestic and international level, such as criteria of Corporate Governance Report of Thai Listed Companies (CGR) by Thai Institute of Directors Association, ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) and DJSI indices (Dow Jones Sustainability Indices).

Further, in order to ensure that AIS's operations and the performance of employees in the organization are honestly and ethically in accordance with law which is the heart of sustainable business, the Board of Directors has established "**the Code of Business Ethics**" comprising of 12 sections of responsibilities ranging from stakeholder responsibility, prevention of conflict of interests, respect for human rights as well as compliance with the laws and regulations. The Ethic Committee has been formed and comprising of Chief Executive Officer (CEO) as chairperson and other executives. This Committee acts as a driving force and integrates the ethics into a corporate culture as well as provides secure channels for employees and outsiders to inform relevant responsible parties concerning the actions that may be deemed a violation to the Code of Business Ethics. The informant is entitled to protection under **the Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy**. In this regard, the Board of Directors communicated these policies within the organization through a variety of channels and activities, such as e-mail, intranet, billboards, announcements, and internal campaigns.

Shareholders may further study all of these three (3) policies on "<http://advanc-th.listedcompany.com>" under Corporate Governance section.

Performance report on corporate governance for the year 2017

Section 1 The Board of Directors

1. The Board of Directors is the experts who have a strong leadership and vision to drive AIS to be a leader in creating various market formats of telecommunication industry and is aiming to lead the Company to be an acceptable digital service provider. The Board has set up vision and mission of the Company so as to lead the management in formulating strategy and long-term goal and reviews and monitors this matter annually.



○ 5 independent directors ● 4 other non-executive directors ● 2 Executive directors

2. The Board of Directors is composed of eleven (11) legally qualified experts with wide ranging leadership, vision, expertise and experience in various fields. There are five (5) independent directors namely: Khun Kan Trakulhoon, Khun Kairit Euchukanonchai, Khun Prasan Chuaphanich, Khun Surasak Vajasit, and Khun Gerardo C. Ablaza Jr. which are to more than one third of the Board of Directors and there are four (4) other non-executive directors which totally forming 82% of the total board number. As such the board would be able to make decisions independently as a representative of all shareholders and balance the power of management. The number and proportion of the board is appropriate by considering the required skills and experience which could support organizations to achieve vision and long-term goals.

In term of power separation, the Chairman of the Board of Directors: Khun Kan Trakulhoon, an independent director, and Chief Executive Officer are not the same person nor have any genetic or personal business relationship. The Board of Directors has mandated the segregation of the roles and responsibilities of the Chairman of the Board and Chief Executive Officer explicitly in Corporate Governance Policy.

3. Nonetheless, apart from such segregation, AIS has set the separation of roles and responsibilities between the Board of Directors and management. The Company reserves the right to consider any material issues that may affect the business operation of the Company with a view to maximizing the benefit of the Company's shareholders, such as the determination of strategies, business plans, investment budgets in new business. In any case, the Board of Directors encourages the directors and management forming a good relationship on the culture of respect for each other's roles and responsibilities.

4. The Board has formed its subcommittees so as to consider key materials such as governance, compensation, audit, and sustainable development etc., and to give recommendations to the Board for consideration, and chairmen of all subcommittees (except for the Chairman of Executive Committee) is an independent director.

5. Independent Director qualification has been defined stricter than criteria stipulated by laws such as holding shares not exceeding 0.5 percent, not 1 percent as required by law, of the total number of voting right of the Company, its parent company, subsidiary, and juristic person which may have conflicts of interest, including the shares held by related persons of the independent director. Shareholders may further study AIS's independent director eligible qualification at <http://advanc-th.listedcompany.com> on Corporate Governance section: "Governance Policy".

6. In 2017, the Board meeting was held eight (8) times as scheduled whereas such scheduled was set in advance. The Company Secretary will circulate notice and the supplement documentation to the Board at least seven (7) days before each meeting so that each director shall have sufficient time to analyze the information in advance. The Chairman of the Board of Directors presides over the meetings and ensures that sufficient time is allocated for directors to discuss and express their opinions freely on each agenda item. Nevertheless, in order to facilitate directors to attend the conference and promote the use of digital technology to enhance the efficiency of the

meeting along with reducing the impact on the environment. AIS has set up a video conference system so as to facilitate directors, who could not attend the meeting, and to reduce greenhouse gas emissions from their travels. The Company also supports the submission of the meeting documents via the Board Portal, a secure electronic channel that the management uses to communicate material issues or submit the summary reports of the Company and its subsidiaries. In case of there being no Board's meeting in any particular month, the Company Secretary will provide the Board with the monthly operating report for their acknowledgement.

7. Non-Executive Directors Meeting was held independently without presence of executive directors and management. There were discussions on issues related to internal control system and other matters related to AIS business. After the meeting, the results of the meeting were reported to the Board of Directors and Chief Executive Officer for acknowledgement.

Details of the names and composition of the Board of Directors, the criteria for selection, nomination process and appointment of directors, definition of Independent

Directors, and the separation of the roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer are listed in "Management Structure" section on page 64-73.

Succession Plan

The Board of Directors has developed a succession plan for the Company's Chief Executive Officer and executives in order to maintain the confidence that the Company's business operations shall continue without interruption when these positions become vacant. The Board of Directors has authorized the Leadership Development and Compensation Committee to set up the succession plan which shall be reviewed, updated and reported to the Board of Directors annually.

At AIS, our Human Resources Department has formulated the succession plan and strategies in order to manage our diversified groups of talent. The succession plan has been incorporated into the Company's KPI Step Targets to ensure that succession plan has been implemented according to the Strategic Human Resources Management and Development Plan.

The Company's key priorities in 2017 involves four (4) main areas as follows:



≡
Talent Identification
and Assessment



≡
Talent Management Process
and Planning



≡
Talent Development and
Metrics



≡
Talent Management
Governance Structure.

The talent model is categorized based on their competency, personal grade as well as successor grade. Each of these buckets require expected roles such as leading for business impact, leading the function, leading managers, leading others and equipping self which leads to the focus areas for development.

Leadership competencies are being aligned with the Company's evolving business strategies. Internal talents and successors are being identified based on their performance and potential via "9 Boxes Talent Matrix" and assessed regularly across the organization based on their performance and achievements in their respective functions. Identified

talents are required to go through verification process which requires certain demonstrated qualities such as a sense of aspiration, engagement, mobility and agility. Individual talent must have the ability to learn from his/her experience and applies insights to perform well in new and challenging situation. Qualitatively, individual talent must possess four (4) main agilities such as mental agility, people agility, change agility and results agility which will be assessed by the Assessment Center.

These identified talents and successors will be placed in the corporate's "Talent Pool" and being reviewed by People Committee of each business unit via "People Quarterly Review" process. Currently, there are five hundred and thirty talents (530) being identified in the Talent Pool. Managers are encouraged to engage in discussion with individual talent by using the Individual Development Plan (IDP) to better understand and to give guidance to individual talent based on their specific goals and areas of skills and knowledge development. On-going discussion could help facilitate both manager and individual talent to develop their mutual understanding and work results.

In addition to the Talent Development and metrics, Human Resources Department, sponsored by AIS Academy, also designs tailored development programs which specifically aligned development program with each talent segment. In this regard, critical development opportunities are being prioritized based on the business needs and requirements and implement consistently with the outcome-based Talent Development metrics. Finally, the succession plan and talents are being reviewed on an annual basis. The review process also includes an assessment on talent readiness for a more challenging career path. The summarized report of succession plan is scheduled to be reported to the Board of Directors at the end of 2017.

Communication with Management

1. The Company Secretary shall act as the coordinator between directors and the management team provided that the secure Electronic Board Portal system has been

utilized so as to provide security for data protection when circulating meeting material. The Board is eligible to study meeting agenda in advance as well as receive meeting appointment and solicit any advice on any matters (if any) etc.

2. The Internal Audit Office shall act as the coordinator between the Audit Committee and management team.

AIS shall not obstruct any communication between directors and management. The Company Secretary Office has provided the directors and management with the opportunity to join the meal and share ideas before/after the meeting. However, this access and communication shall neither interfere with nor interrupt the normal business operations or the authority.

Remuneration of Directors

The Leadership Development and Compensation Committee (LDCC) has been authorized by the Board of Directors to consider and review a policy and structure of director's remuneration. In 2017, the LDCC has considered remuneration policy by taking into consideration of directors' roles and responsibilities, remuneration payment by comparing to industry standards and companies of a similar size, the Company's performance and direction as well as individual performance of each director.

In addition, the remuneration shall propose to the AGM for approval. Shareholders may further study in "Management Structure" section on page 74-77.

Orientation and Training for Directors

In 2017, the Company appointed three (3) new directors. The newly-appointed directors have been provided with all necessary business information about the Company required to perform and exercise their fiduciary duties. In this regard, in organizing the director orientation, the management has been invited to present a summarized work of each business unit including in-depth information of the related business lines.

AIS also places a great emphasis on continuous development of and offering training to directors. In 2017, the training programs and activities are listed below:

Training Program/Activity	Objectives	Participants
Board Trip in China for learning innovation	To provide an opportunity for the board as well as strengthening relationship with key business partners aboard and to learn innovation and technology	Khun Kan Trakulhoon Khun Somprasong Boonachai Khun Surasak Vajasit Khun Jeann Low Ngiap Jong Khun Krairit Euchukanonchai Khun Prasan Chuaphanich Khun Somchai Lertsutiwong Khun Hui Weng Cheong Khun Gerardo C. Ablaza Jr.
Seminar on “Corporate Governance Code 2017 for listed Companies”	The Company has invited Mr. Rapee Sucharitkul, Secretary-General of the Securities and Exchange Commission (SEC), to join the Board of Directors’ meeting and to exchange knowledge and experiences concerning the compliance issues pursuant to the Corporate Governance Code for Listed Companies 2017.	Khun Kan Trakulhoon Khun Somprasong Boonachai Khun Surasak Vajasit Khun Jeann Low Ngiap Jong Khun Allen Lew Yoong Keong Khun Krairit Euchukanonchai Khun Stephen Miller Khun Somchai Lertsutiwong Khun Hui Weng Cheong Khun Gerardo C. Ablaza Jr. Khun Prasan Chuaphanich

Board of directors’ assessment

The Board of Directors shall evaluate their own performance as individual and as a group on an annual basis. The assessment form is developed from the Stock Exchange of Thailand’s recommendation and is adjusted to suit the Board’s duties and responsibilities in order to assess and improve the directors’ own fiduciary duties and their compliance with corporate governance policy as well as to reflect any problems and obstacles that may take place during the year.

Assessment objectives

1. To help review and consider the performance, issues, and obstacles of the past year;
2. To help improve the effectiveness of the Board and to raise awareness of the scope of responsibility;
3. To help improve the relationship between the Board and management.

Criterion

The Company has developed Board Self-Assessment Forms comprising of two (2) categories as follow:

- **Category 1:** “Board Self-Assessment Form for the Board of Directors” To assess overall performance of the Board
- **Category 2:** “Board Self-Assessment for Board” To assess overall performance of the Committee

Further, each type of assessment form consists of two (2) key components as follows:

Component I : The evaluation is related to the following six (6) aspects of its operation :

- Board of Directors' structure and qualifications of the Board of Directors;
- The roles, duties and responsibilities of the Board of Directors;
- Board of Directors' meetings;
- The Board's performance;
- Relationships with management;
- Directors' self-development and executive development.

Component II: The opinions and suggestions provided by the Board of Directors so as to identify special issues in its performance or any aspects of the Company's operation.

Procedure

1. The Company secretary proposes the form to directors every year.
2. Then gather and report the result of assessment to the Chairman of Board of Directors and the Chairman of each subcommittee for consideration so as to study and jointly analyze result of assessment and to determine development direction for director's performance.

In 2017, the Board views that their performance evaluation of the year 2017 is in accordance with the Board's charter and good corporate governance principles.

Evaluation of the Chief Executive Officer's performance

The Leadership Development and Compensation Committee is responsible for setting CEO performance targets and evaluating performance against the annual targets in order to determine the CEO's compensation.

Section 2 Rights and equitable treatment of shareholders

AIS respects the shareholders' rights and treats to all shareholders equally, including the right to approve and receive dividend at the same rate per share, right to purchase, sell, and transfer of their own securities

independently, do not intervene in market transactions, right to nominate, appoint and dismiss directors, right to appoint independent auditors and fix annual audit fee, right to express opinion in the shareholder's meeting independently, right to participate in deciding and approving concerning major corporate action which affect AIS's financial statement and operating result etc.

In addition, apart from aforementioned right, AIS also arranged various activities to support its shareholders. Key action are being summarized as follows:

1. Disclose important information related to operations, execution of transactions, quarterly and annual financial result through website of the Company and SET so as to facilitate shareholders to access the Company's performance data in a variety of channels and a timely manner.
2. Establish the investor relation department to be function as the center of communication between shareholders and the Company, to provide an opportunity for minor and institutional shareholders to raise questions and to recommend matters deemed as beneficial to the management as well as suggest useful information for investment decisions, participate in Opportunity Day organized by SET on the quarterly basis in order to meet with investors and to present the Company's performance result and engage road show to meet up with domestic and foreign institutional investors. Further details, please see "Relationship with Investors", page 96-99.
3. AIS strives to treat all shareholders equitably, transparently, and fairly. Therefore, the Company announced the "Securities Trading Policy for Directors, Executives and Employees" to prescribe rules and guidelines related to securities trading for directors, executives, and employees, and to prevent the use of inside information that has not been publicly disclosed for their own interest and/or related persons. In this regard, the policy encompasses the securities of AIS and Intouch Holdings PCL., a listed company and a major shareholder of AIS.

Further, the Company also identify persons, who are in the position or duty, that have access to or possess inside information (Designated Person). This group of persons is prohibited to trade, or accept transfer AIS and Intouch's securities during the thirty (30) days period prior to the disclosure of quarterly and annual financial statements including any other period occasionally announced by AIS. Directors, Executives (Black out period), and Designated Person are obliged to file report on their securities holding including those held by their spouse and minor children and any changes thereto with Compliance Department within three (3) working days as from the date of such changes.

General employees are also encouraged to do not buy or sell AIS's securities during the thirty (30) days period prior to the disclosure of quarterly and annual financial statements. The Company will announce such a period via intranet prior 7 days to the date of financial disclosure.

4. When entering into any transactions with related persons that might lead to conflicts of interest, AIS shall comply with the Notification of Capital Market Supervisory Board regarding Rules on Connected Transactions as well as the Connected Transaction Policy set by the Board of Directors to prevent such conflicts of interest.

Annual general shareholders' meeting



Before the meeting date

1. The shareholders are entitled to propose items for inclusion on the meeting agenda and nominate qualified person(s) to be considered and appointed to be directors at the shareholders' meeting. For the 2018 annual general shareholders' meeting, this entitlement was from 1 October 2017 to 31 December 2017, the rules and procedures of which are posted on the websites of the Stock Exchange of Thailand and the Company. Nonetheless, the Company did not receive any proposed items for inclusion on the agenda nor any director nominations prior to the expiry of the said period.
2. AIS discloses AGM notices and other supporting documents which comprises of rationale for each agenda item, proxy A, B and C on its website at least thirty (30) days prior to the AGM meeting date in order to provide shareholders with sufficient time to study notices of the AGM and other supporting documents. Shareholders may submit any question to directors or company secretary office. In case that shareholders could not attend the meeting in person, they may also appoint an independent director or any person to be the proxy to participate the meeting on their behalf. AIS discloses such information through SET portal and its website. In addition, the hard copy of such notices of AGM and supporting documents shall be delivered to shareholders at least twenty one (21) days prior to the meeting date.
3. The Company prepares the notice of AGM and supporting documents both in Thai and English version. In this regard, shareholders could acknowledge and understand information thereto that will be presented to shareholders accurately and equally.
4. The Company has provided clarification relating to documents and evidence that shareholders shall bring to attend and vote at the Meeting including those for attaching to the proxy. The description was prepared in a manner there is easy to understand by classifying the participation into categories such as attending in person or by proxy, as well as individual or juristic person. In this regard, the requirement is applicable to the law for identifying shareholders and proxy but not to restrict the shareholders' right or to create unnecessary burden.
5. In 2017, two (2) independent directors served as proxies namely Khun Krairit Euchukanonchai and Khun Surasak Vajait.
6. AIS adheres to a policy and practical guideline to facilitate institutional shareholders and custodian by sending in inquiry requesting the examination of the details of shareholding and submission of the proxy form in advance. In case institutional shareholders and custodian, who grant a proxy to the independent directors, the Company will send a copy of proxy form having a signature of independent director to the institutional shareholders and custodian after the meeting in order to use as evidence documents.



On the meeting date

1. The Company started the meeting registration two (2) hours prior to the commencement of the Meeting due to large numbers of shareholders attending the meeting each year. The barcode system has been utilized to quickly and accurately facilitate the registration and vote counting. The registration counters were set up and segregated for minority shareholders and institutional shareholders due to the large number of institutional shareholders' documents. In addition, the Company assigned adequate staffs and other amenities to facilitate shareholders (i.e. copy machine, duty stamp, and signage for registration process). In this regard, based on the result of survey conducted on the satisfaction of shareholders with regard to the quality of the AGM meeting, it was found that the shareholders' satisfaction level is at highest level.
2. The Board had scheduled the AGM on March 30, 2017 which is not a holiday or a weekend and the meeting time was appropriate. The venue of AGM was at Centara Grand Central Plaza Ladprao which is convenient in terms of transportation and access and is appropriate to accommodate large numbers of shareholders.
3. The Chairman of the Board of Directors, the Audit Committee, the Nomination and Corporate Governance Committee and the Leadership Development and Compensation Committee including senior executives attended the meeting so as to address and clarify any queries or concerns of the shareholders.
4. The Chairman presided over the meeting in sequence in accordance with the meeting agenda stated in the meeting notice without adding any additional matters and allocated sufficient time for shareholders to make any queries on each item in the agenda. Prior to the onset of the meeting, a company representative explained the meeting procedure and voting method to the shareholders.
5. Company Secretary, the moderator, has notified to the shareholders, who participated in the meeting in person and or with proxies, the amount of participants, procedure of the meeting, casting votes and vote counting.
6. The Company issued voting cards for each item on the agenda. For the director appointment item, the voting related thereto was organized on an individual basis. Independent legal counsel was also engaged to examine vote counting process in order to ensure accuracy and reliability of vote counting process.
7. Participants were informed by the Chairman of the meeting regarding the voting results for each agenda item and there was no objection in relation thereto from shareholders.



After the meeting

1. The Company notifies the resolutions and voting results of the meeting to the Stock Exchange of Thailand promptly, including posting those resolutions on the Company's website.
2. The Company Secretary prepares the minutes of the meeting and posts them on the Company's website within fourteen (14) days after the meeting date. The minutes cover all material facts in compliance with the good corporate governance of the Stock Exchange of Thailand such as list of director and management who participated in the meeting, resolution of the meeting, issues, queries and recommendations of shareholders and clarification of director/management. The publications are posted on the Stock Exchange's website.

Communication with stakeholders

The stakeholders may provide any suggestions to the Board of Directors or report any illegal or unethical action through:

Department	Address
Company Secretary Office	Advanced Info Service Public Company Limited 414, 28 th Floor, AIS 1 Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400 Tel: (66) 2029 5352 Fax: (66) 2029 5108 E-mail: companysecretary@ais.co.th

All suggestions, complaints or reports shall be forwarded to the related departments and all actions taken with respect to the abovementioned shall be reported to the management and the Board of Directors including notify the results to relevant stakeholders. In case of fraud and breaches against the Code of Business Ethics, the Company shall conduct the investigation of such misconduct or fraud in compliance with reporting and investigation of misconduct and or fraud and whistleblower protection policy.

For other matters apart from those aforementioned, AIS has established responsible units to deal with AIS and stakeholders such as the Community Relation Unit to receive and make a good relationship with communities and NGOs, the Business relation department to act on behalf of the Company in dealing with government agencies and voice as the Company in public hearing. Further details, please see page 312-313.

Roles & responsibilities to stakeholders

AIS is aware of the rights of every group of stakeholders, irrespective of whether they are customers, partners, communities, society, or the environment. As a result, the Company has established guidelines on how to treat for all stakeholders according to the law and the sustainable co-existence principle pursuant to the Company's sustainability development policy, Code of Business Ethics, management policy and other relevant policies of the Company. Additionally, the Company also designates appropriate guidelines, internal control systems and anti-bribery and corruption policy to prevent corruption in the organization, and assigns the Business Ethic Committee to operate measures or activities for creating the awareness of such matters among employees and partners of the Company. In this respect, the shareholders can study the guidelines from the sustainability development report 2017.

Section 3 Disclosure of information and transparency

1. The Company discloses the Company's financial and non-financial information, such as article of association, memorandum of association, risk management policy, financial statements, and analysis and performance report, in accordance with the relevant laws and regulations accurately, completely, punctually, and transparently to all shareholders and investors. As such, the investors can have confidence in the Company's reliability and integrity. In 2017, the Board reviewed the market disclosure policy applicable to changes in the regulatory landscape and assigned the management to implement such revised policy.

In disclosing information, AIS adheres strictly to three (3) principles as follows:

- 1.1 Compliance with all legal and regulatory requirement
 - 1.2 Transparency and accountability
 - 1.3 Fair and equitable access to information
2. The Company set up an Investor Relations Department to be responsible for communicating material information that may affect to investors' decision and analyst' view. Such disclosure shall accurate, adequate, on-time and consistence in compliance with the Market Disclosure Policy as well as Investor Relations' ethics. All inside information shall not disclose or disseminate to public until it has been disclosed to the Stock Exchange of Thailand. Further details, please see "Relationship with Investors", page 96-99.
3. The Company has specified a period of non-communication with analysts and investors (Silent periods) with respect to financial results. Executives and employees whose roles and responsibilities entitled them to access inside information are also not allowed to trade AIS and INTOUCH's securities during 30 days prior to financial disclosure. They also required to disclose the report on their securities holding in AIS and INTOUCH which included spouse, minor child and unmarried partners' information. In case of any changes, such report shall be submitted to Compliance Department within 3 days from the date of changing.
4. The Board stipulated the rules and procedures for reporting the declaration of directors and executives' interests since 2008 so as to provide AIS with necessary information in order to monitor interests and transactions that may cause conflict of interests of directors and executives. This policy encourages the Company's

directors and executives to exercise their duties of care, integrity and honesty and to avoid any conflict of interests by disclosing their interests, including those of their related persons when entering into any transaction with the Company and its subsidiaries and abstain from expressing any comment and casting vote considering such transaction.

5. The Board of Directors and executives of AIS shall report their shareholding of the Company including those held by their minor child and spouse in the annual report.
6. When executing connected transaction, AIS abides to Notification of Capital Market Advisory Board, and discloses the information in accordance with SET's regulations and Thai Accounting Standards so as to execute such transaction accurately and transparently with the best interest for the Company as if the Company executes transaction with other third parties (Arm's length basis) and is in compliance with the good corporate governance principles. The Board of Directors has approved "Connected Transaction Policy" and assigned Compliance Department to be responsible for communicating, supervising and disclosing the information when executing transactions to the Stock Exchange of Thailand and in the annual report. Such details are demonstrated on page 290-298.

Section 4 Internal control and risk management systems

As the Board considers the internal control, audit and risk management systems crucial for protecting the shareholders' investment capital and the Company's assets, it has therefore set up relevant policies, measures and supervising departments, the details of which are listed in the "Internal control, Internal audit and Risk management" section on page 103-122.

Monitoring the business operations of subsidiaries and associated companies

The Board of Directors has monitoring each Subsidiary and Associated Company's business operations for the best interest of shareholders as follows:

1. Support the subsidiaries and associate companies to perform their duties in compliance with good corporate governance policy;
2. The Board of Directors selects the representative of the Company to be appointed as directors of the Subsidiaries and Associated Companies in order to monitor and control business performance in proportion to its shareholding percentage;
3. Monitor through representative directors, executives, and policies which were issued at the parent company level;
4. Consider any significant matter including strategic, business plan, capital increase/decrease, dissolution, and any other important policies;
5. Follow up the performance result through the Company's executives, Executive Committee, and the Board of Directors;
6. Monitor the Subsidiaries and Associated Company to operate business under the rules and regulation of competent authorities including connected transaction, asset acquisition and disposition, information disclosure, and accounting and financial statement report;
7. All transactions in any subsidiary, which may significantly affect the business operation or financial status of the Company, must be reviewed and approved by the Board of Directors of the parent company;
8. Being audited by the Company's Internal Audit Department to ensure that there is sufficient and effective internal control system;
9. In order to disclose the financial information and operating results of the subsidiaries, the Company has engaged auditors from the same auditing firm that provides auditing services for the Company to perform audits and disclose the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.

The information of positions held by directors and executives in the subsidiaries are shown in Appendix 2 (in form 56-1)

Section 5 Code of business ethics

Equitable treatment to stakeholders

AIS recognizes the rights and equality of all stakeholders then sets out our Corporate Governance Policy with establishing Right and Equitable Treatment of Shareholders, and the Role of Stakeholders according to the law and sustainability coexistence as follows:

Responsibility to shareholders

1. AIS strives to be a good representative of shareholders in carrying out the business in order to maximize shareholder satisfaction with regards to sustainable growth of the Company's value in the long run. Therefore, the Board of Directors, executives and employees are responsible for acknowledging and understanding the corporate governance principles, organization culture, and company policies so as to be able to formulate strategies and plans that will achieve the goals of the organization and the expectations provided by the shareholders.
2. AIS respects the rights of shareholders and realizes equitable treatment of shareholders. The Company has planned to embrace the relationship with, and to communicate to all group of shareholders in line with annual plan of investor relation. The Company also set out the market disclosure and security trading policy for directors, executives and employees so as to create transparency and fairness to all shareholders.

Responsibility to Customers

1. AIS strives to develop and maintain quality of products and services, including the reliability of network, safe and valuable use of mobile packages and devices with affordable price that can meet the customers' lifestyle.
2. Fair marketing communication shall be focused when communicate with customers.

3. All directors, executives and employees has placed important to protect customer data information and will not use illegally or without permission from customers. The only exception to this is information requested by law enforcement officers.

Further details, please see page 144-147.

Responsibility to business partners and creditors

1. AIS promotes fair business operation and sustainable growth. This will neither cause any damage to the reputation of AIS nor its business partners. In 2017, AIS has announced the Supplier/Partners Code of Conduct which serves as a guideline to select partners by focusing on fairness and equality as well as prescribing guideline for business partner and dealers of AIS, such business partners shall not act in any manner which violates human rights and infringes on intellectual property, employing and employees of business partners shall comply with the law. Business partners shall be responsible to society and environment. Further, they shall not cause unsafe and leakage of customer data.
2. AIS adheres to the agreement and terms and conditions of the creditors without delay of settlement and interest which may cause penalty or loss of confidence among each other.

Responsibility to employees

1. AIS strives to enhance and promote a good culture, safe working environment as well as team work. AIS respects for individually and equitability of employees according to human rights principles.
2. Employees' recruitment, appointment and promotion is conducted in a fair manner based on ethical standard, employees' performance and the corporate policy.
3. Since 2016, AIS academy has been set up to take care of employees' development and training based on their

competency and leadership skill in accordance with the Company's business directions and strategy. In 2017, the digital technology has been used to enhance learning method and efficiency as well as to facilitate AIS's staffs to easy access to the beneficial courses such as the development of Learn Di application that employees can access knowledges and seminar's material via mobile devices or tablets and Read Di application, the online library application.

4. AIS has placed an important on building a good occupational health and safety of employees by establishing the long-term wellness program, "AIS Wellness", to take a good care of employee's physical health, mind health and financial health. AIS also set up physical therapy room, fitness center, family and organization relationship building program, fire drill rehearsal as well as knowledge sharing via internal channels.

Responsibility to society and environment

1. The Board of Directors has specified the Environmental Management Policy and published in AIS's website that all stakeholders can access and study.
2. For society management, AIS set us as a group-wide strategy which focused on society as a whole and surrounding communities. The Community Relation Department and Engineering Department shall work together to reduce social impact from network expansion and to gain understanding from communities prior to operation. This effort resulted to the reduction of disputes between AIS and communities. AIS also supports all employees to submit their project that help improve well-being and quality of life of their hometown.
3. AIS strives to promote green products and services by using the strength of digital technology to design its products and services, including eco-efficiency network installation. In 2014, AIS started to collect data on carbon emission from all of our business operations in order to analyze and set up proper mitigation plan.

4. Almost 27 years of service, AIS strictly comply with environmental laws and regulations. This resulted in zero (0) disputes and fines.
5. AIS has policy to cooperated with ethical partners whose operation is eco-efficiency and will not breach any ethics of society. The procurement policy and selection process as well as suppliers' code of business ethics is prescribed. AIS also set up audit plan for partners.

Further details, please see page 148-151.

Conflicts of interests

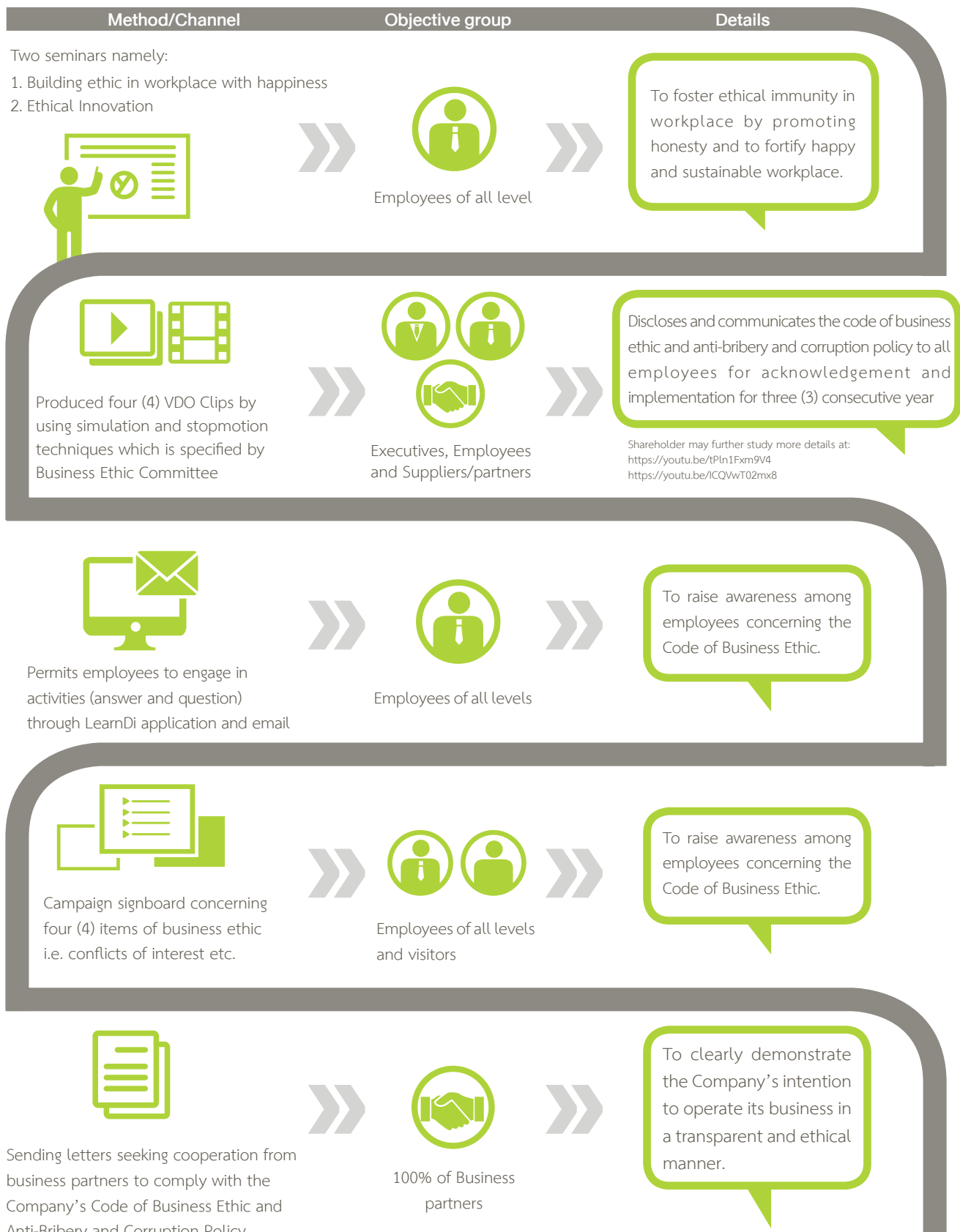
The Company encourages directors, executives and employees to perform their duties and make decisions transparently, in accordance with law and adheres to morality and ethics. The Company has established guidelines for performing duties for which all employees are required to acknowledge and sign. Such guideline encompasses accepting money or other remuneration, receiving gifts and business entertainment, accepting invitation to seminars, business event, and company visits, giving gift, entertainment and gratuities, engaging in other business outside the Company, engaging in any transaction and outside directorships.

The Code of Business Ethics and Directorship in other companies

The Code of Business Ethics has been prescribed as part of the Corporate Governance Policy. It is a guideline and standard applicable to everyone in the organization. Since 2006, the Company set up the Business Ethics Committee and is chaired by Chief Executive Officer in order to oversee and govern the implementation of the Code of Business Ethics and compliance with the Corporate Governance Policy, as well as to raise awareness among directors, executives and employees who are required to perform their duties honestly, by taking into account the benefits of stakeholder and Company. In 2017, the Business Ethics Committee initiated several activities to promote compliance with the Code of Business Ethics as follows:

1. Communicating on business ethics to employees and business partners

In 2017, the Company places a great emphasis on raising awareness concerning Anti-Bribery and Corruption Policy, respecting and protecting intellectual property of the Company and those of business partners, Online and Social Media Guideline and prohibition the use of inside information to trade AIS and Intouch's securities. The communication activities were conducted by way of



The Business Ethics Committee has specified the methodology to assess the employees and business partners' level of understanding of the Code of Business Ethics. In this regard, the committee has prepared and circulated an assessment test both internally and externally so as to assess the effectiveness of the campaign and the procedure deployed and to improve the campaigns in relation thereto in the future.

In 2017, the employees (including executives) have harmoniously cooperated to take the ethic test which is accounted for 99.88 percent of total employees. The average score is 87.16 percent of total scores which is close to the expectation 90 percent of the total scores.

Further, the Business Ethics Committee has set up a channel so as to address and clarify any queries concerning the business ethics of the Company. The employees can contact the committee by e-mail at ethicclinic@ais.co.th

2. Investigation and punishment

Enforcing the Code of Business Ethics is very important; good governance practices are an essential part of the successful running of the business. The Committee has established appropriate punishment for offenders and ensured protection of the identity of any person reporting an act of unethical conduct. In 2017, there are 2 breached situations/circumstances against code of business ethics, detail is shown below:

Case	Unethical conduct	Company action
1	Employees had conflict of interests to be the Company's contractor without notified to the Company. In some case, such employee involved in the procurement process.	After investigation by the Business Ethics Committee, Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.
2	Employees received gifts from suppliers or partners which is not in compliance with business ethics.	After investigation by the Business Ethics Committee, Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.

Related policy to support a good governance

Anti-Bribery and corruption policy

The Company intends to operate its business with a sense of honesty, transparency and is in accordance with good corporate governance principles. The Company is also against any types of giving, bribing and corruption by recognizing that giving or bribing and corruption is a serious threat that destroys free and fair competition including causes damages to the economic and social development. In this regard, the Board of Directors recognizes the importance and consideration of Anti-bribery and Corruption Policy in order to use as the guideline for performing duties of directors, executives and employees and to comply with the rules and guidelines as well as to prevent the company and directors, executives, employees and other stakeholders from violating the law concerning anti-bribery and corruption. The policy can be found at <http://www.ais.co.th/sustainability/en/ais-business-code-of-ethics-cg.html>

On December 16, 2013, AIS signed a Declaration of Intent to join the Thai's Private Sector Collective Action Against Corruption (CAC) program in order to demonstrate its anti-corruption intention and not to accept any types of fraud that arise from business operation. On January 22, 2016, the company received a formal letter confirming membership of the Thailand's Private Sector Collective Action Against Corruption (CAC).

The Board of Directors has considered and approved the Anti-Bribery and Corruption Policy of AIS and AIS Group of Company and made corporate wide announcement including specified that such policy shall be part of the Code of Business Ethics and is used as a guideline for the supervision of the Company and the AIS Group of Company in order for the AIS Group of Company to have similar standard and management approach.

Anti-Bribery and Corruption Policy requires AIS and AIS Group of Company's personnel not to undertake or engage in any form of corruption either directly or indirectly provided that AIS and AIS Group of Company's personnel shall strictly comply with the Anti-Bribery and Corruption guidelines

which encompasses several operations such as charitable donation and sponsorship, human resource management, etc.

In addition, AIS has communicated its Anti-Bribery and Corruption Policy to 100% of AIS's subsidiaries, joint venture and other controlling companies, business partners and stakeholders including the public via various communication channels such as e-mail, website, social intranet, exhibitions or inclusion in the Board's meeting agenda, etc., in this regard, in order to ensure that all stakeholders acknowledged and comply with the guidelines as specified by the Company.

Furthermore, AIS has continuously communicated and offering training to its personnel in order to offer knowledge and to gain an understanding related to Anti-corruption measures, Company's expectations and penalties for failing to comply with such measures such as offering training related to Anti-Bribery and Corruption to new employees as part of the orientation program, organizing training related to Code of Business Ethics via Information technology (LearnDi) as well as initiate an assessment related to business partners, executives, employees' level of understanding concerning the Code of Business Ethics and Anti-Bribery and Corruption. In the year 2017, Company Secretary organized a workshop with top 13 executives (UC-Levels) to jointly discuss issues related to anti-bribery and corruption by dividing into different business units including assess any risks while develop anti-corruption measures and encourage all business units to implement in order to minimize the risk that may arise.

AIS has made an announcement related to the implementation of "No Gift Guideline" during New Year including amended and promulgated Anti-Bribery and Corruption policy, Guideline related to Accepting Gifts of Executives and Employees in order to inform business partners and other stakeholders, who are involved in the business, and to promote a good standard among employees at all levels to implement provided that the Company expects employees at all level shall perform his/her duties without illicit compensation. This will reinforce the Company's compliance with the good corporate governance principles.

To establish requirements and guidelines related to complaints and fraudulent clues. (Whistleblowing) to be more appropriate and is in the same direction throughout the organization. The measures to protect and to treat complainants fairly has been put in place provided that Whistleblowing shall be used as a tool as an advance warning signal and as a channel to counter frauds because it permits the Company to solve the problem promptly before the problem is enlarged and may cause serious impact to the image and financial status of the organization thereafter.

Market disclosure policy

AIS, a Thai publicly listed company, has consistently made the material information disclosure in accordance with the laws. The board of directors reviewed and approved the Market Disclosure Policy in order to ensure the compliance with the present rules and regulations as well as current situation. The objective of the policy is to ensure the compliance with any market disclosure policy which is based on transparency, ethics and equality of investors. This will help AIS to meet expectation of investors on disclosure information, while investors can accurately analyze the assets of the Company. The significant information of the policy is characteristics, process, and practice which specifies as follows:

- (A) Characteristics of Material Information
- (B) Disclosure Procedure
- (C) Spokesperson's Responsibilities
- (D) Communication with Investors, Analyst

Connected transaction policy

The Board of Directors recognizes the essence of corporate governance on business transactions between the company or its subsidiaries and its connected persons for transparency and free from conflict of interest as stated in the company's corporate governance policy and other relevant notifications. Nevertheless, the internal control mechanism relating thereto shall be reviewed and revised from time to time so that it shall be up-to-date for the current business operation and comply with the existing rules and regulations governing the company's business operation. In this regard, the Board of Directors approved and announced the new Connected Transaction Policy on 17 March 2017 which has the material terms as follows:

- Business transactions between the company or its subsidiaries and its connected persons shall be transparent, reasonable and for the ultimate benefit of the company similar to those transacted with external parties under arm's length basis.
- Business transactions between the company or its subsidiaries and its connected persons that are considered normal business transactions or supporting normal business activities under arm's length basis can be approved by the management according to the power authorization of the company. In an event that it is unclear whether or not a business transaction is under arm's length basis, the audit committee shall review and provide the consent before executing business transactions between the company or its subsidiaries and its connected persons or other business transactions which may have conflict of interest concern.

- In other cases, the Board of Directors shall have the authorities to approve and/or provide the consent to any business transaction between the company or its subsidiaries and its connected persons. In this regard, the Board of Directors has assigned the audit committee to review and consent the transaction before proposing to the Board Meeting or the shareholders' meeting for approval (as the case maybe).
- Board of Directors and the executives who are interested parties or have conflict of interest concern shall not participate in the consideration and approval process nor vote in any agenda relating thereto.

Securities trading policy for directors, executives and employees

In 2017 the Board of Directors has considered and approved the Securities Trading Policy for directors, executives and employees with the objective of maintaining the sense of confidence among shareholders and investors who invest in the Company and Intouch Holdings Plc's securities. (INTUCH is the Company's major shareholder.) The essential part of this policy is to prohibit the Company's personnels from using inside information to gain the benefit of trading AIS and INTUCH securities, whether directly or indirectly. This is in line with the Securities and Exchange Act (as amended) including other related announcements.

The requirements and guidelines has encompassed several groups of people such as directors, executives, and employees. Furthermore, the requirements also spelled out special duties for designated persons namely directors, executives and employees, whose roles and responsibilities

entitled them to assess the insider information that they shall disclose to Compliance Department any securities holding in AIS and INTOUCH HOLDINGS PUBLIC COMPANY LIMITED. This also includes filing a report for any changes in securities holding for the benefit of good corporate governance and transparency. In addition, the designated persons are prohibited from trading securities for a period of thirty (30) days prior to the date of disclosure of the quarterly and annual financial statements (Blackout Period).

Online and social media guideline

Technological development has changed the way people communicate. As such, the Business Ethics Committee has endorsed the appropriate guideline – which is in compliance with applicable laws – with the purpose of guiding Company's employees when using the Internet and social media. The essence of the guideline is to recognize the impacts that may arise as a result of using the Internet and social media inappropriately, especially when the employees use the Internet and social media with lack of care. This also includes avoiding any violation related to the computer law, for instance, employees shall use the Internet and social media in compliance the intellectual property might not belongs to Company, etc.

Audit fee and non-audit fee

- In 2017, the Company had the audit fee and quarterly review fee of total Baht 2.56 million and the audit fee and quarterly review fee of its subsidiaries was Baht 6.42 million.
- The Company had a non-audit fee of total Baht 0.22 million.

Relationship with Investors



» AIS received the SET Award 2017 for the Outstanding Investor Relations from the Stock Exchange of Thailand

The Investor Relations (IR) unit of AIS is the channel through which the Company discloses important and useful information for investors to support their investment decision and for security analysts to analyze the company. The Investor Relations unit operates under the supervision of the Chief Finance Officer. It is the aim of Investor Relations to build

trust and understanding of the Company's direction, strategies and operations to reflect the Company's fair value. Committed to transparency, fairness, and trustworthiness, Investor Relations adheres to the disclosure policy and IR code of conduct, the key points of which are as follows.

Disclosure Policy & IR Code of Conduct

Transparent and fair disclosure

1. Disclosure of information shall be in compliance with applicable legal and regulatory requirements.
2. Disclosure of information shall be accurate, adequate, timely and consistent, regardless of whether it has a positive or negative impact on the Company, the investors or the market.
3. Disclosure of information shall ensure fair and equitable access by all investors. Selective disclosure of such information to specific individuals or groups is prohibited.

Protection of Use of Inside Information

1. The Company must not publicly disclose material price sensitive information until it has notified publicly through the Stock Exchange of Thailand (SET).
2. The Company observes a 30-day silent period prior to its planned earnings release to the SET. During the silent period, the Company refrains from arranging meetings, commenting on or answering questions regarding business performance.
3. The Company's designated persons, including the executives and the employees whose position might have access to insider information, must refrain from trading the Company's securities for a 30-day period prior to the disclosure or publication of the quarterly or annual financial statements.
4. The Company's designated persons are required to report the Company's securities holding, including the holding of their spouse, minors, and unmarried partners. Once there is any changes to the holding, subsequent report shall be submitted within 3 days.

To provide consistent and sufficient information to investors, the Company discloses information on a quarterly and

full-year basis, which can be found in both the Thai and English languages with the following details.

Quarterly Information	Full-year Information
Quarterly financial statements	Full-year financial statements
Quarterly operational information and Management Discussion and Analysis (MD&A)	Full-year operational information and Management Discussion and Analysis (MD&A)
Significant events that affect the Company's financial status	Business strategy and direction including financial guidance
Quarterly investor newsletter	Annual report and sustainability report
Quarterly financial and operation result press release	

Also, to provide investors with clear messages in a timely and convenient manner, we disclose information to shareholders and investors through a variety of channels in addition to the conventional means of distributing updates through the SET. However, all information must first be

disclosed through the SET prior to being distributed via additional channels. We organize and manage the following information disclosure channels to communicate with investors and security analysts.

Channels for Disclosing Information	Type of Information Disclosed
Investor relations' email: investor@ais.co.th	To disseminate information regarding quarterly and full-year financial and operational performance after disclosure to the SET, as well as announcement and invitation of IR activities. Recipients are investors and analysts who have subscribed to the mailing list.
Company visit and conference call	To provide an opportunity for both local and foreign investors to discuss the Company's operation and business direction with the Company's top executives.
Roadshow	To provide an opportunity for both local and foreign investors to discuss the Company's operation and business direction with the Company's top executives via both local and overseas roadshows.
Website: http://investor.ais.co.th	To disclose relevant financial and non-financial information related to company's performance and direction such as historical information, financial statements, annual reports, form 56-1, Telecom background packages, news disclosed to the SET, investor calendar, AGM agenda, stock information, dividend policy, organization structure, and corporate governance policy.

Channels for Disclosing Information	Type of Information Disclosed
Investor newsletter	To disseminate the latest quarterly performance summary and business development including new products and services.
Other channels such as printed materials, television, seminars	To disclose general operational information and business update through media disclosure.

In 2017, Investor Relations team strongly realized the importance of having company's strategies and essential information carefully communicated to investors as the situation in the industry swiftly developed. The Company implemented a multi-faceted plan of providing closer communication with different investor groups by starting to visit brokerage firms to meet retail investors once a quarter, replying to investors' questions on investment websites, and meeting a better mix of foreign investors such as funds

with medium-sized assets under management, etc. In addition, all activities held by the department were well supported by the company's management, such as the CEO, CFO, and other top executives. Management regularly dedicate their time to participate in the activities in order to convey the Company's strategy and direction and to meet with both local and foreign investors. A summary of activities held during the year is provided below.

Activities Related to Quarterly Results Announcements

Activity	2017	Objective	Attendees	Executives
Results Conference Call	Quarterly (4 times)	Quarterly results announcement and Q&A	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Operating Officer / Chief Finance Officer
Analyst Briefing	Semi-annually and annually (2 times)	Presentation of the Company's semi-annual and annual performance, strategy, and Q&A	Analysts and local institutional investors	Chief Executive Officer / Chief Finance Officer / other members of management team
Opportunity Day by SET / Brokerage Firm Visit	Quarterly (12 times)	Quarterly results announcement and Q&A	Retail investors, investment consultants and analysts	Investor Relations Team

Investor Activities

Activity	2017	Objective	Attendees	Executives
Road Show/ Conference (domestic and international)	20 times	Communicate business direction, performance and strategy	Local and foreign institutional investors	Chief Executive Officer / Chief Finance Officer
Company Visit and Conference Call	80 times	Provide access to management for discussing the Company's performance, direction, and strategy	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Finance Officer

In addition, we collect investor feedback on a regular basis, and continue to improve the effectiveness of the roles of Investor Relations. In the past 6 years, the Investor Relations unit of AIS has consistently received recognition for its diligent and transparent working through a variety of awards such as the SET Award by the Stock Exchange of Thailand and the “Best in sector: Communication” award at the IR Magazine Awards – South East Asia.

The AIS Investor Relations team provides shareholders and investors with a direct point of contact by telephone at: +662 029 3112, +662 029 5014; or by email at: investor@ais.co.th

Audit Committee Report

To the Shareholders of Advanced Info Service Public Company Limited

The Audit Committee of Advanced Info Service Public Company Limited is composed of three independent directors with combined skills and expertise in finance, accounting, laws, and business administration. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). Its members include:

- | | |
|---|---------------------------------|
| 1. Mr. Krairit Euchukanonchai | Chairman of the Audit Committee |
| 2. Mr. Surasak Vajasit | Member of the Audit Committee |
| 3. Mr. Prasan Chuaphanich ¹⁾ | Member of the Audit Committee |

The Audit Committee held twelve meetings in 2017. All members of the Audit Committee attended every meeting. Mrs. Suvimon Kulalert, the Company's Chief Audit Executive, acts as secretary of the Audit Committee. The summary of meeting attendance of the members in 2017 is shown in "Management Structure".

The Audit Committee performs duties independently and with objectivity according to the Audit Committee Charter and the regulations of the SET, and performs reviewing in accordance with current situations as approved by the Company's Board of Directors every year. The Audit Committee performs its responsibilities in auditing and reviewing to assure the good corporate governance, the accurate and reliable financial reports, and the adequate internal control; and assures that the Management executes its duties with integrity, accountability, and in accordance with the Company's policies for the interests of its shareholders and all stakeholders. The Audit Committee's operations in the year 2017 are summarized below:

1. Financial Report: The Audit Committee reviewed the accuracy, completeness and reliability of the quarterly and annual separate and consolidated financial statements

of the Company and its subsidiaries for 2017, conducted in accordance with Thai Financial Reporting Standards and the International Financial Reporting Standards. The Audit Committee discussed significant issues, important accounting policies, estimates, and judgments applied in the preparation of these financial statements with the external auditor. The Audit Committee also discussed the disclosure in the notes to the financial statements with discretion to assure that the preparation of these financial statements and the disclosure in the notes to the financial statements are reliable, transparent, and in accordance with Thai Accounting Standards and the Financial Reporting Standards.

In addition, The Audit Committee held a private meeting with the external auditor without the Management's participation for an independent discussion on important issues concerning independence in operations, significant information in the preparation of financial statements, and recommendations for the internal control over financial reporting. For the year 2017, the external auditor did not have any significant remark.

The Audit Committee concluded that the Company's accounting and financial reports were prepared in accordance with the appropriate internal control system. The external auditor performed auditing duties independently, regardless of any audit limit scope. This assures that the financial reports reflect actual the Company's financial status and operation performance accurately including adequately disclosure according to Thai Accounting Standards and the Financial Reporting Standards.

2. Connected Transactions or Any Transactions that Potentially Conflicted with the Company's Interests:

The Audit Committee reviewed, oversaw, and provided opinions concerning the connected transactions or any transactions that potentially conflicted with the Company's interests quarterly based on reasonability, transparency, adequate disclosure, business normality and the interest of the Company.

The Audit Committee concluded that the Management conducted these transactions in the interest of the

Company and at arm's length basis, with general business trading conditions and reasonable prices, which were compared with the general market price in a similar industry. During the year 2017, the Audit Committee reviewed significant issues concerning tender offer of CS Loxinfo Public Company Limited's securities which was the acquisition of assets and the connected transaction of the listed company. Such transaction was transparent and reasonable; aligned with fair pricing under the standard valuation methods conducted by the independent financial advisors; and conducted for the interest of the Company and the Shareholders. The disclosure had been submitted to the SET accurately and timely.

3. Legality: The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, the regulations and requirements of the SEC, SET, National Broadcasting and Telecommunications Commission (NBTC), and other relevant laws related to the Company's business operations as well as business commitments with third party agreements.

The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material respects. The Audit Committee and the external auditor assured that all relevant issues under dispute, which the Management believes that such issues shall turn out to be in the Company's favor, were disclosed in the notes to the financial statements adequately.

4. Internal Control System and Internal Audit: The Audit Committee reviewed the effectiveness and adequacy of the internal control system from the annual internal audit report in 2017. The Audit Committee consistently considered and monitored results pertaining to the recommendations in the internal audit and external audit reports to acknowledge root causes and provide guidelines for the management to prevent future potential loss. The Audit Committee monitored and reviewed the results to ascertain that the Management performs duties in accordance with the recommended internal control system guidelines to prevent from recurrence.

The Audit Committee approved the annual internal audit plan for the year 2018, conducted in accordance with the

Company's strategies and risk-based principles, emphasizing the effectiveness of the preventive key control function. The preventive control of fraud and the control self-assessment of the Management will also be conducted and reviewed, together with determination of operation scope, responsibilities, adequate number of personnel, competence of personnel, and the digital automation audit development used in analyzing big data as an audit tool to speed up the operation and meet with the International Standards.

The Audit Committee encouraged Internal Audit Office to enhance an advisory role to be Trusted Advisor. For example, Self-Business Assurance will be consistently conducted to create a better understanding of the internal control principle according to the Three Lines of Defense. The Management will be tasked with the role of the second line of defense to enhance the internal control effectiveness and mitigate risks to the acceptable level in a timely manner.

The Audit Committee also oversaw the Internal Audit Office and independently held a formal exclusive meeting with the Chief Audit Executive to ensure that all assurance and advisory activities concerning the internal control systems, risk management systems, and corporate governance systems were performed effectively and efficiently, and achieved objectives by comparing with the efficiency indicators. The Audit Committee also evaluated the performance of the Chief Audit Executive and acknowledged the External Quality Assessment Review for the year 2016. The assessment was completed in Q1/2017 and showed that the Company's Internal Audit Office performed duties in conformance with the International Internal Auditing Standards and quality standard according to benchmarking with global companies.

The Audit Committee concluded that the Company's internal audit processes had been operating appropriately, effectively, and independently, in conformity with the Company's goals and key risk areas. The Internal Audit Office had achieved its performance targets.

5. Review of Risk Management: The Audit Committee reviewed the Company's risk management in four meetings with participation of representatives from the Risk Management Committee in 2017. The Audit Committee concluded that the Company has the appropriate risk management system facilitating the efficient and effective business operations. The Audit Committee also suggested that new potential risks including significant changes concerning the Company and the telecommunication industry should be identified in order that the Company can manage risks in the world of Disruptive Technologies in a timely manner.

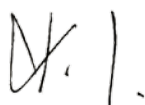
6. Review of Fraud Investigation: The Audit Committee reviewed and oversaw the Company's adherence with Reporting and Investigation of Misconduct and Fraud and Whistleblower Protection Policy. Twelve meetings with the Company's Investigation Committee and Internal Audit Office were conducted in 2017 to review complaints and investigation results according to the Company's process, including the efficiency of the Whistleblower Systems.

The Audit Committee concluded that the complaints were managed by appropriate actions and fair treatments, and in compliance with the Company's Corporate Governance Policy and Fraud Risk Policy. In 2017, the Company was notified by external parties and employees (via the Whistleblower Systems) of 19 cases. Some cases were recorded as related to non-compliance with the Company's Code of Business Ethics and non-compliance with the Company's regulations, but with no material value loss. Complaints submitted were taken into consideration for the future preventive measures.

7. Nomination and Appointment of the External Auditor and the Annual Audit Fee: The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for 2018 based on the assessment of qualification, competency, experience in auditing, independence in auditing according to the Code of Ethics for Professional Accountants and requirements of the SEC, auditing quality in the past year, and the audit fee. After careful consideration, the Audit Committee therefore proposed to the Board of Directors to seek approval to appoint the external auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as the external auditor for the year 2018 at the Shareholder Meeting.

8. Performance Assessment: The Audit Committee's self-performance assessment was conducted annually, as an individual and group assessment, according to the SET guidelines. The result showed that the Audit Committee had performed its duties and responsibilities, according to the Audit Committee Charter, with a commitment to accuracy, discretion, transparency, and independence. The Audit Committee had full access to all pertinent information from management, employees and associated parties. The Audit Committee had given beneficial and practical comments and recommendations benefiting all stakeholders.

In summary, the Audit Committee concluded that the Board of Directors, Management, and Executive Directors had performed their duties with integrity and diligence in pursuit of the Company's goals, and that the Company demonstrated commitment to effective and transparent Corporate Governance which included appropriate risk management and internal control system.



Mr. Krairit Euchukanonchai
Chairman of the Audit Committee



Mr. Surasak Vajasit
Audit Committee Member



Mr. Prasan Chuaphanich
Audit Committee Member

¹⁾ Mr. Prasan Chuaphanich was appointed by the Board of Directors on 30 March 2017.

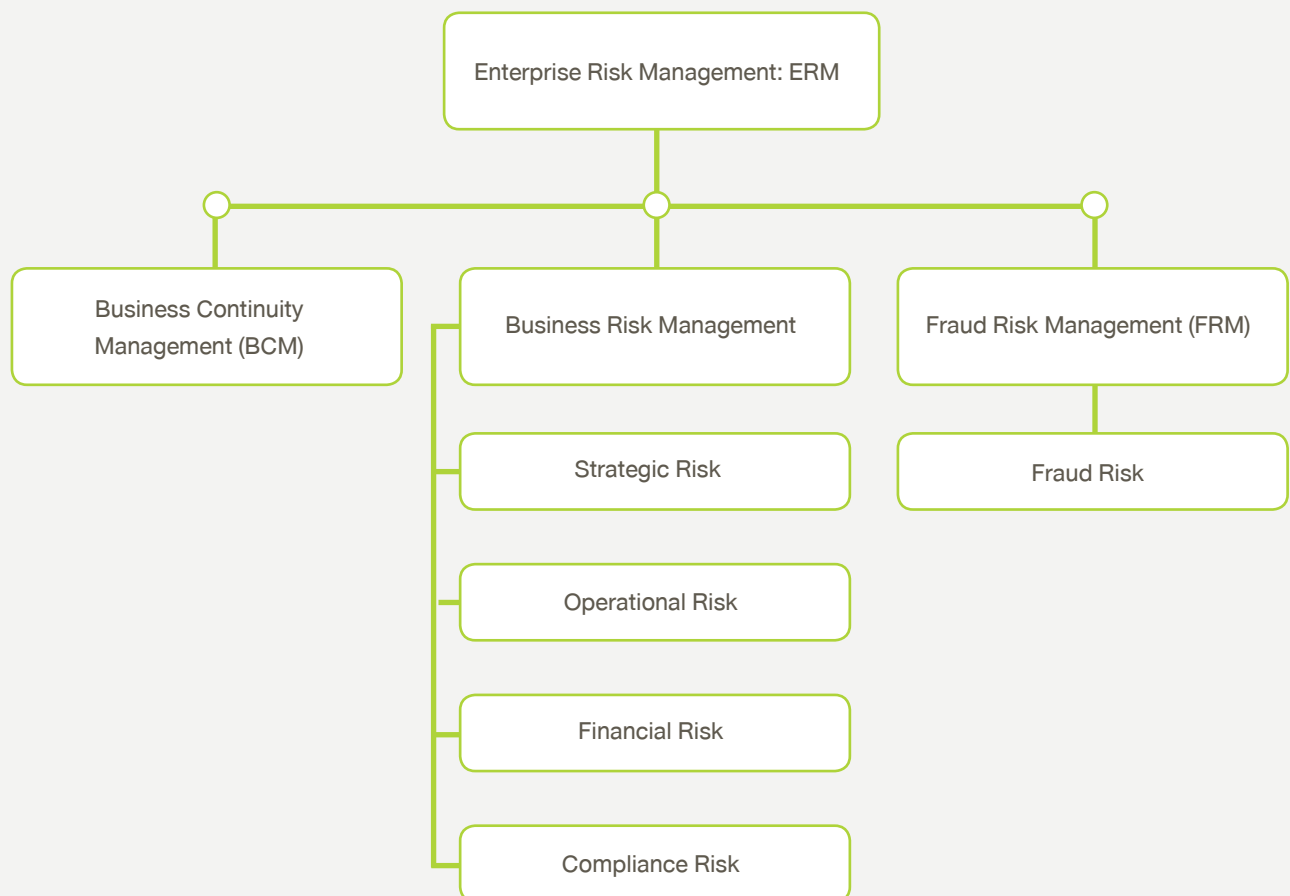
Risk Management, Internal Control, and Internal Audit

Risk Management

1. Enterprise risk management

Risk management is an important process will help AIS achieves the objectives and goals of the company. Including it can also respond the expectations of various stakeholders appropriately. AIS has established an Enterprise Risk

Management Policy and Framework which applicable to corporate level and operational level in order to manage and maintain risks at an acceptable level (Risk appetite). The Enterprise Risk Management framework of AIS is consists of the following components,



AIS Enterprise Risk Management Framework & Processes

The AIS Enterprise Risk Management framework and process are aligned with the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission

(COSO) and applied to business risk management and fraud risk management. The 6 steps in the risk management process are



1. Set objectives at both corporate and functional level which are aligned with AIS's corporate strategy and are within its risk appetite levels as approved by the Board of Directors and reviewed annually.

2. Identify the events that could have a negative impact (risks) on AIS's ability to achieve its goals and its targets from both internal factors, for example, operational processes and human resources, and external factors, for example, customers, the economy, politics, and regulations.

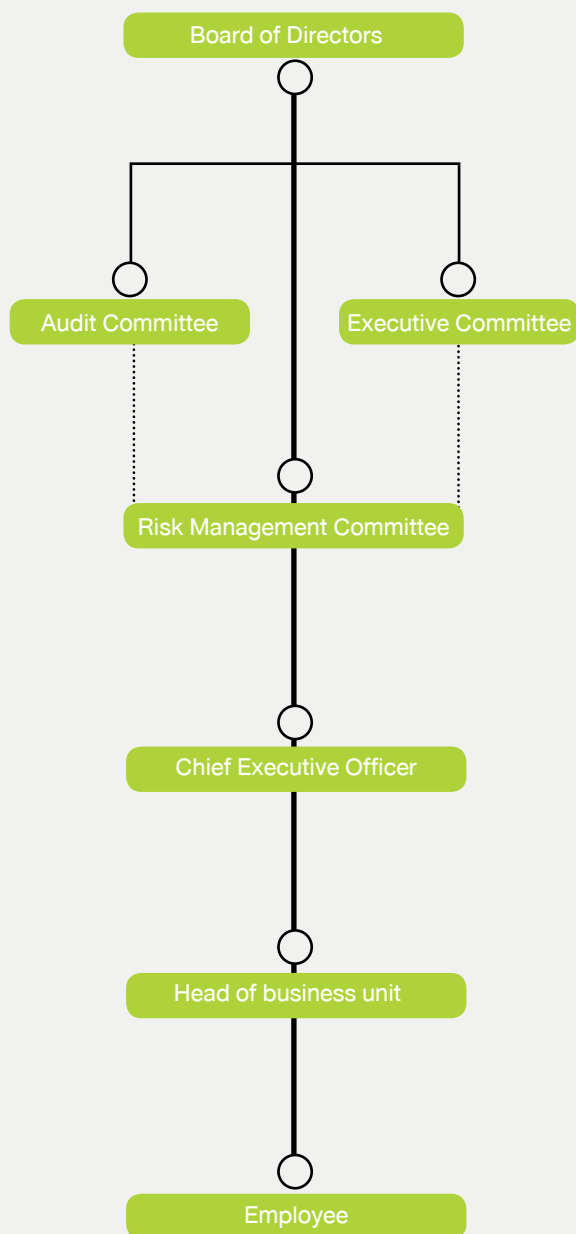
3. Assess the identified risks by considering the likelihood of the risk occurring and the potential impact if the risk occurred; in addition, the correlation between the impact of any risk and how it could affect another risk must also be assessed.

4. Plan risk response measures with consideration given to the level of risk involved and the corresponding cost and benefit.

5. Establish control activities to help ensure that the desired risk responses are implemented as intended and are carried out effectively.

6. Monitor and report the status of the risks and the effectiveness of the risk management processes. The report shall be made and informed to the Audit Committee, the Executive Committee, and the Board of Directors on regular basis.

Roles and Responsibilities of AIS Risk Management



- Establish the Enterprise Risk Management Policy.
- Oversee and ensure that risk management will be performed properly.
- Assign the responsible to Risk Management Committee.

Audit Committee

- Review the suitability and effectiveness of risk management system.

Executive Committee

- Oversee and monitor the status of company's key risks.

- Define the enterprise risk management framework.
- Assign the responsible for managing the risk properly.
- Monitor the risk management result in accordance with risk appetite level.

- Accept the policy and risk management framework for apply within entire organization.
- Monitor the risk management result to achieve targets.
- Build risk awareness culture for all levels of employee.

- Define the risk management strategy under their business unit.
- Responsible to identify, assess and manage risks under their business unit.
- Build risk awareness culture for under their business unit.

- Learn and aware of the important of risk management.
- Implement the risk management policy and framework for apply in their daily operations.

The Risk Management Committee consist of Chairman of Executive Committee as the Chairman and head of business units. The Risk Management Committee held quarterly meetings in order to identify and assess both new risk levels and correlation with other identified risks as well as to review and follow up on the accomplishments of its risk management strategy. This was achieved by comparing the management action plans against the reliable measured results of the plans. At each meeting, the responsible management representative reported the results of the risk management approach identified in the previous meeting to the Risk Management Committee.

In 2017, AIS set up meetings chaired by the CEO in order to report on all functional risk management, to acknowledge all functional risk issues and risk management as well as to ensure the effectiveness and productivity of the risk management system of all levels and determine whether the risk level has been successfully mitigated within the acceptable risk appetite of AIS.

The Risk Management Committee submits its report on risk management to the Audit Committee, the Executive Committee, and the Board of Directors on a quarterly basis for close monitoring to ensure that its risk appetite is acceptable and that is able to accomplish its goals and objectives.

2. Fraud risk management

AIS announced the Fraud Risk Management policy with a view to preventing, investigating, reporting and managing fraud matters. This policy has established the practical guideline in relation thereto in three (3) areas namely:

1. Prevention – to proactively identifying, assessing, reviewing and responding to all possible frauds in the organization and communicate them to the employees in all levels for building awareness and the importance of reporting fraud, corruption and misconducts.
2. Detection – to check or investigate any misconduct or fraud or case where there is a reasonable suspicion of such activity.
3. Response – to perform investigation processes and through it to punishment process.

AIS anticipates that directors, executives and employees are aware of the essence of fraud risk and shall notify the Company of any action possibly leading to fraud immediately as well as cooperate fully in any investigation relating thereto. In this regard, the Company has appointed Fraud Risk Management Committee (FRMC) to oversee the policy and fraud risk management process. Also to support other functions to develop fraud risk management including self-manage and systematically control risk.

3. Building an organizational culture in risk management

In addition to the determination of Risk Management framework and roles and responsibilities of all level employees, AIS has also promote and cultivate Risk Management culture for build an awareness and understanding about the Risks conformed to achieving the organization's objectives and goals. AIS performed to create an organizational culture in Risk Management as following:

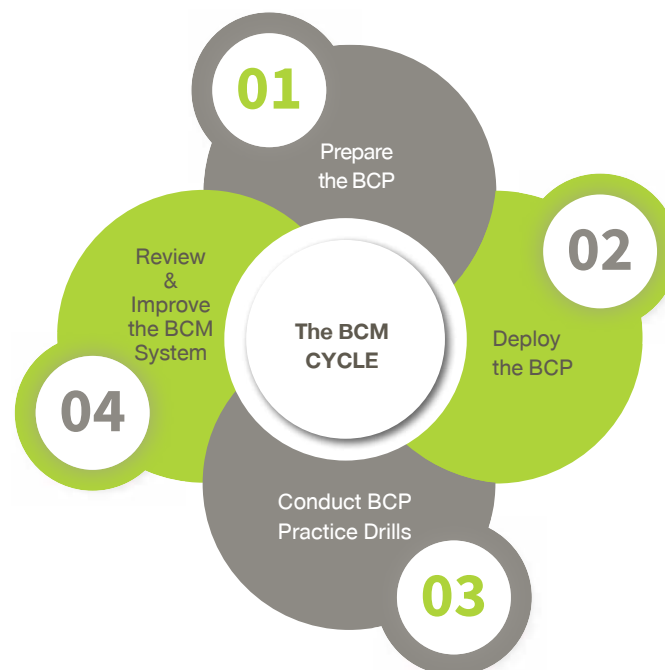
- Establish the Risk Management policy, manual and procedures, publish on social intranet for employees can read and understand.
- Develop the Risk Management plans in both corporate level and functional level covers efficiency internal control process and internal audit.
- Communicate through the semi-annual performance review event to ensure that employees at all levels have same understanding and acknowledge the direction and obstacles/challenges of the company's business operations in short-term and long-term.
- Provide knowledge of Risk Management principle to employees via presentation documents and publish on social intranet.

4. Business continuity management

Als has set in place a business continuity management system in accordance with international standards. The objective is to continue operations in the event of natural disasters or any other situations that are beyond the Company's control and which have the potential for causing an interruption to the core operating system and a loss of company property and personnel at both central and regional levels, including AIS group and subsidiary companies.

To support this system, the Company has established the Business Continuity Management policy and manual, also appointed the Business Continuity Management Committee, comprised of top executives from each business unit and chaired by the Chief Executive Officer, to oversee the effectiveness and sustainability of the Company's business continuity management.

The business continuity management (BCM) process comprises 4 main steps.



01 Prepare business continuity plan

Prepare a business continuity plan to cope in the event of a disaster in accordance with the objectives of the business continuity management of the core business processes. This will be based on consideration of both business impact analysis and risk assessment to determine the critical business process of each unit, as well as to define the period of time after which outages of the business process become unacceptable.

02 Deploy business continuity plan

Distribute and communicate the approved business continuity plan to all related parties and ensure its understanding. This also includes the preparation of the resources, both internal and external, that are necessary and sufficient to implement the business continuity plan.

03 Conduct business continuity plan practice drills

Arrange to conduct business continuity plan practice drills according to the defined schedule and targets; update the plan to make it current and report the results of the practice drills to the commander accountable for the business continuity plan; gain acknowledgement from the Business Continuity Management Committee.

04 Review & improve business continuity management system

Review and improve the business continuity management system to ensure its effectiveness and alignment with the risk level currently faced by the organization.

5. Overall of business continuity management framework

Put in place enterprise and departmental BCP: AIS has in place a Business Continuity Management System that is comprised of an Enterprise Business Continuity Plan (Enterprise BCP), Departmental Business Continuity Plan (Departmental BCP) and significant functions of AIS. Risk assessment of any threat to the Company must assess both the likelihood of that threat occurring and its impact in order to prepare the Enterprise BCP for coping with the crisis or any emergency situations which adversely affect or damage the working facilities or staff.

Based on the findings of the business impact analysis, **Departmental BCPs** are also in place to manage the situation in the event that any department is not able to perform any process that could directly impact the company's products or services.

A Disaster Recovery Plan (DRP) of IT systems has also been established to provide the strategy and working process in order to recover all information technology systems that support critical processes. This includes all of the resources required to ensure our business continuity within an acceptable recovery time period and at an acceptable operational level.

BCP for critical business process: AIS's Business Continuity Management Committee has assigned senior executives and the heads of related parties to prepare the business continuity plan to ensure continuation of the critical business processes which have a direct impact on AIS's ability to deliver its Critical Services. It is the responsibility of all management and staff to support the activities related to business continuity management, such as the preparation of the business continuity plan; the allocation of resources according to the business continuity plan, especially in the practice drills; and the review of the plan to ensure the effectiveness of the business continuity management.

6. Performance result of 2017 and goal in 2018

In 2017, AIS conducted business continuity plan practice drills on the continuation of critical business processes, such as coping with a critical situation at head office in which the working facilities became inaccessible, requiring alternative sites to be activated. A simulation exercise was carried out to test response to physical damage at our data center which caused an interruption to our network and services. In this exercise, AIS practiced the activation of an identified BCP to ensure the continuity of our service. Based on the findings from this exercise, AIS also reviewed and updated the plan in order to align it more appropriately with the current situation and ensure that AIS is ready and able to respond to and manage a variety of situations in times of crisis.

Additionally, AIS has aimed to certify ISO 22301: Business Continuity Management System (BCMS) in scope of Cloud Service which expects to apply certification completed in the first quarter of 2018.

Internal control

AIS has established a comprehensive internal control system based on the COSO Internal Control – Integrated Framework 2013 (COSO 2013) of the Committee of Sponsoring Organizations of the Treadway Commission, which comprises 5 components and 17 principles. The objective of this control system is to help the Company achieve its key objectives relating to operations, financial reporting and compliance with all relevant regulations. It also supports and enhances performance, as well as safeguarding the Shareholders' investment and the Company's assets. The internal control activities undertaken in 2017 can be summarized as follows:

Components and Principles according to the COSO framework

AIS internal control system

1. Control Environment

1. The organization is committed to integrity and ethical values. The Board of Directors and the Management serve as role models for all Company employees. Clear standards of conduct have been established, and processes have been put in place to evaluate adherence to these standards and address any deviations in a timely manner.

- The Business Ethics Committee, including the Chief Executive Officer (CEO) as the chairman, was appointed with the responsibility of promoting integrity and ethical values among AIS executives, all Company personnel, and any related parties. The Code of Business Ethics (the “Code”) was communicated to all relevant parties by the designated team in easy-to-understand formats such as videos and posters. The Code is available in Thai and English languages in order to provide clear understanding for both Thai and foreign employees. The Ethic Clinic has been established to clarify and communicate the ethical values to all levels of employees through the social intranet. The Business Ethics Committee reports its operational performance to the Executives Committee and the Board of Directors annually.
- Communication regarding the Code has been extended to include outsourced staff and business partners through multiple channels, such as mail, applications and website for partners. The Code is also embedded into all commercial contracts or employment agreements. An annual evaluation of related parties’ understanding of the Code has been conducted for six consecutive years. The results of the 2017 evaluation are as follows:

Target Group	Response Target		Response Results	Score Target		Score Results
	2016	2017	2017	2016	2017	2017
1. AIS executives and employees	80%	100%	99%	80%	90%	88%
2. Outsource staff	60%	90%	86%	70%	90%	83%
3. Business partners	50%	60%	61%	70%	80%	76%

Whistleblower Channel

1. Board of Directors via Chairman of the Audit Committee
e-mail: AuditCommittee@ais.co.th
2. Head of Internal Audit Office
e-mail: internal-audit@ais.co.th
3. Head of HR Department
e-mail: human-resource@ais.co.th
4. Ethics hotline: 020293333

- The Anti-Bribery and Corruption Policy (the “Policy”) has been established and enforced among all staff and management levels and business partners. This Policy was communicated through the social intranet and the AIS website to all business partners. The Purchasing Team and the Channel Management Team communicated the Policy through email, application and channel website; and incorporated it into the conditions attached to all business contracts.
- When registering new vendors, the Purchasing Team selected vendors through a process of evaluation which covers legal compliance, integrity and ethical operations. Moreover, vendors must not have any history of corruption or bribery, and shall respect human rights as well.
- The Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy has been established together with various communication channels for reporting any cases of fraud or misconduct since 2014. Guidelines on the reporting process, confidentiality, protection of the person providing such information, the investigation process and penalties for perpetrators have been communicated through the social intranet and AIS website.

1. Control Environment

- The Company implemented a zero tolerance policy against fraud, bribery and corruption as stipulated in the AIS Fraud Risk Management Policy. The principle of zero tolerance dictates that no penalty will be waived for any directors, executives, or employees guilty of engaging on fraudulent activities. To raise awareness of the need for good practice among employees, the Company also published internally actual fraud cases and the penalties imposed, with identity of the perpetrators censored.
- The Board of Directors met on a quarterly basis to consider cases of fraud, misconduct or ethics nonconformance after such cases had been reviewed by the Audit Committee in order to promote good corporate governance and transparency, and prevent such actions from reoccurring in the Company.
- In 2017, AIS participated in the Thailand's Private Sector Collective Action Coalition against Corruption ("CAC").

2. The Board of Directors is responsible for overseeing the Management. The Board remains independent from the management is comprised of individuals with the necessary relevant expertise.

- The Board of Directors emphasized that all business be conducted in a responsible manner, with transparency, and in such a way as to maximize the value of the Company and its shareholders. In each meeting, the senior management were invited to report on their performance in relation to the business plan and strategies and on any required corrective actions, as necessary. Moreover, the Board engaged both internal and external auditors as appropriate to evaluate the level of awareness of the entity's strategies and specified objectives.
- Each board's sub-committee reported to the Board of Directors with an overview of its performance on specialized topics such as its effectiveness in internal control and risk management, legal compliance, good corporate governance, ethic compliance, sustainability and innovation as well as presenting its financial reports
- Board members had a high level of experience and relevant expertise. The Chairman of the Board of Directors was independent from the management and a minimum of one-third (currently 45%) of board members were independent. For more details, please see the Structure of the Committee, page 67.
- The Company supported the Board of Directors and Executives in the ongoing development of their competency through in-house and external trainings and seminars which covered integrity, leadership, critical thinking and problem solving skills. A Board portal channel has been developed to share knowledge and information, such as the government's Thailand 4.0 plan and the Eastern Economic Corridor opportunity. Moreover, operating reports were submitted to the Board of Directors and Executives when there was no meeting. For more details of past trainings, please see Corporate Governance, page 82.

1. Control Environment

- The authority and duties of each board's sub-committee were defined in regard to internal auditing, risk management, sustainability, good corporate governance, and remuneration for the committee. The results of each committee were reported to the Board of Directors every quarter. For more details, please see the structure of the Committee, page 68-72.

3. The Management has established proper structures and reporting lines to support the achievement of objectives with checks & balance and with a clear definition of authority and responsibilities.

- The structure and reporting lines of AIS are defined in accordance with the Company's business goals and objectives, balance, flexible operation, and disruptive innovation. The Company's structure comprises a technology unit, accounting and finance unit, human resources unit, marketing unit, corporate strategy unit, and operation units. The operation units under the authority of the President include customer services management, consumer or enterprise customer management, fixed broadband service, regional operations, etc. A segregation of duties was applied to avoid task redundancy and enable different units to support each other. The approval of authority was clearly defined. The Internal Audit Office was responsible for reviewing unit performance independently.
- AIS applied Three Lines of Defense in its risk management strategy. This supported a more comprehensive definition of responsibilities and improved organizational structure. It also prevented the likelihood of risks occurring in the future. For example, AIS segregated the duties of network installation/expansion from the duties of network quality control.
- The Board of Directors delegated authority and defined and assigned responsibilities to Senior Management, Management, and Operation Officers based on the demonstrated competence of each person. The Board of Directors and/or Senior Management defined the degree to which individuals and teams are authorized and encouraged, or limited, to pursue the achievement of specified objectives or address issues as they arise. However, the Company has clearly defined the scope of authority and responsibilities within the Company. For example, the Chief Executive Officer ultimately answers to the Board of Directors for establishing directives, guidance and control to enable management and other personnel to understand and carry out their responsibilities. The Internal Audit Office (IAO) shall perform auditing duties independently to counterbalance departments. Clear objectives have been established for each operational level with regard to the roles and responsibilities of the Chief Executive Officer, Senior Management and employees.
- A Corporate Compliance unit has been formed to manage the Second Line of Defense, provide guidance on internal control requirements and evaluate adherence to defined standards in core operations, such as service quality control, network quality, legal compliance, financial control, business operations deployment, risk management, etc.

1. Control Environment

4. The Organization is committed to attracting, developing, and retaining competent individuals. To this end, policies and procedures on competency in addition to a succession plan have been established. Competence is evaluated and any shortcomings are addressed.
- AIS gives priority to the Company's employees as stipulated in the AIS mission and encourages them to perform their duties with expertise and a sense of ownership. A work and life balance is also promoted among them to create a sense of family and retain the employees in the Company.
 - As AIS is transforming into the Digital Life Service Provider, the Human Resource Department has encouraged employees to become familiar with "The NEXT AIS" by incorporating digital technology into day-to-day operations and learning. For example, the LearnDi application includes a collection of essential courses and seminars on operational procedures, which employees can download and access anytime and anywhere, while the ReadDi application features an online library of books to promote reading among employees and facilitate necessary learning. The Company also encourages employees to experience the digital lifestyle through AIS mPAY which can be used to pay for goods in the AIS Save Market and for food in the AIS canteen.
 - AIS has created a culture of innovation in which employees are encouraged to achieve the goal of being an Innovation Organization through communication, activities, and management support. For more details, please see Innovation Management, page 163-166.
 - The Company conducted the AIS Creative Talents (ACT) program to differentiate its business and foster leadership. This program emphasized motivation and creative business innovation. All attendees could learn directly from various successful professionals.
 - As employee health is a main concern of the Company, the AIS Wellness program was established in 2016 to promote awareness of physical, mental and financial health among employees. In 2017, AIS focused on exercising, emotional management and nutrition. The Company also provided a gym and trainers, exercise courses, a fat burning competition, annual health check-ups and a sports day to build strong relationships among employees.
 - The Company has been supporting continuous learning, including both hard skills and soft skills, according to the roles and responsibilities of all employees. Employees were encouraged to set their own Individual Development Plan (IDP) which can be evaluated according to the criteria in the areas of knowledge sufficiency, learning, and implementation as required by the Company. Employees' IDPs were recorded in the Company system to allow progress monitoring by management.

1. Control Environment

- The AIS Academy is responsible for developing competency regarding management and leadership, and encourages employees to improve their knowledge and skills through various approaches such as on-the-job training, internal and external training, and electronic courses on the “AIS LearnDi” application. In 2017, AIS invited professors from Harvard University in the USA to conduct in-house leadership development program for management in order to prepare them to become senior management in the future.
- Apart from the AIS Academy, knowledge management was clearly assigned to the relevant teams in order to support the Company’s operations regarding sales, customer service, IT and engineering. Relevant courses have been conducted for employees and business partners to maintain the quality of operations at the required standard.
- The Company supports employees to acquire professional certification and accreditation regarding IT, engineering and other fields, as well as covering expenses and providing other rewards to retain talented employees and knowledge with the Company.
- The Board of Directors has established a clear succession plan to ensure business continuity. The significant responsibilities and impact from not having a successor temporarily or permanently have been assessed. The succession plan covers successors from Senior Management, such as the Chief Executive Officer, to the heads of core business units. In this matter, a succession plan, training, and advice have been developed to equip the potential successors with the necessary competency. In addition, the Company identified key functions that need to be included in the plan to facilitate business continuity. For Example, the system development process relating to engineering and IT systems, which are performed by service providers, will be included in the knowledge sharing program for the IT and engineering team and systematic collection process. Moreover, related documents will be stored systematically to facilitate uninterrupted workflow.

5. The Organization holds individuals accountable for their internal control responsibilities through a clearly defined structure, level of authority, and responsibilities; performance measures, incentives, and rewards in both short-term and long-term; and consideration on excessive pressure.

- In order to support the achievement of business direction, the Board of Directors and Senior Management have established the Balanced Scorecard and Key Performance Indicators (KPI) to evaluate actual performance in comparison to goals.
- AIS has established performance measurements for all levels. The Board of Directors evaluates the CEO; the CEO evaluates Senior Management; and so on.
- The process of measurement requires a participation approach in order to set performance indicators and expected behaviors. Supervisors coordinate with their subordinates to establish and manage objectives, goals, and performance measurement tools that align with the short-term and long-term corporate business plan. Steps are also taken to avoid excessive work pressure. In addition, the performance indicators must be balanced between quantitative and qualitative attributes.

1. Control Environment

- In establishing goals and performance evaluations, AIS requires performance evaluations to be held twice a year: i.e., for a 6-month period and a 12-month period. In every performance evaluation, the supervisors provide both positive and negative feedback to their subordinates in order to encourage them to improve their performances efficiently.
- AIS has established a salary structure and remuneration package that includes pecuniary or non-pecuniary benefits suitable to each employee's responsibilities and performance; and informs employees clearly of these benefits. This has been carried out without prejudice concerning gender, race and residence. The Human Resources Department consistently revises its policy and practice regarding the Company's salary structure, rewards, recruitment and promotion to ensure appropriate practice and competitive market rates. This policy has been established to attract and retain high caliber talents.
- The performance evaluation system is completely transparent, comprising objective appraisals and behavioral appraisals for all levels, from the management and permanent employees to temporary employees and outsource employees.

2. Risk Assessment

6. The Organization specifies the need for proper operational objectives, reporting objectives, and compliance objectives with sufficient clarity and an acceptable level of risk or variation from the target.

- AIS has set clear business objectives in its annual business plan, including for service revenue, telecommunication network quality, development of goods and services, customer management, regulatory compliance, cost and expense management, human resource management, sustainable development, etc. The objectives are clear and measurable, and align with the Company's objectives, vision, mission, and strategies.
- In the process of identifying the acceptable risk level, the AIS Risk Management Committee took the business objectives, financial impact and sustainability of the Company into consideration, and sought approval from the Board of Directors.
- The acceptable level of variation from the target was ingrained within the achievement evaluation criteria.

7. The Organization has in place a process to identify and assess risks and to determine appropriate risk responses. The process should be included in every level of the Organization. Internal and external risk factors are analyzed.

- The AIS Risk Management Policy and Manual have been established to serve as a framework and guidelines for every level of management and employees in accordance with the Company's strategy and business plan and with the enforcement of laws and other regulations. The roles and responsibilities of the relevant employees have been clearly defined and proposed to Risk Management Committee for approval.
- AIS risk management covers both corporate and functional levels, under the supervision of the Risk Management Committee and with the coordination of the Enterprise Risk Management Department. Both internal and external risk factors were given consideration, such as the regulations stipulated by relevant organizations, economic, environmental, strategic, operational, personnel and technological factors.

2. Risk Assessment

- The risk assessment criteria at both corporate and functional levels have been established to prioritize and determine how risk should be managed. For more details, please see page 103-105.

8. The Organization assesses risk of fraud by taking various types of fraud into consideration. The fraud assessment focuses on fraud incentive, opportunity, and attitude.

- The AIS Fraud Risk Management Policy has been established to manage fraud risks from both internal and external sources under the supervision of the Fraud Risk Management Committee and with the coordination of the Enterprise Risk Management Department.
- In 2017, the Company established a process to monitor and evaluate fraud risk; considered the causes of fraud and misconduct; measured the factors of pressure, opportunity and rationalization; and assigned them to relevant departments for proper remediation, such as to the departments responsible for risk management, security, analysis of customers' abnormal usage, accounting, procurement, human resources, etc.

9. The Organization identifies and assesses changes that could significantly impact the internal control system such as changes in the external environment, in the business model, in leadership, etc.

- The Risk Management Committee and the Enterprise Risk Management Department have been appointed as the main units responsible for the identification and assessment of changes affecting internal control. Change management is an important component of corporate risk management as it has the potential to affect internal control efficiency. The existing internal control might not cover new changes, such as new laws and regulations, economic change, a new business model, disruptive technology, mergers and acquisitions, and change of company's leaders. In this regard, the Risk Management Committee identified and assessed such risks, including determining the manageable risk levels.
- The Company has established a process of gathering and summarizing news relating to the Company and industry it to the Committee and Management every morning in order to ensure the complete identification and assessment of significant changes.
- The Enterprise Risk Management Department suggested solutions regarding corporate and business unit risk management to ensure that the risk level remains acceptable, and reported to the Risk Management Committee on a quarterly basis. In cases of critical risks, reports would be submitted to the Board of Directors for consideration as well.

3. Control Activities

- | | |
|---|---|
| <p>10. The Organization selects and develops control activities to manage risks and keep them within an acceptable level by considering the suitable control measures, the mix of various control types as well as segregation of duties.</p> | <ul style="list-style-type: none"> • AIS regularly and continuously provided training sessions on good internal control for the executives and supervisors. The training sessions were delivered via online courses, seminars, and workshops to ensure that proper controls will be selected and implemented in AIS, whether they are preventive or detective, or involve manual or automated controls. • AIS has selected and developed internal control activities in response to the specific risks that need to be controlled regarding the environment; the complexity, manner and scope of operations; and unique corporate features. For significant matters, there was a balance between manual and automated control, which included both preventive and detective controls. In addition, the Company segregated the duties performed regarding record, approval and asset management to mitigate risks caused by failure, inappropriate behavior or fraud. For example, the person who is responsible for receiving payment will not be responsible for recording accounts receivable in the system. • The departments tasked with the role of the second line of defense and the Internal Audit Office as the third line of defense were responsible for advisory services regarding the design of effective and efficient internal controls. |
| <p>11. The Organization selects and develops appropriate general controls for technology to ensure integrity, continuity, and safety, as well as the proper acquisition, development and maintenance of technology systems.</p> | <ul style="list-style-type: none"> • AIS has assigned certain departments to be responsible for technology infrastructures and software in terms of budgeting, planning, procurement, development, optimal utilization, continuity management, preventive and corrective maintenance, and security. • AIS has appointed the Information and IT Security Committee to establish policy, control confidential information, seek out disruptive technology, and oversee cases of piracy in order to inform relevant departments to take actions accordingly. Necessary training sessions have been provided to ensure that employees understand the practice correctly. For more details, please see page 144-147. • The Company has managed internal and external threats by setting authority to access the critical information systems, such as the mobile network, computer network and database. The Level of authority has been set to limit access to information and network operation system. Automated tools are also in place to monitor continuously for cases of piracy or intrusion. In the event that an intrusion is observed, the relevant team will automatically be notified to take actions accordingly. |

3. Control Activities

- The Company has been continuously developing information technology systems to keep pace with disruptive technology in order to provide state-of-art services to customers. The Company has established in writing a clear policy and practice for the System Development Life Cycle (SDLC) which specifies the critical control activities for sourcing, development, testing, and maintenance in accordance with relevant laws and in order to set the same standard for AIS employees and external service providers.

12. The Organization deploys controls through the establishment of clear policy and procedure, which includes responsible person and accountable for control, controlled timing, corrective actions, and required competence. Policies and procedures are updated and revised to maintain relevance.

- The Committee, Management, and supervisors explained the control purpose and procedure in clear terms to the responsible personnel. For the key control measures or controls performed by various personnel, AIS has developed clear and concise policies and procedures in writing, such as financial policy and regulation, personnel policy and management, purchasing policy and regulation, and operation guidelines for AIS Shop employees.
- The roles and responsibilities regarding each policy have been defined for each department. For example, the Corporate Governance Team is responsible for related party transactions and the securities trading policy enforced on the Board of Directors, management and employees. The Company Secretary Department is responsible for corporate governance policy and the Code of Business Ethics. The Enterprise Risk Management Department is responsible for risk management. All policies must be revised at least once a year. Corporate level policy shall be presented to the relevant sub-committee for consideration before being proposed to the Board of Directors for approval. Each department's policy will be presented to the CEO.

4. Information and Communication

13. The Organization has high quality sources from which it obtains information to support internal controls with consideration for costs and benefits. The information system, including a database, processes data accurately and completely into usable information in a timely manner.

- According to the Audit Committee Charter, the Audit Committee is authorized to acquire information from the management, executives and relevant employees; hire consultants; or seek advice from professionals to support operations if necessary.
- AIS information systems are efficient, updated, and improved continuously to enable the processing of high volumes of data into managerial information (big data analysis) in a timely manner in order to remain competitive. For example, information on customers' mobile usage is collected so that usage behavior can be analyzed and appropriate services can be offered to customers. Also, the mobile signal is measured to assess the quality of the mobile network service.
- The Company has assigned certain departments to be responsible for the Company's database regarding budgeting, planning, administration and monitoring, access control, and security.
- A data protection framework has been developed to secure customer and other sensitive information. Information Security Management standard (ISO27001:2013) and Cloud Security standard (CSA) have been acquired.

4. Information and Communication

14. The Organization has in place an effective and efficient internal communication system. The appropriate method of communication is selected. Sufficient information regarding internal control system is communicated to the responsible personnel and also the Board. A separate communication line is provided.
- AIS maintains several efficient internal communication channels through the Company's website social intranet, SMS, email, CEO Weekly Talk (5 minutes), and Half Year Business Plan Report. Certain departments have been assigned to communicate necessary information within the organization. This certain department is a channel that the Management can use to communicate their expectations clearly concerning critical control to which every employee should be committed. Moreover, employees can express their opinions via the social intranet and People Champion.
 - Any employee can safely report actual and suspicious cases of misconduct or fraud via the internal Nokweed hotline 3333 or directly to the Audit Committee at AuditCommittee@ais.co.th. Employees will be protected under the policy of reporting misconduct or fraud, investigation and protection.
 - In addition, the Company provides a communication channel via the Board Portal and the Company Secretary Office for the Board of Directors, Executive Committee and sub-committees.
15. The Organization has in place an effective and efficient communication system through which to send and receive information from external parties such as customers, vendors, business partners, shareholders, and regulators. An appropriate method of communication is selected. A separate communication line is provided.
- AIS has assigned certain departments to be responsible for communication and interaction with external parties according to the types of stakeholders. Processes are in place to track troubleshooting and complaints from all parties. For more details, please see page 304-306.
 - Any external parties can report actual and suspicious cases of misconduct or fraud relating to the Company directly to the Audit Committee at AuditCommittee@ais.co.th. This has been promoted on the Company's website and in the Annual Report. Investigations shall be carried out and protection provided accordingly.

5. Monitoring Activities

- | | |
|---|---|
| <p>16. The Organization monitors the internal control systems to ensure that they are operating effectively and in a consistent manner, including monitoring process within the systems and the periodical audit by independent and knowledgeable auditors.</p> | <ul style="list-style-type: none"> • AIS Management and supervisors have established processes to monitor the effectiveness of the internal control system through periodical meeting and review, etc. • The Internal Audit Office and an External Auditor are the main independent parties monitoring the effectiveness of the internal control system. Audit plans are adjusted on at least an annual basis in line with changes in the level of risk, business model and environment. • In the Board of Directors Meeting no. 2/2018, held on 5 February 2018, the Board assessed the adequateness of the Company's internal control system by using the internal control system assessment form provided by the Securities and Exchange Commission, Thailand (SEC), and concluded that the overall internal control system is adequate and effective for AIS's operations. • The Audit Committee reported the performance on reviewing of the internal control system and risk management of AIS and its subsidiaries to the Board of Directors quarterly. • Additionally, Deloitte, the Company's external auditor, evaluated the effectiveness of the Company's internal control system in 2017 and concluded that the Company has an effective, sufficient and appropriate internal control system. |
| <p>17. The Organization prioritizes and communicates any detected internal control abnormalities to the responsible person, the Management and the Board of Directors for them to analyze the root cause and remediate the problem in a sustainable manner. The Management tracks the progress of the corrective actions taken.</p> | <ul style="list-style-type: none"> • When any significant internal control deficiency was detected, the Management analyzed its root cause and assigned the employees responsible for remediation in a timely manner. • The Board of Directors has established the level of deficiency that requires the Management or the Internal Audit to report to the Board promptly. This includes, for example, matters with a high financial impact, damage to the Company's reputation, non-compliance to the relevant laws and regulations, violation of the key control system, or possible cases of fraud. • The Internal Audit Office and any other assigned departments are responsible for following up on the Management's corrective actions and reporting to the Audit Committee until the matter is fully remediated. |

Internal audit

Profile Of Chief Audit Executive

Mrs. Suvimon Kulalert, the Chief Audit Executive, was appointed on 1st January 1999.

Highest Education

Master of Business Administration Track Management Information System, Oklahoma City University, USA

Professional Certificates

- Certified Public Accountant (1985)
- Certified Internal Auditor (2000)
- Certificate in Risk Management Assurance (2013)

Training Programs

- Director Certification Program (DCP) held by IOD in 2010
- Harvard Leadership Development Program

Working Experiences for 5 years

- Chief Audit Executive / Advanced Info Service Plc. since 1999
- Special instructor and speaker on the internal control system and internal audit for the Federation of Accounting Professions (FAP) and University of the Thai Chamber of Commerce since 2009

Roles and responsibilities of Chief Audit Executive and Internal Audit Office

1. The Chief Audit Executive (CAE) reports directly to the Audit Committee who oversees the Internal Audit Office (IAO) to ensure that it carries out all internal auditing with independence, objectivity, integrity, and professional adherence to the internal audit standards. The CAE reports administratively to the Chief Executive Officer.
2. The IAO operates independently under the internal audit charter which clearly specifies the internal audit mission, scope, authority, duties, responsibilities and procedures. The charter is revised for its appropriateness periodically.
3. The IAO's duties include the provision of assurance and consulting services through evaluation of the effectiveness and efficiency of the internal control systems, risk management systems, and good governance in order to support the Company's business objectives and targets.

4. The IAO prepares its annual audit plan to align with the strategic direction of AIS and its subsidiaries, any changes in the risk level, and the Audit Committee's directives. The plan is risk-based with a focus on significant risks to AIS's operations, objectives, and strategies. In 2017, the IAO plan focused on high value purchasing processes, including in the areas of engineering, sales and marketing, customer service and management, and compliance control, including prevention of fraud. The plan was approved by the Audit Committee. Audit reports and follow-up on the Management's corrective actions are reported regularly to the Audit Committee for consideration.

5. Additionally, the IAO acts as the secretary to the Audit Committee, supporting their supervisory responsibilities as assigned by the Board of Directors. The IAO is also serves as a channel for receiving any complaints on possible misconduct and fraud by internal or external parties, finding the facts, investigating in accordance with the Whistle Blower Policy, and reporting the case results to the Audit Committee on a monthly basis.

6. Beyond the internal auditing activities, the CAE also gives advice relating to internal control, risk management, business ethics, information security, etc. The Audit Committee oversees all of the CAE's roles beyond internal auditing to prevent impairments to the independence of the IAO.

7. The IAO adheres to the International Professional Practices Framework and the internal audit charter. The IAO revises the internal audit manual and conducts an internal audit quality self-assessment on an annual basis. It also receives an independent audit in the form of an external Quality Assessment Review (QAR) every five years to ensure that the IAO adds value to its stakeholders and promotes the sustainable development of the Company's internal control system, risk management and good governance. In the second external assessment in 2016, the IAO was assessed by KPMG and the results of this assessment, revealed in Q1/2017, suggested that the IAO generally conformed to the international standards and was ranked as "Standard" when benchmarked against other internal audit functions globally.

Internal audit activities in 2017 and plans for the future

1. Encourage management to implement internal control system and self-business assurance effectively

In 2017, the IAO focused on assessing the effectiveness and efficiency of internal control and consulting on the procurement process as well as revenue and expense management as per the instructions from the Audit Committee. The IAO also supports AIS and its subsidiaries in their understanding and implementation of good internal control systems in accordance with the COSO framework 2013 and the model of three lines of defenses. To remediate several internal control issues, twelve facilitating workshops with a total of approximately 340 participants were held for the Management. The IAO promotes self-business assurance concepts which let the Management monitor and investigate abnormalities in their operations by themselves.

2. Transform internal audit activities into digital technologies

The IAO has developed and started deploying digital automation audit whereby the information system extracts and analyzes data from various databases by itself using big data analysis techniques. This automation speeds up the internal audit work and frees up the internal audit personnel resources to focus their attentions on other pressing matters.

3. Create Risk Center to enhance efficiency of audit activities

The IAO also focuses on building awareness of risk management among internal audit staff. The Risk Center was established to gather and analyze risk issues in order to create an internal audit plan for high risk areas including operating risks and fraud risks. The integrated risk management is implemented according to COSO ERM 2017 and Fraud Risk Management Policy. All internal audit staff are encouraged to propose ideas relating to preventive control.

4. Transform into Trusted Advisor role

For 2018, the IAO has proposed 221 audit jobs and plans to enhance its advisory role including the review of all functions covering revenue and expenditure assurance and compliance, such as control related to new product development, sales and marketing to enterprise and consumer customers, billing and collection, engineering, disbursement, channel management, customer service and management, NBTC's regulations, and other support process, among others. More digital automation and self-business assurance concepts will be adopted to transform IAO into a Trusted Advisor according to the Internal Audit Roadmap.

Training and competency development of Internal Audit Office

1. Pursuit of knowledge and updated international professional practices standards

To ensure AIS's internal audit operations remain up-to-date, the IAO regularly reviews and upgrades leading domestic and international professional practices and standards relating to the internal control system, risk management, good governance and other fields relating to AIS's business. In 2017, the IAO implemented integrated risk management in accordance with COSO ERM 2017, which was executed on 6th September 2017, and which will be used in internal audit activities in 2018.

2. Promote integrated and innovative auditing

The IAO supports the development and enhancement of the internal audit team's capabilities to perform multidisciplinary or integrated audits. Internal audit staff are encouraged to be innovative in developing more effective and efficient audit techniques.

3. Develop competency roadmap under the Global Internal Audit Competency Framework

The internal audit staff are encouraged to seek continuous development in order to acquire the knowledge and skills critical to AIS's business operations. In 2017, the IAO formulated the "Development Roadmap" according to the roles and responsibilities of the IAO under the Global Internal Audit Competency Framework of The Institute of Internal Auditors (The IIA) as follows:

3.1 Functional Core Competency

3.2 Functional Essential Competency

Each internal audit staff member shall participate in 11 days of training per year in accordance with the established strategy.

4. Acquire related professional certificates to promote internal audit profession

The internal audit staff are encouraged to participate in self-development in order to build internal audit expertise by acquiring professional auditor certification or other relevant qualifications. In 2017, the IAO set a target of having 50% of the total number of the IAO staff acquire professional certificates. At present, 15 out of 57 IAO staff members, or 26%, are holders of a total of 35 professional certificates as follows:

Certificates	Details	Number of IA staff members certified (persons)
Certified Internal Auditor (CIA)	This internal audit certificate requires competency in internal auditing, risk management and related matters.	7
Certified Information System Auditor (CISA)	This certificate relates to control activities and information system security with the aim of raising such activities and security to professional international standards.	5
Certified Information Systems Security Professional (CISSP)	This certificate requires competency in 10 aspects of information security, collectively referred to as the “Common Body of Knowledge” (CBK): access control, telecommunications & network security, application & system development security, security management, cryptography, operations security, business continuity planning & disaster recovery planning, law investigation & ethics, and physical security.	1
Certification in Risk Management Assurance (CRMA)	This certificate requires competency in business environment assessment and enterprise risk management.	10
Certified Public Accountant (CPA)	A Certified Public Accountant has competency in accounting practices and standards, auditing, related laws, information systems, computer literacy and accounting reporting.	5
Certified Fraud Examiners (CFE)	A Certified Fraud Examiner has competency in fraud knowledge, fraud investigation, related laws, communication and technology.	1
Tax Auditor (TA)	A Tax Auditor has competency in accounting practices and standards, auditing, Revenue Code, and Civil and Commercial Code.	1
Information Security Management Systems Auditor/Lead Auditor: ISO/IEC 27001:2013	This certificate requires competency in information security management systems and the principle of assessments regarding the ISO/IEC 27001:2013 standard to perform auditing as defined by the standard.	4
Business Continuity Management System Auditor/Lead Auditor : ISO 22301:2012	This certificate requires competency in internal and external threat management for business continuity and the ability to perform auditing according to the international standard ISO 22301:2012.	1

A number of staff members are currently studying to acquire the CIA, CISA, CRMA, and CFE in order to support internal audit tasks as qualified professionals and to meet international audit control standards.



STRATEGY AND APPROACH FOR SUSTAINABILITY OF AIS

Message from Sustainable Development Committee

The Sustainable Development Committee (SDC) consists of three (3) members namely: Khun Prasan Chuaphanich as Chairman, Khun Garardo C. Ablaza Jr., and Khun Somchai Lertsutiwong as members. The summary of SDC's performance for the year 2017 are described as follows:

- The committee has inspired the efficiency development concerning supply chain management by suggesting the management to set up a special unit to be responsible for this matter both in corporate and function levels. Further, the company should engage an expert to educate and provide recommendation to the employees with a view to developing the staffs' knowledge and skill which will directly and positively improve the efficiency of sustainable development.
- The committee has emphasized on the customer data protection measure by urging the management to educate the staffs concerning the new rules and regulations newly issued by the competent authorities.
- Besides the sustainability development in relation to business operation, the committee has encouraged the management to also contribute to the society development in term of innovation creation by advising the management to plan a clear roadmap so as to establish the innovation corporate culture in accordance with, the corporate's vision: The most-admired Digital Life Service Provider in Thailand.
- The committee has summarized the sustainability development projects of the company in this Annual Report.



Mr. Prasan Chuaphanich
Chairman of Sustainable
Development Committee

5 Focus Areas Strategy



Since 2012, the Chief Executive Officer together with senior management from all business departments has established a sustainability strategy based on five key stakeholders

whose expectations should be taken into account and appropriately managed by AIS as follows:

5 Focus Areas	Commitment
 Community Bringing our society together	<ul style="list-style-type: none"> • To thoroughly understand and take into account the needs of the direct community, and develop the appropriate strategic, integrated and systematic responses to ensure our social license to operate. • To leverage our strengths as a network provider to meet the needs of the larger society and be viewed as an industry leader in a socially responsible business.
 Customer Providing the best customer experience	<ul style="list-style-type: none"> • To provide the best customer experience while tapping into new markets, through gaining deep insight into people's needs, providing the personalized products and services that meet those needs, and delivering the unparalleled service that says we will do our best to assure you "Live Digital, Live More".
 Partners Sustainable partnerships	<ul style="list-style-type: none"> • To share the responsibility for our partners' behaviors and actions. • To build win-win partnerships through mutual growth.
 People Growing our people with their strengths	<ul style="list-style-type: none"> • To develop visionary leaders with our brand character. • To create opportunities for people to learn and develop so that they can guide AIS toward its goal within the framework of sustainability.
 Environment Greening our future	<ul style="list-style-type: none"> • To develop innovative, yet easy-to-understand and environmentally-friendly products and services that will empower people today and meet the needs of future generations.

Digital for Community and Society

Challenges and Opportunities

As prosperity and development in Thailand are not evenly distributed, remote communities are left behind on opportunities and unable to bring out their full potential. This due to several limitations such as little access to knowledge, insufficient resources and human personnel for development. Such limitations disturb the development in education, healthcare, and livelihood. Therefore, creating digital technology to reach out to the underprivileged is essential to strengthen the community and better quality of life.

Additionally, wavering social contexts and digital technology, particularly social media, have become part of our everyday life and altered the lifestyles of many people and families. Time spent on social media and internet increases in all ages and genders, creating both positive and negative results on our society. The appropriate use of technology becomes crucial and is one of the duties for telecommunications service providers to promote in order to yield positive effects on the society.

AIS, as a major telecommunications and digital life service provider, sees the opportunity to employ digital innovation to improve knowledge and skills in various fields to enhance the quality of life of all Thai people in different communities and localities nationwide, as well as create business opportunities for the whole society. We are determined to use digital technology to strengthen family bonds, allowing family members to better understand each other and feel closer via online media and social media. With these objectives, AIS announces “Digital for Thais”, a concept aims to use digital innovation technology as a tool to promote and develop the quality of life of all Thai people. This is part of the company’s sustainable strategy, which focuses on bringing the society together and gaining the acceptance from the society and the community, and is in accordance with the company’s mission to become significance to businesses partners. The concept will be conducted in 2 levels;

1. Our Community - to establish common value between the community and the company.
2. Our Society - to strengthen family ties among Thai families and the Thai society to create strong people-to-people bonds in Thailand.

Our Community and Our Society

“**“Digital For Thais” to fulfil and enhance the quality of Thai people’s lives with Digital Technology.**”

Digital for Thais concept is our commitment to apply digital innovation to help and develop the community, allowing access to information and knowledge for future development. Today, AIS has a wireless telecommunications network with 3G and 4G technologies as well as a nationwide fiber network, which act like roads to bring technology to the community effectively.

Digital for Thais concept lies on 4 key axes;

1. **Education** - Education is a cornerstone of human development. It enables us to access resources, either academic or recreational. The education development program by AIS emphasizes on enhancing education opportunities and life experiences for students.
2. **Public health** - Our program focuses on building a communication tool to promote and support public health officers to work effectively, and raise awareness about personal health and hygiene in remote areas to reduce illness rate and encourage health prevention.
3. **Agriculture** - We promote the creation of digital technology and provide agricultural knowledge for farmers to efficiently produce agricultural yields. We also develop an application to work as a market place for farmers.
4. **Startup businesses** - We develop and endorse startup businesses for sustainable business growth through real business, technology opportunity, and we also do marketing for them.

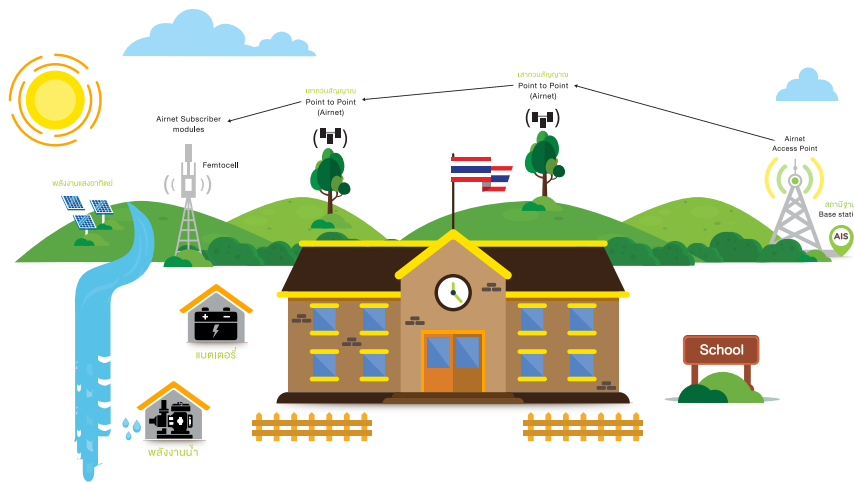
Digital for education of Thai youth

“Education is a vital element for human resources development, which is the main force for the development of the country.”

Education, these days, is not only limited to classroom. Developments in communication technology, internet, for example, makes education and learning possible at your fingertips. But while kids in urban areas can access abundance knowledge and information effortlessly, children in remote areas are facing problems like shortage of teachers - the key personnel who will shape and mold these young futures.

“Sarn Rak Connections for Knowledge” (Sarn Rak Sarn Khamru) is a project which fixates to use technology to uplift education quality for children in remote areas by installing high speed internet and AIS’s Sarn Rak Connections for Knowledge - a digital box full of knowledge and amusing contents - to bolster out-of-classroom learning among Thai children and youths and open up new experiences for the children to the rapidly changing world.

Project milestone: This project is still in an experimental stage and had only been implemented to 30 prototype schools from 33 targets. Another 3 schools are expecting to be completed with the beginning of the year 2018 After that, a focused group will be conducted during February – March 2018 as a database for project development as the project expands to other schools.



Digital public health and the health of Thai people

“If Thais are healthy and strong, they can be a great driving force for the country.”

The inadequacy of medical staffs in remote areas has influenced the participation of the civil society in the Thai public health structure under the name Village Health Volunteers or Aor Sor Mor. Aor Sor Mor works closely with Tambon Health Promoting Hospitals (THPH) in 4 aspects; promote and inform the public about health and hygiene, prevent diseases, give medical treatment, and rehabilitate patients in the area of responsibility. One challenge for Aor

Sor Mor is to effectively communicate with THPH in order to work proactively with their responsibility.

Aor Sor Mor Online application - With a strong intention to maximize the quality of public healthcare service and the health of Thai people revolving around thoroughness, quality, and efficiency of the public healthcare service and focusing on diseases prevention more than illness treatment, AIS has developed **Aor Sor Mor Online Application**. The application acts as an online community for THPH and Aor Sor Mor to transfer information, images, voice clips, video clips, messages, and location sharing via messages and conversations to keep every member informed about the latest news and movement in the community’s public health care activities and threats. Ultimately, the application will allow all Thais to access medical service and healthcare thoroughly, more conveniently and more easily.



For Aor Sor Mor Online application promotion project in 2017, the community relations unit plans to build awareness, promote, and stimulate the use of the application by hosting an online competition on the use of Aor Sor Mor Online Application, and hope to spark Aor Sor Mor across countries to use digital technology for work. The project is emboldened by the Ministry of Public Health, Ministry of Digital Economy and Society, and caught the attention of 448 THPHs from all over Thailand to participate. The top 10 outstanding THPHs are entitled to win the prize worth 100,000 Baht.

Project milestones:

Aor Sor Mor Online Application has been downloaded more than 23,000 times, and is accessible by more than 1,200 THPHs across Thailand. AIS plans to penetrate 1 million Aor Sor Mor nationwide by 2023.

- With a commitment to create common value between AIS and the community, the application has won numerous awards both in Thailand and abroad such as;
 - WSIS Prize 2017 for Sustainable Development that Encourages Learning and Healthcare from International Telecommunication Union (ITU)
 - Outstanding Business Sustainability Project Prize in the Thailand ICT Excellence Awards 2017 from Thailand Management Association (TMA) and the Ministry of Digital Economy and Society.
 - Runner-Up for Thailand ICT Awards 2017 in Inclusion & Community Category from the Association of Thai ICT Industry (ATCI), which praises and honors an organization who applies ICT technology in social aspect and reduce digital gap.

Digital for Thai farmers

“Communication technology can bolster and support Thai farmers to become more efficient and effective.”

Agriculture is one of the oldest occupations in Thailand. Local wisdom and knowledges on farming and cultivation have been passed on from generation to generation. However, nature and environment variances, as well as the changing demands for agricultural products, and have affected farming and agriculture in terms of yield and quality. This creates a chance to introduce new telecommunications technologies such as weather prediction, internet of things (IoT), smart farm, and local wisdom library. Putting everything together in one place then we have a knowledge and information center for Thai farmers.

“Farmsuk” Platform - AIS has developed a digital platform for sustainable agricultural development, with objectives to support Thailand 4.0 national strategy on agriculture and endorse farmers in target fields to upgrade their farming methods using the right technology. Not only that, it hopes to strengthen the connectivity and communication between farmers and enterprises in related sector, in order to generate the public and private cooperation to develop agricultural products.

Objectives:

- Create a new generation of Thai farmers
- Create a strong online community for Thai farmers
- Create an online market for Thai agricultural products

4 Target recipients

- Government officials in the agricultural sector responsible for sustainable agricultural development in Thailand.
- Farmers who wish to improve themselves and their communities with ICT.
- Prospect farmers who are interested in farming as fulltime or part-time occupation
- Consumers who support Thai agricultural products.



“Farmsuk” Platform Key Elements: Farmsuk is an application that allows Thai farmers to access essential information about agriculture and farming along with other knowledge and wisdoms ranging from farming plots

environment information retrieved from NB-IOT to agricultural products trading prices, farming knowhow from experts and local philosophers, and high precision weather forecast. In the end, this will boost farmers’ product quality using the concept of “teaching, strengthening, and building”.

“Farmsuk Shop” application is a mobile market place for farmers to sell primary and processed agricultural products including local wisdom or One Tambon, One Product (OTOP). Farmers can independently adjust prices for their products

as well as confidently shop by comparing prices, quality, and place of origin of the products and each farmer through our “Farmsuk Shop” application.

“Farmsuk Mart” website is a tool to manage store, merchandise, inventory, payment history, and store’s transactions, for farmers who sell products in “Farmsuk Shop” application.

Project Result: “Farmsuk Shop” application has been downloaded more than 7,500 times, and gained over 300,000 baht sales through the application. The amount was conducted during the application trial period since July 2017.

Our Goals in 2018: We aim to partner with more enterprises and farmers to expand the diversity of products presented in Farmsuk Shop application, while aiming for the download to hit 300,000 – 500,000 times, and in-app sales to reach Baht 3-5 million.

Digital for Startup Enterprises

“

Startups will be an economic steering wheel if they are being supported enough to reach their full potential and appropriately use technology to create values.

”

The rapid technology transition has created many new opportunities for startups to adapt technology and reach out to people in timely manner using only handful resources. The new generations are trying to create their own startup and make it their profitable careers. However, despite plentiful emergence of new startups, survival and sustainability rate remains low due to numerous factors such as market understanding and customer penetration to generate sufficient and regular income, as well as appropriate business model for expansion and business management skills.

AIS The StartUp Project has been operating for more than 5 years to provide platforms for startups to present their business ideas and be selected to become business partners with AIS. AIS allocates personnel and resources for the selected startups to embolden the capacities of both the startups and its executives, enabling them to expand efficiently and bring their businesses to showcase in international level. Considerably, the project opens new business perspectives for enterprises.

With our intention to support startups, we aim to strengthen their business growth in 3 aspects

1. Support technology infrastructures and other benefits to enhance startups’ potential and capability.
2. Initiate a joint market to share customers database for AIS and the startups both in local and international level to access, and to create business opportunities and business expansions in other regions for startups under the guidance and informative support of each region by AIS local staffs.
3. Create joint values in terms of revenue sharing and servicing large enterprise; as AIS is a customer for these startups, it provides them chances and experience to work with a large firm. Startups can learn to develop their products and services to answer to the demand of other large firms in the future.

Project results in 2017

- 841 startups submitted the projects
- There are currently 45 startups in the portfolio

Goals in 2018

We aim to help startups to securely expand for sustainable growth by doing these steps;

- Set up “AIS The StartUp Business Development” to collaborate with startups on their business growth. Startups will be selected to join the development in 2018.
- Cumulate the cooperation with the Massachusetts Institute of Technology (MIT) in sending our startups to attend Startup Exchange program. The program will allow AIS-supported startups to meet and learn about useful business tips, access world class researches, and connect with companies and startups from all over the world.
- Select growing startups with solid potential to become AIS partners and to take part in AIS The StartUp as advisors for next generation startups.



AIS D.C. Designed for Creation - In 2017, AIS collaborated with Thailand Creative & Design Center (TCDC) to open a venue for startups and digital entrepreneurs to share creativity and inspiration and to enhance knowledge for the new generation. In AIS D.C., new generation creators can find the services they need along with AIS Playground, the first ever venue in Thailand that startups can run test their products on API, AIS Digital Platform that supports varieties of digital business, and a team of experts from AIS who are willing to give exclusive advice. The project hopes to provide more opportunity for youngsters to become startups, and the AIS D.C. Design Creation welcomes everyone who wants to learn and experiment their ideas to create new startups in the future

Project Results in 2017 – AIS D.C. welcomed more than 300 visitors per day (over 9,300 visitors/month), with yearly membership of 1,306 people. Last year, 27 events were held and received 1,175 guests in total.

Prototype Community Internet, Co-Working Space AIS model – Our intention to support local community enterprises transform into the cooperate with the Northern branch of Women and Family Development Learning Center (WFDLC) in Lampang province to set up a prototype Co-Working Space AIS to incubate community enterprises by providing them with support and digital knowledge.



Project Result in 2017: From May to December 2017, 8 sessions were conducted for 30 small and medium size enterprises and community enterprises in Lampang province. In the sessions, enterprises learned about digital knowledge like how to use online media like facebook for modern era marketing, online marketing via Farmsuk application, online marketing on ready portal, and cost accounting management technic. The assessment conducted during and after the course showed that enterprises gained better knowledge about digital technology than they did before attending the training. The course could allow them to expand sales channel options and thus results in higher sales.

Goals in 2018, AIS plans to extend the training to 3 more provinces: Chiang Rai, Lampoon, and Nakhon Si Thammarat.

Our community

AIS values the sustainable coexistence between AIS and the communities it brings telecommunication access into. Apart from installing cell site tower station in those communities to improve telecommunication service, AIS also encourages local values to create happiness, safety, and quality of life among communities through several projects such as;

- Public discussion on “Electromagnetic wave from Cell Site Tower is Not Harmful to Health” this public discussion aims to raise awareness and correct understanding about electromagnetic wave released from the cellular phone tower as well as the information about cell site installation standard to the public, media, and local officials. The discussion is led by a specialist in electromagnetic wave.

One of the important information from the seminar is that the electromagnetic wave released from cellular phone tower is not harmful to neither the health of human nor animals, because the wave is released at a frequency below the standard set by the National Broadcasting and Telecommunications Commission (NBTC). The transmitting towers are also constructed strictly in accordance with engineering standard issued by the Engineering Institute of Thailand (EIT) and the NBTC. We ensured that the construction of each cell site is done rigorously following the standard, and our towers are stable and capable of withstanding the wind speed of up to 130 km per hour, which is the speed of typhoon and earthquake. In 2017, the seminars have taken place in 5 provinces; Chonburi, Ayutthaya, Prachinburi, Songkhla, and Uttaradit.

- “Oon Jai Fai Rim Tang” (Safer with Streetlights – Lighting communities) project – We installed street lights and electricity posts to brighten up the communities with insufficient light in order to improve the safety of the locals, using the electricity from our transmitting tower bases. In 2017, we installed street lights in 201 communities, which bring the total coverage to 431 communities nationwide.
- Flood relief and winter relief campaigns – AIS handed out aid packages to transmitting tower base landlords and villagers in Sing Buri, Lopburi, Pathum Thani, who were affected by the flood. Additionally, we also distributed blankets to communities affected by the cold weather in the northern region (Chiang Rai, Phayao, Chiang Mai, Nan, Lampang, Phitsanulok, Petchabun, Tak, Kampaengpet), and Northeastern region (Sakon Nakhon, Ubon Ratchathani, Nong Bua Lamphu, and Roi Et).
- Knowledges promotion – we spread information about digital technology, healthcare, and occupations through Mit Chumchom (Community Friends) Magazine. Not only that, we are also trying to create correct understanding about the safety of electromagnetic wave released from the transmitting tower to community leaders and people in various areas.
- Hotline for landlords’ cell site tower– Our landlords and landladies who lend us their lands for the cell site towers can contact us directly via 0 2029 555 and 09 2923 6868. We also initiated “Sathanee Oun Jai” (at ease station) periodical journal to inform our landlords and landladies about digital technology and assist them to have a quality living in daily routine.

Our society

Throughout 27 years of telecommunication service, AIS has been widely recognized for its policy in CSR (Corporate Social Responsibility). Bringing together its business potential and resources, AIS can simultaneously generate businesses while uplifting the living quality of Thais. To implement CSR, AIS sets two strategies under the concept “**Strong Thai Families, Strong Thailand**” with two Sarnrak projects: **Sarnrak Promoting Family Bonding and Sarnrak Enhancing Thai Society**.



Strategy 1 Sarnrak promoting family bonding

Sarnrak – Promoting Family Bonding is operating under the concept “**Strong Thai Families, Strong Thailand.**” We believe that family is the steppingstone to a good society. As long as Thai families are strong, the country will be strong. The current economic and social transitions have made great impacts on traditional Thai families – what used to be an extended family comprising members of different generations living in harmony and taking care of each other has become a nuclear family with each member focusing on his own roles and responsibilities and having less time to engage with one another. This evolution leads to family gaps and problems, and social problems eventually.

AIS introduced “Sarnrak” project as a platform for all Thais to recognize the importance of the family and strengthen family bonding. Because families are a solid foundation of Thai society, AIS organizes a few activities to support and promote love and understanding among family members.

AIS Family Rally for Sai Jai Thai Foundation and AIS Family Walk Rally for Ananda Mahidol Foundation

These events take place annually under Sarnrak project. AIS Family Rally has been ongoing for 24 consecutive years. Its proceeds worth Baht600,000 were given to Sai Jai Thai Foundation every year. AIS Family Walk Rally, which is in its 17th year, raises approx. Baht500,000 and is donated to Anada Mahidol Foundation yearly.

Projects results:

- In 2017, AIS utilized its strength in digital technology to develop AIS Rally application featuring games, quizzes, findings RC and TC, score assessment, and winner announcement all in one application. Participating families found modernized AIS rallies more fun through new digitally-learning experiences
- Not only the families give to charity but also spend quality time together through games and quizzes that promote teamwork and problem solving, and enhance family’s understanding and unity
- Each family activity held annually attracts more than 120 families each year.

Campaigning Content for Good Relationships within Families

Nowadays, social media plays a vital role in our daily routine, influencing every user demographic including family segment. According to a focus group on family use of social media conducted by AIS, we found that social media causes family gap between parents and children with noticeable lack of understanding and different perceptions on social media.

In response to the findings, AIS Sarnrak introduced “Family Reconnect Program” designed to restore vibrant communication among Thai families during the digital era by promoting constructive use of social media. Besides video presentation “Family Reconnect,” AIS also launched Family Reconnect Workshop and Family Reconnect contents via AIS Sarnrak Facebook to create understanding online among family members despite having different views and usage on social media.

Project results:

Launched in August 2017 via AIS Sarnrak Facebook, Family Reconnect video presentation has received more than two million views and earned likes and shares in high volumes.

Sarnrak Kon Geng Hua Jai Grang (Weaving Love: Good Kids Great Hearts)

Through the implementation of Sarnrak Promoting Family Bonding emphasizing love and understanding within families, AIS realizes that a large number of families throughout Thailand remain in poverty waiting for supports. In 2001, AIS introduced Sarnrak Kon Geng Hua Jai Grang program to encourage underprivileged children and families to overcome hardships in their lives through self-dependence. A happy family does not necessarily require everyone’s presence. All they need is great heart.

In order to help Thai families develop sustainable living, AIS directs our attention to children – the most important members of the family – and provides them with opportunity in education. We believe that education is the key to job security and decent income, empowering them to support themselves and their families sustainably in the future. In addition, stories of good kids with great hearts contain numerous valuable lessons very inspirational to the public. Therefore, AIS produces video presentation “Sarnrak Good Kids Great Hearts” based on their true stories to share the values of gratefulness, perseverance, and responsibility demonstrated by GKGH members early in their childhood. Believing that education is the key to improve their quality of living, these children are committed to working their way through college and earning a university degree.

Project results:

- Sarnrak Good Kids Great Hearts provides scholarship and financial aid for families to qualified youths until they graduate with a Bachelor’s degree. Through student scholarship and financial aid for their families, AIS has been able to help more than 775 underprivileged children across Thailand. One hundred and seventy-five individuals have completed a Bachelor’s Degree, earned a decent job with stable income, and improved their family’s lives. The total value of financial support provided by AIS is amount to Baht 42,534,000.

- Currently, stories of Sarnrak Good Kids Great Hearts are broadcast every Sunday at 10:00 am via multiple digital platforms including AIS Play mobile application, AIS Playbox for fixed broadband viewing, Youtube, Facebook, Sarnrak website. GKGH presentation receives good reviews both in terms of like and share numbers, including increased donation and comments through www.facebook.com/sarnrak.ais.
- The broadcast of GKGH stories via online media produces cash donation and mental support from the audience almost instantly to underprivileged children. It proves that digital media have become influential in story-telling and public awareness, both locally and nationally. It is evident that the amount of cash donation to children has been increased significantly, contributing to greater financial support and better quality of living. It is AIS honor and pride to tell children's stories, raise public awareness, and encourage everyone to do his part for Thai society.



Strategy 2 Sarnrak enhancing Thai society

Sarnrak Enhancing Thai Society adopts the concept of “**Strong Thai Society, Strong Thailand.**” The objective of this program is to make an array of contribution to Thai society, being a part of social development and the improvement of quality living of Thai people sustainably particularly those who face unfortunate hardships in their lives. AIS gives high importance to value creation and common benefits between the organization and the society by implementing the concept of Creating Shared Value (CSV) in order to create values and sustainable growth to both the society and the organization.

AIS Call Center providing job opportunities for people with disabilities

“AIS Call Center Providing Job Opportunities for People with Disabilities” is one of AIS's most recognized programs having been ongoing for over a decade bearing CSV concept. According to an early AIS pilot project, persons with disabilities have demonstrated that they are capable of producing quality works as good as ordinary employees if not better in some areas. For instance, visually-impaired and physically-handicapped employees are keen to calling customers and informing

them about special promotions, services, and campaigns from AIS; sending SMS to customers and canceling unwanted messages. Meanwhile, hearing-impaired staffs are capable of communicating with deaf customers through the use of sign language and web cam. AIS pioneers the use of advanced technology to assist and facilitate disabled staffs at work such as installing online network and keyboard, and on-screen motion captures capable of transforming visuals into speeches to be used in conjunction with Tatip Program from the National Institute for the Blinds. In addition, AIS provides not only proper work environment for PwD but also competitive salaries and compensations similar to those given to general staffs.

AIS initiative in equal opportunity employment encourages PwD to work side by side with normal staff and provides job security and decent income. More importantly, working with AIS boosts PwD self-esteem and provides financial independence allowing them to take care of themselves as well as their families. The media and the public praise AIS highly for initiating such program which has later become a role model for other companies to follow.

Project results:

Presently, 126 disabled employees are working at AIS call centers; 55 are visually-impaired, 8 are hearing-impaired, and 63 are physically-disabled. They station at 13 different locations nationwide. In the future, AIS hopes to build more call centers capable of hiring more people with disabilities to provide job opportunities so that they can take care of themselves and their families sustainably.

Hiring special persons as trainees:

Recognizing exceptional work ethic and dedication from people with disabilities, AIS is now conducting an experimental program by assigning specific works to special persons who have completed a Bachelor's degree. Currently, a person with Down syndrome joins an AIS team in Corporate Sales, and an autism person is working as a librarian. More special persons may be given job opportunities

Superior Network and Customer Digital Experience

Key milestones in 2017



Launched the “AIS NEXT G”, the high-speed network by integrating the AIS 4G and AIS Super Wifi to offer a maximum mobile speed of 1 Gbps



Awarded “Thailand’s Fastest Mobile Network” for three consecutive years (2015-2017) by OOKLA

50% » 80%
in 2013 in 2017

The number of customers using AIS’s digital online service has gone up from 53% in 2013 to 80% in 2017

customer satisfaction
score of IVR Speech
Recognition accuracy rate
of response
74% 88%

The IVR Speech Recognition service granted customer satisfaction score at 74% higher than our projected target of 72%, and the accuracy rate of response reached 88%

425 » 430
in 2016 in 2017

Digital Guru who able to offer expert help and suggestions to the customer has been developed from 425 persons in 2016 to 430 persons in 2017

Challenges and opportunities

The rising demand for mobile data is nearly doubled YoY from video streaming and increased smartphone penetration. To compete for acquiring/maintaining subscribers, the operators continued to invest for network quality and handset/privilege campaign.

Additionally, customers have an increasing level of knowledge and understanding, mainly from digital experience and variety of information sources. This causes the complexity and higher expectation of customers. The customers’ lifestyle become more personalize and intend to express themselves among social network. This means that existing products and services are no longer enough to attract customers. The telecommunications market has become highly saturated, making it all the more difficult to attract new customers, which in turn has caused greater competition in both price and privileges provided in order to retain existing customers, as well as attracting new subscribers.

Providing products and service to meet customers’ needs in this digital era has become more challenge, requiring design, development, and products/services presentation should be easy-to-use, fast, and fit with the customers’ individual lifestyle. Digital technology has been used to provide the best customer service experience, as well as reducing waiting time. AIS also invests in developing digital competency for its employees and digital tools in order to better equip with customers’ individual needs and brings more value to the AIS.

In the past year, AIS has focused on incorporating technology into all aspects of the customer service experience, included AIS shop, distribution channels, call center service as well as online self-service. Customer service staff have been able to develop their skills to become ‘Digital Gurus’, able to give help and advice which caters to each customer’s specific individual need. AIS also use data analytics tools to develop personalized products and services for individual customer.

Factors/Input	AIS's Action	Output
<ul style="list-style-type: none"> • High customers' demand • Harder to attract new customers. • Demand for more personalized products. 	<ul style="list-style-type: none"> • Introduced the use of digital technology across a wide range of services. • Introduced omni-channels • Used customer data analytics tools • Developed personalized products and services 	<ul style="list-style-type: none"> • Customer Satisfaction Score for human touch point was 88%, increased from 86% in 2016 • Customer Satisfaction Score for online-touch point was 76%, maintained from 2016

Overview of strategic direction and goal

To compete for quality subscribers, AIS continued to invest for 4G network coverage as well as the quality and capacity of overall network through deployment of additional bandwidth recently acquired. AIS also offers variety of packages to meet customers' individual needs. Further details, please see page 29-34. Last year, the first Fixed Mobile Convergence packaged was introduced. The package combines fixed broadband, content, mobile data allowance, and AIS Super WiFi in order to create differentiation and leadership position of digital life service provider. For AIS fibre, AIS maintains its goal to become a significant player in the next three years. AIS pursues selective expansion of new service areas with due consideration to demand and return on investment. At the same time, AIS also puts focus on increasing capacity utilization in the existing coverage areas through more effective sales and distribution channels.

For customer relationship management, AIS has placed a strategy and direction to enhance digital experience for customers in order to maintain and provide superior customer experience. We focus on 2 key areas as follows:

- “
1. Promote self-service touch points and enhance digital experience
 2. Empowered customer service excellence using analytic tools to gain customer insights
- ”

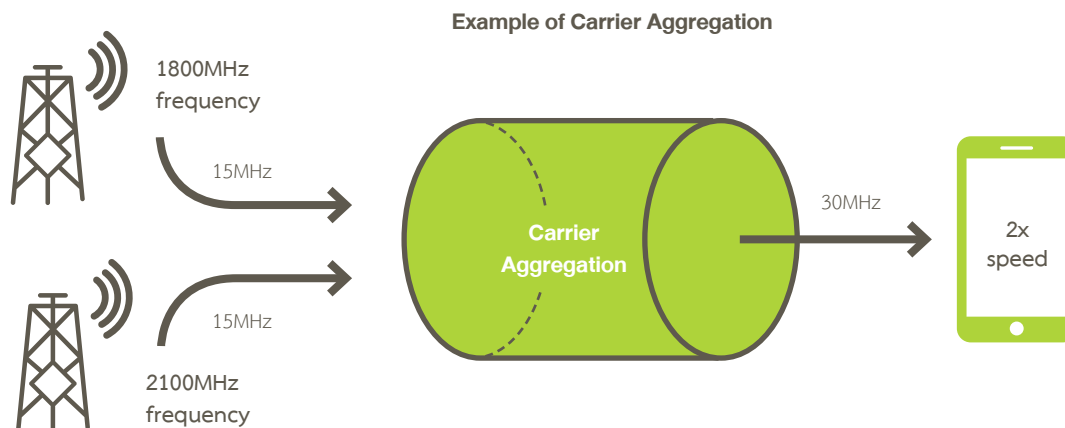
Management approach

1. Enhancing of network quality to constantly provide best customer experience

1.1 Mobile network

“Bringing our network innovation to enhance network quality and reliability with more cost efficiency”

AIS is committed to improving network quality through the utilization of new engineering techniques based on the research and development conducted by AIS with several vendors. An example of this is the implementation of Carrier Aggregation, a technique which combines more than one frequency to enhance network speed for customers. Another example is the development of the 6-sector antenna as well as the deployment of Massive MIMO which will be a fundamental aspect of the upcoming 5G.



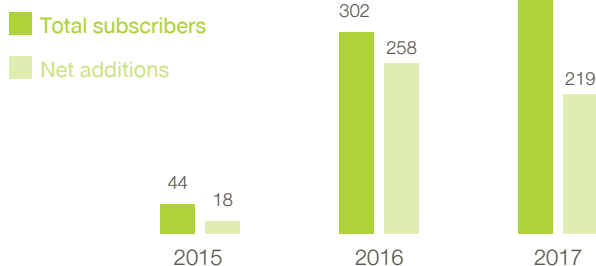
AIS has in place measures which are carried out through a drive test process that provides direct comparisons with our competitors. The network quality management teams perform drive tests every day, which involves passing all the main roads at least once every month and covering all districts in Thailand every half year. The drive test is on top of the regular 24-hour quality monitoring that takes place at the central headquarters. In addition to complying with the NBTC's mandates, AIS uses our own measures to test quality. Examples of the voice-quality measurements AIS tests include time to connect a call, successful rate of calls, as well as percentage of calls without dropping. Mobile internet quality benchmarks include the throughput speed to run famous applications as well as upload and download speeds for both normal and video files. All of these measures enable AIS to detect and fix any irregularities early and ensure that the network remains on par with or better than that of our competitors. AIS also has a clear business continuity plan in the event of an unexpected calamity, such as a natural disaster. Any crucially important equipment affected will be fixed or changed within three hours. The network is designed for redundancy to ensure service continuity so customers is expected to be least impacted.

1.2 AIS fibre network

"Leverages the strength in the field of fibre technology and high calibre staff"

It has now been three years since AIS Fibre entered the fixed broadband market, during which time we have played a crucial role in developing the industry standard and technology in Thailand to accommodate the increasing demand of customers to use the internet at home and the new trend of high data-consuming content. The fibre technology is the main infrastructure of our mobile business, to co-utilize and serve the fixed broadband market. It's quality and latency are better than the former home broadband network.

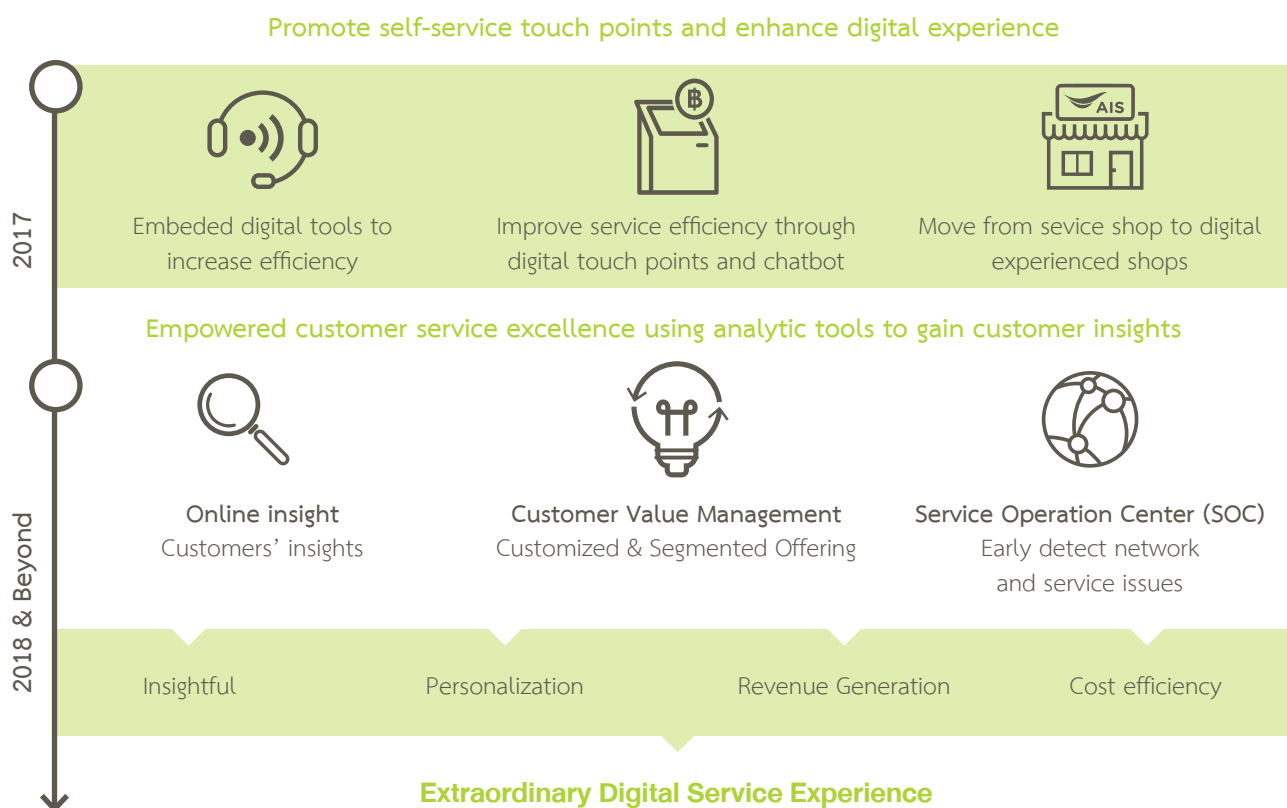
Number of AIS Fibre's customers
(Unit: in thousands)



Although AIS Fibre is a new brand in the market, we focus on the quality of the products and services the same way as we do in the mobile business. For employee skills, we hold both technical knowledge training and practice workshop for our staff so that they can quickly resolve any issues our customers may have. This resolution process includes bringing up the problems for analysis and planning ahead to prevent the same issues from reoccurring. Regarding the system improvement, AIS Fibre has developed an

automatic system to detect, analyze, and segregate network issues which can be fed back immediately for resolution through the SMART systems. We have also developed a trusted and secured database, ready for analysis and to be used such as for the expansion of bandwidth and nodes to serve high customer demand. The current maintenance plan is also reviewed on both a monthly and an annual basis to ensure that equipment efficiency is constantly enhanced.

2. Customer relationship management



2.1 Strategic direction in 2017

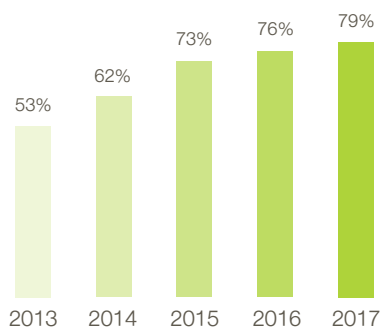
“Promote self-service touch points and enhance digital experience”

AIS has advanced the development of our digital platform in order to provide more effective customer service and serve more online experience of customers through improved speed, convenience, and individualization, as well as by promoting self-service touch points that customers can do their own transaction anywhere, anytime, 24 hours a day. To create differentiation and full potential of customer service, AIS has invested in digital technology to develop and design our service platforms and tools. Last year, AIS launched the following innovative services;

- **Embedded digital tools to increase efficiency**

1) **IVR Speech recognition** an innovative call center service which helps customers to reach the appropriate menu quickly through voice commands, as speech recognition will take the customer to the requested menu immediately. There are currently 12 major services supported by IVR Speech Recognition with over 3,000 recognized sentences supported, meaning the average call time of 1.40 minute has been reduced to only 40 seconds, and the number of calls to a human staff member has been reduced by 3%. Subsequently, we have been able to create value to call center staff from answering customers’ questions to helping provide them with goods and services, which generates more revenue, as well as creating a better relationship with the customer.

% Interactive Voice Response (IVR) vs Total Contact



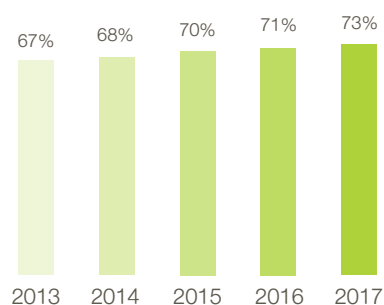
2) **Dynamic menu service within IVR** is technology that can record a customer’s history, and then add shortcuts based on their usual behaviors, and what options they used in the previous call. Customers no longer have to listen to long recorded messages in full. For example, they would be provided with a list of products that a customer would be interested in or has purchased previously, rather than a full list of products that are irrelevant to that specific customer. The software is also able to analyze the customer’s contact-data in order to recommend a service which will benefit them.

3) **Omni channel** helps provide customers with a seamless and immediate customer service, by using the history of their previous calls, packages or purchases to inform and enable the AIS employee to answer the customer confidently, eliminating waiting time, and linking the offline and online customer service worlds.

- **Improve service efficiency through digital touch point and chatbot**

1) **“MyAIS application”** allows customers to experience like walking into an AIS Shop that customers can browse our services and products 24 hours a day from their mobile or tablet. This allows customers to conduct transactions with ease, such as applying for a new package, modifying their current package, checking their usage, checking their current reward points, or paying AIS bills as well as cancelling SMS advertising. This application dramatically reduces the time it takes customers to use our AIS Shop by 6-8 minutes and also saved customer’s travel expense to an AIS Shop. Presently, 2.5 million customers have applied to use the “myAIS” application.

% Customer Satisfaction Index (CSI)



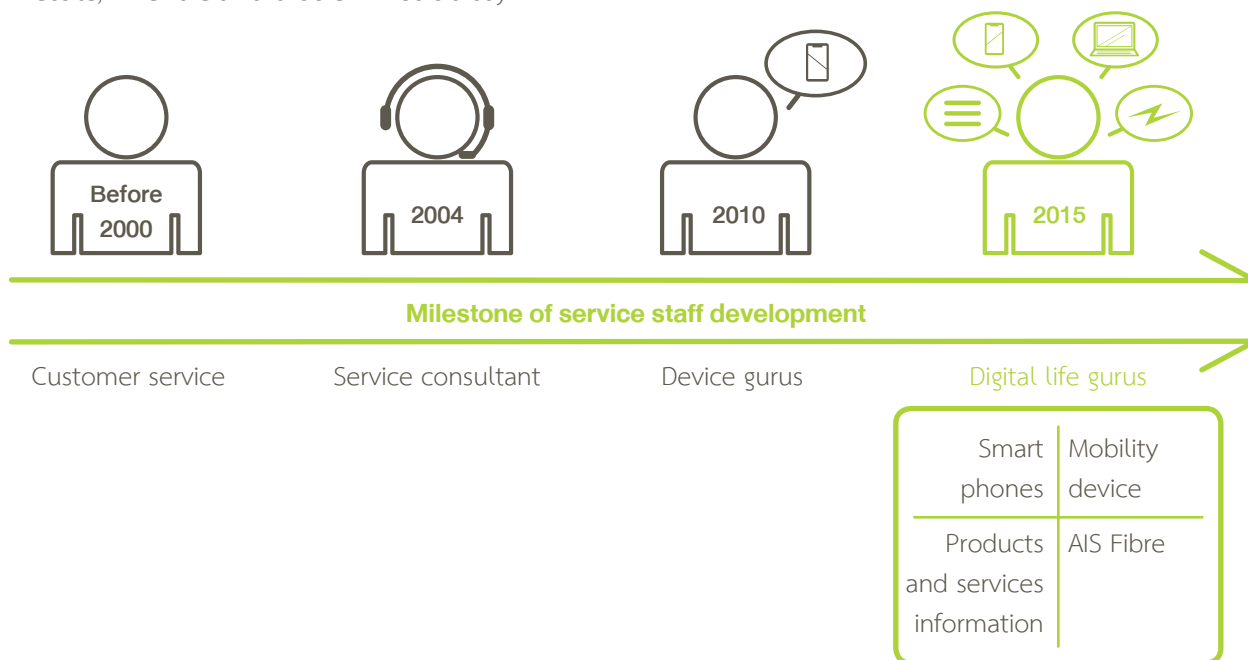
2) “Ask Aunjai virtual agent” is an innovation for providing customers with timely answers to online inquiries, via social media channels, the AIS website and my AIS application. The Ask Aunjai able to reduce the number of customers calling the AIS Call Center and their waiting time. The Ask Aunjai is a combination of artificial intelligence, chatbot, and information taken from the smart knowledge base, with an in-built manner that leaves customers feeling as though they are talking to a real person who they can ask questions and request help from round the clock.

3) **Providing customer service in digital and social media platforms**, the innovative call center service that provide customer service with more convenient through Facebook, Instagram, Line live chat video call, email and the AIS website, which are all available 24 hours a day.

• **Move AIS shop from service shop to digital experienced shop**

1) **Improving the image of the AIS shop** to make it appear like a digital gallery, showcasing the technological innovations made as though they were works of art, including communication products and modern gadgets from leading brands for customers to try.

2) **Developing staff to be Digital Gurus** who have expertise in a wide variety of digital products, and are able to offer customers help and advice without fail, as well as preparing our staff to offer more professional customer service, and ensure they are equipped to face the changes in customer needs and demands with enhanced technological capability.



3) **Increase the performance of the queue system at the AIS Shop** by enabling managers to be able to see the queue in full and to then make more informed decisions on the best way to manage the customer numbers so as to achieve the highest level of satisfaction possible, for example, being able to see the full waiting time for customers, and see the amount of time spent for employees to offer services to customers.

4) **Service mobility through the use of tablets** so that customers do not have to conduct their business at counters, and our employees can help our customers anywhere within the store.

5) **Installation of payment kiosk** to promote self-service among customers. The payment kiosks are installed in places where customers would usually be, for example, underground stations, BTS skytrain stations, and shopping malls, which means that customers can complete these tasks 24/7 without concerning the closing time of AIS Shop. This year, AIS has planned to increase the screen size of these devices in order to make them more elderly-friendly, as well as introducing the capability to pay with a credit card without having to register.

6) **Introduction of service vending kiosk** It is a self-service machine that focuses on offering the “right” functions for customers’ needs, for example, mobile number portability, change of sim card and checking their usage. The service vending kiosk is also “easy-to-use” for people of all ages and all nationalities. It is also considerably “faster” than using a service at AIS Shop with an average usage time of no more than 5 minutes. In a survey conducted last year, we have seen that the number of customers using this service has increased by 20% when compared to 2014, which was the year that this service was first introduced.

2.2 Strategic direction over 1-3 years

“Provide a superior service through deep analysis and understanding of customer habits by using benefit from technological advancement”

• Online insights - Customers’ insights

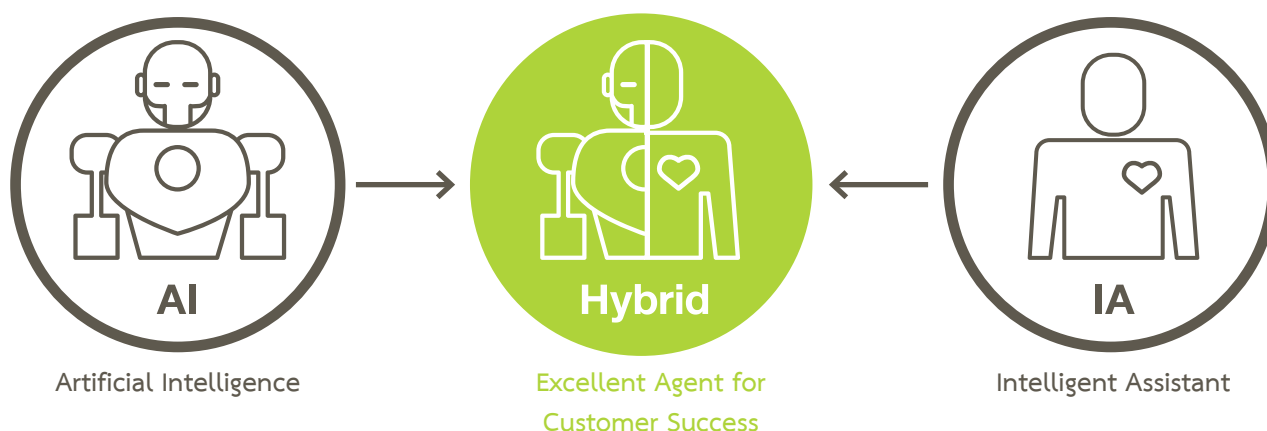
Resulting from a key strategy to promote omni-channels, AIS has developed a tool called ‘Digital Brain’, which keeps customer information for use both online and offline with 360 degree data gathering and is beneficial in two contexts: 1) It supports the development of new products and services which answer our customers’ growing modern needs. 2) It will increase customer loyalty through 4 key features, which are right place, right time, right offer, right target, which will provide reliable and sustainable revenue and increase our profits.

In 2018, AIS will introduce further tools to improve the analysis of customer habits and customer data to continue offering services which meet our customers’ needs, and create more customer satisfaction and more subsequent customer loyalty.

• Customer value management

AIS has changed its marketing strategy and products and services offering to emphasize customer value. This is achieved by using a tool called Customer Value Management (CVM) to study customers’ experience life cycle and reach the correct understanding of each customer. This will be entitled AIS to well-develop communication strategy and new service/ products offering appropriately and efficiently. The CVM will bring a capability of artificial intelligence technology to analysis customers’ data as well as help support customer’s general problems.

The benefit of using AI is that customers are able to access the services they actually want much faster, and reduces times waiting to speak to an employee by telephone. Using AI also helps to reduce errors, and in the last year, 57% of human error have been eliminated from our customer services, while our human staff have been able to focus on developing their skills and knowledge in order to assist customers with more difficult problems which AI cannot resolve. Therefore, CVM also benefits our employees’ development, and when their skills are combined with the capabilities of AI, a new model of customer service is born which will lead AIS to success in creating a brand that is synonymous with ‘value’ in our customer’s eyes.



- **Establish a Service Operation Centre (SOC)**

AIS has developed a Service Operation Centre (SOC) which collates information on both network access issues and service issues, which can then be linked to IVR for customers who are experiencing the same problem. The next time the customer contacts us to report a network or service issue, we are able to inform the customer that we are aware of the problem, and we will send them a text message confirming the result of our inquest, and whether the problem is fixed.

2.3 Supported strategy to create service differentiation through “AIS LIVE 360°”

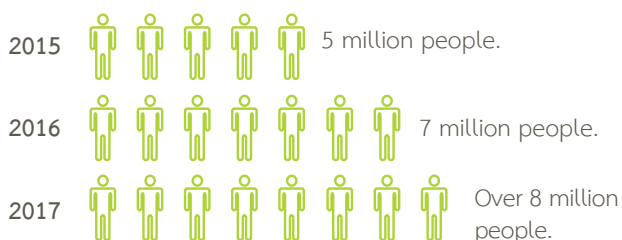
The AIS customer loyalty programs have been running continuously for over 10 years. They play an important role in building customer loyalty and satisfaction for our customers. Currently, the “AIS LIVE 360°” focuses on 3 key aspects, “Reach More”, “Unique More”, and “Exclusive More”. All three initiatives are undertaken with the aim of building the best daily experience possible for our more than 40.1 million customers.

- **“AIS Privilege”** is a program for AIS customers all over Thailand. The program provides products and services which respond to each type of customer lifestyle. In the year 2017, AIS launched the program under the concept of “7 good times with AIS Privilege”.

- 1) Coffee Time, offering customers reductions at their local coffee shops throughout the 77 provinces of Thailand, as well as at over 1,200 branches of famous coffee shop brands, such as Black Canyon, Inthanin, 94 Coffee and Mezzo.
- 2) Dining Time, offering up to 50% discounts available at popular restaurants located in shopping malls like Central Plaza, Siam Paragon and The EmQuartier.
- 3) Family Time, aiming to bring happiness to customers and their families by offering discounts at fun fairs and famous zoos throughout Thailand.
- 4) Entertaining time, offering our customers the chance to rest and relax after a hard day’s work or study with special discounts on the latest movie releases. The program offers tickets for just baht 80, outside of normal reductions, on Fridays, Saturdays and Sundays at SF and Major Cinema outlets all over Thailand.
- 5) Shopping time, offering reductions on products in shopping malls and famous shops such as Siam Paragon, Tops Supermarket, Central Plaza, B2S book stores and SE-Ed book stores.
- 6) Travelling Time, offering privileges to customers whichever way they travel, from the MRT underground rail system and bus tour services with the Transport Company Ltd, to promotions on airline tickets and stays at hotels participating in the scheme.

7) Luck Time, giving our customers the opportunity to win free gold when watching the “Golden Mic” program on the Workpoint channel.

Number of customers who have joined the loyalty program and their satisfaction ratings.



• “AIS Serenade”

AIS Serenade is a special loyalty project for our loyal customers who meet specific criteria. Currently, AIS Serenade has over 4 million members, and in 2017, up to 89% of those members were satisfied with the service provided. Furthermore, 54% said that the service made them feel more special than their peers. In addition to this, the churn rate for the group of users on AIS Serenade has been lower than 1%. Last year, AIS Serenade highlighted the following 4 special privileges for “The Ultimate Life Experience”:

- 1) The Ultimate Service: Increasing the number of Serenade Clubs to 11 throughout the Kingdom and upgrading them to become Premium Service Centers.
- 2) The Ultimate Happening: Unforgettable entertainment experiences with the most exclusive parties in town, with the best artists and special discounts on concert entry all over Thailand.
- 3) The Ultimate Inspiration: Routes to success and inspiration for businesses from a new generation of entrepreneurs, start-ups and more established industry entrepreneurs working in partnership with Google Thailand to organize a business seminar on the digital world. A trip to Singapore was also organized to inspire members in the world of business through experiencing operations at the Google offices there.

4) The Ultimate Privilege: Special privileges and reductions at famous restaurants carefully selected by the Wongnai website. There are also special promotions for both domestic and international travel, whether in the form of our data roaming packages, free airport taxi services, reductions when using UBER services, or one of our 11 VIP rooms located at Suvarnabhumi International Airport and Don Mueang International Airport.

• Personal assistant

Offered exclusively to our Platinum members, Personal Assistant is a service which offers preferential treatment in every area, making it comparable with having your very own personal assistant. Focused on providing services that are more than our customers could have ever wished for, the service pays attention to and cares for our customers in a way that leaves a lasting impression. Just some of the examples of this service include offering advice on the latest mobile phone promotions and helping with various tasks such as booking a table at a restaurant, making hotel reservations, booking a golf session, and even giving advice on various data services, all through the free personal assistant phone number.

Another example of a situation when the Personal Assistant can make a real difference is when a customer experiences an accident while overseas and would like help with making an insurance claim. The personal assistant team will do their utmost to make sure everything runs smoothly by contacting the insurance company and opening channels of communication with the customer until the issue has been completely resolved. This kind of service is bound to leave a lasting impression on the customer who will no doubt complement his or her personal assistant team on the “heartfelt service” they provided.

2.4 Complaint center

AIS has a policy of providing a dedicated channel specifically for offering advice and dealing with customer complaints both online and offline. This includes offering effective solutions to our customers through our Service Level Agreement (SLA) in order to quickly and efficiently manage any issues that our customers may encounter. The timeframe of the Service Level Agreement is determined depending on the complexity and difficulty of each case. The stages of the customer's complaint are determined and then resolved. Within their level of responsibility, employees are given the power to make key decisions on taking care of the customer, offering appropriate solutions, and when possible, providing immediate resolution to the customer's issues at its source.

Aside from the AIS Call Center, our main channel through which customers can contact AIS is through a complaints hotline which can be reached on 080-000-9623. This is yet another communication channel that enables our customers to contact AIS and notify us of any issues at no charge. This channel can also be used to contact and lodge concerns with government agencies such as The Office of National Broadcasting and Telecommunications Commission, The Office of The Consumer Protection Board, etc. so that the customer's concerns can be dealt with as quickly as possible.

- **Using technology to help reduce the complaints.** In the last year, AIS has developed a system for customers who subscribe to digital content services. Customers confirm their identity by entering a number, password, taking a photo or using a Captcha password. This process ensures a reduction in complaints from customers who mistakenly applied for content packages. It has been found that since the system was first trialed in July 2017.
- **The process of following customers' experiences and listening to their concerns** is applied to ensure that the standards of quality in our services are maintained, as well as to provide our customer with the best experience possible. AIS has in place a process for following customers' experiences and listening to their concerns in order to quickly and effectively respond to each unique situation. Apart from the analysis and management of

customer complaints through our various channels of communication, AIS has also developed strategies to support the management of customer concerns which are of great importance to use us as a company. These strategies are utilized at every stage of the process from the Chief Executive and Senior Management team, and are as follows:

- **Organizing voice of customer reports:** undertaken on a monthly basis and based on both internal and external information. The internal information is gleaned from the complaints and concerns of customers. This information is then organized into a table of the 10 most common concerns, their causes, resolutions, and finally the results of the resolution process. With regard to external data, information is gathered from various online channels and social media such as the Panthip web board, Facebook, Twitter, and Instagram. The trends identified are then presented to the Company CEO and relevant members of the senior management team to inform company policy and direction, this enabling the Company to achieve its objectives in the provision of outstanding services for our customers.
- **Customer evaluation dashboard reports:** formulated on a monthly basis to present results of measures that have had a direct influence on customer experiences, and compare them with how the Company intended said measures to play out. This includes, for example, the customers' experiences when using the AIS Call Center, visiting AIS and Telewiz shops, using Self-Service channels, topping up credit, checking balance, using roaming services and also using AIS Fibre internet. Each service area is given an analysis rating according to time taken, customer satisfaction, failure rate, success rate and number of customer complaints. The aforementioned reports are then presented to the Board of Directors along with the causes which have been identified, possible resolutions, results of the resolution process, and development plans. All steps are undertaken with the aim of preventing repeat occurrences, and to improve quality control. The conclusion of meetings of the Board of Directors held to review the dashboard system have led to more secure developments than ever before.

Protection of IT Security and Data Privacy

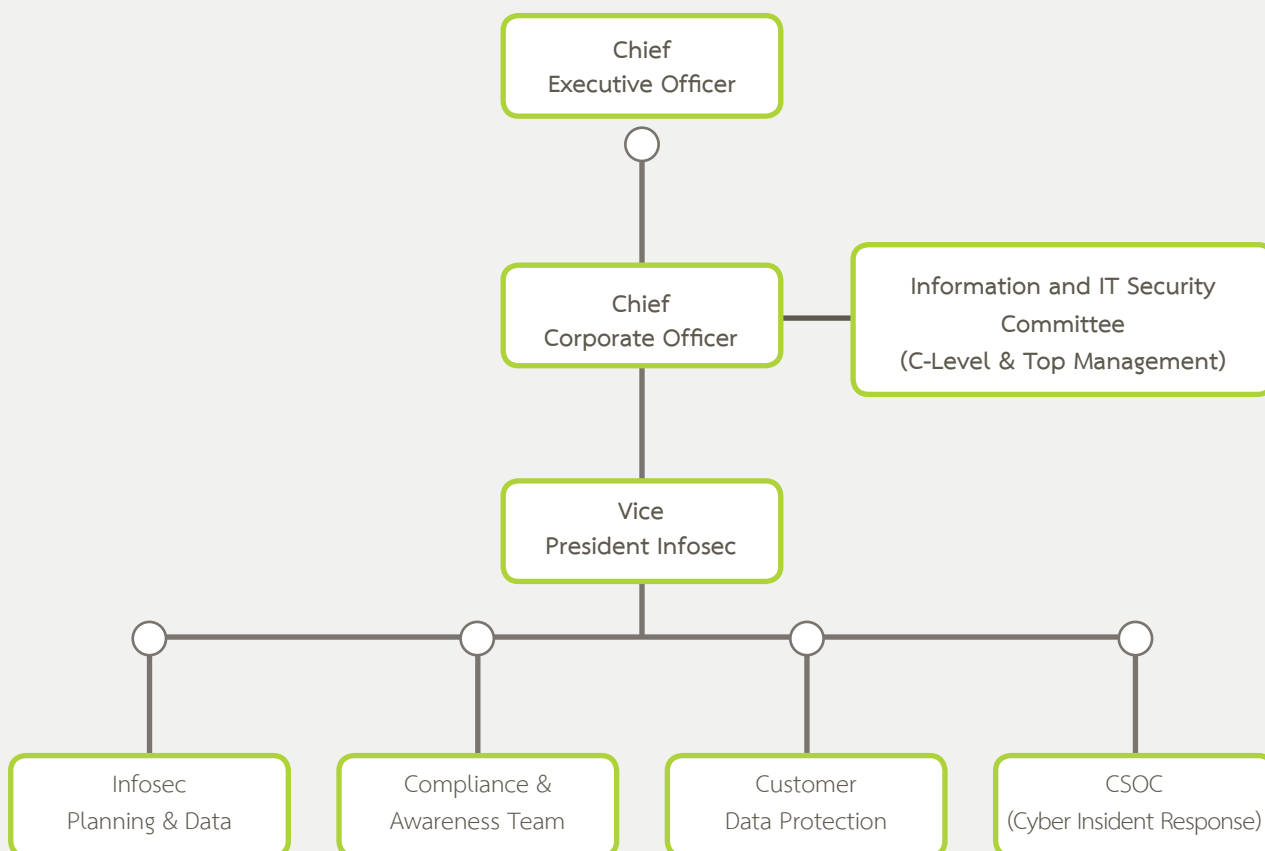
Challenges and opportunities

In recent years, information technology has become increasingly important due to the growing demand for electronic commerce and easy access to personal online information. From a report by the Bank of Thailand, as of June 2017, mobile banking transactions had a value of Baht 695 million, representing an increase of 58% YoY. This trend encourages service providers in both the business and banking sectors to rise to the challenge by transforming their business to meet the new behaviors of their customers in order to ensure success and growth in the long-term. This includes building trust in the efficiency of their service, safety of their information technology system, and security of their customer personal data. As much as this trend represents exciting new opportunities, the threat of security issues is also rising.

Overview of strategic planning

AIS is exposed to a high volume of customer information, both public and sensitive, for business purposes and to deliver both mobile services and digital life services. Hence, information security is crucial to the Company in order to protect sensitive information.

AIS has recently adopted new technology to prevent relevant security threats. Various information security standards have been adopted in managing information, systems, processes and personnel. To oversee the security concerns and privacy challenges, senior management assigned dedicated teams, including the Information and IT Security Committee who responsible for policy prescription and monitoring the IT security system management of AIS, and Customer Data Protection Program Working Team who responsible for managing any matters related to customer data protection such as guideline prescription, internal communication, monitoring and auditing as well as incident management.



Management approach

- Certified ISO 27001 standard (information security management system (ISMS)) since 2015, CSA STAR (Cloud security Alliance) Self-Assessment in 2016
- Granted CSA STAR Certificate and PCI DSS (Payment Card Industry Data Security Standard) to ensure customer confidence in using services in 2017

In 2018, the policy governance structure will be revised by adopting a new policy framework and reviewing related information security policy to ensure compliance with various related laws and regulations, e.g. Computer Crimes

Act (No. 2) B.E. 2560 (A.D. 2017), etc. The cooperation with global telecom sector leaders (Alliance). e.g. Singtel and OPTUS, involves sharing various operational practices to handle and minimize security risks in a timely manner based on best practices.

At policy level, senior management endorsed the policy development in information security matters, defining the accepted and updated technical standards for the adopted technologies. A risk-based approach had been used to create a strategic balance that maintains business activities in secure, reliable and effective manners to achieve customer confidence and satisfaction.

Strategic plan for 2017–2018

	2017	2018
Organization	CDPP working team	
Compliance	Privacy code of conduct for external parties, targeting 100% coverage	<ul style="list-style-type: none"> • New policy framework • Law and standard compliance
Practice	Business alliance coordination	<ul style="list-style-type: none"> • Privacy protection control
Awareness		<ul style="list-style-type: none"> • CEH, CISSP, ECSA certification acquisition • On-the-job training • News updates on emerging digital service securities and threats
Protection	RBAC	<ul style="list-style-type: none"> • New password management mechanism • Patch management improvement • Monitoring process enhancement • Incidence rehearsal
Detection and monitoring		<ul style="list-style-type: none"> • Detection visibility improvement • Cyber Threat Intelligence feed deployment • Advanced analysis tools implementation

With regard to prevention, AIS had introduced the following related activities:

- Regular vulnerability testing and penetration testing with up-to-date definitions and a security threats database referencing national and worldwide standardized data sources. The timeframe and time schedule for testing and monitoring the security of the system has been set to be in line with the requirements of the PCI-DSS, ISO 27001 and CSA STAR standards. In 2017, AIS implemented 100% system auditing to meet the requirements of international standards, including PCI-DSS, ISO 27001 and CSA STAR.
- System hardening and security configuration baseline kept up-to-date regarding standards and readiness to optimize the new system updates, e.g SUSE and Redhat operating systems and hypervisors.
- Patch management process re-processed systematically to minimize risks from emerging threats or attacks and to ensure response in timely manner.
- Policy established and acknowledgement process revised to define in-line practices across the Company and its business partners and lawful obligations, including the practice to protect the rights of users of telecommunications services regarding personal information. Such guideline has been incorporated into contracts with supplier of goods and services, outsourcing contracts, contracts with the service providers and the copyright holders, and contracts with distributor and reseller channels.
- Personal information access improved by restricting the access to all sensitive information and implementing data encryption. Physical access had been further restricted with special controls required in order to access sensitive personal information and prevent data leakage, such as limiting the access of external devices and implementing a Data Loss Prevention (DLP) system. The DLP implemented for detecting and monitoring the transmission of sensitive information and personal information outside the Company is planned to be deployed in 2018.

- Role Based Access Control (RBAC) established to restrict application access based on role with the application rights management; now enhanced and expanded to cover more than 200 applications.
- Password management systematically improved with encryption to align with the global standard in 2018. This improvement is to minimize risk of try-password-like attacks, e.g. brute force attacks, by changing password after use and logging all usage for future reference.

In addition, the 24x7 Cyber security monitoring and incident response infrastructure was established to provide a centralized notification system and ensure the timely response to incidents through the cooperation of related teams. This involved the implementation of a security infrastructure that included an Intrusion Prevention System and an Advance Threat Protection System to detect unknown malware and prevent DDoS attacks. The study of previous cases of intrusion was proposed in order to identify attack patterns and behaviors in correlation with a mechanism to improve incident response efficiency.

In 2017, the following significant cyber security incidents were detected:

- A DDoS (Distributed Denial of Service) attack, which involved sending a high volume of data and thus consuming resources, was detected every week but with no or non-significant effects. However, in one incident, a DDoS attack caused one of the gateway capacities to drop during off-peak hour but there was no impact on the service customers. The gateway was designed with an appropriately redundant capacity to handle services during peak hour traffic. After the incident, the protection equipment was expanded to cover additional critical services successfully.
- The deployed detection equipment found a WannaCry malware attack originating from an external personal computer. AIS was not affected by this attack due to its installed Antivirus and software patch.

- E-mail phishing was detected every month (a few e-mails each month) which distributed malicious links to extract personal information, usually by asking to fill in a username/password or credit card number. Hence, the malicious links were blocked and caused no impact.

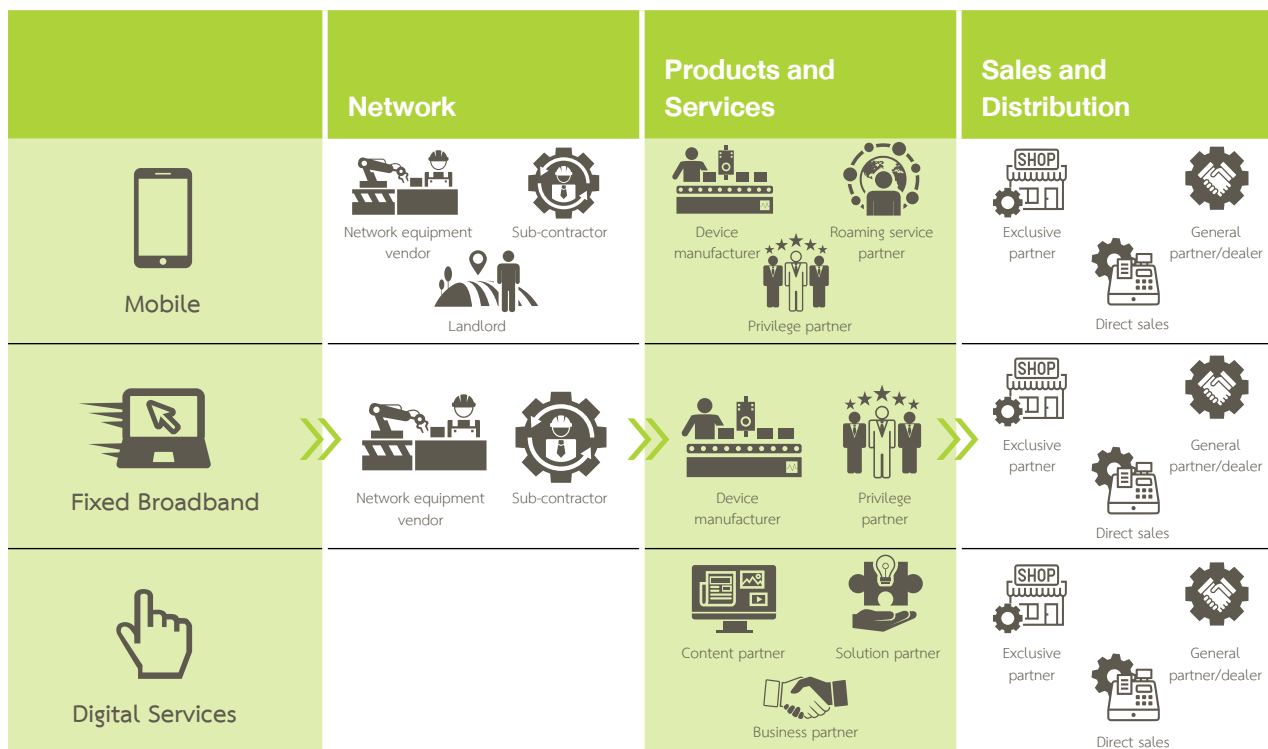
AIS took steps to educate all employees on information security and prevent them from falling victim to attacks by raising awareness of issues such as ransomware, phishing, password protection, smartphone usage, social media protocol, malware (e.g., WannaCry), etc., through regular news updates. Apart from employees, other stakeholders who utilize or use AIS services were also educated on how to use the services appropriately and securely.

Achievement in 2017

Year	Number of inquiries submitted to AIS from customers concerned about the dissemination of their personal data	Number of inquiries submitted to the department in charge of data protection from customers concerned about the dissemination of their personal data	Cases in which it was proven that there had been dissemination of personal data	% of customers' complaints that have been solved	% of customers' complaints that are in process
2014	412	9	-	100	-
2015	271	13	-	100	-
2016	321	11	1	100	-
2017	575	15	-	100	-

Digital for Enhancing Partner Capability

AIS key partners along its supply chain



Among those partners, AIS has placed a focus on “Distribution Channel” management which is a major touch point that represent AIS brand image to our customers as well as the main channels that generate our revenue growth.

Key milestones in 2017

Renovated AIS Shop image to a digital gallery, with a focus on building a digital experience for customers, enabling customers to test real products before deciding to buy.

Deployed AIS Easy Plus, AIS myPartner, and AIS myGoal applications to enhance sales competency and improve the efficiency of distributor management.

Developed the AIS Easy App and AIS Online Top-Up applications to fully enhance the potential of service. By using the application, the service time is decreased from 20 minutes to only 3 minutes, enabling the support of future sales and services.

Challenges and opportunities

The digital technology of today continues to evolve rapidly and play a major role in changing consumer behavior. This includes the widespread use of smartphones and wireless internet connectivity, with a focus on comfort, speed and efficiency. From the higher expectation of service standard such as 24-hour customer support services or the rapid growth of online purchasing and services, AIS recognized that the existing strengths both the nationwide coverage of its distributor stores (physical shops) and traditional operating systems might no longer be enough to comprehensively meet current consumer behavior trends. AIS, therefore, has foreseen and placed its focus on development of distribution channels and services by utilizing technology to increase efficiency in sales and in services, thereby enhancing the digital service experience for increased convenience and speed, and to better satisfy customer needs. This also includes the development of online distribution channels to accommodate and meet the needs of consumers in the digital age.

Overview of strategic direction and goal

AIS has set a clear vision to become the Digital Life Service Provider in response to the increasingly complex needs and lifestyle trends of customers in an era of rapidly developing digital technology. In addition to designing digital services to meet the needs of consumers, the development of distribution channels is one of our key strategies in order to promote the growth of AIS in the digital age. AIS has been advancing toward the creation of a comprehensive digital channel to meet changing customer behaviors and lifestyles, in which technology plays an increasingly important role in the purchase of goods and services, and where digital tools are used to enhance the efficiency of sales and management. This includes, for example, smartphone platforms to help reduce the service time and a platform providing distributors with swift access to information and communication with AIS. AIS is also moving forward in the promotion of customer self-service channels, such as service vending kiosks and online channels, which enable customer to access AIS services via their smartphones 24 hours a day. At the same time, AIS focuses on improving the skills and knowledge of our employees and distributors in their use of technology in order to ensure the effectiveness of our services and promote sales. In the future, AIS will further develop our channel structure into an Omni-channel approach that combines both offline and online channels. Including AIS Shops, distributors, websites, and a call center, this Omni-channel approach will provide greater convenience for AIS customers, empowering them to purchase and pay

for goods or services anytime, anywhere. The in-depth customer analysis and database will also enhance the ability to offer personalized products and services to customers.

Management approach

1. Create a variety of distribution channels in order to reach all customer groups






AIS distribution channels are divided into 4 main categories as stated in page 35, each of which can provide different services, from comprehensive distribution and service channels to electronic channels, to directly meet the needs of customer segment and area with proper sales and services across the country.

2. Develop digital technology for channels to increase both operation efficiency and customer satisfaction

In 2017, AIS has strategically focused on using digital technology to develop products and services for our customers while also developing applications designed to help our distributors expand their capacity and efficiency in sales and services, and provide a faster service for their customers.

More information regarding the use of digital technology in channel development for customer self-service can be read on page 137-140.

Applications to enhance distributor potential throughout the year 2017 are as follows:

Application	Uses	Benefits to AIS	Benefits to Partners	Benefits to Customers
 AIS Easy App	Smartphone application for the sales and services of major distributors, covering services such as launching new numbers, porting mobile numbers to/from the other mobile operators, distributing supplementary packages, etc.	Increased sales and profits.	Provides greater convenience and speeds up processing time, reducing it from 20 minutes to only 3 minutes.	Increased speed of services.
 AIS Easy plus	Tablet application for sales, services, and registrations of general distributors. A comprehensive, easy-to-use service that does not require as many procedure steps as AIS Easy App.	Increased sales, profits, and customer satisfaction with AIS.	Provides greater convenience and speeds up processing time, reducing it from 20 minutes to only 3 minutes.	Increased speed of services.
 AIS Online Top-Up	For the top-up and sale of on-top packages.	Increased sales and profits.	Provides greater convenience and increases speed of sales.	Increased speed of services.
 AIS myPartner	Used to perform various transactions with AIS, such as placing orders, checking status and payments, checking AIS rewards, and using as a channel for following news and information from AIS.	Reduced workload in communication with partners and increased speed in transfer of news and information.	Provides greater convenience and increased speed of receiving news and information.	Provides greater customer confidence in the quality of AIS distributors.
 AIS myGoal	Used to track and monitor sales and service performance, to enhance ability to achieve goals, as well as to allow distributors to review employee performance.	Simplifies processes using an uncomplicated, fast transaction model.	Helps to monitor and improve performance of employees and stores.	Provides greater customer confidence in the quality of AIS distributors.

3. Optimize partner communication by focusing on digital communication channels

AIS has continued to develop the communication of marketing information and data between AIS and our partners. From our original model in which the majority of communications were in written form, we have revised the format of our data communication to be in an easy-to-understand visual format or infographics in order to better

explain work processes. We also create video clips to highlight the selling points of each campaign and to communicate policies from AIS executives. This allows us to provide timely and accurate sales information and other data, relevant to the current marketing situation, as well as to deliver products and services to our customers with maximum efficiency.

4. Quality control standards for distribution channels

Because AIS does not manage every distribution channel ourselves, in order to control the quality and standards of service of those channels, we have therefore set criteria for measuring the quality of these channels. These standards vary according to the operating capabilities of primary partner channels. For example:

1. **Determine criteria for selection of major distributors** in order to acquire distributors with operational capabilities, including knowledge and expertise in sales, stable financial status, ability to adapt quickly to business conditions and competition, and fair and legal practices in both business and employment.
2. **Establish guidelines for distributor and dealer operations** to ensure quality and service standards under AIS brand, such as in the selection of location, store development, advertising and sales promotions.
3. **Set criteria for the quality measurement of sales and services** in order to develop and control the quality to ensure that it meets standards. This includes, for example, surveying and measuring customer satisfaction with distributor service through the Consumer Satisfaction Index (CSI), competency testing and quality testing of distributor and dealer employees in various core areas.
4. **Establish sales assessment guidelines to determine compensation** and to provide fair and appropriate compensation for distributors in each category, taking into account store size, distribution area, quality income generation, and promotion of new products according to AIS targets.
5. **Evaluate dealer satisfaction** through the Dealer Satisfaction Index (DSI) with annual assessments via interview, and measure and compare results against industry averages regionally, globally, or against the previous year, in order to improve distribution channel management.

Management approach to improve quality of distribution channels

Training to enhance skills and knowledge

AIS has supported the development of distributor potential via the annual “AIS Channel BIZ Forum” program. The program objective is to promote new knowledge that is consistent and appropriate with the current market situation to our “AIS Shop” and “AIS Telewiz” dealers at the business owner level throughout the country. We invite academics, as well as successful and well-known individuals, to lecture and exchange knowledge and experiences. Additionally, AIS also supports the long-term growth of business with our partners via the “Young AIS Management Program (YAMP)” for the successors of current dealers and distributors. The goal of this program is to prepare the successors of current distributors to ensure a smooth takeover or business succession, by allowing the attendees to apply their knowledge to suit their specific business model and to adapt easily to the rapidly changing telecommunications business market. In the past year, a total of 23 participants joined the program, accumulating a total of 1,840 hours of training.

Regular assessment of partner quality

AIS reviews our distributors and dealers on a quarterly basis, including sales and service quality, store decor, and employee knowledge of products and services. The Quality Assurance team of AIS will evaluate compliance with codes and standards that have already been defined and communicated to partners in advance. The results of these inspections will be presented in a summary report to the responsible partners and executives. For any findings that are not in line with AIS guidelines and regulations, a team of consultants will be sent by AIS to help guide and develop the partner standards to meet AIS requirements. In the past year, 100% of all partners subject to quality control were reviewed, with a focus on major distributors.

People Management and Development for Digital Transformation



"Under the global transition state, we become more and more familiar when we hear the Terminology of "Digital Disruption" which affects the competitive change in the markets in every contexts. The transition is the inevitable matter for every organization especially when the technology is developing relentlessly and more effectively to respond human needs. It is the matter for all organizations to accelerate the development of human resources to be able to serve such changes and to maximize customer satisfaction.

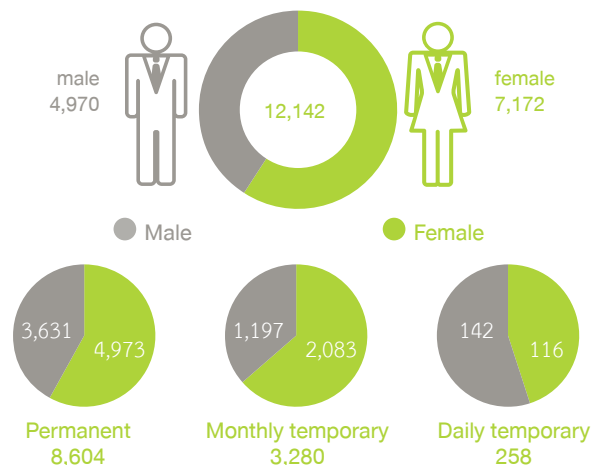
When the context changed, the strategic planning as well as work plans may not be as familiar to us. It is more challenging that the strategic process having brought the success to every organization may not be the answer that meets future challenges. To be careful in being caught in the "Trap of Success" is the driving force for AIS to accelerate its strategic planning and personnel changes in various contexts in order to ensure that all AIS employees can have competencies and opportunities to grow with the organization. More importantly, it is the capability in meeting the needs of our customers in the context that is changing following the digital world. "

Ms. Kantima Lerlertuttitham
Head of Human Resources Management

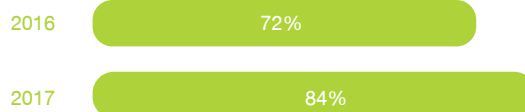
AIS aims to develop and upgrade the status from Thailand's No. 1 cellular network provider to become the **Digital Life Service Provider** who provides digital services in daily life as well as being the organization with strong operational performance and availability for the transition and the good governance in the business operation. This mission cannot be achieved without "all efficient staffs or employees of AIS" which is an important mechanism to drive the organization. AIS, then, has placed an importance on "People Development and Well-being".

"AIS employees" are the most important factor to drive the organizations in the digital era and this will lead the organization to maintain the achievement sustainability.

Total employees 2017 (incl. daily temp)



Employee engagement score (%)



Opportunities and challenges

On the days which the world changes so rapidly, the service users have different behaviors and needs. Many organizations start asking questions how the organizations can move forward and grow sustainably on the conditions of fast and frequent changes?

Over the past several years as the strong organization and the leader in the telecommunications market, AIS must be ready and not be caught in the trap of success and

leadership. We continue to advance the organization development to meet the challenges that the world is facing with the mobility, the potential and speed of digital world affecting people's daily lives. It is the driving force behind transformation of the organization to maintain the leadership and provide the digital life services as aimed.

One of the major backlashes for driving and supporting changes in the digital era is the HR team in **"Recognizing the differences to create the new and stronger corporate cultures."** Moreover, another important mission of HR is the management of the whole organization to work effectively including the responsibility in managing the differences of people in each generation. HR's responsibility is to step out of the original concept and framework or the Comfort Zone to create the different idea which dares to lead to the development of the so-called Cross Culture to diversify.

In the past 2017, more than 12,000 employees in AIS consisted of Gen Y (Generation Y) or the newly-grad for more than 70 percent in the organization. They had new viewpoints for the digital world and began to play the larger role in the organization compared to the Gen X group being in the age of 28 and Baby Boomers (BB) which was only 2 percent. However, with the commitment in becoming the Digital Life Service Provider, the age does not impede this mission as everyone has the idea in the same direction in the concept of Digital to be used as the link to incorporate and transfer the experiences from generation to generation. Therefore, the knowledge management can be transferred from one generation to the another generation very well.

For the year 2018, Gen Z is entering the labor market. However, this challenge in the management of individuals in this group is not an obstacle to the organization as AIS prepares for the adaptation and changes to serve the new generation employees including the care on every generation of AIS's personnel through the strategies, policies, practices in human resource development and management. This includes the arrangement of various activities to motivate and inspire the employees of all generations to work altogether under the corporate culture and with the same goal. From this reason, the merger of all AIS personnel is the key for becoming the Digital Life service provider and bringing AIS to become "Sustainable Organization".

Overview of Strategic Direction

"Put the people first with 6Ps" strategies has been ongoing operated with the framework of "Employee Well-being" such as cares for the enhancement of knowledge and skills for the operation, career advancement, development of the readiness of leaders both physically and mentally for the performance, good relationship between the supervisor and co-workers, and the environment in the workplace such as creating a suitable working environment, encouraging the motivation to work. The executives at all levels also work closely with the employees in order to listen to the opinions of employees for the development of the organization better. This can ensure that the policies and goals of the organization are communicated to all employees thoroughly and effectively mainly through digital communication channels.



Materiality

- Employee engagement
- Human Capital Development
- Occupational Health and Safety

Management approaches

- Employee well-being
- Create corporate culture to prepare for changes in the Digital Age
- AIS Academy- Unleash employees potential with Digital Transformation
- Aun Jai Ar-sa – Return to the Society

Long-term success goal

- Be the sustainability organization

Indicators

- Employee Well-being index
- Safety, Occupational Health and Safety Assessment
- Be recognized through the Global Human Resources Management and Development Awards.

Management approach

In preparing and serving the rapid changes of the digital world, the human resource management has defined two main approaches for supporting the digital world.

Approach 1 To recruit qualified candidate to support the New Abilities of the Digital world as well as having the good attitude and ability to respond to the changes faster.

Approach 2 To elevate the level of knowledge and competences of the employees to be able to grow with the growth of the company as well as being able to effectively meet the needs of our customers.

However, all AIS employees have the opportunity to show their potential fully including holistic care on the employees from the level of consistency of policies, regulations, personnel management made up of labor laws and the human rights law of the country. The policies were reviewed in the past year by considering the upgrading of the operational plan in line with the UN Global Compact on Human Rights focusing on the equality in the recruitment process, compensation, and welfare, performance appraisal, and employee development along with giving the opportunity for people with physical disabilities to work with AIS and focusing on local employment.

1. Talent attraction and retention

The new wave of major economies that drive the digital economy is the next generation of Gen Z. This group of people is entering the labor market and has the new ideas to begin to play the greater role in the digital world. From this reason, Human Resources Management has stipulated the potential recruitment strategy under the "The Bloom "

program with the cooperation from the top universities both in Thailand and abroad to participate in the recruitment program and to provide the opportunities for the students with specific potential in various fields to join in the mission with AIS to support and prepare in the Digital Age. The AIS talent acquisition team has met the group of students and public relations with media planning in taking care of the new generation of digital talent such as QR code, online registration system. The "Bloom Talent" project also provides the opportunities and challenges for students who are going to graduate to know the natures of work by identifying the identity of the employees of the Gen Y and Gen Z and by introducing a variety of different features to increase the opportunity for new generation employees to find their own potential that suits their needs before deciding on the job placement of each agency.

In 2017, the AIS talent acquisition team has had the opportunity to hold the University Road Show with 17 universities approaching 1,240 university students to participate the project. There were 18 graduated students join AIS family in the last quarter of 2017.

2. Employee well-being

All AIS personnel are valuable resources of the organization and are one of the most important factors in driving the enterprise in modern era to be sustainably successful organization. AIS, by the management and HR development, have formulated the strategies, policies, and practices variedly based on the conceptual framework of "Employee Well-being". In the year 2017, six guidelines were adopted using the digital media as the tool for all AIS employees to experience digital life in person and to deliver the experiences to digital life subscribers.

AIS Wellness Program

Story Timeline 2560



Under the concept of Holistic Employee Well-being, we emphasize the physical and mental health and the well-being of employees since the beginning of membership of AIS until the termination of employment. It is the foundation for employees to work effectively. In addition, engagement within the organization is an important critical driver for the organization toward the achievement of vision.

AIS Wellness is the project that helps promoting and developing the employees in preventive health through 4 themes. Activities namely first theme for food, second theme for emotion management, third theme for exercise, and final theme for financial well-being. In 2017, the financial experts were invited to give knowledge about how to save money, revenue and expense management including preparation for early retirement. The digital technology is applied to help designing the programs for the employees to be aware of their health status and how to take care of and prevent the development of the application together with a specialist partner that encourages employees to focus on health and wellbeing. The methods in exercising are presented more. This knowledge is also transferred to the families and communities with the goal to achieve and

deliver prizes to motivate when employees can achieve their goals at each level.

According to the analysis on the sickness statistics of AIS employees in recent years to guide the activities to help promoting better health both physically and mentally, AIS Wellness Program is emphasized and supported by the management team. It is included as the KPI or corporate goals of the business plan of the executive meeting continually by specifying Corporate KPIs. For the year 2017, AIS elevated the care on the employees and gave priorities on health by establishing the "AIS Health Care Center". The team of professionals from Phayathai 2 Hospital was brought to provide basic medical services and health care counseling to employees including providing the modern tools and equipment with hospital standard. The application was also developed with expert partners to help in designing programs to keep employees informed of their health status, how to prevent the illness. The methods in exercising are presented more to fit the physique of the individual by clearly targeting the goals and giving the prizes to motivate when employees can achieve their goals at each level.

The AIS Wellness program received the positive feedbacks from the employees. In the year 2017, the 7,024 employees participated in the program higher than target at 5,000 employees. As a result, the overall sickness rate of AIS employees decreased to 11,746 days. The cost of medical expenses was also reduced by 6.3 million baht compared to the statistics of 2016.

In addition, the AIS Wellness program was also supported and accepted by leading organizations with the award-granting of “Global HR Excellence Award 2017” in the excellent care on the employees in Mumbai, India, and “Best HR Practices from Oversea” in the top 5 health care on the employees from the HR Excellences Awards in London, UK, and the “Asia’s Best Employee Brand Awards 2017” which is the Asia’s Best Employee Brand Awards in Singapore. This achievement can confirm the Company’s commitment in the management and development of holistic human resources very well.

Occupational safety, health and working environment

AIS is committed to operate in safety, occupational health and working environment to have the results in concrete practice in order to achieve the ultimate goal of the company in being the place where the employees work safely with hygienic and good working environment. It also creates a culture of safety, occupational health and work environment in compliance with safety and health regulations, occupational health and safety standards for employees and contractors. The activities are emphasized to cover both inside and outside the establishment. Apart from the above, AIS has two main security management functions:

- Operation Safety
- Personal Safety

The objectives are to set the direction for the operation to the excellence in safety following the Good Corporate Governance principles and acceptance of stakeholders to sustain the business operation of the company.

In the year 2017, the results of the preventive measures have been done in so many activities, for example;

- Employees Randomized measurement of air quality in the head office buildings, telephone center buildings, warehouse buildings. The parameters to be measured are carbon dioxide, temperature, humidity, light, sound, heat, etc.
- Disinfect and deodorize in buildings and establishments during the respiratory disease outbreaks to prevent the workplace from germ spreading.

There are also activities to provide knowledge through various types of digital media for AIS employees to learn more. Based on the performance of the control and strict inspection, in the year 2017, no injuries or deaths from work were reported.

Well-being through development program

AIS Academy-Leadership development through Digital Channels

The strategies of human resource development of AIS are critical to the success of the organization and to achieve the missions. AIS has restructured the work of human resource development to become the center for learning and development of personnel or AIS Academy since 2016 to expand capacity and prepare employees of AIS. AIS Academy is dedicated to the development of human resources in a holistic and diverse learning environment that is tailored to every individual. AIS Academy also develops various learning styles, both online and offline, to suit each student's learning style. The Employee's life cycle in design starts from the first day of work to the preparation for retirement. Due to the above challenges, the personnel development plan is designed to be in line with the business direction and the goal of success. The individual development plan is developed together with the competency model. It is planned, developed and analyzed jointly by employees, supervisors and human resources management in order to lay the foundations for the skills necessary for work and career development.

The employees are promoted and encouraged for the employees to experience just the Digital world. AIS Academy has developed and adopted technology to support the learning process through its online intranet and has begun to use map applications for learning through employee mobile devices. The human resources development and training can be enhanced to be accessible from anywhere, anytime from various devices through the projects called "LearnDi" and "ReadDi". The development and training model on the employees are developed to be varied and appropriate for each employee's learning style. For learning in the classroom, it has been used for training in operational models and for engagement and group work.

Based on the past performance in 2017, AIS Academy has completed 287 courses in Digital system (LearnDi). The assessment had been done after the recruitment. AIS Academy provides all employees with equal opportunity to learn through Digital system (LearnDi) in the compulsory courses, such as AIS Business Ethics, Customer Data Privacy Protection Policy, etc. The Digital Learning System has received the good feedbacks from over 12,000 AIS employees as the employees can learn freely without the limitation in terms of location and time. It also reduces costs and saves costs by up to 95 percent compared to the cost of traditional learning systems. Moreover, ReadDi / E-book also received the good response as well because it saves time for the convenience and increase of access. They can also provide knowledge to more employees and lower the costs than traditional libraries.

In addition, AIS has determined strategies and plans to manage risk and lead the way through the 'New Way of Succession Plan' by defining the indicators clearly. There is the selection process on the executives with appropriate performance and qualifications to attend the projects by considering the performance over the past 3 years in conjunction with the Potential test to develop an individual executive development plan. AIS Academy has cooperated with Harvard Business School to arrange the curriculum for the executive potential development, Generation 1 (LDP1). 39 executives attended and University of Manchester, UK, was assigned to design the Middle Management Development Program (MDP1) to be implemented to commence development in 2018.

Finally, AIS Academy continues to strive in developing our employees and prepare them for the changing world continually though finding new things in the ideas, digital media formats, and methods to promote learning and development for future employee progress continually in accordance with the missions and goals of the organization.

Performance management systems and fair remuneration

AIS's performance appraisal will be conducted 2 times a year, covering 100% of employees. The methodology will be focus on 2 areas as follows:

- (1) Employees' performance according to the objective and target set by employees and supervisor.
- (2) The assessment on individual development based on their development plan.

In addition to the performance appraisal, AIS understand that remuneration which is both fair and motivating is an incentive and an important strategy in retaining valuable employees. This is an area on which management places high priority and which we review annually, by comparing our compensation packages with those throughout the industry, and holding to the principles of equality, consistency with the performance of the organization, and individual employee performance. AIS also hires independent consultants to conduct research and obtain data on wages and benefits in our labor market to be evaluated against the current AIS remuneration rates and criteria, as well as to monitor methods and forms of compensation management in other leading corporations. This helps us to better analyze and develop the AIS compensation model for our employees, so that it is both appropriate and continues to motivate current employees and those interested in working with AIS in the future.

AIS uses the 3-Ps principles in determining employee remuneration as follows:

- **Pay for Performance:** Based on the results, behavior and potential of employees
- **Pay for Position:** Based on employees' duties and responsibilities
- **Pay for People:** Based on specific skills required by AIS

Corporate culture for the digital age

From the consumers' behaviors varied according to technological progress, this is the factor in the behavioral adjustment factor changing the way of people living, AIS has stepped in to change the potential for service provision to meet the needs of customers. The vision behind this is to transform to the real digital lifestyle service provider under the concept of The Next AIS which cannot deny that it is the factor important to the success consisting of AIS employees to have the consistent behaviours and the ability to adapt people to the current rapid change to create a corporate culture under the value of the organization; FIND-U, as follows:

- (1) **Fighting Spirits:** the employees must have fighting spirits to endure the severe competition.
- (2) **Innovation:** in the creativity both in the methods of operation and innovative service provision
- (3) **New ability:** There must be new knowledge for the employees in the customer service center to have knowledge more covering including the increase of knowledge in the service provision of Fixed Broadband from previously providing only the mobile phone signal service.
- (4) **Digital Service:** The employees must understand the services AIS provided to the customers such as the trial on the services.
- (5) **Sense of Urgency:** The employees must have the speed they need to transition to digital in order to meet the needs of the customer immediately.

Human Resource Management and Development has consistently supported and motivated the above corporate culture through the scheme and programs throughout the year 2017 as follows:

1. Effective communication through various channels: to emphasize corporate culture from top management of AIS. The "AIS Business Plan" is held twice a year to give AIS employees the opportunity to listen to the strategies, plans and guidelines of the organization in the conference room prepared and conducted live Broadcast from the conference room to the employee communication devices. This is for all AIS employees to receive the full information on the situations including the announcement of the intent of the management team to create a corporate culture as a part of the employee's DNA as well as delivering the experiences in Live Digital Life to the employees. More than 1,000 employees attended the AIS direction and strategy and there were over 7,000 employees attending via the live broadcast across the country.

2. Communicate and emphasize on the corporate culture through employee representatives in each agency (People Champion): The representative of each agency receives policy from Human Resource Management and Development in planning the event and setting the budget for management activities in the form of activities for members in their own departments to support the missions of the organization. On the other hand, these employee representatives continue to serve as a hub for fellow employees in gathering feedback and responses from each employee to convey to the Human Resources and Management. It is a communication channel and is the employee relations in their own departments and is also the connection between the employees and this organization as well as being the People Champion as the leader in making changes. The engagement can also be created to the employees with the organization and the leader of AIS communication to the employees and the persons influencing the ideas of the employees in the agencies as well. In the year 2017, there were 220 employee representatives from 77 agencies and 109 activities were created.



3. AIS Innovation Center: AIS Innovation Center was established to support the innovation in delivering new products, responding the customer's demands, and delivering the experiences in digital continually. In addition, AIS Innovation Center has provided AIS employees to have the discussion experiences with the colleagues. It is also served as an area for promotion, development, and inspiration activities for employees aiming to create the Collaboration between employees in various agencies. In addition, AIS has provided the "AIS DC" facility to meet the needs of the full range of Start Up employees consisting of the library, seminar room, exhibition hall, and recreation room with the same purpose to learn and share business experiences.

There are also a number of other supporting activities such as: 1) No Meeting half-day policy to allow employees to use this time for their own development, talking and sharing experiences with the colleagues such as AIS Wellness AIS Innovation 2) Modification of the new employee card format by adding the part of QR Code to reflect the lifestyle of new generation.

Communication within AIS in the digital age

The missions, goals and plans of the organization will not be achieved if it lacks of effective data management strategies and effective internal communication channels. Due to the strength of cooperation of AIS personnel, it is the driving force for the missions to deliver digital experience to all AIS employees. From this reason, digital communication channels can be used. The registration form for all activities within AIS has also been adjusted in the form of QR Code.



Voluntary Mind makes AIS be the good member of the society

The "Volunteer Mind" project works by bringing the concept of social responsibility into the daily work processes of employees. The knowledge transfer can raise the consciousness into employees to have social responsibilities. The "Volunteer Mind" is a name for AIS employees who have the heart to help each other when suffering or experiencing problems. This includes the support and social development. The beginning of "Volunteer Mind" comes from the culture

of the AIS people who believe that "AIS members must be excellent and good people," resulting in many projects in the organization starting from the project "Friends help friends", which is the center of the employee spirit helping each other when an employee suffered or experienced a problem in the form of items and funds apart from the welfares that the employees receive under corporate policies.

In the operational performance of the year 2017, more than 900 employees participated in the "Volunteer Mind" project to present 21 projects for the society such as the voluntary mind project to pay the mournfulness of King Rama 9, the voluntary mind project to decorate the trees at the imitate royal funeral pyre on Ratchadamnern Road, the voluntary mind project for free transporting by motorcycles, the voluntary mind project for blood Donation, the voluntary mind project to help the schools and communities across the country.

Apart from helping one another within the organization, the "volunteer mind" under the promotion of AIS has been extended to the return to society. Through this project, AIS encourages employees to use their strengths to apply for social assistance. It also offers the opportunity to present creative ideas to develop and solve problems found at both community and social levels as well as creating good people to society. This engages employees with the organization and builds community acceptance for AIS's business as an

organization with good governance and responsibility. The Project Implementation Model encourages the employees to propose projects that will help them develop their homeland or where their former employees are located. AIS sponsors the project up to Baht 100,000 per project and encourage employees to attend activities on the working days.

2.8 Best employer award 2017

According to our HR practices as mentioned above throughout the year 2017, this is indicated that AIS implemented all HR practices to meet with global HR practices. AIS has been awarded the Best Employer of the Year Award for 4 consecutive years from Aon Hewitt (Thailand) Co., Ltd. Furthermore, AIS also received the Outstanding Employer of the Year Award from Forbes,



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Moreover, AIS was also nominated for the award "Best HR Practices from Overseas" by being ranked in the top five organizations from HR Excellence in London, United Kingdom.

Performance Table

1. Overview

	Unit	2014	2015	2016	2017
Total number of employee	person	11,058	11,885	12,207	11,884
By gender					
- Male	person	4,456	4,748	4,944	4,828
- Female	person	6,602	7,137	7,263	7,056
By age					
- Over 50 years	person	232	254	375	463
- 30-50 year	person	5,335	6,741	6,800	6,894
- Under 30 years	person	5,491	4,890	5,032	4,527
Total number of employees who voluntary resigned	persons	400	363	591	635
Ratio of employees who voluntary resigned/ total number of employees	%	5.52	4.53	7.08	7.44
Percentage of employees who received formal performance reviews	%	100	100	100	100
Total training hours	hours	1,257,864	588,810	1,061,922	1,1014,115
Average training Hour	per person	1,189	50	87	85
Total training cost	mn	110.57	111.98	111.05	111.05
Total number of employee fatalities	person	0	0	0	0
Total number of employee injuries	person	6	5	0	0

Note: excluded daily temp staffs

2. Total number of employees broke down by gender, age, and employee level in 2017

	Male (person)	% of total employees	female (person)	% of total employees	Total (person)
Top management	115	63%	68	37%	183
- Over 50 years	59	32%	33	18%	
- 30-50 year	56	31%	35	19%	
- Under 30 years	0	0	0	0	
Middle management	1,628	49%	1,704	51%	3,332
- Over 50 years	85	2.6%	86	2.6%	
- 30-50 year	1,535	46.1%	1,612	48.4%	
- Under 30 years	8	0.2%	6	0.2%	
Operating and staff level	3,085	37%	5,284	63%	8,369
- Over 50 years	74	1%	19	0%	
- 30-50 year	1,445	17%	2,318	28%	
- Under 30 years	1,566	19%	2,947	35%	

Note: excluded daily temp staffs

3. Total number of employees broke down by operation

AIS		AMP/ ADC/ AIN/ WDS/ SBN/ AWN/ FXL/ MMT	
Key department	persons		persons
Corporate finance and accounting	235	AMP	50
Human resource	236	ADC	0
Internal audit	50	AIN	21
Corporate strategy	45	WDS	387
Executive office	15	SBN	41
Company secretary	8	AWN	6,693
Corporate office	98	FXL	135
Organization transformation	18	MMT	1,618
Total	705	Total	8,945

ACC		DPC	
Key department	persons	Key department	persons
MD office	4	Executive office	3
Contact center-BKK	1,526		
Contact center-Nakhun Ratchasima	464		
Contact center-Operation deployment	58		
Contact center platform	31		
Human resource	318		
QA and complaint management	76		
Central intelligence analysis and strategic planning	12		
Total	2,489	Total	3

Note: Included daily temps staffs

In 2017, the total amount of compensation for all employees of the Company and its subsidiaries was Baht 7,023.41 million, comprising salary, bonus and provident fund payments.

Innovation Management

The importance of innovation to AIS's business

Even though AIS is the number one mobile operator in Thailand and in a strong position, the biggest present challenge is that the competition is no longer limited to other mobile operators or broadband internet providers. The fast development of technology, the increasing importance to business of digital technology such as social media, the rise of artificial intelligence, and the growth of virtual reality technology have all changed the way that companies today do business. These advancements have had a significant impact to the way that existing operators make a new source of revenue, while providing more options for the customers. In particular, the entrance of new players who possess global platforms and applications, the so-called Over The Top (OTT) players, such as Line, Google, Amazon and Facebook, which do not have their own telecommunications networks. While these changes in customers' lifestyles have benefited the OTT players due to the high demand for data usage, voice call usage has been declining continually. Such challenges have motivated AIS to transform itself from a telecommunications service provider to a digital life service provider, and this requires adopting the innovations to strengthen and reshape the company culture from its old one to a "Find U" culture. The letter "I" in "Find U" reflects the innovation of AIS's people to create new products and services that meet customers' future needs by collaborating with partners to create differentiation through process, product and service innovation.

Overview of strategic direction and goal

The innovation development strategy of AIS has been to adopt the concept of the incremental innovation approach by leveraging the Company's expertise in digital technology to create new ideas and connect this process with digital technology to initiate better and more valuable assets. This strategic direction aims to create new source of revenue and a new S curve. In doing this, AIS focuses on 4 types of innovation:

- 1. Product and service innovation:** a new tools to enhance the development of personalized products and services that meet the needs of both retail and corporate customers.
- 2. Process innovation:** starting from optimizing the working processes within the Organization to create a competitive advantage, reduce unnecessary operating costs, and develop new products and services for the corporate customer segment.
- 3. Social innovation:** a tool to enhance the national economy and living standards of all Thais. In this regard, AIS announced AIS Vision 2017, Digital for Thais to uplift the social well-being standard of Thai people and support the implementation of Thailand 4.0 through digital technology and innovation. This vision focuses on 4 dimensions: public health, agriculture, education and startups.
- 4. Innovation for the environment:** AIS will support the use of environmentally friendly technologies as well as digital technology to develop responsible products and services for customers, society and the environment in order to help customers live more while creating a positive impact on society and the environment.

Governance structure to promote an innovative organization



Innovation Framework

Promote internal drive from “AIS InnoJump” program



Collaboration with knowledgeable external partners



1. Promote internal drive from the “AIS InnoJump” program

The culture of creating innovation and experimenting is defined as one of the indicators and goals associated with the corporate balance scorecard. For promoting the process of driving innovation, AIS has set the following methodology;

1. At strategic level: The Board of Directors approved the innovation strategy and incorporated it as one of the KPI on the corporate balance scorecard (Corporate KPI)

2. At operational level:

- An Innovation Strategy Development Committee was appointed, comprising top regional and central management. The committee is responsible for the development of an efficient innovation framework, risk mitigation procedures related to innovation, and guidelines on how employee can incorporate the innovation concept into their daily work.
- The Innovation Collaboration Office (ICO) will be a hub for innovation within the organization using a collaborative approach with various departments. The ICO will focus

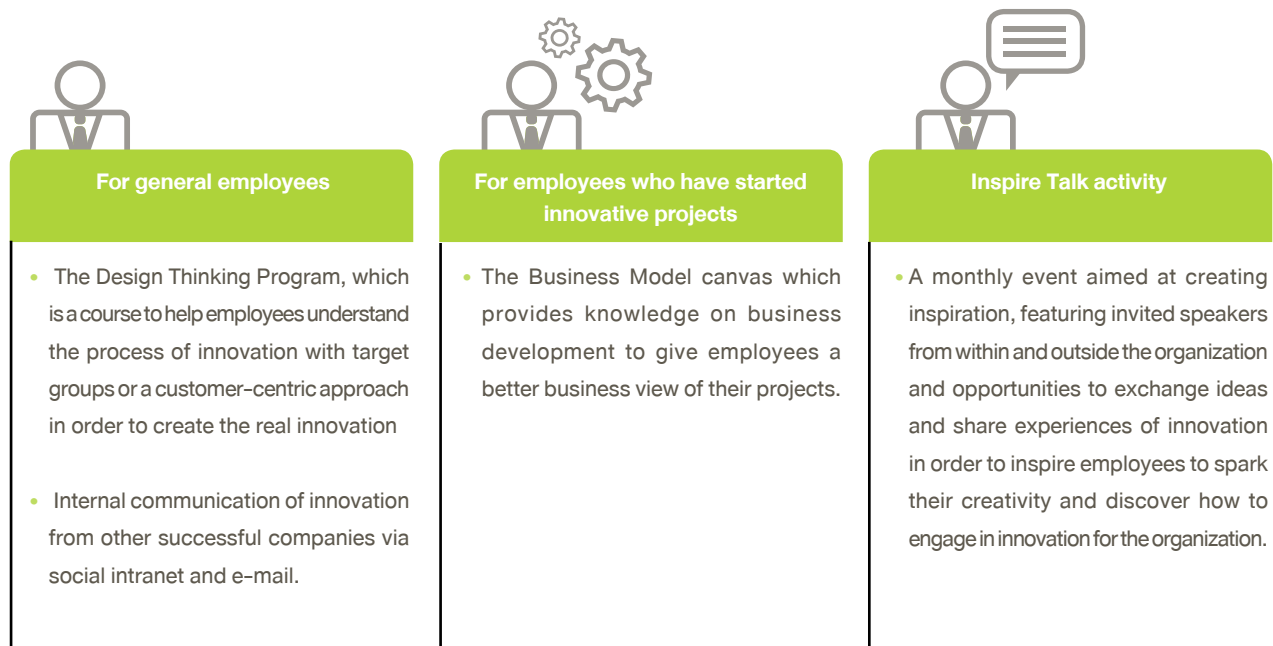
on creating mechanisms to facilitate and promote innovation in the organization. The ICO is under the supervision of the Innovation Competitive Development Steering Committee in accordance with the target set by top management.

In July 2017, The ICO launched the “AIS InnoJump” program, which aims to set the pace of innovation in the Organization. With InnoJump, employees will not only be given the opportunity to innovate processes for use in the Organization but will also be able to take part in creating new business opportunities with the Company. In this first year of implementation, the target is set for 30 innovation projects, including process innovation, products and service innovation, and working innovation. At minimum of 2 projects should be launched in 2018.

The AIS InnoJump program consists of 3 main components;

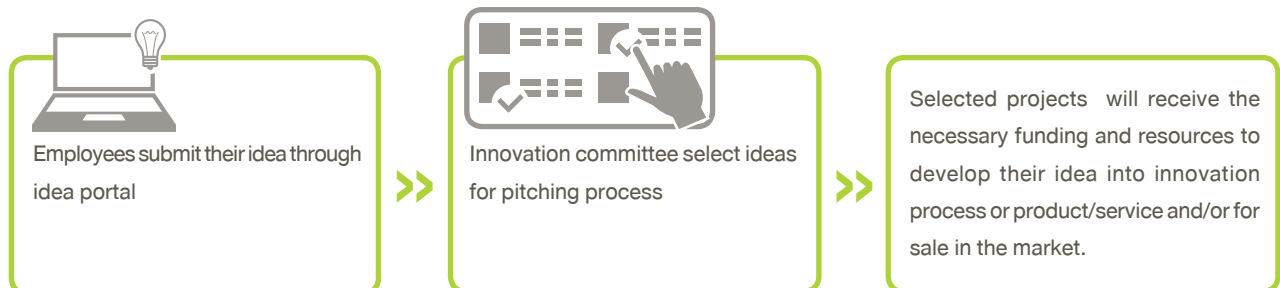
1.1 Supporting New Knowledge Building and Inspiration.

To support the creation of knowledge and transform it into innovation development, in 2017, AIS provided the following courses and activities to 1,700 staffs:



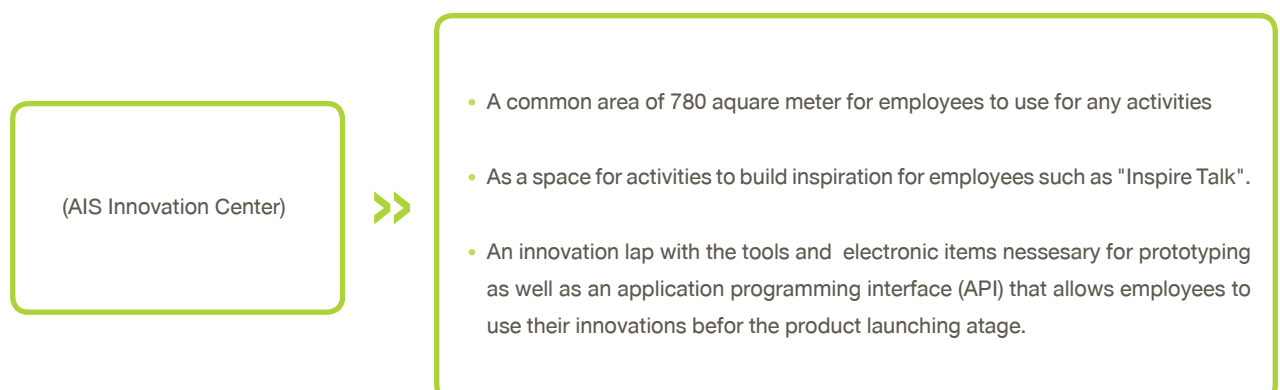
1.2 Top Management Support. There are processes in place that allow employees to submit their ideas for projects directly to top management. In this regard, AIS has developed the Jump Workshop to provide candidates with knowledge

on the innovation thinking and development process, pitching ideas as well as conducting market research which helps candidate explore the real market.



1.3 Support with the budget and tools for the research and development of innovation. In the year 2017, the Board of Directors approved a budget of Baht 100 million to

support the development of an innovation lab and tools as well as to support the program under AIS Innojump.



2. Collaborate with knowledgeable external partners

2.1 Through collaboration with business partners AIS provides opportunities for business partners to share knowhow and resources with AIS under the concept of creating a strong business ecosystem in which AIS and its partners will grow together sustainably.

Collaboration objective: The aim of collaboration is focused on innovation for the next generation of telecommunications products and services and to reduce the disparity in technology limitations that prevent some Thai people from having access to reliable and effective telecommunications technology.

Example of program: The “Joint Innovation Center” (JIC) was launched 5 years ago in collaboration with Huawei, the leading telecommunication service provider

Benefit to AIS	Benefit to partners
Access to human capital, researchers and the new technology of partners	Access to the real market environment and AIS’s customers
Reduce operating cost	Access to the digital technology expertise of AIS
Enhance the quality of original products and services	Possess a patent for collaborated research or innovation
Able to provide new products and services to customers	Able to expand to other customers of partners

2.2 Collaboration with universities and research institutes to exchange knowledge, especially in industries related to telecommunications and other industries beyond which has no aptitude.

Collaboration objective: to enhance competency and human resources for the creation of digital innovation and to become a testing hub of possibility in technical aspects and in real-life situations.

Example of program: AIS introduced the NB-IoT service (Narrow Band IoT) in 2017 with the ability to support IoT equipment for use in future services in the live network. This has attracted attention from many universities which require the NB-IoT to support the testing of their projects. AIS then expanded the NB-IoT to those universities that have collaboration agreements with AIS to support their experiments. AIS believes it will be of mutual benefit to AIS and its collaboration partners to study and develop a business model relevant to the Internet Of Things. Examples of collaboration projects include the Smart Parking Project carried out in collaboration with the Engineering Faculty of Chulalongkorn University. Users can easily reserve a parking lane via the Smart Parking application on their mobile or tablet devices. The application interface will show all parking lanes with a color coding system - green for available, yellow for reserved, and red for unavailable. Smart Parking also includes a navigation feature.

2.3 AIS the StartUp

Collaboration objective: AIS wants to extend its partnership with Thai startups that create digital products or services aimed at the needs of the new generation, including leading companies in the same industry in other regions. Through this collaboration, AIS offers suitable startups an opportunity to access AIS’s extensive resources. In return, AIS will be able to provide new products and services to the market and target customers.

Progress of the program: AIS The StartUp was first launched in 2011 and has been continuing every year in the format of a competition to select new startups to become business partners with AIS. In 2017, the model was changed from an annual competition to an unlimited-access concept, called “AIS The StartUp Connect”. This format is open to any startup, allowing them to present their business model or idea 24 hours a day through a dedicated online channel at: www.ais.co.th/thestartup. Any business models that are in line with AIS’s strategy and business directions will be selected and the startups which developed the idea will have an opportunity to become AIS’s partners as well as receiving AIS’s support in attracting other business angels. Currently, there are 44 startups which qualified and more than 50% of these have already begun collaboration with AIS.

Respect to Human Rights

Challenges and opportunities

Technological advancements in telecommunications have played a huge part in building the economy as well as bringing about significant change across many areas of society. People are able to connect with one another even though in rural areas. They can access the latest news and knowledge, as well as basic needs easier as people are no longer limited by physical or geographical factors. Telecommunications technology also have an effect to people behavior such as the change in social value to focus on social movement, the new lifestyle to exchange knowledge and express own opinions through social media, or the online transaction behavior. These effects have a positive effect on enhancing social and economic opportunity, as we can save time, reduce travel expenses, and minimize impact on the environment.

However, the aforementioned technological advancements have also opened up an increased risk of human rights violations, most notably in:

- 1) Personal data breaches or illegal use of personal data without permission.
- 2) Sharing news and information without considering on source of information or truth - cause an adverse effect to third party.
- 3) Breaches of the intellectual property or patents through imitation, or even falsely claiming to be the innovator.

Therefore, it is an essential role of the service provider to use the beneficial technology to raise an awareness on proper use of technology and respect to other intellectual property as well as reduce inequality gap in society. The service provider also urged to take their responsibility to understand, control and ensure that all companies in ecosystem are conducting business in an ethical manner.

Overview of strategic direction and goal

AIS has utilized the company's technological advancement, experience, skill and its relationship with business partners in various industries to develop the capabilities of national digital infrastructure with an aim to ensuring that Thai people have as much equal access as possible to the technology, goods, and services of AIS. This has been combined with an

effort to raise awareness on appropriate use of technology, without violating the rights and freedoms of others through the current existing platforms. AIS has set an ambitious target to fully adopt the principle of human rights according to the UN Guiding Principle on Human Rights within 2030 by utilizing our competency to uplift the human rights awareness and practice within AIS Group. The human rights strategy will focus on four key areas as follows; 1) Providing equal employment opportunities and practices, 2) Partnering with ethical partners, 3) Protecting customers' personal data through the innovative products and services, 4) Respecting the intellectual property of others. These 4 key areas is recognized as both challenges and opportunities for the long-term business operation by considering the corporate's strategy and business direction.

1. Providing equal employment opportunities and practices

AIS has a policy of equal employment opportunities for all applicants in compliance with the law, and does not take gender, skin color, race, religion or physical appearance into account during the application process. AIS only seeks potential employees on the basis of their qualifications and experience relevant to the position, provided they are over the age of 18. Further information on the employee demographic of AIS can be found at 161-162.

Furthermore, AIS provides a proper welfare package which is much higher than the minimum amount specified by law, and which includes a variety of different healthcare options. This means that AIS employees have the freedom to choose a healthcare plan depending on their role and lifestyle. Our call center staffs are provided with the appropriate tools and technology to do their jobs, especially those call center employees who have disabilities. For example, we supply staff who have hearing issues with a webcam in order to communicate in sign language with customers who have the same issue. These call centers also feature voice recognition technology which can transcribe and type speech, or can convert typed information on-screen into audio, which is used in combination with software from The National Institute of the Blind for Research and Development. At present, AIS has 126 disabled staff members working in our call centers.

2. Partnering with ethical partners

The partners selection process and contract renewal process has been adopted human rights criteria for screening. After all this time, AIS has communicated and explained its code of business ethics for partners via our representatives, website and application for partners. We also send a letter to partners to reiterate the importance of strictly following the ethical principles set out by AIS. In the past year, we have been able to send letters to 100% of the business partners within the AIS group, a summary of which will follow below.

Audited Human Rights Issues	% of Partners	Number of issue found	Number of disciplinary action are taken
Child Labor and Illegal Labor	100	0	0
Forced Labor and Slavery	100	0	0
Unfair and Unpaid Wages	100	0	0
Breach of Customer data privacy	100	0	0

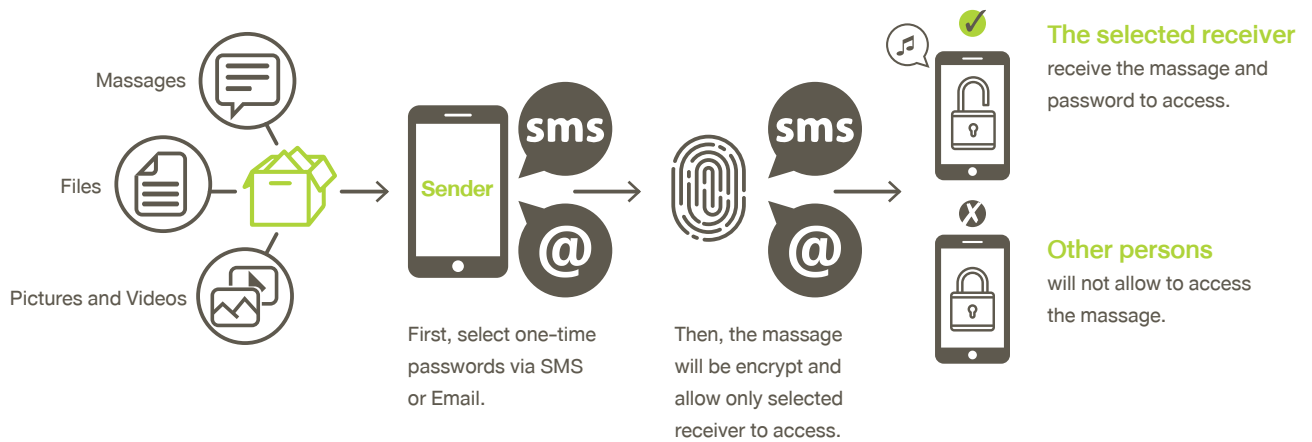
As for 2018, the procurement department has developed a roadmap and tools for checking partner companies by conducting quarterly on-site audits with companies considered 'critical suppliers', along with any company of which there is a perceived possibility of human rights violations. AIS has an aim of conducting on-site audits at the premises of every critical suppliers by 2021 and at least one partner organization from each industry category that considered as high risk suppliers for human rights violation. Some examples of the types of issues considered are contractors hired to install telecommunications poles to expand the network for whom there may be a risk of an infringement of the rights of those in the local community, or sales representatives who must observe strict regulations regarding obtaining and storing the personal data of our customers.

AIS also announces the Blacklisted policy regarding the type of blacklist behaviors and persons who prohibited from conducting any transactions with the AIS Group in the hope

of furthering our advocacy objectives of promoting transparency within business, as well as further winning the trust and confidence of our stakeholders. This 'blacklist' policy covers all aspects of corruption, the failure to comply with contractual obligations, the distribution and receipt of bribery, and any other violation in terms of physical, mental or asset abuse, or not allowing an individual their freedom and liberty.

3. Protecting customers' personal data through the innovative products and services

Not only the policies and measures specific to protect information security systems and customers' personal data that stated in page 144-147, but AIS has also developed an innovative "AIS Private Message" application which enables the user to send messages, photos, or files by SMS or email securely. This is made possible by the implementation of a passcode, which can then only be used by the named recipients, ensuring only the correct person is able to open and read the information sent.



During the past 3 years, AIS has started a campaign called “Think before Social” on the AIS YouTube Channel. Social networking is now being a widest source of information, so if users are not aware on the truth or personal privacy breaches, it might have a huge impact to their own and those referred persons. In this regards, the clip VDO can be viewed in https://www.youtube.com/watch?v=RapiHK34_rI&list=PLdjP9GAU30E1DCm7iVYkXWtRobyMGsLSZ

4. Respecting the intellectual property of others

AIS has set the clause of respect of intellectual property in the Corporate Governance policy and its code of business ethics, which all AIS employees and AIS partner organizations must acknowledge and comply. Besides of the policy and ethics code, there are legislative measures in place which operate on both an internal and external level, which are as follows:

- 4.1. Internal practice: the Ethics Committee is decided to put the issue of intellectual property as one of priority issues to set a roadmap for raising an awareness of all staffs throughout 2017. This includes internal communication, knowledge sharing as well testing on their understanding in ethics assessment form.
- 4.2. In all AIS contracts with external partners, there is a specific clause that partners must guarantee their ownership of the patent or rights to use such offered products and services. AIS has also stipulated measures to ensure the originality of high-risk products. For example, music and karaoke-related products will require an external investigator to investigate and ensure the legitimacy of patent or copyright, prior to entering a business transaction.

Operational Eco-Efficiency

Challenges and Opportunities

The Global challenge on climate change is becoming more intense. People, business and economy are facing the significant impact derived from changing weather, flood, earthquake, as well as pollution from greenhouse gas produced by both home and business activities. It is costing national economies, affecting lives, and disrupting business operations. To be successful and sustainable, AIS has recognized the vital role in addressing the major challenge and opportunities that may impact to the long-term growth and business opportunities. Enabling Thailand 4.0 and digital economy, ICT industry are fundamental for developing country infrastructure. However, the challenging of growing a business are how we can manage the environmental impact and assist in the transition towards a green digital economy. In doing this, the green products and services and emission and waste reduction have been considered as AIS's materiality issues for sustainable growth of business. Focusing on climate change, resource scarcity as well as waste management, AIS started collect data related to greenhouse gas emission, energy consumption and electronic waste disposal in order to evaluate the environmental impact from all business operations and find an appropriate way to mitigate those effects. AIS is also looking into an opportunity to leverage the coming 5G or IoT technology to come up with a product or service that will handle these environmental issues. Besides reducing our own environmental footprint, we also urge our customers to help keep our planet clean by recycling their own e-waste from using our service. This year 2018, AIS has been certified by the Thailand Greenhouse Gas Management Organization (a public organization) for the accuracy and efficiency in the greenhouse gas data (direct and indirect emission) collected from our business activities.

Our focuses on Environmental Management

In addressing environmental impacts and seeking practical solutions to prevent or mitigate them, AIS places great emphasis on three elementary environmental issues which we consider relevant to our operations and material to our stakeholders:

1. Climate Change



CO₂ and other greenhouse gases are the main cause of global warming, which in turn causes weather-related disasters like flooding from cyclone and heavy rain storms, rising sea levels, drought and forest fire. AIS has been monitoring and reporting our carbon footprint according to international standard recommendations for the past few years. We are determined to reduce our own footprint in line with Thailand's National Master Plan and the world climate change community. In the meantime, we take efforts to make sure that our operations are resilient enough to withstand the impact stemming from this climate change as well.

2. Resource Scarcity



Water is an essential part of our lives. Even though our business does not consume water as part of its operations, we are trying very hard to conserve it by using this precious resource wisely in our facilities nationwide. No less important, trees and forests are another vital resource for human living. Here we have established a rigorous program which not only reduces paper consumption but also encourages the planting of new trees thus help to conserve our dwindling forests and their inhabitants.

3. Waste



E-Waste is the end-of-life by-product that is an unavoidable part of the eco-business system. Whether the waste is from our clients, such as their disregarded mobile handsets, or from our own operations, including network equipment, towers, antenna, cables and so on, the disposal of all this waste has to be properly and professionally managed. We have put our efforts into having this type of waste recycled by government-certified hazardous waste disposal companies so that some valuable metals like copper, silver and other reusable materials can be retrieved while also ensuring that the residue posts no harm to the environment after the waste ends up in landfills.

Besides electronic waste, AIS also focuses on encouraging customers to use electronic statements and services instead of paper versions. This is another one of our programs to reduce waste disposal as well as environmental impacts.

Key strategies moving forward as a responsible telecommunication company

With clear environmental focuses established, AIS has set corresponding strategies for moving forward in order to mitigate or eliminate the impact the company might have on the ecosystem while we continue our business operations AIS commits to:

- **Reduce our Carbon Footprint through our business**

- From 3 years of GHG data collection, we have found that our main emissions come from the electricity used in running our network and data centers (Scope 2). AIS has therefore set a goal that is highly ambitious yet science-based and practical in seeking to reduce our carbon footprint in line with the Thailand Master Plan, ratified at COP21 in Paris, in order to support efforts to keep global temperature rises well below 2°C. To this end, we have implemented various initiative projects with the aim of minimizing the carbon footprint caused by our activities across the value chain.

For the past 3 few years, AIS has been monitoring and reporting our GHG emissions using the GHG Protocol in line with ISO 14061-1, which was developed by WRI together with WBCSD. AIS's carbon footprint report is verified and registered with the Thailand Greenhouse Gas Management Organization (TGO), the government body specifically handling the GHG situation in Thailand.

To improve the efficiency of these efforts, our environmental policy was developed in 2016, while the governance body was set up in 2017 and is headed by the Chief Technology Officer. The environment expert team has set their KPIs for developing the environmental management plan as well as a monitoring and reporting timeline.

- **Energy Efficiency Improvement** – AIS is focused on achieving efficient energy consumption, both from fossil fuels as well as, to a far greater extent, from electricity. We are always open to doing more to reduce our energy consumption whenever practical. The reduced and efficient use of energy from current sources also contributes to carbon footprint mitigation.

AIS has been improving and replacing our network equipment to be more energy efficient, i.e. consuming less energy while producing the same output. We have also retrofitted some of the facilities to reduce energy consumption, without sacrifice of the service quality. The data centers we built and operate are designed with energy efficiency in mind. Our low PUE, even in the hot climate region where Thailand is located, is a good testament to our effort.

- **Renewable Energy Usage** – AIS directs our attention and efforts into utilizing green and renewable energy, such as solar power and wind energy, in our operations where possible and practical. This zero-carbon renewable energy also helps to save our planet from the current effects of global warming.

Currently AIS has more than 40 base station sites using electricity purely fed by solar panels. We are implementing as a trial another 4 base stations having mixed power feed between grid and solar PV. We also have one data center and a call center whose power from the grid is shared by substantial amount of electrical power produced by roof-top solar panels. Our strategy is to harness the sun energy on our existing data centers, at least one building a year. Future data center will incorporate this solar energy sharing concept started from their design. Besides solar energy, we also showcase and trial other alternative energy forms like wind energy and substitute energy by fuel cell. These are special types of energy source, which though find a specific and somewhat limited use in Thailand, might prove to be potential alternative energy in the near future.

- **Network Resilience and Adaptation** – AIS has long been adapting the planning, operations and maintenance of our network to ensure that it is always resilient to climate change. By identifying areas prone to climate change disaster, we have adapted our network design and operations to ensure better immunity to such risk. Transmission and node redundancy is one of the measures that we incorporate into the design and implementation of components that are critical to our network. We have also come up with a new design concept for base station equipment enclosures which can operate well in warmer climate without any increase in energy consumption.

We have already put in place a Business Continuity Plan (BCP) where we normally carry out simulation drill every year to make sure that plan really works at time of operation disasters, some of which are climate related. Flooding caused by heavy storm is top of climate change effects that wreak havoc on our network operations in a large scale. Redundant network routing, cell-site elevation and flood-wall for the mobile exchanges are among the measures implemented to mitigate the impact of severe climate change events.

- **Water and Forest Conservation** – AIS has always encouraged a sense of conservation, which has resulted in the development of the technology currently in use for reducing clean water consumption, be it the substantial amount of water used in our data center cooling system or to the extent of daily consumption in the office environment. AIS also uses our ICT capability to reduce the use of paper in order to save trees and our precious forests.

We have raised our staff's awareness in helping to save precious water in all office locations. We even held a special contest offering a prize for least water consumption in the office. Where possible, in our own buildings, we install faucets and toilet facilities that utilize less water. In our data centers, fan-less cooling towers, which lose less water loss than conventional fan cooling towers, have been implemented to save water. We also design our data centers and calling centers that facilitates the utilization of natural rain water as much as possible.

We also encourage our customers to turn to electronic invoices and receipts in preference to paper versions in order to minimize the number of trees cut down for making paper. Our staff also volunteer in special activities to plant tree saplings in a drive to help restore our nation's dwindling forests.

- **Waste Disposal** – AIS always ensures that the management of e-waste disposal adheres to professional standards. First of all, we consider the three-pronged 3R approach when handling our operating assets: Reuse, Reduce and Recycle. Our e-waste, i.e. end-of-life equipment, is sold to organizations which are able to recycle any of the reusable material before the remains end up in an environmentally-controlled landfill. These phases are all processed by a government-authorized specialist company.

Besides managing the waste from our own operations, we also encourage our customers to dispose of their unwanted mobile phones and end-of-life batteries with us. This e-waste will then be collected and sent to a certified recycling company for the same environmentally-certified disposal.

- **Environmental Management System (EMS)** – AIS is working toward the implementation of an Environmental Management System, a systematic process designed to help us manage our environmental impacts and improve the environmental performances that are material to our business activities.

We are currently studying and developing an Environmental Management System that covers areas such as policy commitments, organization, the identification of environmental issues and relevant legal impacts, the establishment of objective/targets, progress monitoring as well as reviewing the performance. When fully implemented, the system adopted to support our environmental policy and strategies will be in line with ISO 14001 recommendations.

Our environmental framework, goals and performance

Carbon Footprint Reduction

Our goal has been set to align practically with Thailand's Climate Change Master Plan 2015-2050. At the 21st United Nations Framework Convention on Climate Change (COP21), Thailand pledged to achieve a reductions of greenhouse gas (GHG) emissions in the range of 7-20% by the year 2020 and 20-25% by 2030. With the national target coupled with the nature of telecom industry expansion and technology advancements, we set our normalized working target at an annual reduction of 4% in carbon intensity (carbon per traffic generated), with overall carbon reduction in the middle and long term aimed at 10% and 20% (from the base-year of 2015) by the years 2020 and 2030, respectively. The table below illustrates our GHG emission performance (in carbon equivalent) up to the year of this annual report.

	Unit	2015	2016	2017
Direct Greenhouse Gas (Scope 1)	Tonnes CO ² equivalent	7,208.68	12,965.47	11,430.89
Indirect Greenhouse Gas (Scope 2)	Tonnes CO ² equivalent	321,559.71	446,853.62	508,519.07
Total Greenhouse Gas (Scope 1&2)	Tonnes CO² equivalent	328,840.39	459,819.09	519,949.96

• **Energy Efficiency Improvement**

Most of the energy we consume is electricity used to power up our cell sites, mobile telephone exchanges and data centers nationwide. The remainder comes from fossil fuel, gasoline and diesel, used for our operation and maintenance vehicles as well as to power back-up generators. Not only is this non-renewable energy being depleted and becoming scarce but it is also closely related to the volume of greenhouse gas emissions we produce.

Even though our network continues to expand every year with a corresponding increase in energy requirements, we are making efforts to improve our network efficiency, meaning the same output from less energy input. We aim to reduce our total energy consumption by 10% in the year 2020 (against our base-year 2015) while maintaining our level of network growth as planned. Our energy performance report is summarized in the following table.

	Unit	2015	2016	2017
Direct Energy Consumption	Terajoule	100	143	136
• Diesel Fuel	Liter	1,765,601	2,824,990	2,419,675
• Benzene Fuel	Liter	1,144,857	1,316,778	1,535,575
Indirect Energy Consumption	Terajoule	2,263	2,764	3,145
• Electricity	MWh	628,840.46	767,657.84	873,594.01
Total Energy Consumption	Terajoule	2,364	2,907	3,281
Total Cost of Energy Consumption	Baht mm	2,600	3,184	3,607

The average PUE for all of our data centers is as follows.

	2015	2016	2017
PUE	1.8	1.8	1.88

• **Renewable Energy Usage**

We have been using solar energy for quite some time now as a form of clean and renewable sharing energy. Currently, more than 40 of our base-stations are using electrical power purely from solar PV. We are also trialing a mixed solar-grid energy solution for the cell sites with plans to launch this system for actual use in the future. In 2017 year, we also implemented a 2nd roof-top solar panel of

200kWp capacity for another data center. This adds to the currently-running 160kWp solar roof-top of the data center we implemented in the previous year. We plan to equip all our existing data centers with solar roof-tops at a rate of at least one building every year. We are striving to harness this kind of substitute clean energy as much as possible, including for our base-stations. Our renewable energy performance is summarized below.

	Unit	2015	2016	2017
Total Renewable Energy (Solar Energy)	MWh	29,756.56	34,301.88	49,902.32

- **Water Consumption**

AIS gathers information on the water consumption from all of our business operations, including data centers, office buildings, and call center buildings. Around half of the Company's water consumption is used for the cooling

systems in our data centers. By introducing new technology such as fan-less cooling towers, we have been able to reduce the amount of water lost for these purposes.

	Unit	2015	2016	2017
Total Water Use	Million cubic meters	109,738	110,169	102,733

- **Waste**

The year 2017 was the first year that we began keeping auditable records of our e-waste including cable wires, fibre cables, antennas, equipment cards, batteries, UPS, etc. We also tracked our e-waste back to our operations in 2015 and 2016 as well. Even so, we have always handled

our e-waste disposal in compliance with the international standards since we first commenced our operations. All e-waste is sold to certified recycle companies for professional recycling and disposal. Figures on the waste from our operations is summarized below.

	Unit	2015	2016	2017
Total Waste generated	tonnes	112.8	87.7	99.4

	Unit	2015	2016	2017
eStatement	No. of subscriber	4,169,246	4,161,487	5,538,627
PDF Statement	No. of subscriber	43,200	83,280	120,850
eService	No. of subscriber	1,390,079	1,392,283	2,477,241



FINANCIAL REPORT

Board of Directors' Responsibility for Financial Reporting

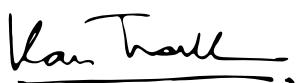
The Board of Directors is responsible for Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

The Board of Directors provides and maintains risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to retain its assets as well as to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee comprising independent directors to be responsible for reviewing quality of the financial reports, internal controls, internal audit and risk management system. The Audit Committee also reviews a disclosure of related party transactions. All their comments on these issues are presented in the Audit Committee Report included in this annual report.

The separate financial statements and the consolidated financial statements of the Company have been examined by an external auditor, Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, all records and related data, as requested, are provided to the auditor. The auditor's opinion is presented in the auditor's report as a part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries' consolidated financial statements for the year ended 31 December 2017. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



Mr. Kan Trakulhoon
Chairman of the Board of Directors



Mr. Allen Lew Yoong Keong
Chairman of the Executive Committee

Report of The Independent Certified Public Accountants

To The Shareholders and Board of Directors Advanced Info Service Public Company Limited

Opinion

We have audited the consolidated financial statements of Advanced Info Service Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Advanced Info Service Public Company Limited (the “Company”) which comprise the consolidated and separate statements of financial position as at December 31, 2017, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Advanced Info Service Public Company Limited and its subsidiaries and of Advanced Info Service Public Company Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2.5 to the financial statements that Advanced Info Service Public Company Limited and its subsidiaries have elected to change accounting policy relating to investments in subsidiaries in the separate financial statements from cost method to equity method for the financial statements for the periods beginning on or after January 1, 2017 onwards and the Company restated the separate statements of financial position as at December 31, 2016 and the separate financial statements for the year ended December 31, 2016 which are presented as comparative information, to be in accordance with the revised Thai Financial Reporting Standard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Audit Responses

Revenue recognition

There is a risk around the accuracy of the Group's revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition. Furthermore the application of revenue recognition accounting standards is complex.

In addition, we have also identified critical areas in relation to revenue recognition set out below that we considered significant.

- accounting for new products and tariffs introduced in the year;
- accounting for long-term contracts; and the timing of revenue recognition.

Accounting policies for revenue recognition was disclosed in Note 3.17 to the financial statements.

Key audit procedures included:

- Evaluated the relevant IT systems and the design and implementation and operating effectiveness of controls over the capture and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated controls, including interface controls between different IT applications.
- Evaluated the business process controls in place over the authorization of rate changes, the introduction of new plans and the input of this information to billing systems. We audited the access controls and change management controls for such systems.
- Performed audit on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills; and testing cash receipts for a sample of customers back to the customer invoice.
- Audited key reconciliations used by management from business support systems to billing systems to the general ledger to assess the completeness and accuracy of revenue.
- Audited supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.

In addition, our audit procedures related to critical areas are as below:

- Audited samples of customer bills for accuracy for new products and tariffs introduced in the year.
- Performed procedures to long-term contracts which may exhibit areas of audit interest such as significant change in margins and accounts with high accrued revenue amongst others. We challenged the assumptions and judgements underpinning forecast.
- Validated with the assumptions and key management estimates adopted where revenue is recognized but they have not issued invoice yet.

Capitalization of assets and asset lives

There are a number of areas which impact the carrying value of property, plant and equipment and intangible assets. We have identified critical areas set out below that we considered significant.

- the decision to capitalize or expense costs;
- the timeliness of transfer from the course of construction to plant and equipment; and
- management judgement used in the annual asset life review.

Accounting policies for recognition and measurement of property, plant and equipment and intangible assets and details were disclosed in Notes 3.8, 3.10, 3.23, 11 and 15 to the financial statements, respectively.

Key audit procedures included:

- Tested controls in place over the property, plant and equipment cycle and evaluated the appropriateness of capitalization policies.
- Performed audit of details on costs capitalized and assessed the timeliness of transfer from the course of construction to plant and equipment.
- Challenged the judgements made by management on the appropriateness of asset lives applied in the calculation of depreciation and amortization.

Key Audit Matters	Audit Responses
<p>Significant commercial disputes and litigations</p> <p>The Group has a number of legal, regulatory and tax cases. There is a high level of judgement required in estimating the level of provisioning required.</p> <p>The Group operates under the supervision of The National Broadcasting and Telecommunications Commission (NBTC). If NBTC has acted lawfully upon any interpretation amendments and/or enactment of new rules and regulations, the Group may not lawfully file a lawsuit and/or make any claim for any indemnification.</p> <p>In addition, the Group cooperates with TOT Public Company Limited and CAT Telecom Public Company Limited. There is a risk of conflict between the entities from different interpretation in terms and conditions of contract.</p> <p>Significant events, commercial disputes and litigations were disclosed in Note 38 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Designed and performed audit procedures in order to identify litigations and claims involving the Group which may give rise to a risk of material misstatement, including: <ul style="list-style-type: none"> - Inquired of management and in-house legal counsel about significant events, commercial disputes and litigation. - Reviewed minutes of meetings of those charged with governance and correspondence between the Group and its external legal counsel. - Sent legal confirmation to external legal counsel regarding to status of significant legal cases. - Reviewed legal expense accounts. • Considered compliance with laws and regulations of the Group including: <ul style="list-style-type: none"> - As part of obtaining an understanding of the Group and its environment, we obtained a general understanding of: <ul style="list-style-type: none"> - The legal and regulatory framework applicable to the Group and the industry or sector in which the Group operates; and - How the Group is complying with that framework. - Inquired of management and those charged with governance, as to whether the Group is in compliance with such laws and regulations and inspecting correspondence, if any, with the relevant regulatory authorities such as NBTC. • Requested management to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to us and accounted for and disclosed in accordance with Thai financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)

Registration No. 3356

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK

February 5, 2018

Statement of Financial Position

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2017

UNIT : BAHT

		NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		CARRY FORWARD
			As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016 “Restated”	As at January 1, 2016 “Restated”
ASSETS							
Current assets							
Cash and cash equivalents	4	10,650,407,393	11,226,140,704	268,320,789	409,710,983	1,153,323,176	
Specifically-designated bank deposits	5	2,642,633,529	2,963,182,980	-	-	-	
Trade and other current receivables	6, 34	17,071,011,926	14,116,309,540	2,219,344,855	1,868,662,606	4,474,431,207	
Dividend receivables	34	-	-	-	12,093,267,807	19,944,391,312	
Short-term loans to related parties	34	-	-	39,533,900,000	39,243,900,000	44,243,900,000	
Inventories	7	3,950,534,972	3,085,251,635	-	67,871	38,632,788	
Current tax assets		197,610,371	366,769,698	65,202,979	280,210,138	1,007,705,795	
Other current financial assets	35	82,917,264	236,417,542	226,433,800	240,989,804	615,229,773	
Other current assets		245,744,406	272,036,391	321,083	7,217,545	714,276,630	
Total current assets		34,840,859,861	32,266,108,490	42,313,523,506	54,144,026,754	72,191,890,681	
Non-current assets							
Investments in an associate	8	30,728,921	24,234,502	-	-	-	
Investments in subsidiaries	2, 9	-	-	22,650,469,852	11,591,269,268	10,826,700,027	
Investments in a joint venture	8	58,535,887	14,662,013	-	-	-	
Other long-term investments	10	59,399,310	59,399,310	47,999,310	47,999,310	46,999,310	
Property, plant and equipment	11	132,579,258,894	118,271,443,199	253,637,085	336,867,143	499,589,004	
Assets under the Agreements for operations	12	-	-	-	-	-	
Goodwill	13	34,930,692	34,930,692	-	-	-	
Spectrum licenses	14	107,523,563,565	115,378,417,908	-	-	-	
Other intangible assets	15	4,499,186,068	4,099,208,006	27,822,959	46,745,757	72,491,069	
Deferred tax assets	16	2,562,435,786	2,617,832,320	559,933,360	868,037,276	64,889,855	
Other non-current financial assets	35	-	577,660,237	-	517,060,528	795,449,411	
Other non-current assets		1,878,455,284	2,326,453,885	452,448,823	1,214,147,946	1,001,345,194	
Total non-current assets		249,226,494,407	243,404,242,072	23,992,311,389	14,622,127,228	13,307,463,870	
Total assets		284,067,354,268	275,670,350,562	66,305,834,895	68,766,153,982	85,499,354,551	

Notes to the financial statements form an integral part of these statements

Statement of Financial Position (Continued)

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

		NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		
			As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016 “Restated”	As at January 1, 2016 “Restated”
LIABILITIES AND SHAREHOLDERS’ EQUITY							
Current liabilities							
Short-term borrowings from financial institutions	17	6,500,000,000	9,200,000,000	-	5,700,000,000	7,700,000,000	
Trade and other current payables	18, 34	32,140,894,338	34,292,055,244	2,791,995,986	3,086,074,755	3,475,832,250	
Accrued revenue sharing expenses		5,361,818,613	5,360,786,666	5,221,244,442	5,220,212,495	5,223,510,781	
Unearned income - mobile phone service		3,409,682,237	3,208,042,630	9,183,807	9,223,936	44,592,133	
Advanced received from customers	5	2,642,633,529	2,963,182,980	-	-	-	
Current portion of long-term liabilities	17	3,075,569,159	2,484,704,493	3,038,063,962	2,052,743,555	4,327,462,057	
Current portion of spectrum licenses payable	19	13,988,910,603	10,017,157,156	-	-	-	
Short-term borrowings from related parties	17, 34	-	-	4,640,000,000	6,440,000,000	6,490,000,000	
Current income tax payable		2,456,516,299	1,756,300,784	-	-	-	
Other current liabilities		24,750,899	45,798,270	3,682,936	1,101,566	1,816,750	
Total current liabilities		69,600,775,677	69,328,028,223	15,704,171,133	22,509,356,307	27,263,213,971	
Non-current liabilities							
Long-term liabilities	17	100,101,849,676	87,273,400,138	29,090,497	3,345,111,037	9,412,406,257	
Provisions for employee benefit	20	1,855,646,009	2,554,402,991	235,339,712	326,766,989	431,365,867	
Spectrum licenses payable	19	59,960,851,091	72,180,037,834	-	-	-	
Other non-current financial liabilities	35	117,672,750	-	-	-	-	
Other non-current liabilities		2,003,771,342	1,626,147,293	16,878,900	16,036,200	16,036,200	
Total non-current liabilities		164,039,790,868	163,633,988,256	281,309,109	3,687,914,226	9,859,808,324	
Total liabilities		233,640,566,545	232,962,016,479	15,985,480,242	26,197,270,533	37,123,022,295	
Shareholders’ equity							
Share capital	21						
Authorized share capital 4,997 million ordinary shares of Baht 1.00 each		4,997,459,800	4,997,459,800	4,997,459,800	4,997,459,800	4,997,459,800	
Issued and paid share capital							
2,973 million ordinary shares of Baht 1.00 each, fully paid		2,973,095,330	2,973,095,330	2,973,095,330	2,973,095,330	2,973,095,330	
Share premium							
Share premium on ordinary shares	21	22,372,276,085	22,388,093,275	22,372,276,085	22,388,093,275	22,372,276,085	
Retained earnings							
Appropriated							
Legal reserve	22	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	
Unappropriated	2	24,174,742,689	16,471,015,050	24,174,742,689	16,471,015,050	22,313,204,401	
Other components of shareholders’ equity	2, 23	300,240,549	236,679,794	300,240,549	236,679,794	217,756,440	
Total shareholders’ equity attributable to owners of the Company		50,320,354,653	42,568,883,449	50,320,354,653	42,568,883,449	48,376,332,256	
Non-controlling inter=ests		106,433,070	139,450,634	-	-	-	
Total shareholders’ equity		50,426,787,723	42,708,334,083	50,320,354,653	42,568,883,449	48,376,332,256	
Total liabilities and shareholders’ equity		284,067,354,268	275,670,350,562	66,305,834,895	68,766,153,982	85,499,354,551	

Notes to the financial statements form an integral part of these statements

Statements of Profit and Loss

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 "Restated"
Revenues					
Revenues from rendering of services and equipment rentals	25, 34	132,946,614,806	128,226,136,756	1,689,050,715	4,949,542,510
Revenue from sale of goods	34	24,775,185,546	23,923,729,805	-	-
Total revenues		<u>157,721,800,352</u>	<u>152,149,866,561</u>	<u>1,689,050,715</u>	<u>4,949,542,510</u>
Costs					
Cost of rendering of services and equipment rentals	29, 34	(66,603,293,144)	(58,069,917,881)	(1,198,433,105)	(5,024,415,481)
Revenue sharing expense	1	(1,032,975)	(3,989,039)	(1,032,975)	(3,989,039)
Cost of sale of goods		(25,654,312,974)	(24,917,977,306)	-	-
Total costs		<u>(92,258,639,093)</u>	<u>(82,991,884,226)</u>	<u>(1,199,466,080)</u>	<u>(5,028,404,520)</u>
Gross profit (loss)		65,463,161,259	69,157,982,335	489,584,635	(78,862,010)
Distribution costs and administrative expenses					
Distribution costs	29	(9,990,160,128)	(16,012,372,813)	(1,482,062)	(21,698,796)
Administrative expenses	29	(15,087,572,624)	(13,763,454,066)	(128,291,412)	(1,197,651,951)
Total distribution costs and administrative expenses		<u>(25,077,732,752)</u>	<u>(29,775,826,879)</u>	<u>(129,773,474)</u>	<u>(1,219,350,747)</u>
Profit (loss) from services, equipment rentals and sales of goods					
		40,385,428,507	39,382,155,456	359,811,161	(1,298,212,757)
Interest income and dividend income	2, 26, 34	174,795,247	203,951,212	1,324,956,276	1,530,864,624
Other income	27, 34	575,201,652	364,175,929	140,273,149	1,663,222,514
Share of profit of an associate, subsidiaries and a joint venture	2, 8, 9	5,368,443	23,896,565	28,988,867,735	28,713,714,447
Net gain (loss) on foreign exchange rate		224,917,346	277,161,087	(6,663,023)	21,865,404
Management benefit expenses	34	(142,726,987)	(150,257,434)	(142,546,987)	(149,987,433)
Finance costs	30, 34	(5,301,632,485)	(4,236,138,986)	(313,712,277)	(618,075,795)
Profit before income tax (expense) income		35,921,351,723	35,864,943,829	30,350,986,034	29,863,391,004
Tax (expense) income	31	(5,843,428,337)	(5,175,299,508)	(273,673,933)	(803,147,421)
Profit for the year		<u>30,077,923,386</u>	<u>30,689,644,321</u>	<u>30,077,312,101</u>	<u>30,666,538,425</u>
Profit attributable to:					
Owners of parent		<u>30,077,312,101</u>	<u>30,666,538,425</u>	<u>30,077,312,101</u>	<u>30,666,538,425</u>
Non-controlling interests		<u>611,285</u>	<u>23,105,896</u>	<u>-</u>	<u>-</u>
Profit for the year		<u>30,077,923,386</u>	<u>30,689,644,321</u>	<u>30,077,312,101</u>	<u>30,666,538,425</u>
Earnings per share (in Baht)					
	32				
Basic earnings per share		<u>10.12</u>	<u>10.31</u>	<u>10.12</u>	<u>10.31</u>
Diluted earnings per share		<u>10.12</u>	<u>10.31</u>	<u>10.12</u>	<u>10.31</u>

Notes to the financial statements form an integral part of these statements

Statements of Profit and Loss and Other Comprehensive Income

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 "Restated"
Profit for the year		30,077,923,386	30,689,644,321	30,077,312,101	30,666,538,425
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurements of defined benefit plans	20	1,020,431,447	-	147,629,568	-
Share of other comprehensive income of subsidiaries		-	-	698,397,615	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	31	(203,914,534)	-	(29,525,914)	-
Other comprehensive income for the year, net of income tax		816,516,913	-	816,501,269	-
Total comprehensive income for the year		30,894,440,299	30,689,644,321	30,893,813,370	30,666,538,425
Total comprehensive income attributable to:					
Owners of parent		30,893,813,370	30,666,538,425	30,893,813,370	30,666,538,425
Non-controlling interests		626,929	23,105,896	-	-
Total comprehensive income for the year		30,894,440,299	30,689,644,321	30,893,813,370	30,666,538,425

Statements of Changes in Shareholders' Equity

Consolidated Financial Statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES										FOR THE YEAR ENDED DECEMBER 31, 2017			
NOTES	Issued and paid share capital	Share premium on ordinary share	Retained earnings		Other components of shareholders' equity				Total other components shareholders' equity	Total shareholders' equity attributable to owners of the Company	Non-controlling interests	UNIT : BAHT	
			Appropriated reserve	Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Fair value changes in available-for-sale investments					
Balance as at January 1, 2016	2,973,095,330	22,372,276,085	500,000,000		22,313,204,401	56,569,777	161,186,663	(5)	217,756,435	48,376,332,251	116,649,532	48,492,981,783	
Transactions with owners, recorded directly in shareholders' equity													
Share-based payment transaction	-	15,817,190	-	-	-	18,923,354	-	-	18,923,354	34,740,544	-	34,740,544	
Dividends	-	-	-	-	(36,508,727,776)	-	-	-	-	(36,508,727,776)	(304,794)	(36,509,032,570)	
Total transactions with owners, recorded directly in shareholders' equity	-	15,817,190	-	-	(36,508,727,776)	18,923,354	-	-	18,923,354	(36,473,987,232)	(304,794)	(36,474,292,026)	
Comprehensive income for the year													
Profit	-	-	-	-	30,666,538,425	-	-	-	-	30,666,538,425	23,105,896	30,689,644,321	
Other comprehensive income	-	-	-	-	-	-	-	5	5	5	-	5	
Total comprehensive income for the year	-	-	-	-	30,666,538,425	-	-	5	5	30,666,538,430	23,105,896	30,689,644,326	
Balance as at December 31, 2016	2,973,095,330	22,388,093,275	500,000,000		16,471,015,050	75,493,131	161,186,663	-	236,679,794	42,568,883,449	139,450,634	42,708,334,083	

Statements of Changes in Shareholders' Equity (Continued)

Consolidated Financial Statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTES	Issued and paid share capital	Share premium on ordinary share	Retained earnings		Other components of shareholders' equity				Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
			Appropriated reserve	Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Fair value changes in available-for-sale investments			
Balance as at January 1, 2017	2,973,095,330	22,388,093,275	500,000,000		16,471,015,050	75,493,131	161,186,663	-	236,679,794	139,450,634	42,708,334,083
Transactions with owners, recorded directly in shareholders' equity											
Share capital reduction	-	-	-	-	-	-	-	-	-	(33,427,840)	(33,427,840)
Share-based payment transaction	23	(15,817,190)	-	-	-	63,560,755	-	-	63,560,755	-	47,743,565
Dividends	33, 34	-	-	-	(23,190,085,731)	-	-	-	(23,190,085,731)	(216,653)	(23,190,302,384)
Total transactions with owners, recorded directly in shareholders' equity	-	(15,817,190)	-	-	(23,190,085,731)	63,560,755	-	-	63,560,755	(33,644,493)	(23,175,986,659)
Comprehensive income for the year											
Profit	-	-	-	-	30,077,312,101	-	-	-	30,077,312,101	611,285	30,077,923,386
Other comprehensive income	-	-	-	-	816,501,269	-	-	-	816,501,269	15,644	816,516,913
Total comprehensive income for the year	-	-	-	-	30,893,813,370	-	-	-	30,893,813,370	626,929	30,894,440,299
Balance as at December 31, 2017	2,973,095,330	22,372,276,085	500,000,000		24,174,742,689	139,053,886	161,186,663	-	300,240,549	106,433,070	50,426,787,723

Notes to the financial statements form an integral part of these statements

Statements of Changes in Shareholdings' Equity

Seperate Financial Statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES							FOR THE YEAR ENDED DECEMBER 31, 2017			
	NOTES			Retained earnings		Other components of shareholders' equity			UNIT : BAHT	
		Issued and paid share capital	Share premium on ordinary share	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components shareholders' equity	Total other shareholders' equity	
“Restated”										
Balance as at January 1, 2016 - as previously reported		2,973,095,330	22,372,276,085	500,000,000	19,308,356,485	56,569,777	-	56,569,777	45,210,297,677	
Effect as the change in accounting policy	2	-	-	-	3,004,847,916	-	161,186,663	161,186,663	3,166,034,579	
Balance as at January 1, 2016 - as restated		2,973,095,330	22,372,276,085	500,000,000	22,313,204,401	56,569,777	161,186,663	217,756,440	48,376,332,256	
Transactions with owners, recorded directly in shareholders' equity										
Share-based payment transaction	23	-	15,817,190	-	-	18,923,354	-	18,923,354	34,740,544	
Dividends	33, 34	-	-	-	(36,508,727,776)	-	-	-	(36,508,727,776)	
Total transactions with owners, recorded directly in shareholders' equity		-	15,817,190	-	(36,508,727,776)	18,923,354	-	18,923,354	(36,473,987,232)	
Comprehensive income for the year										
Profit	2	-	-	-	30,666,538,425	-	-	-	30,666,538,425	
Total comprehensive income for the year		-	-	-	30,666,538,425	-	-	-	30,666,538,425	
Balance as at December 31, 2016		2,973,095,330	22,388,093,275	500,000,000	16,471,015,050	75,493,131	161,186,663	236,679,794	42,568,883,449	

Statements of Changes in Shareholdings' Equity (Continued)

Seperate Financial Statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTES		Retained earnings					Other components of shareholders' equity			UNIT : BAHT	
		Issued and paid share capital	Share premium on ordinary share	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components shareholders' equity	Total other shareholders' equity		
"Restated"											
Balance as at January 1, 2017 - as previously reported											
Effect as the change in accounting policy		2	-	2,973,095,330	22,388,093,275	500,000,000	12,761,597,893	75,493,131	-	75,493,131	38,698,279,629
Balance as at January 1, 2017 - as restated											
			2,973,095,330	22,388,093,275	500,000,000	16,471,015,050	75,493,131	161,186,663	236,679,794	42,568,883,449	
Transactions with owners, recorded directly in shareholders' equity											
Share-based payment transaction		23	-	(15,817,190)	-	-	63,560,755	-	63,560,755	47,743,565	
Dividends		33, 34	-	-	(23,190,085,731)	-	-	-	-	(23,190,085,731)	
Total transactions with owners, recorded directly in shareholders' equity											
			-	(15,817,190)	(23,190,085,731)	63,560,755	-	63,560,755	(23,142,342,166)		
Comprehensive income for the year											
Profit		2	-	-	30,077,312,101	-	-	-	-	30,077,312,101	
Other comprehensive income			-	-	816,501,269	-	-	-	-	816,501,269	
Total comprehensive income for the year											
			-	-	30,893,813,370	-	-	-	-	30,893,813,370	
Balance as at December 31, 2017											
			2,973,095,330	22,372,276,085	500,000,000	24,174,742,689	139,053,886	161,186,663	300,240,549	50,320,354,653	

Notes to the financial statements form an integral part of these statements

Statements of Cash Flows

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 “Restated”
Cash flows from operating activities					
Profit for the year		30,077,923,386	30,689,644,321	30,077,312,101	30,666,538,425
Adjustments for					
Depreciation	11, 29	21,487,350,545	15,464,345,085	85,489,138	127,013,270
Amortization of intangible assets	12, 14, 15, 29	8,663,344,477	6,202,967,902	14,085,137	25,707,184
Interest and dividend income	2, 26, 34	(174,795,247)	(203,951,212)	(1,324,956,276)	(1,530,864,624)
Finance costs	30, 34	5,301,632,485	4,236,138,986	313,712,277	618,075,795
(Reversal of) doubtful accounts and bad debts expenses	6	2,198,933,259	1,537,699,855	(11,716,239)	(2,165,297)
Share-based payment transaction	23	47,743,565	34,740,544	47,743,565	34,740,544
(Reversal of) allowance for obsolete, decline in value and write-off inventories	7	(392,008,151)	301,549,380	(18,277,813)	(35,986,900)
Allowance for unused equipment		722,516,716	135,772,815	-	-
Loss on disposals and write-off of assets		7,116,636	23,070,619	3,931,020	15,111,907
Unrealized gain on foreign exchange rate		(247,517,600)	(29,634,350)	(10,526,880)	(25,967,745)
Share of profit of subsidiaries, a associate and a joint venture	2, 8, 9	(5,368,443)	(23,896,565)	(28,988,867,735)	(28,713,714,447)
(Reversal of) employee benefit expense		261,759,361	213,606,415	52,601,794	(85,675,986)
Tax expense (income)	31	5,843,428,337	5,175,299,508	273,673,933	(803,147,421)
Cash provided by operation before changes in operating assets and liabilities		73,792,059,326	63,757,353,303	514,204,022	289,664,705
Changes in operating assets and liabilities					
Specifically-designated bank deposits		320,549,451	1,484,097,082	-	-
Trade and other current receivables		(5,153,674,255)	731,903,785	65,992,264	3,231,251,687
Inventories		(473,275,186)	1,672,451,340	18,345,684	74,551,818
Other current assets		69,937,640	1,022,641,449	(58,306,517)	707,059,084
Other non-current assets		814,768,300	2,600,497	1,112,026,398	(212,730,863)
Trade and other current payables		1,504,332,144	3,289,463,173	(215,252,224)	(415,145,123)
Accrued revenue sharing expenses		1,031,947	(3,298,287)	1,031,947	(3,298,287)
Unearned income - mobile phone service		201,639,608	876,279,494	(40,129)	(35,368,197)
Advanced received from customers		(320,549,451)	(1,484,097,082)	-	-
Other current liabilities		(21,047,370)	23,006,431	2,581,369	(715,184)
Swap and forward contracts		324,993,828	102,801,487	7,777,096	18,431,096
Other non-current liabilities		29,821,986	94,722,085	-	-
Cash generated from operating activities		71,090,587,968	71,569,924,757	1,448,359,910	3,653,700,736
Employee benefit paid		(29,082,003)	(32,220,922)	(9,333,490)	(29,441,023)
Income tax paid		(5,532,986,849)	(9,902,247,111)	(65,213,068)	(280,282,027)
Net cash provided by operating activities		65,528,519,116	61,635,456,724	1,373,813,352	3,343,977,686

Statements of Cash Flows (Continued)

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

UNIT : BAH

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 “Restated”
Cash flows from investing activities					
Purchase of property, plant, equipment and other intangible assets		(41,107,894,564)	(47,554,102,096)	(10,089,040)	(44,280,489)
Sale of equipment		121,135,582	17,398,486	25,641,463	33,946,725
Payment of spectrum license		(10,246,500,000)	(8,069,266,618)	-	-
Net (increase) decrease in short-term loans to related parties	34	-	-	(290,000,000)	5,000,000,000
Cash received from capital reduction of a subsidiary	9	-	-	2,266,535,420	-
Increase in investments in an associate, a joint venture and a subsidiary	8, 9	(44,999,850)	(14,999,950)	-	(60,000,000)
Net (increase) decrease in other investments		-	303,674,045	-	(1,000,000)
Dividend received		-	-	28,454,797,153	35,860,268,711
Interest received		169,264,032	215,749,753	919,998,002	1,917,532,686
Net cash provided by (used in) investing activities		(51,108,994,800)	(55,101,546,380)	31,366,882,998	42,706,467,633
Cash flows from financing activities					
Interest paid		(3,055,218,734)	(2,568,102,986)	(372,316,610)	(519,741,393)
Other finance costs paid		(71,905,624)	(201,233,344)	(4,745,404)	(92,159)
Finance lease payments		(56,362,860)	(47,303,990)	(16,812,394)	(13,985,714)
Net increase (decrease) in short-term borrowings from financial institutions		(2,700,000,000)	700,000,000	(5,700,000,000)	(2,000,000,000)
Net decrease in short-term borrowings from related parties	34	-	-	(1,800,000,000)	(50,000,000)
Proceed of long-term liabilities		16,307,475,000	41,153,737,500	-	-
Repayments of long-term liabilities		(2,190,460,730)	(7,699,136,051)	(1,793,260,730)	(7,699,135,730)
Cash returned paid to non-controlling interests from capital reduction of a subsidiary		(33,427,840)	-	-	-
Dividend paid		(23,190,302,384)	(36,508,870,377)	(23,190,085,731)	(36,508,727,776)
Net cash used in financing activities		(14,990,203,172)	(5,170,909,248)	(32,877,220,869)	(46,791,682,772)
Effect of exchange rate changes on balances held in foreign currencies		(5,054,455)	(1,773,095)	(4,865,675)	(2,374,740)
Net increase (decrease) in cash and cash equivalents		(575,733,311)	1,361,228,001	(141,390,194)	(743,612,193)
Cash and cash equivalents as at January 1,		11,226,140,704	9,864,912,703	409,710,983	1,153,323,176
Cash and cash equivalents as at December 31,	4	10,650,407,393	11,226,140,704	268,320,789	409,710,983
Supplemental disclosures of cash flow information					
Non-cash transactions					
Outstanding debts arising from investments in capital expenditures and spectrum license		82,929,855,917	94,784,548,815	832,599	559,223

Notes to the financial statements form an integral part of these statements

Notes to the Financial Statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2017

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Notes to the Financial Statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION

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

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

Intouch Holdings Public Company Limited is a major shareholder, holding 40.45% (December 31, 2016: 40.45%) of the authorized share capital of the Company and is incorporated in Thailand. SingTel Strategic Investments Pte Ltd. is a shareholder, holding 23.32% (December 31, 2016: 23.32%) of the authorized share capital of the Company and is incorporated in Singapore.

The major principal business operations of the Company and its subsidiaries (“the Group”) are summarized as follows:

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

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

The percentages of the service revenues and minimum annual revenue sharing for each year are as follows:

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

The Agreement for operation of the Company expired on September 30, 2015. Thus, on September 17, 2015, the National Broadcasting and Telecommunications Commission (“NBTC”) announced a temporary customer protection measure after the Agreement expired (Issue no.2) to assign the operator to continue provide the services to the subscribers. The operator must comply with the rules and conditions set forth in the announcement.

On October 15, 2015, NBTC submitted a letter to the Company on determination on the end of customer protection period on 900 MHz and concluded that the Company must provide temporary continuing service until November 19, 2015.

Later, on November 2, 2015, the National Telecommunication Commission (“NTC”) decided to postpone the auction of 900 MHz license from November 12, 2015 to December 15, 2015.

On April 12, 2016, the National Council for Peace and Order (“NCPO”) issued an order no. 16/2559 on Spectrum Auction for Telecommunication Business. Such order mandates NBTC to set up 900 MHz spectrum auction on May 27, 2016, and extend the remedy period of 900 MHz to be effective until June 30, 2016 or until the official date the NBTC shall grant the spectrum license to the bidding winner, whichever comes first.

Later, on June 30, 2016, NBTC announced the ending of remedy period for customers who on 900 MHz after Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, paid the first installment of 900 MHz license on June 28, 2016 which has been granted permission from NBTC on June 30, 2016.

In the present, the Company provides consulting and management services to its subsidiaries (see Note 34).

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

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

ADC and TOT have mutually agreed to amend the Agreement and signed the Supplemental Agreement on September 25, 1997 to extend the validity period from 10 years to 25 years (such validity period will be ended on September 24, 2022) and waive the collection of annual revenue sharing under the agreements effective from September 25, 1997. ADC issued 10.75 million ordinary shares at a par value of Baht 10 (11.23% of total shares) to TOT on March 17, 1998 in consideration of such waiver. As at December 31, 2017, TOT owns 48.12% of ADC’s total shares (2016: 48.12%).

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

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

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

DPC paid the revenue sharing to CAT through the agreement period in the total amount of Baht 15,853 million.

The Agreement expired on September 15, 2013. Thus, on August 16, 2013, the office of the National Broadcast and Telecommunication Commission (“NBTC”) has announced a temporary customer protection measure after the Agreement expired to assign the operator to continue provide the services to the subscribers for up to a further 1 year commencing from the Agreement expiration date. The operator must comply with the rules and conditions set forth in the announcement. On July 17, 2014, the National Council for Peace and Order (“NCPO”) has announced an order No. 94/2557 “Suspension the Implementation of the Act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Communications Services” to instruct NBTC to postpone an auction for spectrum licenses for 1 year commencing from the order date. During the postpone period, the operator has to comply with the NBTC’s announcement on August 16, 2013 to continue provide the services to the subscribers. The application of those rules and conditions has not been clarified in detail by NBTC yet (including expenses that may be deducted in arriving at a notional profit payable to the State). Consequently, the outcome of complying with this extension on DPC is currently uncertain.

On November 24, 2015, NBTC has announced the end of a temporary customer protection period on 1800 MHz on November 26, 2015.

- 4) The operation of a 2.1 GHz CELLULAR TELEPHONE SYSTEM as the operator. Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1950 MHz to 1965 MHz and 2140 MHz to 2155 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1, dated December 7, 2012. AWN started the operation commencing from December 7, 2012, ending December 6, 2027 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

License of Spectrum for Telecommunications Service in the Frequency Band of 1800 MHz.

On November 17, 2015, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1725 MHz to 1740 MHz and 1820 MHz to 1835 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.1), dated November 25, 2015. AWN started the operation commencing from November 26, 2015, ending September 15, 2033 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

License of Spectrum for Telecommunications Service in the Frequency Band of 900 MHz.

On May 27, 2016, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 895 MHz to 905 MHz and 940 MHz to 950 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.2), dated June 30, 2016. AWN started the operation commencing from July 1, 2016, ending June 30, 2031 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

- 5) Super Broadband Network Co., Ltd. (“SBN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) under the broadcasting network license for non - frequency business at national. The license certificate (the “License”) no. B1-N21331-0001-60 dated on March 20, 2017 and will be expired on March 19, 2032. In addition, SBN has been granted licenses from NBTC for the operation of television broadcasting service several channels the period of 1 year each. SBN is obliged to comply with various conditions and pay fee within the time period as specified in the License.

Details of the Company's subsidiaries, an associate and a joint venture as at December 31, are as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
Subsidiaries				
Advanced Contact Center Co., Ltd.	Service provider of call center	Thailand	99.99	99.99
Digital Phone Co., Ltd.	Ceased mobile phone operation	Thailand	98.55	98.55
Advanced Magic Card Co., Ltd.	Distributor of cash card business	Thailand	99.99	99.99
Advanced Mpay Co., Ltd.	Service provider of electronic payment and cash card	Thailand	99.99	99.99
AIN GlobalComm Co., Ltd.	Service provider of international telephone service/gateway	Thailand	99.99	99.99
Advanced Wireless Network Co., Ltd.	Service provider of cellular telephone network in 2.1 GHz, 900 MHz and 1800 MHz frequency, distributor of handsets and international telephone service, network operator, telecom service operator and national broadcasting network services.	Thailand	99.99	99.99
Super Broadband Network Co., Ltd.	Network operator and telecom service operator, including as service provider of broadcasting network and television broadcasting service several channels	Thailand	99.99	99.99
Wireless Device Supply Co., Ltd.	Importer and distributor of handset and accessories	Thailand	99.99	99.99
Fax Lite Co., Ltd.	Operate in land and building rental and service, and related facilities	Thailand	99.98	99.98
MIMO Tech Co., Ltd.	Operate IT, content aggregator, and outsourcing service for billing and collection	Thailand	99.99	99.99
Advanced Broadband Network Co., Ltd.	Currently not start the operation	Thailand	99.99	99.99
Indirect Subsidiaries				
Advanced Datanetwork Communications Co., Ltd.	Service provider of online data communications service via telephone land line and optical fiber	Thailand	51.00	51.00
Associate				
Information Highway Co., Ltd.	Transmission network provider	Thailand	29.00	29.00
Joint Venture				
Amata Network Co., Ltd.	Develop infrastructure of fibre optic network	Thailand	60.00	60.00

The Group and the Company have extensive transactions and relationships with the related parties. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Group and the Company had operated without such affiliation.

On October 2, 2017, the Company's Board of Directors has considered and approved the launch of a Conditional Voluntary Tender Offer ("VTO") by the Company and/or its subsidiary to acquire all ordinary shares of CS Loxinfo Public Co., Ltd. ("CSL") in the total number of 594.51 million shares at the price of Baht 7.80 per share from all shareholders comprising:

- (1) 42.07% of the total issue shares held by DTV Service Co., Ltd. ("DTV"), a subsidiary of Thaicom Public Company Limited ("THCOM")
- (2) 14.14% of the total issue shares held by Singapore Telecommunications Ltd. ("Singtel") and
- (3) 43.79% of the total issue shares held by the minority shareholders of CSL

On October 6, 2017 and October 24, 2017, Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, has entered into the Share Tender Agreement for the acquisition of all ordinary shares in CSL with DTV and Singtel, respectively. DTV and Singtel will sell all their ordinary shares in CSL to AWN by the Tender Offer.

On December 14, 2017, AWN has submitted the Application Form for Conditional Voluntary Tender Offer of CSL to the Securities and Exchange Commission, the Stock Exchange of Thailand, the Board of directors and securities holders of CSL. The offer period of such Tender Offer is total of 25 business days, or from December 15, 2017 to January 22, 2018.

Subsequently, on January 23, 2018, AWN as the Tender Offer or submitted the result of the Tender Offer of shares in CSL to the Securities and Exchange Commission, the Stock Exchange of Thailand and the Board of directors and securities holders of CSL. AWN acquired shares in CSL of 476,196,534 shares or 80.10% of the total issued and paid ordinary shares of CSL. On January 25, 2018, AWN has paid that share amounting to Baht 3,714 million. As a result, CSL has been a subsidiary of AWN since then.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group and the Company maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practice generally accepted in Thailand.
- 2.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard ("TAS") No. 1 (Revised 2016) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2017 onward, and the Regulation of The Stock Exchange of Thailand ("SET") dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development dated October 11, 2016 regarding "The Brief Particulars in the Financial Statement (No. 2) B.E. 2559" (see Note 39).
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 Below is a summary of new Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future.

1) Adoption of new and revised Thai Financial Reporting Standards

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (“TFRSs”) which are effective for the financial statements for the period beginning on or after January 1, 2017 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 25 (Revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline on Accounting

Guideline on Accounting for derecognition of financial assets and financial liabilities

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

Above TFRSs have no material impact on the Group's and the Company's financial statements except for the following TFRS.

TAS 27 (Revised 2016) "Separate Financial Statements"

This revised accounting standard allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in separate financial statements by retrospective method. The Company has changed from cost method to use equity method in separate financial statements for current period. Therefore, the Company has retrospectively changed in order to comply with this revised accounting standard as described in Note 2.5.

2) Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards ("TFRSs") which are effective for the financial statements for the period beginning on or after January 1, 2018 onwards, as follows:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 2 (Revised 2017)	Inventories
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events after the Reporting Period
TAS 11 (Revised 2017)	Construction Contracts
TAS 12 (Revised 2017)	Income taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2017)	Borrowing Costs
TAS 24 (Revised 2017)	Related Party Disclosures
TAS 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2017)	Earnings Per Share
TAS 34 (Revised 2017)	Interim Financial Reporting
TAS 36 (Revised 2017)	Impairment of Assets
TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets
TAS 40 (Revised 2017)	Investment Property
TAS 41 (Revised 2017)	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2017)	Share-based Payment
TFRS 3 (Revised 2017)	Business Combinations
TFRS 4 (Revised 2017)	Insurance Contracts
TFRS 5 (Revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements
TFRS 11 (Revised 2017)	Joint Arrangements
TFRS 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2017)	Fair Value Measurement

Thai Accounting Standard Interpretations (“TSIC”)

TSIC 10 (Revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2017)	Operating Leases - Incentives
TSIC 25 (Revised 2017)	Income Taxes - Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2017)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2017)	Applying the Restatement Approach under TAS 29 (Revised 2017) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2017)	Service Concession Arrangements
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 14 (Revised 2017)	TAS 19 (Revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers
TFRIC 20 (Revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2017)	Levies

The Group’s and the Company’s management will adopt such TFRSs in the preparation of the Group’s and the Company’s financial statements when it becomes effective. The Group’s and the Company’s management have assessed the impact of this TFRS and believes that it will not have material impact on the financial statements for the period in which it is initially applied.

2.5 Effect from change in accounting policy

TAS 27 (Revised 2016) “Separate Financial Statements”

Since January 1, 2017, the Company have adopted TAS 27 (Revised 2016) “Separate Financial Statements” by electing to change accounting policy relating to investments in subsidiaries in the separate financial statements from cost method to equity method by retrospective adjustment.

The separate financial statement for the year ended December 31, 2016 and separate statement of financial position as at January 1, 2016, presented as comparative information have been restated in accordance with the relevant transitional provisions set out in TFRSs.

Effect from change in accounting policy on the separate financial statements are summarized as follows:

The separate statement of financial position as at December 31, 2016 and January 1, 2016

Unit: Million Baht						
	As at December 31, 2016			As at January 1, 2016		
	Balance as at December 31, 2016 as previously reported	Increase from change in accounting policy	Balance as at December 31, 2016 as restated	Balance as at January 1, 2016 as previously reported	Increase from change in accounting policy	Balance as at January 1, 2016 as restated
Assets						
Non-current assets						
Investments in subsidiaries	7,721	3,870	11,591	7,661	3,166	10,827
Shareholders' equity						
Retained earnings - unappropriated	12,762	3,709	16,471	19,308	3,005	22,313
Other components of shareholders' equity	75	161	236	57	161	218

The separate statements of profit or loss and profit or loss and other comprehensive income for the year ended December 31, 2016

Unit: Million Baht			
	For the year ended December 31, 2016 as previously reported	Increase (decrease) from change in accounting policy	For the year ended December 31, 2016 as restated
Interest and dividend income	29,540	(28,010)	1,530
Share of profit of an associate, subsidiaries and a joint venture	-	28,714	28,714
Profit for the period	29,962	704	30,666
Basic earnings per share (in Baht)	10.08	0.23	10.31
Diluted earnings per share (in Baht)	10.08	0.23	10.31
Total comprehensive income for the year	29,962	704	30,666

The separate statements of cash flows for the year ended December 31, 2016

Unit: Million Baht			
	For the year ended December 31, 2016 as previously reported	Increase (decrease) from change in accounting policy	For the year ended December 31, 2016 as restated
Profit for the year	29,962	704	30,666
Adjustments for Interest and dividend income	(29,540)	28,010	(1,530)
Share of profit of an associate, subsidiaries and a joint venture	-	(28,714)	(28,714)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in an associate and a joint venture.

Business combinations

The Group and the Company apply the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group and the Company take into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group and the Company to the previous owners of the acquiree, and equity interests issued by the Group and the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group and the Company measure any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group and the Company incur in connection with a business combination such as legal fees, other professional and consulting fees are expensed as incurred.

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the Federation of Accounting Professions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss and the statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity - accounted investees

The Group's interests in equity-accounted investees comprise interests in an associate and a joint venture.

The Company's interests in equity-accounted investees comprise interests in subsidiaries.

Associate is entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Joint venture is a joint arrangement whereby the parties that have joint control a the arrangement have rights to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated financial statements using the equity method and is recognized initially at cost.

Interests in an associate, subsidiaries and a joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated and separate financial statements include the Group's and the Company's share of profit or loss of equity-accounted investees in the profit or loss and other comprehensive income, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

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

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Thai Baht) of the Group at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of profit or loss.

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

3.3 Derivative financial instruments

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

Swap and forward contracts prevent effect from fluctuations in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Swap and forward contracts are recorded as other financial assets and liabilities on inception, and are translated at the end of the reporting period exchange rate. Unrealized gains or losses on transactions are recognized in the statement of profit or loss. Premiums or discounts are amortized in the statement of profit or loss on a straight-line basis over the contract period.

Interest rate swap contracts prevent effect from fluctuations in floating interest rates. Any differential to be received or paid on an interest rate swap contracts are recognized as a component of interest income or expense over the period of such instrument. Gains or losses of early termination of interest rate swap contracts or on repayment of the borrowing are recognized in the statement of profit or loss.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, cash at banks type current accounts and saving accounts excluding cash at banks used as collateral and highly liquid short-term investments with original maturities of three months or less.

3.5 Trade and other current receivables

Trade and other current receivables are stated at cost net of allowance for doubtful accounts.

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

3.6 Inventories

Inventories comprise mobile phones, refill cards, sim cards and spare parts used for repairs and services.

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are calculated by using moving weighted average method.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

An allowance for obsolete are decline in value are made for all deteriorated, changed, obsolete and slow-moving inventories.

3.7 Investments

Investments in an associate, subsidiaries and a joint venture

Investments in subsidiaries in the separate financial statements of the Company and investment in an associate and a joint venture in the consolidated financial statements are accounted for using the equity method.

Investments in fixed deposit at banks other debt and equity securities

Fixed deposit at bank is classified as part of current investment with maturities over three months, not exceeding one year.

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the statement of profit or loss.

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

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences are recognized in the statement of profit or loss and other comprehensive income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the statement of profit or loss and other comprehensive income. In case of these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statement of profit or loss and other comprehensive income.

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

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

Disposal of investments

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

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

3.8 Property, plant and equipment

Recognition and measurement

Owned assets

Property is stated at cost less allowance for impairment.

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in the statement of profit or loss.

Leased assets

Leases in terms of which the Group and the Company substantially assume all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and allowance for impairment losses. Lease payments are apportioned between the finance cost and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost are recognized in the statement of profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvements	5, 10, 20 years
Leasehold building improvements	5, 10 years
Computer, tools and equipment	3 - 20 years
Furniture, fixtures and office equipment	2 - 5 years
Communication equipment for rental	3 years
Vehicles	5 years

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.9 Assets under the Agreements for operations

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

Depreciation and amortization

Depreciation and amortization are based on the cost of the asset, or other amount substituted for cost, less its residual value.

Depreciation and amortization are recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives from the date that assets are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

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

No amortization is provided on assets under construction of the assets under the Agreements for operations.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.10 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in Note 3.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount.

Spectrum licenses

Spectrum licenses represent with its value measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognized as finance cost over the license fee payment period, with the cost being amortized starting on date of the license effective.

Other intangible assets

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

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of profit or loss.

Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Spectrum licenses	Over the period of the license
Other intangible assets	5 and 10 years

No amortization is provided on asset under installation.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.11 Other assets

Deferred charges

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

Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Costs of long-term leases for base stations	Over the lease agreement period
Expenditures relating to the increase of power of electricity at base stations	Over the remaining period of the Agreement of operation period
Operation right of the Datanet service	10 years not exceeding the remaining period of the Agreement for operations

3.12 Impairment

The carrying amounts of the Group's and the Company's assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of profit or loss.

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

3.13 Interest-bearing liabilities

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

3.14 Trade and other current payables

Trade and other current payables are stated at cost.

3.15 Employee benefits

Provident fund

The Group and the Company had provident funds which is a defined contribution plan. The fund's asset of the provident fund is separated from the Group's and the Company's asset and has been managed by a licensed fund manager. The provident fund receives a cash contribution from employee and the related Group and the Company. The contribution expenditure of the provident fund is recognized as expense in the statement of profit or loss as accrued.

Post-employment benefit and long-term service award

The provision in respect of post-employment benefits that provide compensation according to labour law and long-term service award are recognized in the financial statements based on calculations by a qualified actuary using the projected unit credit method.

The Group and the Company recognized all gains (losses) on remeasurements of defined benefit plans arising from provisions for employee benefit in other comprehensive income and all expenses related to provisions for employee benefit in the statement of profit or loss.

Termination benefits

Termination benefits are recognized as an expense when the Group and the Company are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense in the statement of profit or loss if the Group and the Company have made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the end of the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense in the statement of profit or loss as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

The Group measured the expense of the Project by reference to the fair value of the equity instrument granted at the grant date.

The expense of the Project is recognized in the statement of profit or loss from operation corresponding to the increase in "reserve for share-based payment transaction" in shareholders' equity over the periods in which the service conditions are fulfilled.

3.16 Provisions

A provision is recognized if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.17 Recognition of revenue and expense

Revenue excludes value added tax and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue from sale of goods is recognized in the statement of profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income is recognized in the statement of profit or loss as services are provided.

Revenue from mobile phone and call center services are recognized in the statement of profit or loss when services are rendered to customers.

Revenue from rendering voice/data communications via telephone line network services is recognized in the statement of profit or loss when service is rendered.

Rental income

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

Interest income

Interest income is recognized in the statement of profit or loss and as it accrues.

Expense

Expense is recognized in the statement of profit or loss and as it accrues.

3.18 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through the statement of profit or loss, impairment losses recognized on financial assets (other than trade receivables), and losses on hedging instruments that are recognized in the statement of profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss using the effective interest method.

3.19 Lease

Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the statement of profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Finance lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Group and the Company is accounted for as a finance lease. The Group and the Company capitalize the equipment at the lower of fair value of the equipment at the contractual date or estimated present value of the underlying lease payments. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest or financial charge is recognized by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognized as expenses in the statement of profit or loss.

3.20 Tax expense

Tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of profit or loss except to the extent that they relate to a business combination, or items recognized directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted and any tax adjustment items in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the end of the reporting period.

In determining the amount of current and deferred tax, the Group and the Company take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group and the Company believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group and the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.21 Earnings per share

The Group and the Company present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.22 Segment reporting

Segment results that are reported to the Group's CEO (Chief Executive Officer) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.23 Use of management's judgement

The preparation of financial statements in conformity with Thai Financial Reporting Standards ("TFRSs") also requires the Group's and the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Significant judgements in applying accounting policies are as follows:

The recognition cost of assets and depreciation method

Recognition of cost of assets incurred as part of the carrying amount of property, plant and equipment and intangible assets ended when the management has determined that the assets is in a working condition for their intended use of the management. Moreover, the accounting policies regarding to depreciation methods and estimated useful life of the asset requires management's judgments to review each financial year.

Impairment

The Group shall assess the assets balance at the statement of financial position whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

Recognition of deferred tax assets associated with tax losses carryforward

Deferred tax assets are recognized to the extent that it is probable that it will be utilized in the future and the Company has assessed it to be probable that the Company will generate taxable income sufficient to fully utilize the tax losses that exist.

Significant commercial disputes and litigations

Item required to use management judgement in provision estimation from significant disputes and litigations because the outcome of litigations has not been finalized.

3.24 Fair value measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements are determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, are as follows:

		Unit: Million Baht			
Notes		Consolidated Financial statements		Separate Financial statements	
		2017	2016	2017	2016
Cash on hand		9	56	2	2
Cash at bank - current accounts	34	712	607	5	8
Cash at bank - saving accounts	34	12,572	13,526	261	400
		13,293	14,189	268	410
Less Specifically-designated bank deposits	5	(2,643)	(2,963)	-	-
Total		10,650	11,226	268	410

The currencies denomination of cash and cash equivalents as at December 31, are as follows:

		Unit: Million Baht			
		Consolidated Financial statements		Separate Financial statements	
		2017	2016	2017	2016
Thai Baht (THB)		10,401	10,638	215	252
US Dollar (USD)		206	477	52	157
Euro (EUR)		43	111	1	2
Total		10,650	11,226	268	410

As at December 31, 2017, the effective interest rate on cash and cash equivalents are 0.03% - 1.68% per annum (2016: 0.04% - 1.66% per annum).

5. SPECIFICALLY-DESIGNATED BANK DEPOSITS

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries' held deposits at call with banks not less than to the subsidiaries' outstanding balance of advance received from customers which cannot be used for other purposes apart from payments to service providers as at December 31, 2017 amounting to Baht 2,643 million (December 31, 2016: Baht 2,963 million).

6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, are as follows:

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Trade receivables					
Related parties:	34	53	56	18	53
Trade receivables		107	12	3	3
Accrued income		160	68	21	56
Other parties:					
Trade receivables		7,902	6,773	173	211
Accrued income		7,580	5,903	1,581	1,580
		15,482	12,676	1,754	1,791
Total trade receivables		15,642	12,744	1,775	1,847
Less allowance for doubtful accounts		(1,463)	(1,367)	(101)	(122)
Trade receivables - net		14,179	11,377	1,674	1,725
Other receivables					
Prepaid expense		2,306	2,153	14	19
Account receivables - cash card/ refill on mobile		175	276	-	-
Value added tax receivable		310	223	-	-
Others		101	87	531	125
Total other receivables		2,892	2,739	545	144
Total trade and other current receivables		17,071	14,116	2,219	1,869
(Reversal of) doubtful account and bad debts expense for the years ended December 31		2,199	1,538	(12)	(2)

Aging analyzation for trade receivables are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Related parties				
Current - overdue within 3 months	159	67	21	56
Overdue 3 - 6 months	1	1	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue over 12 months	-	-	-	-
	160	68	21	56
Other parties				
Current - overdue within 3 months	13,002	10,125	-	2
Overdue 3 - 6 months	563	475	-	13
Overdue 6 - 12 months	112	300	-	54
Overdue over 12 months	1,805	1,776	1,754	1,722
	15,482	12,676	1,754	1,791
Less allowance for doubtful accounts	(1,463)	(1,367)	(101)	(122)
	14,019	11,309	1,653	1,669
Trade receivables - net	14,179	11,377	1,674	1,725

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

The currencies denomination of trade receivables as at December 31, are as follow:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Thai Baht (THB)	11,846	10,745	1,674	1,712
United States Dollars (USD)	2,316	630	-	13
Euro (EUR)	17	2	-	-
Total	14,179	11,377	1,674	1,725

As at December 31, 2017, the Group and the Company have the outstanding balance of accrued income of revenue sharing in international direct dial service (“IDD”) which is presented in overdue 12 months of Baht 1,584 million and Baht 1,574 million, respectively (December 31, 2016: Baht 1,584 million and Baht 1,574 million, respectively).

On January 16, 2013, the Company has submitted a dispute to the Arbitration Institute demanding TOT Public Company Limited (“TOT”) to pay this receivable plus interest, the total amount of Baht 1,526 million.

On November 26, 2013, Digital Phone Company Limited, a subsidiary, has submitted a dispute to the Central Administrative Court demanding CAT Public Company Limited (“CAT”) to pay this receivable plus interest, the total amount of Baht 11 million.

On May 1, 2017, the Arbitral Tribunal gave the arbitration award to order TOT to pay the revenue sharing of international call service from November 2008 to September 2012 to the Company in the amount of Baht 1,355 million and plus interest since date of the arbitration award until fully repayment date at 7.5% per annum of the principal amount. Moreover, TOT has to pay the revenue sharing of international phone service from October 2012 to the ending of the Agreement for operation on September 30, 2015, or until the agreement is amended or renewed.

On September 7, 2017, the Company received a black case no.1148/2560 dated July 17, 2017, which TOT has filed to revoke the Arbitral Tribunal’s award ordering TOT to pay the revenue share of international call service as mention above. Currently, the dispute has been in the process of consideration by the Central Administration Court process.

7. INVENTORIES

Inventories as at December 31, are as follows:

		Unit: Million Baht	
	Consolidated financial statements		Separate financial statements
	2017	2016	2017
Finished goods	4,029	3,529	-
Supplies and spare parts	9	46	-
Spare parts for mobile phone network maintenance	687	677	363
	4,725	4,252	383
Less allowance for obsolescence and decline in value of inventory	(774)	(1,167)	(363)
Inventories - net	3,951	3,085	1

The Group and the Company recognized expenses in respect of (reversal of) allowance for obsolescence and decline in value of inventory for the year ended December 31, 2017 of Baht (393) million and Baht (19) million, respectively (2016: Baht 315 million and Baht (36) million, respectively).

8. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

Movements in investment in an associate for the years ended December 31, are as follows:

		Unit: Million Baht	
	Consolidated financial statements		
	2017	2016	
As at January 1,	24	-	
Share gain from investment in an associate	7	24	
As at December 31,	31	24	

Movements in investment in a joint venture for the years ended December 31, are as follows:

		Unit: Million Baht	
	Consolidated financial statements		
	2017	2016	
As at January 1,	15	-	
Additional investments	45	15	
Share loss from investment in a joint venture	(1)	-	
As at December 31,	59	15	

The establishment of a joint venture

On December 6, 2016, Advanced Broadband Network Co., Ltd. ("ABN") a subsidiary, invested in Amata Network Co., Ltd. ("AN"), 599,998 shares by Baht 100 per share. ABN paid share subscription of Baht 25 Baht per share, totaling Baht 15 million representing 60% of ownership. Subsequently, on January 19, 2017, ABN paid the remaining share subscription of Baht 75 per share, totaling Baht 45 million.

Investments in an associate and a joint venture as at December 31, and dividend income from those investments for the years then ended are as follows:

Consolidated financial statements													Unit: Million Baht	
	% of Ownership interest		Paid-up capital		Cost		Equity		Dividend income					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016				
Associate														
Information Highway Co., Ltd.	29	29	50	50	15	15	31	24	-	-				
Joint venture														
Amata Network Co., Ltd.	60	60	100	25	60	15	59	15	-	-				
Summarized financial position in respect of an associate and a joint venture and performance for the years then ended are as follows:													Unit: Million Baht	
	Reporting date	% of Ownership interest	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Profit/(loss)			
2017														
Associate														
Information Highway Co., Ltd.	December 31	29	113	567	680	527	59	586	204	192	12			
Joint venture														
Amata Network Co., Ltd.	December 31	60	71	85	156	50	10	60	3	6	(3)			
2016														
Associate														
Information Highway Co., Ltd.	December 31	29	197	584	781	555	142	697	275	207	68			
Joint venture														
Amata Network Co., Ltd.	December 31	60	25	-	25	1	-	1	-	1	(1)			

9. INVESTMENTS IN SUBSIDIARIES

Movements in investments in subsidiaries for the years ended December 31, are as follows:

Unit: Million Baht

	Separate financial statements	
	2017	2016 "Restated"
Subsidiaries		
As at January 1, - as previously reported	7,721	7,661
Effect from change in accounting policy (see Note 2.5)	3,870	3,166
As at January 1, - as restated	11,591	10,827
Dividend income	(16,361)	(28,010)
Share of profit of subsidiaries	28,989	28,714
Share of other comprehensive income of subsidiaries	698	-
Increase in share capital of a subsidiary	-	60
Decrease in share capital of a subsidiary	(2,267)	-
As at December 31,	22,650	11,591

Increase in share capital of a subsidiary

On November 30, 2016, Advanced Broadband Network Co., Ltd. ("ABN"), a subsidiary, registered the increase in the share capital from Baht 15 million (150,000 ordinary shares, Baht 100 par value) to Baht 75 million (750,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is for investment in a joint venture. The Company paid additional investment in such subsidiary for the increased 600,000 ordinary shares by Baht 100 per share, totaling Baht 60 million and holds 99.99% of the issued share capital.

Decrease in share capital of a subsidiary

On April 28, 2017, the Annual General shareholders' meeting of Digital Phone Co., Ltd. ("DPC") a subsidiary, approved a resolution to decrease in registered share capital from 365,546,542 shares at Baht 10 each, to 91,386,636 shares at Baht 10 which was registered with the Department of Business Development Ministry of Commerce on June 5, 2017 and reversed deficit in the amount of Baht 442 million because DPC has no operating business to generate revenue profit. The share capital reduction was paid to the shareholders on July 31, 2017.

Investments in subsidiaries as at December 31 and dividend income from those investments for the years then ended, are as follows:

Separate financial statements														Unit: Million Baht
Ownership interest		Paid-up capital		Cost		Impairment		Cost - net		Investment as equity method		Dividend income for the year ended December 31,		
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
%	%									“Restated”				
Subsidiaries														
	99.99	99.99	272	272	811	811	-	-	811	811	480	304	46	274
	98.55	98.55	914	3,655	10,226	12,493	(8,230)	(8,230)	1,996	4,263	4,078	6,275	-	-
	99.99	99.99	250	250	250	250	-	-	250	250	290	289	30	-
	99.99	99.99	300	300	336	336	-	-	336	336	790	588	267	591
	99.99	99.99	100	100	100	100	-	-	100	100	156	136	102	166
	99.99	99.99	1,350	1,350	1,485	1,485	-	-	1,485	1,485	14,197	3,093	13,674	23,492
	99.99	99.99	300	300	300	300	-	-	300	300	443	350	75	-
	99.99	99.99	50	50	50	50	-	-	50	50	209	85	238	835
	99.98	99.98	1	1	1	1	-	-	1	1	788	279	1,049	1,465
	99.99	99.99	50	50	50	50	-	-	50	50	1,130	108	880	1,187
	99.99	99.99	75	75	75	75	-	-	75	75	89	84	-	-
Total			13,684	15,951	(8,230)	(8,230)	5,454	7,721	22,650	11,591	16,361	28,010		

10. OTHER LONG-TERM INVESTMENTS

Other investments as at December 31, are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Fixed deposit at financial institutions - pledged	11	11	-	-
Other long-term investments	48	48	48	48
	59	59	48	48
Total	59	59	48	48

Fixed deposits at financial institutions – pledged

As at December 31, 2017, the Group has fixed deposit at a financial institution in the amount of Baht 11.20 million (December 31, 2016: Baht 11.20 million), which have been pledged with a bank in respect of the contract's compliance.

Other long-term investments

On September 29, 2016, the Company invested in Pracharath Rak Samakee Thailand Co., Ltd., of 1,000 ordinary shares with a par value of Baht 1,000 per share, totaling Baht 1 million. Total shares invested represented 1.00% ownership. The objective of business is to develop Thailand economic with the government.

11. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the years ended December 31, are as follows:

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements				Balance as at December 31, 2017
	Balance as at January 1, 2017	Additions	Disposals	Transfer/Other	
Cost					
Land	524	2	-	-	526
Building and building improvements	443	1	(25)	-	419
Leasehold building improvements	1,595	279	(67)	12	1,819
Computer, tools and equipment	151,470	33,634	(1,474)	6,387	190,017
Furniture, fixtures and office equipment	1,205	95	(19)	24	1,305
Communication equipment for rental	8	-	-	-	8
Vehicles	212	31	(51)	-	192
Total	155,457	34,042	(1,636)	6,423	194,286
Accumulated depreciation					
Building and building improvements	(398)	(6)	24	-	(380)
Leasehold building improvements	(864)	(250)	34	10	(1,070)
Computer, tools and equipment	(44,296)	(21,108)	1,350	-	(64,054)
Furniture, fixtures and office equipment	(952)	(90)	17	(10)	(1,035)
Communication equipment for rental	(4)	-	-	-	(4)
Vehicles	(125)	(33)	40	-	(118)
Total	(46,639)	(21,487)	1,465	-	(66,661)
Assets under construction and Installation	9,944	2,649	(3)	(6,424)	6,166
Less Allowance for impairment	(355)	-	1	-	(354)
Allowance for unused equipment	(136)	(722)	-	-	(858)
Property, plant and equipment	118,271	14,482	(173)	(1)	132,579

As at December 31, 2016

Unit: Million Baht

	Consolidated financial statements			
	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
Cost				
Land	524	-	-	524
Building and building improvements	477	-	(34)	443
Leasehold building improvements	1,383	287	(92)	1,595
Computer, tools and equipment	99,805	45,683	(1,379)	151,470
Furniture, fixtures and office equipment	1,629	98	(526)	1,205
Communication equipment for rental	8	-	-	8
Vehicles	237	9	(34)	212
Total	104,063	46,077	(2,065)	155,457
Accumulated depreciation				
Building and building improvements	(420)	(12)	34	(398)
Leasehold building improvements	(754)	(193)	82	(864)
Computer, tools and equipment	(30,506)	(15,148)	1,358	(44,296)
Furniture, fixtures and office equipment	(1,397)	(77)	523	(952)
Communication equipment for rental	(4)	-	-	(4)
Vehicles	(114)	(35)	24	(125)
Total	(33,195)	(15,465)	2,021	(46,639)
Assets under construction and Installation	13,778	3,646	(6)	9,944
<u>Less</u> Allowance for impairment	(355)	-	-	(355)
Allowance for unused equipment	-	(136)	-	(136)
Property, plant and equipment	84,291	34,122	(50)	118,271
Depreciation for the years ended December 31,				
2017			Million Baht	21,487
2016			Million Baht	15,465

As at December 31, 2017

Unit: Million Baht

	Separate financial statements			
	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
Cost				
Building and building improvements	322	-	(194)	128
Leasehold building improvements	363	15	(81)	304
Computer, tools and equipment	4,615	-	(980)	3,635
Furniture, fixtures and office equipment	652	2	(96)	558
Vehicles	83	19	(28)	74
Total	6,035	36	(1,379)	4,699
Accumulated depreciation				
Building and building improvements	(318)	(1)	192	(127)
Leasehold building improvements	(309)	(19)	74	(254)
Computer, tools and equipment	(4,424)	(36)	968	(3,492)
Furniture, fixtures and office equipment	(614)	(13)	91	(536)
Vehicles	(48)	(16)	22	(42)
Total	(5,713)	(85)	1,347	(4,451)
Assets under construction and Installation	15	-	(2)	6
Property, plant and equipment	337	(49)	(34)	254

As at December 31, 2016

Unit: Million Baht

	Separate financial statements			
	Balance as at January 1, 2016	Additions	Disposals	Balance as at December 31, 2016
Cost				
Building and building improvements	357	-	(35)	322
Leasehold building improvements	458	7	(118)	363
Computer, tools and equipment	5,886	2	(1,273)	4,615
Furniture, fixtures and office equipment	1,178	5	(531)	652
Vehicles	105	2	(24)	83
Total	7,984	16	(1,981)	6,035
Accumulated depreciation				
Building and building improvements	(345)	(8)	35	(318)
Leasehold building improvements	(380)	(20)	91	(309)
Computer, tools and equipment	(5,623)	(63)	1,262	(4,424)
Furniture, fixtures and office equipment	(1,123)	(20)	529	(614)
Vehicles	(50)	(16)	18	(48)
Total	(7,521)	(127)	1,935	(5,713)
Assets under construction and Installation	37	-	(6)	15
Property, plant and equipment	500	(111)	(52)	337

Depreciation for the years ended December 31,

2017

Million Baht 85

2016

Million Baht 127

12. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

Movements in assets under the Agreements for operations for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2017	2016
Cost		
As at January 1,	1,248	1,248
As at December 31,	1,248	1,248
Accumulated amortization		
As at January 1,	(1,038)	(1,038)
As at December 31,	(1,038)	(1,038)
Allowance for impairment		
	(210)	(210)
Total	-	-

As part of assets under the Agreement for operations are 13,198 towers that the Company has transferred to TOT Public Company Limited. There are 152 towers and 115 containers that Digital Phone Company Limited, a subsidiary, has transferred to CAT Public Company Limited. The Group has reviewed the Agreement and reconsidered the nature and function of such towers and the containers. The Group has an opinion that the towers and the containers are not the tools and equipment specified under the Agreement. Therefore, the Group shall not be obligated to transfer the towers and the containers. The Group has also submitted the disputes to the Dispute Reconciliation, the Court of Justice of request the Arbitral Tribunal to give an award that the said assets are not the property as stipulated in the Agreement in July 2014.

13. GOODWILL

Movements in goodwill for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2017	2016
Cost		
As at January 1,	14,352	14,352
As at December 31,	14,352	14,352
Accumulated amortization		
As at January 1,	(7,662)	(7,662)
As at December 31,	(7,662)	(7,662)
Allowance for impairment		
	(6,655)	(6,655)
Total	35	35

14. SPECTRUM LICENSES

Movements in spectrum licenses for the years ended December 31, are as follows:

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements		
	Balance as at December 1, 2017	Additions	Balance as at December 31, 2017
Cost			
Spectrum licenses	124,142	-	124,142
Total	124,142	-	124,142
Accumulated Amortization			
Spectrum licenses	(8,764)	(7,854)	(16,618)
Total	(8,764)	(7,854)	(16,618)
Spectrum licenses	115,378	(7,854)	107,524

As at December 31, 2016

Unit: Million Baht

	Consolidated financial statements		
	Balance as at December 1, 2016	Additions	Balance as at December 31, 2016
Cost			
Spectrum licenses	55,010	69,132	124,142
Total	55,010	69,132	124,142
Accumulated Amortization			
Spectrum licenses	(3,219)	(5,545)	(8,764)
Total	(3,219)	(5,545)	(8,764)
Spectrum licenses	51,791	63,587	115,378

Amortization for the years ended December 31,

2017	Million Baht	7,854
2016	Million Baht	5,545

On May 27, 2016, Advanced Wireless Network Company Limited (“AWN”), a subsidiary was the auction winner for 900 MHz license at the bidding price of Baht 75,654 million. AWN was officially granted the license to operate 900MHz from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid the 1st installment by 11% of the fee plus VAT, totaling Baht 8,603 million on June 28, 2016 and submitted bank guarantee to pay the remaining fee to the NBTC. For the 2nd installment and the 3rd installment of 5% of the fee plus VAT each will be paid in the second year and the third year since date of the first installment, and the remaining will be paid in the fourth year.

The cost of spectrum licenses are initial recognition by measuring at the cash equivalent price based on the present value of its acquisition cost.

15. OTHER INTANGIBLE ASSETS

Movements in other intangible assets for the years ended December 31, are as follows:

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements			
	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
Cost				
Spectrum licenses	7,206	946	(1)	8,278
Total	7,206	946	(1)	8,278
Accumulated amortization				
Software licenses	(3,327)	(808)	1	(4,134)
Total	(3,327)	(808)	1	(4,134)
Assets under installation	220	261	-	355
Other intangible assets	4,099	399	-	4,499

As at December 31, 2016

Unit: Million Baht

	Consolidated financial statements			
	Balance as at January 1, 2016	Additions	Disposals	Balance as at December 31, 2016
Cost				
Software licenses	5,804	1,310	(25)	7,206
Total	5,804	1,310	(25)	7,206
Accumulated amortization				
Software licenses	(2,694)	(658)	25	(3,327)
Total	(2,694)	(658)	25	(3,327)
Assets under installation	82	163	-	220
Other intangible assets	3,192	815	-	4,099

Amortization for the years ended December 31,	
2017	808
2016	658

Million Baht

Million Baht

As at December 31, 2017

Unit: Million Baht

	Separate financial statements			
	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
Cost				
Software licenses	455	-	(132)	323
Total	455	-	(132)	323
Accumulated amortization				
Software licenses	(408)	(14)	127	(295)
Total	(408)	(14)	127	(295)
Other intangible assets	47	(14)	(5)	28

As at December 31, 2016

Unit: Million Baht

	Separate financial statements			
	Balance as at January 1, 2016	Additions	Disposals	Balance as at December 31, 2016
Cost				
Software licenses	480	-	(25)	455
Total	480	-	(25)	455
Accumulated amortization				
Software licenses	(408)	(25)	25	(408)
Total	(408)	(25)	25	(408)
Other intangible assets	72	(25)	-	47
Amortization for the years ended December 31,				
2017			Million Baht	14
2016			Million Baht	25

16. DEFERRED TAX ASSETS

Deferred tax assets and liabilities as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets	2,590	2,639	565	875
Deferred tax liabilities	(28)	(21)	(5)	(7)
Deferred tax - net	2,562	2,618	560	868

Movements in deferred tax assets and liabilities for the years ended December 31, are as follows:

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements		
	(Charged)/credited to		
	Balance as at January 1, 2017	Profit or loss	Other comprehensive income
Deferred tax assets			
Trade receivables (doubtful accounts)	242	27	-
Inventories			
(allowance for obsolescence and decline in value)	151	(74)	-
Unearned income - mobile phone service			
(income recognized difference)	399	(34)	-
Accrued expense	410	-	-
Provisions for employee benefit	528	70	(204)
Loss carry forward	400	(292)	-
Spectrum licenses payable (deferred interest)	199	307	-
Allowance for unused equipment	27	144	-
Others	283	7	-
Total	2,639	155	(204)
Deferred tax liabilities			
Others	(21)	(7)	-
Total	(21)	(7)	-
Deferred tax – net	2,618	148	(204)

As at December 31, 2016

Unit: Million Baht

	Consolidated financial statements		
	(Charged)/credited to		
	Balance as at January 1, 2016	Profit or loss	Other comprehensive income
Deferred tax assets			
Trade receivables (doubtful accounts)	165	77	-
Inventories			
(allowance for obsolescence and decline in value)	36	115	-
Unearned income - mobile phone service			
(income recognized difference)	390	9	-
Accrued expense	-	410	-
Provisions for employee benefit	461	67	-
Loss carry forward	-	400	-
Spectrum licenses payable (deferred interest)	9	190	-
Allowance for unused equipment	-	27	-
Others	212	71	-
Total	1,273	1,366	-
Deferred tax liabilities			
Others	(21)	-	-
Total	(21)	-	-
Deferred tax – net	1,252	1,366	-

As at December 31, 2017
Unit: Million Baht

	Separate financial statements		
	(Charged)/credited to		
	Balance as at January 1, 2017	Profit or loss	Other comprehensive income
Deferred tax assets			
Accrued expense	410	-	-
Provisions for employee benefit	65	12	(30)
Loss carry forward	400	(292)	-
Total	875	(280)	(30)
Deferred tax liabilities			
Others	(7)	2	-
Total	(7)	2	-
Deferred tax – net	868	(278)	(30)

As at December 31, 2016
Unit: Million Baht

	Separate financial statements		
	(Charged)/credited to		
	Balance as at January 1, 2016	Profit or loss	Other comprehensive income
Deferred tax assets			
Accrued expense	-	410	-
Provisions for employee benefit	86	(21)	-
Loss carry forward	-	400	-
Total	86	789	-
Deferred tax liabilities			
Others	(21)	14	-
Total	(21)	14	-
Deferred tax – net	65	803	-

Deferred tax assets arising from significant temporary differences and loss carry forward that have not been recognized in the financial statements as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Loss carry forward	385	385	-	-
Impairment loss on investments	-	-	-	1,649
Others	99	107	93	101
Total	484	492	93	1,750

As at December 31, 2016, the Group and the Company have recognized temporary difference as deferred tax assets in respect of loss carry forward in partial amount and full amount, respectively, because it is probable that future taxable profit will be available against which the Group and the Company can utilize the benefits from loss carry forward.

As at December 31, 2017, the Group have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2018 - 2022 and no maturity temporary differences under current tax legalization recognized in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.

17. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at December 31, are as follows:

Interest bearing liabilities as at December 31, are as follows:

		Unit: Million Baht			
	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Current					
Short-term loans from financial institutions		6,500	9,200	-	5,700
Current portion of long-term liabilities					
- Current portion of long-term borrowings		3,025	2,041	3,025	2,041
- Current portion of long-term debentures	34	-	397	-	-
- Current portion of finance lease liabilities	34	51	47	13	12
Total current portion of long-term liabilities		3,076	2,485	3,038	2,053
Short-term loans from related parties	34	-	-	4,640	6,440
		9,576	11,685	7,678	14,193
Non-current					
Long-term liabilities					
- Long-term borrowings - net		59,818	55,962	-	3,314
- Long-term debentures - net	34	40,163	31,168	-	-
- Finance lease liabilities	34	121	143	29	31
		100,102	87,273	29	3,345
Total		109,678	98,958	7,707	17,538

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

		Unit: Million Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Within one year		9,526	11,638	7,665	14,181
After one year but within five years		62,975	50,245	-	3,314
After five years		37,005	36,885	-	-
Total		109,506	98,768	7,665	17,495

The currencies denomination of interest-bearing liabilities as at December 31, are as follows:

		Unit: Million Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Thai Baht (THB)		104,790	92,920	4,682	12,180
US Dollar (USD)		4,888	6,038	3,025	5,358
Total		109,678	98,958	7,707	17,538

Long-term borrowings

The details of long-term borrowings as at December 31, are summarized as follows:

Outstanding loan in foreign currency (Million)		Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements			Separate financial statements		Unit: Million Baht
2017	2016				2017	2016	2017	2016		
Advanced Info Service Public Company Limited										
USD 7.11	USD 21.32	LIBOR plus margin	Semi-annual	20 equal installments from 2008 to 2018	233	768		233	768	
-	USD 42.50	LIBOR plus margin	Semi-annual	4 equal installments in 2016 and 2017	-	1,530		-	1,530	
USD 85.00	USD 85.00	LIBOR plus margin	Semi-annual	Entirely redeemed in 2018	2,792	3,060		2,792	3,060	
Advanced Wireless Network Co., Ltd.										
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	4 equal installments from 2019 to 2021	5,000	5,000		-	-	
-	-	6MTHBFX plus margin	Semi-annual	2 equal installments in 2020	12,300	12,300		-	-	
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	7 equal installments from 2019 to 2022	5,000	5,000		-	-	
-	-	6MTHBFX plus margin	Semi-annual	Entirely redeemed in 2020	4,200	4,200		-	-	
-	-	6MBIBOR plus margin	Semi-annual	6 equal installments from 2020 to 2023	20,000	14,000		-	-	
-	-	6MBIBOR plus margin	Semi-annual	5 equal installments from 2019 to 2023	7,000	7,000		-	-	
-	-	6MTHBFX plus margin	Semi-annual	6 equal installments from 2021 to 2023	4,500	4,500		-	-	
USD 56.70	USD 18.89	6MLIBOR plus margin	Semi-annual	2 equal installments from 2022	1,863	680		-	-	
Total loans					62,888	58,038		3,025	5,358	
Less transaction cost					(45)	(35)		-	(3)	
Long-term borrowings					62,843	58,003		3,025	5,355	

Long-term debentures

As at December 31, the Group's long-term debentures represent unsubordinated and unsecured debentures with a par value of Baht 1,000 each are as follows:

Issue date	No. of units (Million)	Amount	Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Separate financial statements	
						2017	2016	2017	2016
Advanced Wireless Network Co., Ltd.									
April 11, 2014	0.39	397	Fixed interest rate of 3.39%	Semi-annual	Entirely redeemed on April 11, 2017	-	397	-	-
April 11, 2014	7.79	7,789	Fixed interest rate of 4.17%	Semi-annual	Entirely redeemed on April 11, 2019	7,789	7,789	-	-
April 11, 2014	1.78	1,776	Fixed interest rate of 4.56%	Semi-annual	Entirely redeemed on April 11, 2021	1,776	1,776	-	-
April 11, 2014	6.64	6,638	Fixed interest rate of 4.94%	Semi-annual	Entirely redeemed on April 11, 2024	6,638	6,638	-	-
May 11, 2016	7.82	7,820	Fixed interest rate of 2.51%	Semi-annual	Entirely redeemed on May 11, 2023	7,820	7,820	-	-
May 11, 2016	7.18	7,180	Fixed interest rate of 2.78%	Semi-annual	Entirely redeemed on May 11, 2026	7,180	7,180	-	-
November 30, 2017	9.00	9,000	Fixed interest rate of 3.35%	Semi-annual	Entirely redeemed on November 30, 2027	9,000	-	-	-
Total debentures						40,203	31,600	-	-
Less bond issuing cost						(40)	(35)	-	-
Long-term debentures						40,163	31,565	-	-

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

As at December 31, 2017, the Group and the Company do not have undrawn committed loans and as at December 31, 2016, the Group has undrawn committed loans amounting to Baht 6,000 million, USD 38 million and the Company does not have undrawn committed loans.

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

Unit: Million Baht				
	Consolidated financial statements			
	Carrying amount		Fair values*	
	2017	2016	2017	2016
Long-term debentures	40,203	31,600	41,442	32,082

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

Movement of interest-bearing liabilities for the years ended December 31, are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
As at January 1,	98,958	65,432	17,538	27,930
Additions	43,346	80,169	2,965	14,523
Borrowing cost	(24)	(5)	-	-
Bond issuing cost	(12)	(20)	-	-
Repayments	(31,947)	(46,026)	(12,260)	(24,286)
Unrealized gain on foreign exchange rate	(665)	(634)	(539)	(660)
Amortization	22	42	3	31
As at December 31,	109,678	98,958	7,707	17,538

The effective weighted interest rates as at December 31, are as follows:

Unit: Percent Per annum				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term borrowings	1.57	1.63	1.35	1.51
Long-term borrowings	2.89	2.92	4.46	4.10
Long-term debentures	3.56	3.62	-	-
Finance lease liabilities	5.56	5.79	4.33	4.81

The effective weighted interest rates of long-term borrowings for the Group and the Company are calculated with the rate after hedging.

18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, are as follows:

		Unit: Million Baht			
	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Trade payables					
Related parties	34	54	300	18	219
Other parties		14,632	17,437	25	38
Total trade payables		14,686	17,737	43	257
Other payables					
Accrued expenses	34	16,654	15,700	2,735	2,814
Valued added tax payable		50	171	9	8
Withholding tax payable		256	262	5	5
Others	34	495	422	-	2
Total other payables		17,455	16,555	2,749	2,829
Total trade and other current payables		32,141	34,292	2,792	3,086

The currencies denomination of trade payables as at December 31, are as follows:

		Unit: Million Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Thai Baht (THB)		8,551	12,278	30	222
US Dollar (USD)		5,683	5,438	2	15
Euro (EUR)		13	1	-	1
Yen (JPY)		422	1	-	-
Singapore Dollar (SGD)		16	19	11	19
Pound (GBP)		1	-	-	-
Total		14,686	17,737	43	257

19. SPECTRUM LICENSES PAYABLE

Spectrum licenses payable as at December 31, are as follows:

		Unit: Million Baht	
		Consolidated financial statements	
		2017	2016
Spectrum licenses payable			
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1)		10,017	19,790
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2)		63,933	62,407
		73,950	82,197
<u>Less</u> current portion of spectrum licenses payable		<u>(13,989)</u>	<u>(10,017)</u>
Spectrum licenses payable		59,961	72,180

Movements in spectrum licenses payable for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2017	2016
As at January 1,	82,197	19,902
Addition	-	69,113
Payments	(10,246)	(8,040)
Amortization of deferred interest expense	1,999	1,222
As at December 31,	73,950	82,197

20. PROVISIONS FOR EMPLOYEE BENEFIT

The Group and the Company have provisions for employee benefit based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long - term service awards.

The defined benefit plans expose the Group and the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Obligations under the statement of financial position as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Present value of obligations	1,856	2,555	235	327

Movements in the present value of the provisions for employee benefit for the year ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provisions for employee benefit as at January 1,	2,555	2,294	327	431
Current service costs and interest	315	293	63	38
Benefits paid	(29)	(32)	(9)	(29)
Transfer employee to subsidiaries	-	-	(2)	(113)
Gains on remeasurements of defined benefit plans	(1,021)	-	(148)	-
Past service cost	36	-	4	-
Provisions for employee benefit as at December 31,	1,856	2,555	235	327

Expense recognized in the statement of profit or loss for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current service costs	226	214	50	28
Interest on obligations	89	79	13	10
Past service cost	36	-	4	-
Total	351	293	67	38

The Group and the Company recognized the expense in the statement of profit or loss for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of rendering of services and equipment rental	26	20	48	-
Administrative expenses	235	193	5	27
Management benefit expenses	1	1	1	1
Finance costs	89	79	13	10
Total	351	293	67	38

(Gains) losses on remeasurements of defined benefit plans recognized in other comprehensive income in the statement of profit or loss and other comprehensive income for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Included in retained earnings :				
At January 1,	1,360	1,360	403	403
Recognized during the year	(1,021)	-	(148)	-
As at December 31,	339	1,360	255	403

(Gains) losses on remeasurements of defined benefit plans recognized in the statement of profit loss and other comprehensive income for the years ended December 31, are arising from:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Financial assumptions	(864)	-	(70)	-
Experience adjustment	(157)	-	(78)	-
Total	(1,021)	-	(148)	-

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	3%	3.5%	3%	3.5%
Future salary increases	6%	9%	6%	9%

Assumptions regarding future mortality for the years ended December 31, 2017 and 2016 are based on published statistics and Thailand Mortality Ordinary Life table 2017 ("TMO17") and 2008 ("TMO08"), respectively.

Sensitivity analysis

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations as at December 31, are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate				
- Increase 1%	(328)	(375)	(30)	(51)
- Decrease 1%	395	459	35	61
Future salary growth				
- Increase 1%	371	427	33	57
- Decrease 1%	(315)	(359)	(29)	(49)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21. SHARE CAPITAL

Movements of share capital for the years ended December 31, are as follows:

	Par value per share (in Baht)	Unit: Million shares/million Baht			
		2017		2016	
		Number of share	Amount	Number of share	Amount
Authorized					
As at January 1,					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
As at December 31,					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
Issued and paid					
As at January 1,					
- ordinary shares	1.00	2,973	2,973	2,973	2,973
As at December 31,					
- ordinary shares	1.00	2,973	2,973	2,973	2,973

As at December 31, 2017 and 2016, the total issued number of ordinary shares is 2,973 million shares with a par value of Baht 1.00 per share. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

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

22. LEGAL RESERVE

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

23. OTHER COMPONENTS OF SHAREHOLDERS’ EQUITY

Share-based payment

The performance share plan

Grant I

In March 2013, the Annual General Meeting of shareholders No.1/2013 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan (“ESOP-Grant I”). The major information is listed below:

Approved date:	March 27, 2013
Number of warrants offered:	405,800 Units
Exercise price:	206.672 Baht/share
Number of reserved shares:	405,800 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share

Grant II

In March 2014, the Annual General Meeting of shareholders No.1/2014 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan (“ESOP-Grant II”). The major information is listed below:

Approved date:	March 26, 2014
Number of warrants offered:	680,000 Units
Exercise price:	211.816 Baht/share
Number of reserved shares:	680,000 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share

Grant III

In March 2015, the Annual General Meeting of shareholders No.1/2015 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan (“ESOP-Grant III”). The major information is listed below:

Approved date:	March 24, 2015
Number of warrants offered:	872,200 Units
Exercise price:	249.938 Baht/share
Number of reserved shares:	872,200 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share

Grant IV

In March 2016, the Annual General Meeting of shareholders No.1/2016 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan (“ESOP-Grant IV”). The major information is listed below:

Approved date:	March 29, 2016
Number of warrants offered:	826,900 Units
Exercise price:	166.588 Baht/share
Number of reserved shares:	826,900 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share
Offer period:	Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2016 Annual General Meeting of shareholders

Grant V

In March 2017, the Annual General Meeting of shareholders No.1/2017 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan (“ESOP-Grant V”). The major information is listed below:

Approved date:	March 30, 2017
Number of warrants offered:	1,410,500 Units
Exercise price:	160.434 Baht/share
Number of reserved shares:	1,410,500 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share
Offer period:	Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2017 Annual General Meeting of shareholders

Movements in the number of outstanding warrants for the year ended December 31, 2017 are as follows:

Unit: Thousand units				
	As at January 1, 2017	Transaction during the period		As at December 31, 2017
		Issued	Exercised	
ESOP - Grant I				
- Directors	20	-	-	20
- Employees	352	-	-	352
	372	-	-	372
ESOP - Grant II				
- Directors	30	-	-	30
- Employees	612	-	-	612
	642	-	-	642
ESOP - Grant III				
- Directors	51	-	-	51
- Employees	726	-	-	726
	777	-	-	777
ESOP - Grant IV				
- Directors	57	-	-	57
- Employees	654	-	-	654
	711	-	-	711
ESOP - Grant V				
- Directors	-	89	-	89
- Employees	-	964	-	964
	-	1,053	-	1,053
Total	2,502	1,053	-	3,555

* Above ESOP including ESOP of employees or executives who cannot exercise their rights under the items and conditions specified.

Fair value measurement

The Group and the Company measured the expense of the Project by reference to the fair value of the equity instrument granted at the grant date using the Monte Carlo Simulation technique. The major assumptions are as below:

Grant I

Weighted average fair value at the grant date	183.499 Baht/share
Share price at the grant date	262.000 Baht/share
Exercise price	206.672 Baht/share
Expected volatility	23.51%
Expected dividend	4.16%
Risk-free interest rate	3.07%

Grant II

Weighted average fair value at the grant date	101.617 Baht/share
Share price at the grant date	240.000 Baht/share
Exercise price	211.816 Baht/share
Expected volatility	25.15%
Expected dividend	5.00%
Risk-free interest rate	3.08%

Grant III

Weighted average fair value at the grant date	82.907 Baht/share
Share price at the grant date	236.000 Baht/share
Exercise price	249.938 Baht/share
Expected volatility	22.99%
Expected dividend	5.28%
Risk-free interest rate	2.34%

Grant IV

Weighted average fair value at the grant date	67.742 Baht/share
Share price at the grant date	165.000 Baht/share
Exercise price	166.588 Baht/share
Expected volatility	27.70%
Expected dividend	8.48%
Risk-free interest rate	1.72%

Grant V

Weighted average fair value at the grant date	111.857 Baht/share
Share price at the grant date	172.500 Baht/share
Exercise price	160.434 Baht/share
Expected volatility	27.22%
Expected dividend	5.55%
Risk-free interest rate	2.01%

For the year ended December 31, 2017, the Group and the Company recognized share-based payment expense amounting to Baht 48 million and Baht 48 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2016: Baht 35 million and Baht 35 million, respectively).

Unrealized gain on dilution of investment

The unrealized gain on dilution of investment comprises the cumulative net change in portion of investment until the investment is sold or otherwise disposed.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognized or impaired.

24. SEGMENT FINANCIAL INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Chief Executive Officer (CEO) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group and the Company's reportable segments.

Segment 1	Mobile phone and call center services
Segment 2	Mobile phone sales
Segment 3	Datanet and broadband services

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

Performance for the years ended December 31, are as follows:

Unit: Million Baht								
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2017	2016	2017	2016	2017	2016	2017	2016
External revenue	128,124	126,046	24,778	23,947	4,820	2,157	157,722	152,150
Investment income	157	184	16	18	2	2	175	204
Finance costs	(5,299)	(4,233)	(2)	(2)	(1)	(1)	(5,302)	(4,236)
Depreciation and amortization	(28,592)	(20,950)	(7)	(6)	(1,552)	(711)	(30,151)	(21,667)
Material items of expenses	(14,918)	(23,011)	(5,804)	(2,691)	(44)	(30)	(20,766)	(25,732)
Segment profit (loss) before income tax expense	42,629	39,354	(6,744)	(3,694)	36	205	35,921	35,865

Reportable assets and liabilities as at December 31, are as follows:

Unit: Million Baht								
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2017	2016	2017	2016	2017	2016	2017	2016
Segment assets	269,205	262,117	8,205	7,375	6,658	6,178	284,068	275,670
Segment liabilities	225,883	222,805	3,976	4,932	3,782	5,225	233,641	232,962

The significant amount of additions to non-current assets for the years ended December 31, are as follows:

Unit: Million Baht								
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2017	2016	2017	2016	2017	2016	2017	2016
Capital expenditure	35,343	117,087	3	1	2,552	3,104	37,898	120,192

Geographical segments

The Group and the Company manage and operate principally in Thailand. There are no material revenues derived from or assets located in foreign countries.

Major Customer

No single customer represents a major customer because the Group and the Company have large number of customers, who are end users covering business and individuals.

25. REVENUE FROM RENDERING OF SERVICES AND EQUIPMENT RENTALS

For the year ended December 31, revenue from rendering of services and equipment rentals, are as follows:

		Unit: Million Baht	
		Separate financial statements	
		2017	2016
Internet License Type 1		-	-
Other service income		1,689	4,950
Total		1,689	4,950

26. INTEREST INCOME

Interest income for the years ended December 31, are as follows:

		Unit: Million Baht			
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016 "Restated"
Subsidiaries	34	-	-	1,318	1,508
Financial institutions		175	204	7	23
Total		175	204	1,325	1,531

27. OTHER OPERATING INCOME

Other operating income for the years ended December 31, are as follows:

		Unit: Million Baht			
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016 "Restated"
Bad debt recovery		117	112	16	34
Management income	34	-	-	-	1,542
Others	34	458	252	124	87
Total		575	364	140	1,663

28. PROVIDENT FUND

The defined contribution plans comprise provident fund established by the Group and the Company for their employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group and the Company at rates ranging from 3% to 7% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

For the year ended December 31, 2017, the Group's and the Company's recognized contribution paid to provident fund amounting to Baht 251.34 million and Baht 28.02 million, respectively, in the consolidated and separate statement of profit or loss (For the year ended December 31, 2016: Baht 241.46 and Baht 25.62 million, respectively).

29. EXPENSES BY NATURE

The statements of profit or loss for the years ended December 31, include an analysis of expenses by function. Significant expenses by nature disclosed in accordance with the requirements of various Thai Financial Reporting Standards are as follows:

Unit: Million Baht					
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Depreciation of buildings and equipment	11	21,487	15,465	85	127
Amortization of spectrum licenses	14	7,854	5,545	-	-
Amortization of intangible assets	15	808	658	14	25
Doubtful accounts and bad debts (bad debts recovery)	6	2,199	1,538	(12)	(2)
Marketing expenses		9,990	16,012	1	22
Staff costs		8,577	8,182	922	772

30. FINANCE COSTS

Finance costs for the years ended December 31, are as follows:

Unit: Million Baht					
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Interest expense	34	3,154	2,754	296	607
Finance cost related to spectrum license		1,999	1,222	-	-
Others		149	260	18	11
Total		5,302	4,236	314	618

31. TAX EXPENSE

Tax expense recognized in the statements of profit or loss for the years ended December 31, are as follows:

Unit: Million Baht					
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Current tax expense					
Current year		6,082	6,513	-	-
Adjustment for prior years		(91)	28	(5)	-
		5,991	6,541	(5)	-
Deferred tax expense	16				
Movements in temporary differences		(148)	(1,366)	279	(803)
Total tax expense		5,843	5,175	274	(803)

Tax expense recognized in the statements of profit or loss and other comprehensive income for the year ended December 31, 2017 are as follows: (2016: nil)

Unit: Million Baht			
Consolidated financial statements			
	Before tax	Tax (Expense) Benefit	Net of tax
Gains on remeasurements of defined benefit plans	1,021	(204)	817
Total	1,021	(204)	817

Unit: Million Baht			
Separate financial statements			
	Before tax	Tax (Expense) Benefit	Net of tax
Gains on remeasurements of defined benefit plans	148	(30)	118
Total	148	(30)	118

Reconciliation of effective tax rate for the years ended December 31, are as follows:

Unit: Million Baht				
Separate financial statements				
	2017		2016	
	Rate (%)		Rate (%)	
Profit before income tax expense		35,921		35,865
Income tax using the applicable tax rate	20	7,184	20	7,173
Expenses not deductible for tax purposes		26		97
Additional capital expenditure deduction Allowed		(1,273)		(835)
Recognition of previously unrecognized temporary difference		(1)		(1,281)
Adjustment for prior years		(91)		28
Effect from elimination with subsidiaries		(2)		(7)
Total	16	5,843	14	5,175

Unit: Million Baht				
Separate financial statements				
	2017		2016 "Restated"	
	Rate (%)		Rate (%)	
Profit before income tax expense		30,351		29,863
Income tax using the applicable tax rate	20	6,070	20	5,973
Share of profit of subsidiaries		(5,797)		(5,743)
Expenses not deductible for tax purposes		6		(17)
Recognition of previously unrecognized temporary difference		-		(1,016)
Adjustment for prior years		(5)		-
Total	1	274	(3)	(803)

According to the Revenue Code Amendment Act No. 42 B.E. 2559 which is effective from March 5, 2016 onwards, the corporate increase tax is reduced from 30 % to 20% of net profit for accounting period beginning on or after January 1, 2016 onwards.

The Group and the Company have applied the tax rate of 20% for calculated income tax expense and deferred income tax for the years ended December 31, 2017 and 2016.

32. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, are based on the profit for the years attributable to ordinary shareholders of the Group and the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	(Million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016 "Restated"
Profit attributable to ordinary shareholders of the Company (basic)	30,077	30,667	30,077	30,667
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Earnings per share (basic) (in Baht)	10.12	10.31	10.12	10.31

Diluted earnings per share

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

	(Million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016 "Restated"
Profit attributable to equity holders of the Company (basic)	30,077	30,667	30,077	30,667
Profit attributable to equity holders of the Company (diluted)	30,077	30,667	30,077	30,667
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Weighted average number of ordinary shares outstanding (diluted)	2,973	2,973	2,973	2,973
Earnings per share (diluted) (in Baht)	10.12	10.31	10.12	10.31

33. DIVIDENDS

At the Annual General Meeting of the shareholders of the Company held on March 29, 2016, the shareholders approved the appropriation of dividend of Baht 12.99 per share. The Company paid an interim dividend at the rate of Baht 6.50 per share on September 1, 2015, therefore the remaining dividend to be paid is Baht 6.49 per share, amounting to Baht 19,295 million. The dividend was paid to shareholders on April 22, 2016.

At the Board of Directors' meeting held on August 4, 2016, it was approved to declare an interim dividend of Baht 5.79 per share amounting to Baht 17,214 million. The interim dividend was paid to shareholders on September 1, 2016.

At the Annual General Meeting of the shareholders of the Company held on March 30, 2017, the shareholders approved the appropriation of dividend of Baht 10.08 per share. The Company paid an interim dividend at the rate of Baht 5.79 per share on September 1, 2016, therefore the remaining dividend to be paid is Baht 4.29 per share, amounting to Baht 12,755 million. The dividend was paid to shareholders on April 26, 2017.

At the Board of Directors' meeting held on July 27, 2017, it was approved to declare an interim dividend of Baht 3.51 per share amounting to Baht 10,435 million. The interim dividend was paid to shareholders on August 25, 2017.

34. RELATED PARTIES

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

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

During the year, the Group and the Company have entered into a number of transactions with related parties, the terms of which are negotiated in the ordinary course of business and according to normal trade conditions. Purchases of products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading conditions. Consulting and management service fees are charged on a mutually agreed basis which calculated based on activities portion which the Company performs to counter parties in each year.

Relationships between the Group and the Company with related parties are as follows:

Name of entities	Country of incorporation/nationality	Nature of relationships
Subsidiaries	Thailand	Subsidiaries are entities controlled by the Group
Intouch Holdings Public Company Limited and its related parties (“INTOUCH Group”)	Thailand and Laos	Intouch Holdings Public Company Limited (“INTOUCH”) is a shareholder who has significant influence over the Company and has some joint directors.
SingTel Strategic Investments Pte Ltd. and its related parties (“SingTel Group”)	Singapore	SingTel Strategic Investments Pte Ltd. (“SingTel”) is a shareholder who has significant influence over the Company.
Information Highway Co., Ltd.	Thailand	Associate
Amata Network Co., Ltd.	Thailand	Joint venture
Other related parties	Thailand	Other parties have some joint directors and directors of related parties

Significant transactions with related parties for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Service income				
Subsidiaries	-	-	1,686	4,593
INTOUCH Group	35	31	-	-
SingTel Group	42	402	-	1
Other related parties	135	135	-	-
Total	212	568	1,686	4,594
Sales of property and other assets				
Subsidiaries	-	-	13	22
Joint Venture	7	-	-	-
Total	7	-	13	22
Dividend income				
Subsidiaries	-	-	16,362	28,010
Interest income				
Subsidiaries	-	-	1,318	1,508
Other income				
Subsidiaries	-	-	58	1,577
INTOUCH Group	9	9	1	-
Associate	2	-	-	-
Total	11	9	59	1,577
Rental and other service expenses				
Subsidiaries	-	-	22	3,732
INTOUCH Group	387	519	-	1
SingTel Group	139	283	-	95
Associate	241	176	-	-
Other related parties	24	1	-	-
Total	791	979	22	3,828

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Advertising expense				
INTOUCH Group	4	1	-	-
SingTel Group	1	-	-	-
Total	5	1	-	-
Sale promotion expense				
Subsidiaries	-	-	-	2
Commission expense				
Subsidiary	-	-	-	12
Management benefit expenses				
Short-term employee benefit	132	141	132	141
Share-based payments	11	9	11	9
Total	143	150	143	150
Purchase of property and other assets				
INTOUCH Group	25	130	-	-
Associate	14	27	-	-
Total	39	157	-	-
Finance costs				
Subsidiaries	-	-	77	91
INTOUCH Group	1	2	-	-
Associate	6	6	-	-
Other related parties	12	27	-	6
Total	19	35	77	97
Dividend paid				
INTOUCH	9,380	14,768	9,380	14,768
SingTel	5,408	8,514	5,408	8,514
Total	14,788	23,282	14,788	23,282

Balances with related parties as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Cash and cash equivalents				
Bank deposit				
Other related parties	101	113	1	1
Trade and other current receivables				
Trade receivables				
Subsidiaries	-	-	14	49
INTOUCH Group	31	6	3	-
SingTel Group	9	19	1	4
Joint Venture	7	-	-	-
Other related parties	6	31	-	-
	53	56	18	53
Accrued income				
Subsidiaries	-	-	3	3
INTOUCH Group	2	3	-	-
SingTel Group	105	8	-	-
Associate	-	1	-	-
	107	12	3	3
Total trade receivables	160	68	21	56
Other receivables				
Accrued interest income				
Subsidiaries	-	-	523	123
Total other receivables	-	-	523	123
Total trade and other current receivables (see Note 6)	160	68	544	179
Dividend receivable				
Subsidiaries	-	-	-	12,093
Short-term loans to related parties				
Subsidiaries	-	-	39,534	39,244

As at December 31, 2017, the Company has short-term loans to subsidiaries represent promissory notes at call, bearing interest at the average rate of 3.54 % per annum (December 31, 2016: average rate of 2.84 % per annum).

Movements of short-term loans to related parties for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term loans to related parties				
As at January 1,	-	-	39,244	44,244
Increase	-	-	26,710	25,839
Decrease	-	-	(26,420)	(30,839)
As at December 31,	-	-	39,534	39,244

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Trade and other current payables				
Trade payables				
Subsidiaries	-	-	6	199
INTOUCH Group	17	25	-	-
SingTel Group	31	269	12	20
Associate	5	6	-	-
Other related parties	1	-	-	-
Total trade payables	54	300	18	219
Other payables				
Accrued expenses				
Subsidiaries	-	-	43	111
INTOUCH Group	43	50	-	-
SingTel Group	1	22	-	15
Joint Venture	1	-	-	-
Associate	17	17	-	-
Total other payables	62	89	43	126
Total trade and other current payables (see Note 18)	116	389	61	345
Financial lease liabilities				
Associate	77	85	-	-
Short-term borrowings from related parties				
Subsidiaries	-	-	4,640	6,440

As at December 31, 2017, short-term borrowings from related parties represent promissory notes at call, bearing interest at the rate of 1.35 % per annum (December 31, 2016: 1.41% per annum).

Movements of short-term borrowings from related parties for the years ended December 31, are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term borrowings from related parties				
As at January 1,	-	-	6,440	6,490
Increase	2,000	4,000	400	2,523
Decrease	(2,000)	(4,000)	(2,200)	(2,573)
As at December 31, (see Note 17)	-	-	4,640	6,440

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Long-term debentures				
INTOUCH Group	21	37	-	-
Other related parties	29	13	-	-
Total (see Note 17)	50	50	-	-

Significant agreements with related parties

The Group and the Company have entered into agreements with related parties. There are commitment for receipts and payments according to rates under the terms and conditions stipulated in the agreements. The significant agreements with related parties are as follows:

- 1) The Group has entered into interconnection and national roaming agreements among its related parties. The termination and suspension of the agreement are referred to the regulations and conditions of the National Telecommunications Commission.
- 2) The Group has entered into site share agreements among its related parties to provide site area including related facilities for installation of telecommunication equipment. The counterparty has a right to terminate the agreement by giving advance written notice not less than 60 days.
- 3) The subsidiaries have received a service of a call center from Advanced Contact Center Co., Ltd. ("ACC"), a subsidiary. ACC will provide service and required information including resolving problem for the customers of the Group.
- 4) Advanced Contact Center Co., Ltd., a subsidiary, has entered into a call center service agreement with Teleinfo Media Plc. ("TMC"), a related party. TMC will arrange the personnel and provide call center operation to execute each of incoming call service. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.

- 5) The Group and CS Loxinfo Public Company Limited, a related party, have entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, to provide payment service for goods/service purchased through electronic payments and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 6) Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 7) The Group has entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 8) The Group has entered into an international roaming service agreement with the SingTel Group, related parties. The counterparty has a right to terminate the agreement by giving advance written notice not less than of 60 days.
- 9) The Group has entered into an agreement with MIMO Tech Co., Ltd., a subsidiary, of providing aggregating value added services on mobile network or wireless device. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 10) The Group has entered into an agreement with its related parties to provide or aggregating value added services on mobile network or wireless device. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 11) Advanced Wireless Network Co., Ltd. (“AWN”), has entered into a satellite transponder lease agreement with Thaicom Public Company Limited, a related party, AWN agreed to pay service fee on monthly basis according to the rate and condition specified in the agreement. The agreement is valid until November 19, 2020.
- 12) MIMO Tech Co., Ltd., a subsidiary, has entered into computer system maintenance services agreements with I.T. Applications and Services Company Limited, a related party. The agreement is valid for one year and is renewable on an annual basis. The counterparty has a right to terminate the agreement by giving advance written notice not less than 3 months.
- 13) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into fibre optic system and its site facilities agreement with Information Highway Co., Ltd. (“IH”), an associate. IH will provide installation fibre optic transmission and maintenance services in specific areas. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 14) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into agreement with TC Broadcasting Company Limited, a related party, to receive a satellite equipment system and television signal service. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.

35. FINANCIAL INSTRUMENTS

Financial risk management policies

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

Capital management

The Group and the Company aim to manage its capital structure to be stronger than industry peer and commit to be investment grade rating. This will allow the Group and the Company to retain superior financial flexibility in order to capture future growth prospect. The Group's and the Company's financial flexibility means diversified source of capital, ease of funding, and appropriate cost of capital.

In 3-5 years, telecommunications industry in Thailand will face another phase of technology change and hence new investment will be required. The Group and the Company believe that they can leverage on their capital structure in the future and have ability to find the source of funds through the debt instrument in order to expand their businesses.

Interest rate risk

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

Foreign currency risk

The Group and the Company have foreign currency risk relating to expense and borrowings which are denominated in foreign currencies. The Group and the Company primarily utilize forward contracts, which are not more than 1 year, to hedge such financial liabilities denominated in foreign currencies to hedge long-term borrowings denominated in foreign currencies. The forward contracts entered into at the end of the reporting period also relate to borrowings, denominated in foreign currencies, for the subsequent period.

The Group and the Company have foreign currency risk in respect of financial assets and liabilities denominated as at December 31, are as follows:

The Group and the Company have foreign currency risk in respect of financial assets and liabilities denominated as at December 31, are as follows:

Unit: Million Baht					
		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
Cash and cash equivalents	4				
US dollar (USD)		206	477	52	157
Euro (EUR)		43	111	1	2
Total		249	588	53	159
Trade current receivables	6				
US dollar (USD)		2,316	630	-	13
Euro (EUR)		17	1	-	-
Total		2,333	631	-	13
Interest-bearing liabilities	17				
US dollar (USD)		(4,888)	(6,038)	(3,025)	(5,358)
Total		(4,888)	(6,038)	(3,025)	(5,358)
Trade current payables	18				
US dollar (USD)		(5,683)	(5,450)	(2)	(15)
Euro (EUR)		(13)	(1)	-	(1)
Yen (JPY)		(422)	(1)	-	-
Singapore dollar (SGD)		(16)	(19)	(11)	(19)
Pound (GBP)		(1)	-	-	-
Total		(6,135)	(5,471)	(13)	(35)
Gross statement of financial position exposure		(8,441)	(10,290)	(2,985)	(5,221)
Swap contracts					
- Purchasing contracts		4,731	6,473	2,769	4,511
- Selling contracts		-	(1,308)	-	-
Total swap contracts		4,731	5,165	2,769	4,511
Forward contracts		5,610	4,943	30	89
Net exposure		1,900	(182)	(186)	(621)

Swap and forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2017 and 2016 and to retain future purchases.

Net swap and forward contracts receivable (payable) as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Swap contracts:				
- Purchasing contracts				
Swap contracts receivable	4,841	7,289	2,998	5,267
Swap contracts payable*	(4,731)	(6,473)	(2,769)	(4,511)
	110	816	229	756
- Selling contracts				
Swap contracts receivable*	-	1,308	-	-
Swap contracts payable	-	(1,361)	-	-
	-	(53)	-	-
Total swap contracts receivable	110	763	229	756
Forward contracts:				
Forward contracts receivable	5,465	4,994	27	91
Forward contracts payable*	(5,610)	(4,943)	(30)	(89)
Total forward contracts receivable	(145)	51	(3)	2
Total swap and forward contracts:				
Swap and forward contracts receivable	10,306	13,591	3,025	5,358
Swap and forward contracts payable	(10,341)	(12,777)	(2,799)	(4,600)
Total swap and forward contracts receivable	(35)	814	226	758

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

Classification of swap and forward contracts in the financial statements as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current assets				
Other current financial assets	83	236	226	241
Total current assets	83	236	226	241
Non-current assets				
Other non-current financial assets	-	578	-	517
Total non-current assets	-	578	-	517
Non-current liabilities				
Other non-current financial liabilities	(118)	-	-	-
Total non-current liabilities	(118)	-	-	-
Total	(35)	814	226	758

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

Unit: Million Baht

	Consolidated financial statements			
	Nominal amounts**		Fair values*	
	2017	2016	2017	2016
Swap contracts				
- Purchasing contracts	4,731	6,473	4,773	7,174
- Selling contracts	-	1,308	-	1,262
Total swap contracts	4,731	7,781	4,773	8,436
Forward contracts	5,610	4,943	5,466	5,025
Total	10,341	12,724	10,239	13,461

Unit: Million Baht

	Separate financial statements			
	Nominal amounts**		Fair values*	
	2017	2016	2017	2016
Swap contracts				
- Purchasing contracts	2,769	4,511	2,949	5,140
Forward contracts	30	89	27	91
Total	2,799	4,600	2,976	5,231

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

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

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

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

Fair values of financial assets and liabilities

Financial assets and liabilities not measured at fair value in the consolidated and separate statement of financial position as at December 31, are as follows: (fair value disclosure)

Unit: Million Baht

		Consolidated financial statements			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
As at December 31, 2017					
Swap and forward contracts	10,341	-	-	10,239	10,239
Debentures	40,203	-	41,442	-	41,442
As at December 31, 2016					
Swap and forward contracts	12,724	-	-	13,461	13,461
Debentures	31,600	-	32,082	-	32,082

Unit: Million Baht

		Separate financial statements			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
As at December 31, 2017					
Swap and forward contracts	2,799	-	-	2,976	2,976
As at December 31, 2016					
Swap and forward contracts	4,600	-	-	5,231	5,231

Fair value hierarchy

The table above analyzes recurring fair value measurements for financial assets. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: other inputs than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair values for available-for-sale investments using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

For disclosure purposes, the Group determines Level 2 fair values for traded debentures have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business at the end of the reporting period.

For disclosure purposes, the Group and the Company determine Level 3 fair values for fair value of swap and forward contracts were calculated using the rates quoted by the Group's and the Company's bankers which were based on market conditions existing at the statement of financial position date.

The fair value of trade and other current receivables and trade and other current payables are taken to approximate the carrying value.

The fair value of loans to and borrowings from related parties are taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

36. COMMITMENTS WITH NON-RELATED PARTIES

Commitments with non-related parties as at December 31, are as follows:

Unit: Million Baht				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Capital commitments				
Unrecognized contractual commitments				
Buildings and equipment				
Thai Baht	10,586	14,927	4	1
US Dollar	108	129	-	-
Yen	-	50	-	-
Euro	1	1	-	-
Service maintenance				
Thai Baht	1,742	1,880	32	31
US Dollars	15	15	-	-
Purchase orders for goods and supplies				
Thai Baht	5,611	7,236	-	-
US Dollar	13	37	-	-

Unit: Million Baht				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Non-cancellable operating lease commitments				
Within one year	2,866	3,101	104	124
After one year but within five years	2,918	2,750	110	238
After five years	96	74	-	-
Total	5,880	5,925	214	362

The Company recorded the rental expenses under operating lease agreements in the consolidated and the separate statements of profit or loss for the year ended December 31, 2017 of Baht 8,072 million and Baht 105 million, respectively (2016 : Baht 5,203 million and Baht 162 million, respectively).

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Other commitments				
Thai Baht				
Swap and forward contracts	10,341	11,416	2,799	4,600
Bank guarantees:				
- Spectrum license payable	83,311	94,275	-	-
- Others	1,764	1,687	182	227
Total	95,416	107,378	2,981	4,827
US Dollar				
Bank guarantees:				
- Others	1	-	-	-
Total	1	-	-	-

Significant agreements

- The Group has entered into lease and related service agreements for office space, cars, computers and base station for periods ranging from 1 year to 15 years with options to renew.
- The Group has entered into a service agreement with a company, for the Group to receive the services relating to network station and other general services as stated in the agreement. The Group shall pay a service fee for the services at the rate as stated in the agreement. The services will be run until terminated by either party with 90 days written notice.

37. CONTINGENT LIABILITIES

Pursuant to the letter dated January 18, 2013, the Revenue Department challenged the Company and Digital Phone Company Limited (“DPC”), a subsidiary, to pay surcharge of Baht 128 million and Baht 6 million, respectively, regarding the withholding tax on revenue sharing payment after excise tax deduction by giving the opinion that the excise tax is a part of revenue sharing. Therefore, the Company and DPC will be liable to pay the shortage of withholding tax amount of excise tax which came from the revenue sharing payment without excise tax deduction. The Company and DPC have submitted the appeal to the Commission of Appeal. At present, these cases are pending on the consideration process of the Commission of Appeal.

38. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

The Company

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

On January 22, 2008, TOT submitted a dispute under the black case no. 9/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding the Company to pay additional payment of revenue sharing under the Agreement for operation (“the Agreement”) in the amount of Baht 31,463 million plus interest at the rate of 1.25% per month computing from the default date on January 10, 2007 until the full amount is paid.

This amount is the same as an excise tax that the Company had delivered to the Excise Department during January 28, 2003 to February 26, 2007 and deducted it from revenue sharing. The Company has fully complied with the Cabinet’s resolution dated February 11, 2003. In addition, this practice is same as other operators in telecommunication industries.

Moreover, TOT had sent letter no. Tor Sor Tor. Bor Yor. /843 dated March 10, 2003 stating that the Company has fully complied with the Cabinet's resolution and the Company's burden remains at the same percentage rate as specified in the contract and the submission of that excise tax return shall not affect the terms of the Agreement.

On May 20, 2011, the Arbitral Tribunal dismissed the case by giving the reason which can be summarized that the Company didn't breach of the Agreement because the Company had completely fully paid the revenue sharing. Therefore, TOT has no right to re-claim for the alleged deficit amount.

On September 22, 2011, TOT submitted the black case no. 1918/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On August 11, 2016, the Central Administrative Court reached its decision to dismiss such dispute made by TOT to revoke the Arbitral Tribunal's award. Subsequently, TOT had appealed to the Central Administrative Court on September 5, 2016.

On July 13, 2017, the Central Administrative Court has read the Supreme Administrative Court's decision by dismissal the TOT's appeal on the ground that TOT's appeal was prohibited under section 45 of Arbitration Act which prohibit the appeal of the court order or the court judgment except for the award on this dispute matter against the public order or good morality. In this regard, this case is final and hereby terminated.

2) Interconnection agreement in accordance with the announcement of National Telecommunication Commission ("NTC")

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

Operators	Effective period
1) Total Access Communication PCL.	November 30, 2006 onwards
2) Truemove Company Limited	January 16, 2007 onwards
3) Digital Phone Company Limited	June 1, 2009 onwards
4) CAT Telecom Public Company Limited	April 7, 2010 onwards
5) Advanced Wireless Network Company Limited	April 1, 2013 onwards
6) Dtac TriNet Company Limited	July 1, 2013 onwards
7) True Move H Universal Communication Company Limited (Formerly Real Future Company limited)	July 1, 2013 onwards

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

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

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

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

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

On July 29, 2014, TOT submitted a dispute no. 55/2557 demanding the Company to pay additional payment for the revenue sharing on the interconnection charges of the operation years 21st - 22nd in the amount of Baht 9,984 million plus interest at 1.25% per month on its outstanding and computing from the default date until the full amount is paid. In addition, TOT requested this case to be under the same consideration with the black case no. 19/2554 to the Arbitral Tribunal.

On August 23, 2016, the Company submitted the dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, under the black case no. 83/2559 requesting the Arbitral Tribunal to give an award on the ground that TOT had no right to claim for such revenue sharing on the interconnection charges of the operation years 23rd - 25th in the amount of Baht 8,368 million plus interest at 1.25% per month on its outstanding amount for each year and the Company requested this case to be under the same consideration with the black case no. 55/2557. Currently, the dispute has been considered by the Arbitration process.

3) Obligations of the bank guarantees in connection with the Agreement for operations (“the Agreement”)

According to the Agreement, the Company has the duties to deliver the bank guarantees to TOT Public Company Limited (“TOT”) to secure the payment of the minimum revenue sharing for each operation year and shall recover the bank guarantee of the past operation.

TOT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 17th - 21st for a total value of Baht 7,007 million by claiming that the Company had not completely paid the revenue sharing due to the deduction of the revenue sharing for the excise tax and the deduction of the Interconnection Charges. Currently, the dispute has been considered by the Arbitration process.

On May 11, 2011 and October 5, 2012, the Company submitted the disputes to the Alternative Dispute Resolution Office, the Arbitration Institute, under the black case no. 40/2554 and 119/2555 requesting the Arbitral Tribunal to award an order to TOT to return the bank guarantees to the Company because the Company had completely paid the revenue sharing for each operation year and had correctly complied with the law and the relating Agreements in all respects.

On February 10, 2014, the Arbitral Tribunal gave the arbitration award to order TOT to return the bank guarantees for the operation year 17th - 21st to the Company. On May 16, 2014, TOT submitted the black case no. 660/2557 to the Central Administrative Court to revoke the Arbitral Tribunal’s award.

On May 19, 2014, the Company submitted the black case no. 666/2557 to the Central Administrative Court requesting TOT to return the bank guarantees for the 17th - 21st operation year to the Company according to the arbitration award and pay the bank guarantees fee of Baht 6.65 million which had been paid by the Company to the banks and plus interest at 7.5% per annum computing from the date that Company paid to the banks. Currently, this black case is in the Central Administrative Court procedure.

4) 900 MHz subscribers migration to 3G 2100 MHz

On September 25, 2014, TOT Public Company Limited (“TOT”) submitted a dispute under the black case no. 80/2557 to the Arbitration Institute demanding the Company to pay compensation from the 900 MHz subscribers porting to 3G 2100 MHz provided by its subsidiary in the amount of Baht 9,126 million plus interest at 7.5% per annum from September 25, 2014 until the full amount is paid.

On March 29, 2016, TOT submitted the revision to amend the compensation amount from May 2013 to September 2015, the ending of the Agreement for operations for the amount of Baht 32,813 million plus VAT and interest at 1.25% per month from June 2013 until the full amount is paid.

Currently, the case is in the Arbitration process. The Company’s management believes that the Company has correctly and fully complied with the related conditions of the Agreement in all respects then the outcome of the dispute should be settled favourably and has no considerable impact on the financial statements of the Company.

5) The claim for additional revenue from the 6th and 7th Amendments to the Agreement for operations (“the Agreement”)

On September 30, 2015, the Company submitted the dispute black case no. 78/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice to decide regarding the 6th Amendment dated May 15, 2001 and the 7th Amendment dated September 20, 2002 to the Agreement for operations to conduct business of Cellular Mobile Telephone that the amendments bind the Company and TOT Public Company Limited (“TOT”) to comply with the amendments until the expiration of the Agreement for operations and the Company has no obligation to pay for the additional revenue according to the letter claimed by TOT to the Company on September 29, 2015 regarding to request the payment of additional revenue in the amount of Baht 72,036 million which TOT has claimed that the 6th and 7th Amendments were material which caused TOT to receive lower revenue than the rate as specified in the Agreement for operations.

Currently, the dispute has been considered by the arbitrators which the Company’s management believes that the 6th and 7th Amendments to the Agreement for operations are binding and effective until the expiration of the Agreement for operations on September 30, 2015 because the Company has fully complied with all concerned Agreements. Moreover, the Council of State opined on this matter that the amendments to the Agreement for operations between TOT and the Company, case no. 291/2550 that “...the amendment process of the Agreement for operations which is the administrative contract can be separated from such amendment attached hereto, the amendments have still been in effect as long as it is not revoked or terminated by time, or otherwise...”. Therefore, the outcome of the said dispute should be settled favourably and has no considerable impact on the financial statements of the Company.

Later, on November 30, 2015, TOT submitted the dispute black case no. 122/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice to decrease the amount of the revenue claimed by TOT to Baht 62,774 million according to the percentage adjustability of revenue sharing upon the Agreement for operations. This case is the same as the dispute black case no. 78/2558.

6) Space rental fee for tower and equipment for service under the Agreement for operations (“the Agreement”)

On September 30, 2015, TOT Public Company Limited (“TOT”) submitted the dispute black case no. 76/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office Court of Justice to decide regarding the Company rents 11,883 base stations, which used for the installation of towers and telecommunication equipment to provide telecommunication services (Cellular Mobile Telephone Service), under the Agreement for operations for additional 2 years from the expiration of the Agreement for operations. In case that the Company cannot perform such rental, the Company shall pay the said rental and all expenses during additional 2 years in the amount of Baht 1,911 million or place the money to the court.

Currently, the dispute has been considered by the arbitrators which the Company’s management believes that the Company has no obligation to pay for the space rental fee for tower and equipment related after the expiration of the Agreement for operations because the Company has rightfully conducted everything in accordance with the Agreement for operations. Therefore, the outcome of the dispute should be settled favourably and has no considerable impact on the financial statements of the Company.

7) The claim for installation and connection of telecom equipment within 900 MHz frequency band on the Base Site which Digital Phone Co., Ltd. (“DPC”) has transferred the title to CAT Telecom Plc. (“CAT”) subject to the Agreement for operations regarding Cellular Telecommunication Service between CAT and DPC.

On April 29, 2016, CAT filed a lawsuit against Advanced Info Services Public Company Limited (“the Company”) to the Central Administrative Court as the black case no.613/2559 for the removal of installed and connected telecom equipment used in cellular telecommunication services within 900 MHz frequency band or other frequencies or other telecom equipment of the Company installed in 95 base sites which DPC has transferred to CAT subject to the Agreement for operations without approval from CAT. Therefore, CAT demanded the Company to compensate for the usage of assets owned by CAT during January 2013 to April 2016 in the amount of Baht 125.52 million plus interest at the rate of 7.5% per annum from the filing date until the compensation is paid in full and to pay for damages from the filing date in the amount of Baht 2.83 million per month plus interest at the rate of 7.5% per annum of the claimed amount in each month to CAT until the removal of telecom equipment is completed.

Currently, this case has been considered by the Central Administrative Court process. The Company’s management believes that the Company has correctly complied with the related conditions of the agreement in all respects then the outcome of this case should not be considerable impact on the financial statements of the Company.

- 8) The claim to the Central Administrative Court for revocation of the National Telecommunication Commission (“NTC”) order regarding to revenue incurred from the temporary service for 900 MHz customer protection period after the Concession end

On May 1, 2017, the Company filed a lawsuit against office of the National Broadcasting and Telecommunication Committee (“NBTC office”), the National Telecommunication Committee (“NTC”), the National Broadcasting and Telecommunication Committee (“NBTC”) and other 5 persons to the Central Administrative Court under the black case no. 736/2560 to revoke NBTC letter and NTC resolution of the NBTC office to demanded the Company to pay revenue at remedy period from October 1, 2015 to June 30, 2016 in the amount of Baht 7,221 million plus interest.

On June 15, 2017, the Company received the indictment dated April 21, 2017 by the NBTC and the NBTC office which filed a lawsuit against the Company for the same amount to the Central Administration Court as Black case no. 661/2560 demanded the Company to pay revenue at remedy period.

The Company’s management considered that the Company has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement and the Company has obliged to submit the revenue after deducting any expenses to NBTC office but the Company has the expenses more than the revenue incurred from the service. Therefore, the Company has no remaining revenue to submit to NBTC Office as stipulated in the announcement.

Currently, this case is in the process of the Central Administrative Court.

- 9) Claim for the additional revenue sharing from the rental charge for providing transmission services

TOT Public Company Limited (“TOT”) has submitted the dispute No. A1/2017 dated December 15, 2017 to the Arbitration Institute to claim for the payment regarding the additional revenue sharing from the rental charges for providing transmission services from January 2011 to September 2012 for the total amount of Baht 19.54 million and No. A1/2018 dated January 12, 2018 to claim for the payment regarding the additional revenue sharing from the rental charges for providing transmission services from October 2012 to September 2015 in the total amount of Baht 1,121.92 million

(included VAT) including default interest rate at the rate 1.25 per cent per month according to TOT view that the Company shall collect the rental charges for providing transmission services as the rate specified by TOT which is higher than the rental rate charged to the tenant.

Currently, the said disputes are in the Arbitration process. The Company's management believes that the rental rate charged at the reasonable market price by the Company and also approved by NBTC.

Digital Phone Company Limited ("DPC")

1) The deduction of excise tax from the revenue sharing between DPC and CAT Telecom Public Company Limited ("CAT")

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

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

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

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

On June 3, 2011, CAT submitted the black case no. 1259/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On July 28, 2015, the Central Administrative Court reached its decision to dismiss such dispute made by CAT to revoke the Arbitral Tribunal's award.

On August 25, 2015, CAT appealed such dismissal to the Supreme Administrative Court under black case no. Or 1070/2558. Currently, this case has been considered by the Supreme Administrative Court.

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

Pursuant to the resolution of the meeting on January 14, 2004 between TOT Public Company Limited ("TOT"), CAT Telecom Public Company Limited ("CAT"), Digital Phone Company Limited ("DPC"), a subsidiary, and True Move Company Limited ("True Move") by the Minister of the Information and Communications Technology Ministry, the Chairman, that TOT consented

to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 / number/month to DPC and True Move starting from the 6th operation year as Total Access Communication Public Company Limited (“DTAC”) had received from TOT.

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

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

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

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

On June 25, 2012, CAT submitted the black case no. 1016/2555 to the Central Administrative Court to revoke the Arbitral Tribunal’s award, and on September 16, 2014, the Central Administrative Court issued the dismissal order of this case. Later, on October 15, 2014, CAT appealed such dismissal to the Supreme Administrative Court. Currently, this case has been considered by the Supreme Administrative Court.

3) Claim for the access charge payment and the deduction of access charge from revenue sharing between DPC, CAT Telecom Public Company Limited (“CAT”) and TOT Public Company Limited (“TOT”)

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

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

Later, on July 31, 2014, TOT submitted a petition for revision to adjust the access charge amounting to Baht 5,454 million calculated up to September 16, 2013 which is the date of the Agreement for operation period ended plus valued add tax and interest calculated up to July 10, 2014, plus interest calculated from July 10, 2014 until full payment is made as follows:

- 1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 1,289 million.
- 2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 3,944 million.
- 3) The discount of access charge at the rate of Baht 22/number/month that DPC deducted from the revenue sharing, in the amount of Baht 221 million.

Currently, this case has been considered by the Central Administrative Court. The Company's management believes that the outcome of this case shall be in favour of DPC and have no material impact on the consolidated financial statements of the Group since DPC has correctly complied with the law and the relating Agreements in all respects.

- 4) To deliver and transfer ownership of towers and equipment of power supply between DPC and CAT Telecom Public Company Limited ("CAT")

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

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

On October 25, 2012, CAT submitted the black case no. 2757/2555 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On June 12, 2017, the Central Administrative Court informed an order to approve CAT to withdraw the black case no. 2757/2555 from directory dated June 9, 2017.

- 5) The reduction of roaming fee between DPC and CAT Telecom Public Company Limited ("CAT")

On July 1, 2006, CAT Telecom Public Company Limited ("CAT") allowed Digital Phone Company Limited ("DPC"), a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for three-month period several times until March 31, 2007. After that, CAT did not notify DPC of any changes until on March 24, 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from April 1, 2007. On May 8, 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On March 31, 2009, CAT approved DPC to charge roaming fee at Baht 1.10

per minute during January 1, 2009 - March 31, 2009. Moreover, DPC entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission (“NTC”) on June 16, 2009.

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

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

Currently, the dispute has been considered by the Arbitration process. The Company’s management believes that the outcome of this dispute shall have no material impact on the consolidated financial statements of the Group since DPC has correctly complied with the law and the relating Agreements in all respects.

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

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

On May 28, 2013, the Arbitral Tribunal reached its decision to dismiss such dispute by stating that it is not about breach of the agreement but whether there has been a wrongful act. Therefore, the dispute is not within the Jurisdiction of the Arbitral Tribunal.

On September 6, 2013, CAT submitted the black case no. 1767/2556 to the Central Administrative Court to revoke the Arbitral Tribunal’s award. Currently, this case has been considered by the Central Administrative Court process.

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

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

On April 1, 2014, CAT submitted a dispute under black case no. 26/2557 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 15th - 16th operation year totaling Baht 203 million plus default interest at the rate of 7.5% per annum and penalty at the rate of 1.25% per month of the above principal amount starting from the default date of each year until the full payment is made. Such amount represents the revenue sharing which CAT calculated on gross interconnection charge received by DPC from other operators at the percentage rate specified in the Agreement without deduction of interconnection charge which DPC has to pay to other operators.

Currently, the dispute has been considered by the Arbitration procedures. The Company's management believes that the outcome of this dispute shall be settled favourably and has no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the related conditions of the Agreement in all respects.

8) Obligations of the bank guarantees in connection with the Agreements for Operations

According to the Agreement for Operations, Digital Phone Company Limited ("DPC") has the duties to deliver the bank guarantees to CAT Telecom Public Company Limited ("CAT") to secure the payment of the minimum revenue sharing for each operation year and shall recover the bank guarantee of the previous operating year.

CAT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 10th - 14th for a total value of Baht 2,606 million by claiming that DPC had not completely paid the revenue sharing due to the deduction of the revenue sharing for the Excise Tax and the deduction of the Interconnection Charges, the discount of Access Charges and the reduction of the rate of roaming charge where the disputes of which have been pending the consideration of the Arbitral Tribunal.

On October 8, 2012, DPC submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, black case no. 120/2555 requesting the Arbitral Tribunal to award an order to CAT to return the bank guarantees to DPC because DPC has completely paid the revenue sharing for each operation year and has correctly complied with the law and the relating Agreements in all respects.

On May 28, 2015, the Arbitral Tribunal reached its decision to award an order to CAT to return the bank guarantees and its bank fees to DPC. Later, on September 15, 2015, CAT has submitted the black case no. 1671/2558 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Currently, this case has been considered by the Central Administrative Court.

9) The claim for the usage/revenue arising from the use of telecommunication equipment and telecommunication network during the temporary customer protection period after the Concession ended

On May 20, 2015, CAT Telecom Public Company Limited ("CAT") filed a lawsuit against office of the National Broadcasting and Telecommunication Committee ("NBTC Office"), National Telecommunication Committee ("NTC"), National Broadcasting and Telecommunication Committee ("NBTC"), Truemove Company Limited ("True Move"), and Digital Phone Company Limited ("DPC") to the Central Administrative Court black case no.918/2558 to pay for the fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT during the temporary customer protection period, subject to the announcement of NBTC regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement, calculated from September 16, 2013 to September 15, 2014, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 24,117 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 18,025 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 6,083 million plus interest at the rate of 7.5% per annum.

On September 11, 2015, CAT filed a lawsuit to the Central Administrative Court black case no. 1651/2558 claimed for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT from September 16, 2014 to July 17, 2015, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 6,521 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 4,991 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,635 million plus interest at the rate of 7.5% per annum.

On May 27, 2016, CAT filed a lawsuit to the Central Administrative Court black case no. 741/2559 claimed for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT from July 18, 2015 to November 25, 2015, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 2,857 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 2,184 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 673 million plus interest at the rate of 7.5% per annum.

Currently, the dispute has been considered by the Central Administrative Court which the management of the Company believes that DPC has no obligation to pay for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network as claimed by CAT due to DPC has complied in accordance with the announcement of NBTC. Therefore, the outcome of the said dispute should be settled favourably and has no considerable impact on the consolidated financial statements of the Group.

- 10) The claim to the Central Administrative Court for revocation of the NTC order regarding to revenue incurred from the temporary service for customer protection period after the Concession end

On November 16, 2015, Digital Phone Company Limited (“DPC”), filed a lawsuit against the National Broadcasting and Telecommunication Committee (“NBTC”) to the Central Administrative Court under case no. 1997/2558 to revoke NTC resolution which office of the NBTC has demanded DPC to deliver revenue at remedy period starting from September 16, 2013 to July 17, 2014 in the amount of Baht 628 million.

In the same case, on September 16, 2016, NBTC and office of the National Broadcasting and Telecommunication Committee (“NBTC office”) filed a complaint to the Central Administrative Court as the Black Case No. 1441/2559 requesting DPC to submit the revenue sharing during remedy period, from September 16, 2013 to July 17, 2014 in the amount of Baht 680 million (including interest up to submitted date by Baht 52 million) plus interest at the rate of 7.5% per annum of the claim amount from the next day of the submit date until DPC deliver all revenue sharing in full.

The Company's management considered that DPC has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2013, and the Company has obliged to submit the revenue after deducting any expenses to NBTC but DPC has the expenses more than the revenue incurred from the service. Therefore, DPC has no revenue remaining in order to submit to NBTC as stipulated in the announcement.

Currently, the said case is in the process of the Central Administrative Court.

- 11) The claim for providing of telecom equipment and the telecommunication networks under the Agreement for operations regarding cellular telecommunication services ("the Agreement") between CAT Telecom Public Company Limited ("CAT") and Digital Phone Company Limited ("DPC") to other operators to use.

On June 30, 2016, CAT submitted a dispute under black case no. 57/2559 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to remove telecom equipment and the telecommunication networks used in cellular telecommunication services under 2100 MHz and the other telecom equipment owned by Advanced Wireless Network Company Limited ("AWN") and under 900 MHz owned by Advanced Info Service Public Company Limited ("the Company") which is installed in 97 base stations subject to the Agreement operated by DPC without the approval from CAT.

In case that DPC does not agree to remove such disputes assets for whatsoever reasons, CAT shall demand DPC to pay in the amount of Baht 4.84 million per month plus interest at the rate of 7.5% per annum from the next day of the submit date of such dispute until the completion date of such removal of telecom equipment and to pay for damages for the consent for AWN and the Company to use its disputed assets which owned by CAT in 97 base stations during January 2013 until June 2016 in the total of Baht 175.19 million plus interest at the rate of 7.5% per annum of the claimed amount and also prohibited DPC to provide such disputed assets to other operator without written consent from CAT.

Currently, the dispute has been considered by the Alternative arbitration process. The Company's management believes that DPC has correctly and fully complied with the related conditions of such Agreement in all respects then the outcome of the said dispute should not be considerable impact on the consolidated financial statements of the Group.

Advanced Wireless Network Company Limited ("AWN")

- 1) The claim for installation and connection of 2100 MHz frequency band telecom equipment of AWN on the Base Site which Digital Phone Co., Ltd. ("DPC") already transferred the title to CAT Telecom Public Company Limited. ("CAT") subject to the Agreement for Operations regarding Cellular Telecommunication Service between CAT and DPC ("the Agreement")

On June 30, 2016, CAT filed a lawsuit to the Central Administrative Court as the black case No.1039/2559 against Advanced Wireless Network Company Limited ("AWN") for the removal of such installed and connected telecom equipment used in cellular telecommunication services within 2100 MHz frequency band or other frequencies or other telecom equipment of AWN installed in 67 base stations which DPC has transferred to CAT subject to the Agreement for Operations without the approval from CAT. Therefore, CAT demanded AWN to pay the damages for the usage of such assets owned by CAT during January 2013 until June 2016 in the amount of Baht 57.53 million plus interest at the rate of 7.5% per annum from the filing date until the compensation is paid in full and to pay for damages from the filing date in the amount of Baht 2 million per month plus interest at the rate of 7.5% per annum of the accrued damages in each month to CAT until the removal of telecom equipment is completed and also prohibited AWN to install and connect its telecom equipment used in cellular telecommunication services in 2100 MHz frequency band or other frequencies or other telecom equipment of AWN on base sites owned by CAT under the Agreement between CAT and DPC without written consent from CAT.

Currently, the dispute has been considered by the Central Administrative Court process. The Company's management believes that AWN has correctly and fully complied with the related conditions of the Agreement in all respects then the outcome of the said case should not be considerable impact on the consolidated financial statements of the Group.

2) The claim of payment for usage in telecom equipment and networks, internal building transmission and electricity co-usage under the Agreement for operations between Advanced Info Service Public Company Limited ("AIS") and TOT Public Company Limited ("TOT")

On February 11, 2017, Advanced Wireless Network Company Limited ("AWN") received the Complaint Civil Black Case No. 454/2560 dated January 31, 2017 which TOT Public Company Limited ("TOT") filed a lawsuit against AWN to pay usage regarding telecom equipment and networks, internal building transmission and electricity co-usage which the Company has use of such assets during October 1, 2015 until June 30, 2016 in the amount of Baht 559.62 million and interest of Baht 15.87 million from the default date. Total principal and interest amount are Baht 575.48 million plus interest of 7.5% per annum of principal amount, Baht 559.62 million, counting from the date of filing until the payment has been made in full.

Currently, the dispute has been considered by the Civil Court process. The Company's management believes that the outcome of the said case should not be considerable impact on the consolidated financial statements of the Group.

39. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements for the year ended December 31, 2016, to conform to the classification used in current period's financial statements (see Note 2.2). Such reclassifications have no effect to previously reported net profit, total comprehensive income and shareholders' equity. The reclassifications are as follows:

Account	Previous presentation	Current presentation	Amount (Million Baht)	
			Consolidated Financial Statements	Separate Financial Statements
Current tax assets	Other non-current assets which presented under non-current assets	Current tax assets which presented under current asset	367	280
Other current financial assets	Other current assets which presented under current assets	Other current financial assets which presented under current assets	236	241

Moreover, the brief particulars in the financial statements for the years ended December 31, 2017 and 2016 have been changed to comply with the Notification of the Department of Business Development dated October 11, 2016 (see Note 2.2). Significant changes in the brief particulars are as follows:

Financial Statements	Previous name of brief particular	Current name of brief particular
Statements of financial position	Employee benefit obligations	Provisions for employee benefit
Statements of profit or loss	Selling expense	Distribution costs

40. EVENT AFTER THE REPORTING PERIOD

1) Dividends

On February 5, 2018, the Board of Directors' meeting passed a resolution proposing to the Annual General Shareholders' Meeting the payment of dividends for the year 2017, at the rate of Baht 7.08 per share, Baht 3.51 each of which was paid as an interim dividend on August 25, 2017. The proposed dividends shall be approved by the shareholders.

2) Significant Agreements

National Roaming Agreement

On January 5, 2018, Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, has entered into service agreement with TOT Public Co., Ltd. ("TOT") to receive the service relating to the national roaming service for the period from March 1, 2018 to August 3, 2025. AWN has letter of guarantee from commercial banks of Baht 720 million for the throughout the period of agreement.

Telecommunication Equipment Rental Agreement

On January 5, 2018, Super Broadband Network Co., Ltd. ("SBN"), a subsidiary, has entered into rental agreement with TOT Public Co., Ltd. ("TOT") to provide the telecommunication equipment rental for the period from March 1, 2018 to August 3, 2025. SBN has letter of guarantee from commercial banks of Baht 525 million for the throughout the period of agreement.

41. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 5, 2018.

Management Discussion and Analysis 2017

Executive summary

In 2017, mobile business improved from stronger 4G positioning amidst competitive environment. Competitive landscape remained challenging in both pricing environment and handset campaigns despite lessen from previous year. Market was driven by postpaid acquisition via handset bundling package causing steady rise in blended ARPU throughout the year while demand for mobile data nearly doubled YoY to 6.7 GB/data sub/month from video streaming and increased 4G handset penetration (46%). To compete for quality subscribers who bring growth in data revenue, AIS continued to invest for network quality and capacity through deployment of additional bandwidth recently acquired while coverage expansion mostly done the year earlier, resulted in lower capex.

On fixed broadband business, AIS Fibre expanded coverage to 50 key cities with a focus on quality. In 2017, AIS continued to focus on subscriber acquisition and recorded 521,200 subscribers at year end, while dropped aggressive discount campaigns on entry packages which reflected on 25% YoY increased ARPU. During the year, screening measures for quality subscriptions were implemented, which caused a slowdown in net addition in the 2H17. At year end, fixed broadband business contributed 2.9% to service revenue, compared to 1.2% in 2016. With an aim to be the digital life service provider, AIS introduced convergence packages for the first time, combining mobile, fixed broadband and video contents, which allow customers to enjoy content both on the go and at home.

EBITDA improved 16% YoY to Bt70,498mn with 44.7% margin, largely from controlled handset subsidy, improve revenue momentum, and cost efficiency. **Service revenue (excluding IC)** increased 4.9% YoY supported by both mobile and fixed broadband segments. Handset campaigns were more selective with limited discounts, resulting in marketing expenses subsiding from 10.5% to 6.3% to total revenue. **Network OPEX** rose 36% YoY mainly from fully recognized payment for TOT partnership. However, excluding TOT partnership, network OPEX would drop 4.1% YoY from cost efficiency programs. **Net profit**, however, declined 1.9% YoY to Bt30,077mn from continued network expansion and spectrum acquisition.

FY18 Guidance On 23 January 2018, the company has acquired 80.10% of CSL shares through tender offering, with an aim to strengthen the growth potential in enterprise segments while leverage synergies from acquisition. With CSL combined, in 2018, **service revenue (excluding IC)** is expected to grow in a range of 7-8%, 2% of which is from full consolidation of CSL. Through maintaining network quality and attractive handset campaigns, AIS targets to acquire and retain quality data users in both postpaid and prepaid segments, while expand AIS fibre coverage to capture untapped demand in key cities. **EBITDA margin** is expected to improve and be in a range of 45-47%, underpinned by better revenue momentum and controlled costs, particularly network OPEX from company-wide cost efficiency programs. **Cash CAPEX** is expected to slow down YoY to a range of Bt35-38bn and will be spent mainly on 4G network and fixed broadband expansion in last miles. We maintain the **dividend policy** to pay minimum of 70% of net profit to preserve financial health and flexibility for future growth. (See the full guidance for FY18 on page 286)

Significant events

1. AWN, AIS's subsidiary, has released the results of tender offer of CSL on 23 January 2018. In summary, there were 476,196,534 tendered shares of CSL or 80.10% of total CSL outstanding shares, all of which AWN acquired. Detail of the release can be found at http://investor.ais.co.th/newsroom_set.html
2. In December 2017, the NBTC has announced new progressive rates of the license fee. Operators are required to calculate the new rates retroactive from Jan-2017. As a result, AIS has recognized the benefit totaling around Bt200mn fully in 4Q17, shown in the cost of regulatory fee. The new rates will continue and are below.

Service revenue range (Bt mn)	New progressive license fee rate
0 – 100	0.125%
101 – 500	0.25%
501 – 1,000	0.5%
1,001 – 10,000	0.75%
10,001 – 25,000	1%
25,001 – 50,000	1.25%
>50,000	1.5%

At present, total regulatory fee composes of 1) the above license fee 2) 2.5% of revenue as USO fee 3) Bt2/mobile number/month as numbering fee.

Market and competitive environment

In 4Q17, the mobile competitive landscape was stable in terms of both handset campaigns and pricing. Postpaid segment continued to be a key focus with handset campaigns to gain new acquisition and maintain existing subscribers. The spending on handset subsidies were controlled and focused on quality subscriptions, even though new models e.g. iPhone X, Samsung Note 8 were released. Customers were required to commit to a certain price plan to improve ARPU level through data and device bundling packages. Meanwhile, there were campaigns and offerings in prepaid segment at a minimal scale. Pricing environment were maintained with some discount to encourage port-in customers and prepaid to postpaid migration.

For the fixed broadband market, although prices and speed of main packages were maintained, pricing competition remained challenging with tactical pricing offered to attract new subscriptions. For example, operators offered lower speed than the entry level of 30 Mbps at a lower price in selective areas. Discounts were offered in mid- to high-end packages subscription with an aim to improve medium term ARPU. Fibre footprints were expanded further to capture new demand outside Bangkok and key cities, which were largely penetrated.

Operational summary

In 4Q17, AIS continued to focus on acquiring quality postpaid subscribers through selective smartphones offerings along with prepaid to postpaid migration trend. Following that, AIS recorded 163,300 net addition in postpaid subscribers but 294,100 net loss in prepaid subscribers. Overall, AIS recorded 40.1mn subscribers with 130,800 net loss. However, blended ARPU rose 0.6% QoQ to Bt256, driven by growing data usage (VoU) at 6.7 GB/data sub/month and a larger proportion of postpaid subscribers which represented 18% of total subscribers from 16% in 4Q16.

At the end of 2017, AIS Fibre subscribers recorded 521,200 subscribers with 39,700 net additions QoQ, showing an improving momentum of net addition from 35,600 in 3Q17. ARPU slightly dropped to Bt635 from Bt637 in 3Q17, following tactical offerings launched to attract quality customers toward higher speed package with the better value for money.

Mobile Business	4Q16	1Q17	2Q17	3Q17	4Q17
Subscribers					
Postpaid	6,429,600	6,661,400	6,991,500	7,226,800	7,390,100
Prepaid	34,601,600	33,986,400	33,482,000	32,959,500	32,665,400
Total subscribers	41,031,200	40,647,800	40,473,500	40,186,300	40,055,500
Net additions					
Postpaid	320,900	231,800	330,100	235,300	163,300
Prepaid	836,900	-615,200	-504,400	-522,500	-294,100
Total net additions	1,157,800	-383,400	-174,300	-287,200	-130,800
ARPU (Baht/sub/month)					
Postpaid	600	579	593	590	581
Prepaid	186	181	182	182	183
Blended	251	244	251	254	256
MOU (minute/sub/month)					
Postpaid	296	280	271	264	257
Prepaid	201	190	169	163	151
Blended	215	205	186	181	170

Mobile Business	4Q16	1Q17	2Q17	3Q17	4Q17
VOU (GB/data sub/month)					
Postpaid	5.0	5.7	6.7	7.5	8.3
Prepaid	3.2	3.5	4.1	5.4	6.2
Blended	3.6	4.0	4.7	5.9	6.7
Device Penetration					
4G-handset penetration	29%	35%	39%	42%	46%
Fixed Broadband Business					
FBB subscribers	301,500	373,900	445,900	481,500	521,200
FBB net addition	106,500	72,400	72,000	35,600	39,700
FBB ARPU (Baht/user/month)	510	541	600	637	635

4Q17 Snapshot

In 4Q17, AIS had total revenues of Bt41,2050mn, a slight decline of 0.3% YoY but an increase of 6.8% QoQ. Service revenue (excluding IC) was Bt32,611mn, an increase of 3.1% YoY and 0.5% QoQ, driven by the continuation of mobile ARPU improvement as well as an increasing number of fixed broadband customers. Sales revenue was Bt7,488mn, a decrease 9.9% YoY from softened competition but rose 49% QoQ due to seasonality. Sales margin was -0.6% improved from -3.3% in 4Q16 and -4.9% in 3Q17.

Cost of service (excluding IC) was Bt15,981mn, an increase of 5.4% YoY and 1.4% QoQ, mainly driven by higher depreciation and amortization of network investment offset by lower regulatory fee. In December 2017, the NBTC announced new progressive rates of license fee and has resulted in a regulatory saving of about Bt200mn fully accounted in 4Q17. Marketing expenses were Bt2,357mn, decreasing 41% YoY and 9.6% QoQ, due to more targeted subsidy campaigns and has resulted in lower SG&A expenses of Bt6,338mn, dropping 20% YoY and 4.0% QoQ.

In summary, profitability continued to improve following better operating results. EBITDA stood at Bt18,454mn, improving 23% YoY and 4.9% QoQ, with a margin of 44.8%. The EBITDA has more than offset the increasing network depreciation, resulting a net profit in 4Q17 of Bt7,701mn, increasing 19% YoY and 3.1% QoQ, or a margin of 18.7%.

FY17 Financial Summary

Revenue

In 2017, **total revenue** was Bt157,722mn increasing 3.7% YoY contributed from both improved service and sales revenues.

Service revenue (excluding IC) was Bt128,583mn increasing 4.9% YoY, in line with our guidance, driven by higher mobile data usage and increasing fixed broadband subscribers. In 2017, mobile revenue contributed 97.6% of service revenue while fixed broadband revenue has grown to represent 2.4%.

- **Voice revenue** was Bt42,829mn decreasing 16% YoY from voice-data cannibalization.
- **Non-voice revenue** was Bt76,062mn increasing 19% YoY due to higher 4G adoption at 46% of the total subscribers and almost 100% YoY increase in VOU from 3.6 GB/data sub/month in 4Q16 to 6.7 GB in 4Q17. Video streaming on social applications as well as the proliferation of mobile live broadcast have been the main drivers for data growth.

- **Fixed broadband revenue** was Bt3,128mn increasing 264%. In 2017, AIS Fibre has gained 219,700 of net subscriber addition and now has 521,200 total subscribers. ARPU in 4Q17 was Bt635, highly improved from Bt510 in 4Q16, reflecting expiration of discounted subscriptions and more customers adopting high-speed plans. In 2H17, AIS Fibre has implemented measures to ensure quality customer acquisition such as collecting Bt650 of entry-fee, which has caused softened sales. These measures are expected to enhance sales efficiency and return moving forward.
- **International revenues and others** were Bt6,564mn decreasing 0.4% YoY from a decline in IDD service which was partially replaced by IP calls.

Net Interconnection charges (Net IC) were Bt220mn decreasing from Bt285mn in 2016 due to the IC rate adjustment from Bt0.34/minute in 2016 down to Bt0.27/minute in 2017. It is to be noted that a new IC rate of Bt0.19/minute has been effective since 1 January 2018 onward.

SIM & device sales were Bt24,775mn increasing 3.6% YoY. Handset margin in 2017 was -3.5%, compared to -4.2% in 2016, due to softened handset campaigns.

Cost & Expense

In 2017, **cost of service (excluding IC)** was Bt62,460mn increasing 19% YoY due to higher D&A and payments for the partnership with TOT, offset by lower regulatory fee.

- **Regulatory fee** was Bt6,272mn declining 40% YoY and represented 4.9% of service revenue (excluding IC), compared to 8.5% in 2016. The decline includes a one-time benefit of the new progressive rates of license fee (see 4Q17 Snapshot). Since 1Q18, the regulatory fee will continue to be in a range of 4-5% of service revenue.
- **Depreciation and amortization** was Bt29,686mn increasing 40% YoY due to both network depreciation and license amortization. Amortization of all licenses (2100/1800/900MHz) was Bt7,855mn in 2017 compared to Bt5,545mn in 2016. Network depreciation continued to rise following high 4G investment in the past years.

- **Network OPEX** was Bt20,080mn increasing 36% YoY due to the full-year payments to TOT for the partnership. Excluding such payments, network OPEX would have declined 4.1% YoY as a result of the continuing cost-efficiency program.

- **Other costs of service** were Bt6,422mn increasing 3.3% YoY mainly due to the cost of content.

SG&A expenses were Bt25,078mn decreasing 16% YoY mainly due to lower handset subsidies while offset by higher other G&A expenses.

- **Marketing expenses** were Bt9,990mn declining 38% YoY due to focused subsidy campaigns mainly for postpaid segment. This has resulted in a reduction of %marketing expenses to total revenue from 11% in 2016 to 6.3% in 2017.

- **General admin expenses** were Bt12,424mn increasing 5.2% YoY due to higher staff cost and other costs related to fixed broadband.

- **Depreciation and amortization** was Bt464mn increasing 12% YoY due to shop expansion and renovation.

- **Bad debt** was Bt2,199mn increasing 43% YoY following a larger postpaid subscriber base. %Bad debt to postpaid revenue was 4.3%, compared to 3.6% in 2016, following penetration into mid- to low-tier customer segments.

Net FX gain was Bt225mn decreasing from Bt277mn in 2016. FX gain/loss was incurred from CAPEX payables because of currency fluctuation whereas foreign debts were all fully hedged.

Other income was Bt613mn increasing 39% YoY mainly due to a revenue recognition of expired cash cards and other fines.

Finance cost was Bt5,302mn increasing 25% YoY due to the deferred interest from spectrum licenses (Bt2.1bn in 2017 vs Bt1.3bn in 2016) as well as higher interest-bearing debt. Average cost of debt remained low at 3.1% per year compared to 3.3% in 2016.

Profit

In 2017, EBITDA was Bt70,498mn increasing 16% YoY due to the improved operational results from both service revenue growth and cost optimization. EBITDA margin was 44.7%, exceeding the guidance of 42-44%, and improved from 39.9% in 2016. In summary, AIS reported a net profit of Bt30,077mn, a slight decline of 1.9% YoY, or a net profit margin of 19.1%. It is to be noted that due to the tax incentive programs in 2016 and 2017 with the benefits to be recognized in five years, the effective tax rate shall be around 16% until 2020.

Financial position

As at December 2017, AIS had total assets of Bt284,067mn increasing 3% YoY mainly from current assets. Total current assets were Bt34,841mn rising 9.2% YoY from account receivables, following a larger base of postpaid customers, and handset inventories. Total non-current assets were Bt249,226mn increasing 2.2% YoY mainly from PPE due to network expansion, offset by lower amortized spectrum licenses.

Total liabilities were Bt233,641mn stable from 2016 for both current and non-current liabilities. Total current liabilities were Bt69,601mn including borrowings of Bt9.6bn, which are due in one year, and spectrum payment of Bt14bn to be made in 2018. Total non-current liabilities were Bt164,040mn which include long-term debts of Bt100bn and the last 900MHz spectrum installment of Bt60bn to be made in 2020. Foreign currency-denominated debt and trade payables (network CAPEX) were Bt4,888mn and Bt6,135mn, respectively. Foreign debts are fully hedged; however, trade payables are partially hedged, subjected to the payment term and currency fluctuation.

Total equity was Bt50,427mn increasing 18% YoY from higher retained earnings. The Board of Directors has approved the 2017 annual dividend amounting to Bt3.57/share or 70% of the net profit from 2H17 performance. The XD and payment dates will be on 5th April 2018 and 26th April 2018, respectively.

AIS' financial position remained strong with a current ratio and an interest coverage ratio of 0.5x and 13x, respectively. At the end of 2017, AIS had interest-bearing debt of Bt109,700mn with a net debt to EBITDA of 1.4x, stable from 2016, and maintained an investment grade credit rating at BBB+ for S&P.

Cash flow

In 2017, AIS generated Bt65,528mn of operating cash flow (after tax) increasing 6.3% YoY following the improved EBITDA. For investing activities, CAPEX was Bt41,108mn, down from Bt47,554mn in 2016, or represented 32% of service revenue. Also, Awn has paid Bt10,247mn to the NBTC for the 2nd installment of 1800MHz license. For financing activities, net debt issuance was Bt11,417mn to support business growth. Total dividend paid was Bt23,190mn consisting of the performance in 2H16 and 1H17. In summary, net cash decrease in 2017 was Bt576mn, resulting in an outstanding cash of Bt10,650mn.

Income statement (Bt mn)	4Q16	3Q17	4Q17	%YoY	%QoQ	FY16	FY17	%YoY
Voice revenue	12,329	10,351	9,965	-19%	-3.7%	51,250	42,829	-16%
Non-voice revenue	17,265	19,570	20,007	16%	2.2%	63,857	76,062	19%
Fixed broadband revenue	380	886	956	152%	7.8%	860	3,128	264%
IR & others	1,643	1,648	1,683	2.4%	2.1%	6,594	6,564	-0.4%
Service revenue (excluding IC)	31,617	32,455	32,611	3.1%	0.5%	122,561	128,583	4.9%
IC revenue	1,387	1,102	1,107	-20%	0.4%	5,665	4,364	-23%
SIM and handset sales	8,315	5,022	7,488	-9.9%	49%	23,924	24,775	3.6%
Total revenues	41,319	38,580	41,205	-0.3%	6.8%	152,150	157,722	3.7%
Regulatory fee	(1,834)	(1,502)	(1,301)	-29%	-13%	(10,414)	(6,272)	-40%
Depreciation & Amortization	(6,717)	(7,618)	(8,044)	20%	5.6%	(21,253)	(29,686)	40%
Network operating expense	(5,065)	(5,051)	(5,012)	-1.0%	-0.8%	(14,810)	(20,080)	36%
Other cost of services	(1,539)	(1,593)	(1,624)	5.5%	1.9%	(6,216)	(6,422)	3.3%
Cost of service (excluding IC)	(15,155)	(15,764)	(15,981)	5.4%	1.4%	(52,694)	(62,460)	19%
IC cost	(1,332)	(1,046)	(1,037)	-22%	-0.9%	(5,380)	(4,144)	-23%
Cost of SIM and handset sales	(8,592)	(5,270)	(7,534)	-12%	43%	(24,918)	(25,654)	3.0%
Total costs	(25,079)	(22,080)	(24,552)	-2.1%	11%	(82,992)	(92,259)	11%
Gross profit	16,240	16,500	16,653	2.5%	0.9%	69,158	65,463	-5.3%
SG&A	(7,961)	(6,599)	(6,338)	-20%	-4.0%	(29,776)	(25,078)	-16%
Marketing Expense	(3,988)	(2,608)	(2,357)	-41%	-9.6%	(16,012)	(9,990)	-38%
General admin & staff cost	(3,278)	(3,321)	(3,303)	0.8%	-0.5%	(11,812)	(12,424)	5.2%
Bad debt provision	(584)	(551)	(558)	-4.5%	1.3%	(1,538)	(2,199)	43%
Depreciation	(111)	(120)	(121)	8.8%	0.5%	(414)	(464)	12%
Operating profit	8,279	9,900	10,315	25%	4.2%	39,382	40,385	2.5%
Net foreign exchange gain (loss)	6	41	21	256%	-48%	277	225	-19%
Other income (expense)	114	87	223	96%	158%	442	613	39%
Finance cost	(1,331)	(1,339)	(1,346)	1.1%	0.5%	(4,236)	(5,302)	25%
Income tax	(594)	(1,221)	(1,512)	155%	24%	(5,175)	(5,843)	13%
Non-controlling interest	(6)	0.4	(1.4)	-77%	-472%	(23)	(1)	-97%
Net profit for the period	6,468	7,469	7,701	19%	3.1%	30,667	30,077	-1.9%

EBITDA (Bt mn)	4Q16	3Q17	4Q17	%YoY	%QoQ	FY16	FY17	%YoY
Operating profit	8,279	9,900	10,315	25%	4.2%	39,382	40,385	2.5%
Depreciation & Amortization	6,828	7,738	8,164	20%	5.5%	21,667	30,151	39%
(Gain) loss on disposals of PPE	23	-	7	-69%	NA	23	164	611%
Management benefit expense	(41)	(36)	(24)	-41%	-34%	(150)	(143)	-5.0%
Other financial cost	(32)	(13)	(8)	-75%	-37%	(181)	(60)	-67%
EBITDA	15,058	17,589	18,454	23%	4.9%	60,741	70,498	16%
EBITDA margin (%)	36.4%	45.6%	44.8%			39.9%	44.7%	

Financial Position (Bt mn/% to total asset)	4Q16		4Q17		Key Financial Ratio	4Q16	3Q17	4Q17
Cash	11,226	4.1%	10,650	3.7%	Interest-bearing debt to equity (times)	2.3	2.5	2.2
ST investment	2,963	1.1%	2,643	0.9%	Net debt to equity (times)	2.0	2.3	1.9
Trade receivable	11,377	4.1%	14,179	5.0%	Net debt to EBITDA (times)	1.4	1.4	1.4
Inventories	3,085	1.1%	3,951	1.4%	Current Ratio (times)	0.5	0.4	0.5
Others	3,248	1.2%	3,418	1.2%	Interest Coverage (times)	14	13	13
Current Assets	31,899	12%	34,841	12%	Debt Service Coverage Ratio (times)	3.4	2.7	4.4
Spectrum license	115,378	42%	107,524	38%	Return on Equity	67%	76%	65%
Network and PPE	118,271	43%	132,579	47%	Figure from P&L are annualized YTD			
Intangible asset	4,099	1.5%	4,499	1.6%				
Defer tax asset	2,618	0.9%	2,562	0.9%				
Others	3,404	1.2%	2,062	0.7%				
Total Assets	275,670	100%	284,067	100%				
Trade payable	17,737	6.4%	14,686	5.2%				
ST loan & CP of LT loans	11,685	4.2%	9,575	3.4%				
Accrued R/S expense	5,361	1.9%	5,362	1.9%				
Others	34,546	13%	39,977	14%				
Current Liabilities	69,328	25%	69,601	25%				
Debt & LT loans	87,273	32%	100,102	35%				
Others	76,361	28%	63,938	23%				
Total Liabilities	232,962	85%	233,641	82%				
Retained earnings	16,971	6.2%	24,675	8.7%				
Others	25,737	9.3%	25,752	9.1%				
Total Equity	42,708	15%	50,427	18%				

Debt Repayment Schedule			License Payment Schedule	
Bt mn	Debt	Loan	1800MHz	900MHz
2018	-	9,299	10,247	4,020
2019	7,789	3,364	-	4,020
2020	-	24,829	-	59,574
2021	1,776	12,079	-	-
2022	-	13,290	-	-
2023	7,820	6,400	-	-
2024	6,638	-	-	-
2025	-	-	-	-
2026	7,180	-	-	-
2027	9,000	-	-	-

Credit Rating	
Fitch	National rating: AA+ (THA), Outlook: Stable
S&P	BBB+, Outlook: Negative

Source and Use of Fund: FY17			(Bt mn)
Source of Fund		Use of Fund	
Operating cash flow	71,061	CAPEX & Fixed asset	41,108
Proceed of LT borrowings	16,307	Dividend paid	23,190
Sale of equipment	121	Payment of spectrum license	10,246
Interest received	169	Income tax paid	5,533
Cash decrease	576	Finance cost & financial lease paid	3,184
		Repayment of LT borrowings	2,190
		Repayment of ST borrowings	2,700
		Others	83
Total	88,234	Total	88,234

2018 MANAGEMENT OUTLOOK & STRATEGY

Service revenue (excluding IC)	• +7-8%YoY (2% of which comes from CSL)
Handset sales	• Decline and make near-zero margin
Consolidated EBITDA margin	• 45-47%
CAPEX	• Bt35-38bn
Dividend policy	• Minimum 70% of net profit

Strong mobile data growth continues with improving network perception

In 2018 mobile data consumption is expected to continue its robust growth underpinned by increasing 4G usage on video content and social media as well as overall improving economic environment. After two years of 4G launch, network and brand perception of AIS perceived by the market have been improving steadily. This shall continue in 2018 with a focus to acquire quality data users in both postpaid and prepaid. In addition to leading in network advancement, attractive handset bundling will remain an important tool for both customer acquisition and retention.

Expand fixed broadband into major cities and target stronger subscriber addition

The brand “AIS Fibre” continues to gain popularity since the service launch in 2015 and has achieved 6% of market share. In 2018, AIS Fibre aims to expand the service further from the current 50 cities to promptly serve the demand for fibre technology. We maintain our goal to become a significant player in 2020 while placing an emphasis on quality acquisition and fixed-mobile convergence proposition targeting at revenue per household.

Grow in the enterprise market with the integration of CSL

Currently, AWN, AIS's subsidiary, has acquired all tendered shares of CSL amounting to 80.10% of total CSL outstanding shares. The acquisition is part of AIS's long-term strategy in the enterprise business in which we focus on Cloud as well as ICT solutions. Potential synergies are present in a new source of revenue leveraging upon CSL's expertise and expanded

subscriber base as well as in the cost benefit from co-used infrastructures. The synergies will be gradually realized following the integration plan.

Capture EBITDA from both revenue growth and cost efficiency

In summary, we expect the service revenue (excluding IC) to grow 7-8% YoY. The 2% growth, out of 7-8%, will come from consolidating 100% of CSL's revenue. Also, we continue to capture the value generated from our ongoing cost efficiency program. As a result, we expect EBITDA margin to expand into a range of 45-47%. Total cash CAPEX (excluding spectrum payments) is expected to be in a range of Bt 35-38bn for both mobile and fixed broadband to respond to 4G growth and expanding fibre last miles.

Dividend policy at minimum 70% of net profit

AIS is committed to driving long-term growth while delivering return to shareholders. We place importance in maintaining strong financial health and flexibility to pursue future growth. Our dividend policy is to pay a minimum 70% of net profit. By preserving cash flow, we ensure that we have the financial flexibility to lead, compete, and pursue growth prospect in any changing circumstances.

The dividend payment shall still be made twice a year and is based on consolidated earnings and subjected to the availability of retained earnings on the separate financial statements. In all cases, dividend payment shall depend on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not adversely affect the Company and subsidiaries ongoing operations.

Disclaimer

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “intend”, “estimate”, “continue” “plan” or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.

Contact us: <http://investor.ais.co.th> | investor@ais.co.th | (66) 2029 5014

Related Transactions

The Company and its subsidiaries have entered into related transactions with connected persons. All of these related transactions are made in the ordinary course of business and on general trading conditions.

The Board of Directors approved in principle, on 13 August 2008, that the Company's management be granted authority to act on behalf of the Company in entering into any connected transactions in the future if such connected transactions adhere to general trading conditions as those an ordinary person would engage in under general circumstance and without taking advantage of their influence as directors, executives and connected persons to create a conflict of interests.

For the approval process, the related transactions shall be processed under the same practice as applies to other general trading transactions with outside parties, whereby authorized executives are designated and empowered to

endorse transactions up to a certain budget limit according to their respective rank and position. The Audit Committee of the Company is responsible for reviewing the connected transactions every quarter to ensure that no conflict of interest occurs in order to maximize the benefits to the company.

For the fiscal year ended 31 December 2017, the Company and its subsidiaries completed the connected transactions, which the auditors disclosed in their notes in the audited financial statements, and these transactions have been reviewed by the Audit Committee. The Audit Committee expressed their opinion on whether the terms and conditions of these transactions constituted normal business transactions carried out under general trading conditions. The transaction's price is reasonable and comparative to the market. Details of related transactions are as follows:

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
1. Intouch Holding Public Company Limited (INTOUCH)/ INTOUCH is a holding company with investments in the telecom, media and technology industries.	- INTOUCH is a major shareholder, holding 40.45% - Joint directors: 1. Mr. Somprasong Boonyachai 2. Ms. Jeann Low Ngia Jong 3. Mr. Kan Trakulhoon	Sales and services			The subsidiaries provide mobile services and handset sales to INTOUCH with the same charging rate as for other customers.
		1. Service income	-	0.91	
		2. Other income	1.11	1.50	
		3. Trade and other accounts receivable	0.48	1.54	The subsidiaries pay service fees at the same rate as others parties and pay interest expenses to INTOUCH from long-term debentures.
		Purchase of goods and services			
		1. Rental and other service expenses	-	1.13	
		2. Interest expenses	-	1.10	
		3. Debenture	-	21.00	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
2. Thaicom Public Company Limited (THAICOM)/ THAICOM is the only satellite operator in Thailand.	- THAICOM is a direct subsidiary of INTOUCH, which is the major shareholder of the Company. - Joint directors: 1. Mr. Somprasong Boonyachai	Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable	-	1.40	The subsidiaries provide domestic, international mobile services and handset sales to THAICOM and charge for mobile services and handset sales at the same rate as for external customers.
		Purchase of goods and services 1. Rental and other service expenses 2. Purchases of property and other assets 3. Trade and other accounts payable	-	0.48 0.13	
			-	59.93	The subsidiaries pay US\$ 1,400,000 per year for leases satellite transponder (Thaicom7) to THAICOM. The contract has effective to 19 November 2020. Moreover, The subsidiaries also pay a service fee for using satellite downlink equipment and space rental for equipment installation at the same rate with other customers.
			-	0.02	
			-	6.38	
			-		
3. Teleinfo Media Company Limited (TMC)/ TMC has a specialization in providing information or content via mobile devices and call center services.	TMC is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Trade and other accounts receivable	-	1.06	The subsidiaries provide mobile services to TMC and charge for mobile services at the same rate as for external customers.
		Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	-	0.26	
			-	61.79	The subsidiaries hire TMC to provide information or content via mobile phone such as astrology, lotto and more entertainment through SMS, call center service with a service fee based on a percentage of revenue. The call center services also paid to TMC at the same rate as charged by other parties.
			-	11.15	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
4. I.T. Applications and Services Company Limited (ITAS)/ ITAS provides SAP application development and improvement, including maintenance services. The services are delivered in a timely and rapid manner while the service fee is reasonable.	ITAS is a direct subsidiary of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable	-	0.75	The subsidiaries provide mobile services to ITAS with the same charging rate as for other customers.
		Purchase of goods and services 1. Rental and other service expenses 2. Purchases of property and other assets 3. Trade and other accounts payable	-	0.08 0.01	
5. Group of SingTel Strategic Investments Private Limited (SingTel)/ SingTel is an investment holding company.	SingTel is a major shareholder of the Company, holding 23.32%.	Sales and services 1. Service income 2. Trade and other accounts receivable	-	81.86	The subsidiaries hire ITAS to provide SAP service and application development. The subsidiaries pay a consultant fee dependent on the type of work and the level of consultancy involved. The service fee is comparable to that charged by other SAP consultants.
		Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	-	24.46 14.50	
5. Group of SingTel Strategic Investments Private Limited (SingTel)/ SingTel is an investment holding company.	SingTel is a major shareholder of the Company, holding 23.32%.	Sales and services 1. Service income 2. Trade and other accounts receivable	-	41.80	The subsidiaries enter into an agreement of joint International Roaming operation services (IR) with companies of the SingTel group. The IR fee is at the same rate as for other operators and content services are at the same rate as for other content providers.
		Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	-	25.98	
5. Group of SingTel Strategic Investments Private Limited (SingTel)/ SingTel is an investment holding company.	SingTel is a major shareholder of the Company, holding 23.32%.	Sales and services 1. Service income 2. Trade and other accounts receivable	-	139.26	The subsidiaries enter into an agreement of international Private Leased Circuit (IPLC). The subsidiaries pay the IPLC and IR fee at the same rate as charged by other operators and pay content services at the same as charged by other content providers.
		Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	-	20.96	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
6. CS Loxinfo Public Company Limited (CSL)/ CSL provides expertise on internet services, connecting internet data from local to worldwide networks through its network.	CSL is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable	-	13.60	The subsidiaries provide mobile services, handset sales and datanet equipment rental to CSL with the same charging rate as for other customers.
		Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	-	6.79 2.13	
					The subsidiaries hire CSL to provide the internet service in the form of connecting the networks within and outside the country and pay a service fee to CSL at the same rate as charged by other parties.
7. AD Venture Public Company Limited (ADV)/ ADV has a specialization in designing and creating websites with varied contents which matches the needs of the customers.	ADV is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Trade and other accounts receivable	-	0.50	The subsidiaries provide mobile services to ADV with the same charging rate as for other customers.
		Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	-	0.01	
					The subsidiaries hire ADV to provide content to customers via smartphones, such as games, ringtones, etc. by monthly payment. The subsidiaries pay a service fee (Content on mobile) based on a percentage of revenue to ADV at the same rate as charged by other content providers.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
8. DTV Service Company Limited (DTV)/ DTV has a specialization in media services, content services on satellite television, and satellite dish distributor.	DTV is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable	-	0.06 0.04 0.04	The subsidiaries provide mobile services and handset sales to DTV with the same charging rate as for other customers.
9. Lao Telecommunications Company Limited (LTC)/ Lao telecommunications service provider in Laos provides fixed line, mobile phone, internet, and international roaming services.	LTC is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Trade and other accounts receivable Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	- - - -	14.32 26.69 5.91 0.39	The subsidiaries have cooperated with LTC to provide international roaming (IR) services, and charge for IR services at the same rate as for external customers. The subsidiaries pay a roaming fee to LTC at the same rate as charged by other parties.
10. Ookbee Company Limited (OOKB)/ Ookbee is a provider of digital publications and E-Book services such as books, magazines or newspaper on smartphones, tablets and computers.	OOKB is an associate company of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Trade and other accounts receivable Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	- - - -	1.80 0.22 23.71 6.47	The subsidiaries provide mobile services to OOKB and charge for mobile services at the same rate as for external customers. The subsidiaries hire OOKB to provide E-book applications on smartphones and tablets. The subsidiaries pay a service fee on monthly basis based on a percentage of revenue at the same rate as charged by other content providers.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
11. Information Highway Company Limited (IH)/ IH provides facilities services under a financial lease and transmission network.	The Company is an indirect shareholder of IH.	Sales and services 1. Service income	-	0.04	The subsidiaries provide mobile services to IH and charge for mobile services at the same rate as for external customers. IH provides facilities services under a financial lease and a transmission network to the subsidiaries and pay transmission network fee to IH at a rate comparison to that charged by other providers.
		Purchase of goods and services			
		1. Rental and service expenses	-	241.14	
		2. Trade and other accounts payable	-	22.15	
		3. Purchases of property and other assets	-	14.48	
		4. Interest expense	-	6.37	
		5. Financial lease liabilities	-	76.70	
12. Krung Thai Bank Public Company Limited (KTB)/ KTB is a provider of full financial services such as bank deposits, loan arrangements, merchant services and other services.	Joint Director: Mr. Krairit Euchukanonchai which is independent director of AIS and director of KTB.	Sales and services 1. Service income	-	86.47	The subsidiaries provide mobile services to KTB with the same charging rate as for external customers.
		2. Trade and other account receivable	-	0.47	
		Purchase of goods and services			The subsidiaries receive interest income from bank deposits and pay interest on loans borrowed at the same rate as charged by other commercial banks.
		1. Interest income from bank deposit	-	0.13	
		2. Bank deposits	0.49	101.17	
		3. Rental and service expenses	-	0.14	
		4. Trade and other account payable	-	0.08	
		5. Debentures	-	29.00	
		6. Interest expense	-	11.85	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
13. High Shopping Company Limited (High Shopping)/ High Shopping is a provider of digital content services to customers through TV, mobile devices, the internet and other advertising channels.	High Shopping is an associate company of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Trade and other accounts receivable	- -	0.73 0.08	The subsidiaries provide mobile services to High Shopping with the same charging rate as for other customers.
14. TC Broadcasting Company Limited (TCB)/ TCB provides equipment systems and television signal service.	TCB is an indirect subsidiary of INTOUCH, which is the major shareholder of the Company.	Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	- -	5.65 0.36	The subsidiaries pay TCB for equipment system and television signal services at the same rate as charged by other providers.
15. Golfdigg Company Limited (Golfdigg)/ Golfdigg is the provider of a golf-course booking application for smartphones.	Golfdigg is an associate company of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income 2. Trade and other accounts receivable Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	- - - -	0.08 0.01 0.02 0.35	The subsidiaries provide mobile services to Golfdigg and charge for mobile services at the same rate as for external customers.
16. Amata Network Company Limited (AN)/ AN is the provider of a transmission network in Amata industrial estate. *On December 6, 2016 Advance broadband network Co., Ltd, its subsidiary had invested in Amata Network Co., Ltd which is 60% ownership.	The Company is an indirect shareholder of AN.	Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable 4. Sales of property and other assets Purchase of goods and services 1. Rental and other service expenses 2. Trade and other accounts payable	- - - - - -	0.04 1.78 7.55 6.60 0.26 0.88	The subsidiaries provide management services and mobile services to AN. The subsidiaries charge for mobile services at the same rate as for other customers and a management fee based on a mutual agreement. AN provides transportation rental services to the subsidiaries. The subsidiaries pay a service fee (transportation rental) to AN at the same rate as charged by other providers.

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
17. Wongnai Media Company Limited (WONGNAI)/ Wongnai is the provider of an application on smartphones for discovering and reviewing restaurants, beauty salons and spas across Thailand.	WONGNAI is an associate company of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income	-	0.01	The subsidiaries provide mobile services to Wongnai with the same charging rate as for other customers. The subsidiaries hire Wongnai to design websites and other media for smartphones and pay service fees (media and advertising) to Wongnai at the same rate as charged by other service providers.
		Purchase of goods and services 1. Rental and other service expenses	-	2.41	
18. Digio (Thailand) Company Limited (DIGIO)/ Digio is the provider of a mobile Point of Sale (mPOS) application on smartphones.	DIGIO is an associate company of INTOUCH, which is the major shareholder of the Company.	Sales and services 1. Service income	-	0.06	The subsidiaries provide mobile services to DIGIO and charge for mobile services at the same rate as for external customers.
		2. Trade and other accounts receivable	-	0.01	
19. BEC World Public Company Limited and its subsidiaries (BEC)/ The subsidiaries of BEC World provide content services such as television program and entertainment content on mobile application.	Joint director: 1. Mr. Somprasong Boonyachai	Sales and services 1. Service income	-	0.56	The subsidiaries provide mobile services to BEC with the same charging rate as for other customers.
		2. Trade and other accounts receivable	-	0.07	
		Purchase of goods and services 1. Rental and other service expenses	-	12.66	The subsidiaries hire BEC to provide content for smartphones with a service fee based on a percentage of revenue at the same rate as charged by other content providers.
		2. Trade and other accounts payable	-	0.40	

Related parties	Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Rationale and necessity
			Company	Consolidated	
20. Mass Rapid Transit Authority of Thailand and its subsidiaries (MRTA)/ MRTA group is a leading organization in providing efficient and complete mass rapid transit service to enhance people's quality of life.	Joint director: Mr. Krairit Euchukanonchai	Sales and services 1. Service income	-	0.10	The subsidiaries provide mobile services to MRTA with the same charging rate as for external customers.
		2. Trade and other accounts receivable	-	0.05	
		Purchase of goods and services 1. Rental and other service expenses	-	9.00	MRTA provides rental services to the subsidiaries. The subsidiaries pay MRTA rental fees (base station and electricity) at the same rate as charged by other lessor.
		2. Trade and other accounts payable	-	0.32	
21. The Siam Cement Public Company Limited and its subsidiaries (SCG)/ SCG group is the largest cement and building material company in Thailand and Southeast Asia.	Joint director: Mr. Kan Trakulhoon	Sales and services 1. Service income	-	42.85	The subsidiaries provide mobile services and handset sales to SCG with the same charging rate as for other customers.
		2. Other income	-	0.46	
		3. Trade and other accounts receivable	-	4.47	
		Purchase of goods and services 1. Rental and other service expenses	-	1.01	SCG provides rental services to the subsidiaries. The subsidiaries pay SCG rental fees (base station and electricity) at the same rate as charged by other lessor.

GLOSSARY



General Information and Other Significant Information

General Information of The Company

The Company name	: Advanced Info Service Public Company Limited
Symbol for trading	: ADVANC
Registered date on the SET	: 5 November 1991
Market capitalization	: Baht 567,861.21 million (as of 29 December 2017)
Registered capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,095,330
Total shareholders	: 43,871 persons (as of 10 August 2017, the latest book closing date for the rights to receive dividend)
Free float	: 36.22%
Type of business	: Operate telecommunication business including mobile network service, fixed broadband service, and digital services.
Head office	: 414, AIS Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	: 0107535000265
Corporate website	: http://www.ais.co.th
IR website	: http://investor.ais.co.th/
Telephone	: (66) 2029 5000
Facsimile	: (66) 2029 5165

American Depositary Receipt

ADR ticker symbol	: AVIFY
Exchange	: Over The Counter (OTC)
Depository	: The Bank of New York Mellon
ADR to ORD share ratio	: 1:1
ADR CUSIP number	: 00753G103

General information of AIS's Subsidiaries, Associated, Joint Venture and Other Investments

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1. Advanced Wireless Network Co., Ltd. (AWN) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Telecommunication service provider of 2.1GHz, 900MHz and 1800MHz frequencies, distributor of handsets, international telephone service, network operator, telecom service operator and national broadcasting network services without frequency usage.	13.5	100	1,350	99.99
2. Advanced Datanetwork Communications Co., Ltd. (ADC) (an indirect subsidiary via DPC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.adc.co.th	Service provider of online data communication service via telephone landlines and optical fiber	95.75	10	957.52	51.00 ¹⁾
3. Digital Phone Co., Ltd. (DPC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of digital mobile phone network	91.39 ²⁾	10	913.86 ²⁾	98.55
4. Advanced mPAY Co., Ltd. (AMP) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of payment business via mobile phone	30	10	300	99.99
5. Super Broadband Network Co., Ltd. (SBN) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.sbn.co.th	Network operator and telecom service operator i.e. internet service (ISP), Dedicated Leased Line , IPLC & IP VPN, Voice Over IP, IP Television	3	100	300	99.99

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
6. Advanced Contact Center Co., Ltd. (ACC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Call center service	27.2	10	272	99.99
7. Advanced Magic Card Co., Ltd. (AMC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Distributor of cash card business	25	10	250	99.99
8. Teleinfo Media Plc (TMC)³⁾ (an indirect subsidiary via CSL) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2262 8888 Fax : (66) 2262 8899 Website : www.csloxinfo.com	Provide advertising online platform through Website, PC, Mobile and Laptop for business and individual user	15.65	10	156.54	99.99
9. CS LoxInfo Plc (CSL)³⁾ (an indirect subsidiary via AWN) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2263 8000 Fax : (66) 2263 8132 Website : www.csloxinfo.com	Provide our corporate customers with solutions for brand range of internet-based services	594.51	0.25	148.63	80.10
10. AIN GlobalComm Co., Ltd. (AIN) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.ain.co.th	International telephone service gateway	2	100	200	99.99

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
11. Advanced Broadband Network Co.,Ltd. (ABN) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Currently not start the operation	0.75	100	75	99.99
12. Wireless Device Supply Co., Ltd. (WDS) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Importer and distributor of handsets and accessories	0.5	100	50	99.99
13. MIMO Tech Co., Ltd. (MMT) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Develop IT system, engaging in content aggregator business and provide collection of revenue service from customers	0.5	100	50	99.99
14. AD Venture Plc (ADV)³⁾ (an indirect subsidiary via CSL) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2262 8888 Fax : (66) 2262 8877 Website : www.shinee.com	Content provider through mobile phone, community portal services, and application on smart phone via ISO and android systems	1.07	10	10.75	99.99
15. Fax Lite Co., Ltd. (FXL) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Operate in acquiring and/or lease building, and related facilities for telecommunications business	0.01	100	1	99.98

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
16. Yellow Pages Commerce Co., Ltd. (YPC)³⁾ (an indirect subsidiary via TMC) 1126/2 Vanit Bldg.2, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok Tel : (66) 2262 8888 Fax : (66) 2262 8823	To engage in business concerning advertising and publishing of business and activities to individuals, non-juristic bodies of persons, juristic persons and government sectors by using every type of advertising and operate the business in distribution, supplying, agent for every public relation task.	0.01	10	0.1	99.94

Notes: ¹⁾ The remaining share percentage of ADC in the amount of 49% is held by other persons with no conflict of interest.

²⁾ On 5 June 2017, DPC decrease its share capital from Baht 3,655.47 million to Baht 913.86 million.

³⁾ AWN acquired ordinary shares in CSL, equivalent to 80.10% of the paid-up capital, through a voluntary tender offer. (The information as of 23 January 2018). As a result, TMC, ADV and YPC are an indirect subsidiaries via CSL.

Associated Company	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1. Information Highway Co., Ltd. (IH) 52/1 Moo 5 Bang Kruai-Sai Noi Road, Bangsitong, Bang Kruai, Nonthaburi Tel : (66) 2029 5055 Fax : (66) 2029 5019	Transmission network provider	5	100	500	29.00

Joint Venture	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1. Amata Network Co., Ltd. (AN)⁴⁾ 2126 New Petchaburi Road, Bang-kapi, Huay Kwang, Bangkok Tel : (66) 2029 5055 Fax : (66) 2029 5019	Provide fiber optic network infrastructure in Amata industrial estate.	1	100	100	60.00

Notes: ⁴⁾ AN is a joint-venture between ABN and Amata Corporation Plc.

Other Investment	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1. Bridge Mobile Pte. Ltd. (BMB) 750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000 Tel : (65) 6424 6270 Fax : (65) 6745 9453	Jointly invested, provide international roaming service within Asia Pacific Region	9	USD 1	USD 9 million	10.00
2. Clearing House for Number Portability Co., Ltd. (CLH) 98 Q House Ploenchit Building, 6 th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok Tel : (66) 2646 2523 Fax : (66) 2168 7744	Jointly invested, operate the information system and the centralized database for the mobile number portability service (MNP)	0.02	100	2	20.00

Other Significant Information

Ordinary Share Registrar

Thailand Securities Depository Company Limited
The Stock Exchange Thailand Building,
93, Ratchadapisek Road,
Dindang, Dindang, Bangkok 10400
Tel : (66) 2009 9383
Fax : (66) 2009 9476

Auditor

Dr. Suphamit Techamontrikul
Certified Public Accountant Registration Number 3356
Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.
AIA Sathorn Tower, 23rd -27th Floor
11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Tel : (66) 2034 0000
Fax : (66) 2034 0100

Glossary of Terms and Definition

AIS group	
ABN	Advanced Broadband Network Co., Ltd.
ACC	Advanced Contact Center Co., Ltd.
ADC	Advanced Datanetwork Communications Co., Ltd.
ADV	AD Venture Plc
AIN	AIN GlobalComm Co., Ltd.
AIS	Advanced Info Services Plc
AMC	Advanced Magic Card Co., Ltd.
AMP	Advanced mPAY Co., Ltd.
AN	Amata Network Co., Ltd.
AWN	Advanced Wireless Network Co., Ltd.
BMB	Bridge Mobile Pte. Ltd.
CLH	Clearing House for Number Portability Co., Ltd.
CSL	CS Loxinfo Plc
DPC	Digital Phone Co., Ltd.
FXL	Fax Lite Co., Ltd.
IH	Information Highway Co., Ltd.
MMT	MIMO Tech Co., Ltd.
SBN	Super Broadband Network Co., Ltd.
TMC	Teleinfo Media Public Co., Ltd.
WDS	Wireless Device Supply Co., Ltd.
YPC	Yellow Pages Commerce Co., Ltd.
Other companies/government agencies	
CAT	CAT Telecom Plc
NTC	National Telecommunications Commission
NBC	National Broadcasting Company
NBTC	The National Broadcasting and Telecommunications Commission
TOT	TOT Public Company Limited
Other companies/government agencies	
IoT (Internet of Things)	The network of physical devices,
Carrier Aggregation	Allows mobile network operators to combine a number of separate LTE band in order to improve download speed.
Multipath TCP	An integration of the AIS 4G ADVANCED and AIS SUPER WiFi
OTT (Over-the-Top)	Media distribution practice
NB-IoT (Narrow Band IoT)	A Low Power Wide Area Network (LPWAN): a narrowband radio technology that works virtually anywhere
Massive MIMO 32T (Transmitting) and 32R (Receiving)	Method of multiplying the capacity of the radio link using multiple transmitting (T) and receiving (R) antennas to exploit multipath propagation
API (Application Programming Interface)	The interface which interactions happen between an enterprise and applications that use its assets.
Concession Agreement 900	900 Concession Agreement for Cellular Mobile Phone Operation
PCN Agreement 1800	Digital Personal Communication Network 1800 Agreement

About This Report

The report was intended for the disclosure of information on economic, environmental, and social performance of AIS. The report focuses on material issues that may affect the abilities of AIS and subsidiaries to conduct their business operations in a sustainable manner with continued development and growth over the long term in order to provide investors with short-term and long-term strategy and business direction, our view on challenges and opportunities as well as management approach and its results of AIS group.

Scope and Boundary

The report is presented according to the following rules and guidelines:

1. Notification of Capital Market Supervisory Board regarding rules, conditions and procedures for disclosure on financial and non-financial information of securities issuers, form 56-1 manual and CG code guideline of the Securities and Exchange Commission
2. The guidelines set forth by the Global Reporting Initiative (GRI), GRI Stanadard, "Core Option".

In addition, consideration was also paid to achieving the United Nations' Sustainable Development Goals (SDGs).

The scope and boundary of information presented in this report consists of information on AIS and all subsidiaries within AIS group as stated under "General information of AIS and companies within AIS group as well as other significant information", page 397-301. This report includes information gathered both directly and indirectly from key stakeholders. The information contained the annual data of 2017 (1st of January 2017 – 31st of December 2017), unless otherwise stated. Numerical data dealing with results applies the same data as those published in the audited annual financial statements of 2017. The sustainability report was reviewed by the Sustainable Development Committee and approved by the Board of Directors.



We would like to hear your feedback

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Process for Defining Report Content

Stakeholder engagement

Changes in technology, the economy and business competitiveness lead to the behaviors and expectations of consumers' and various groups of stakeholder's becoming more complex. While AIS development and business operations are affected by the decisions and expectation of the 5 key stakeholder groups, which are community, customers, business partners, employees and the environment,

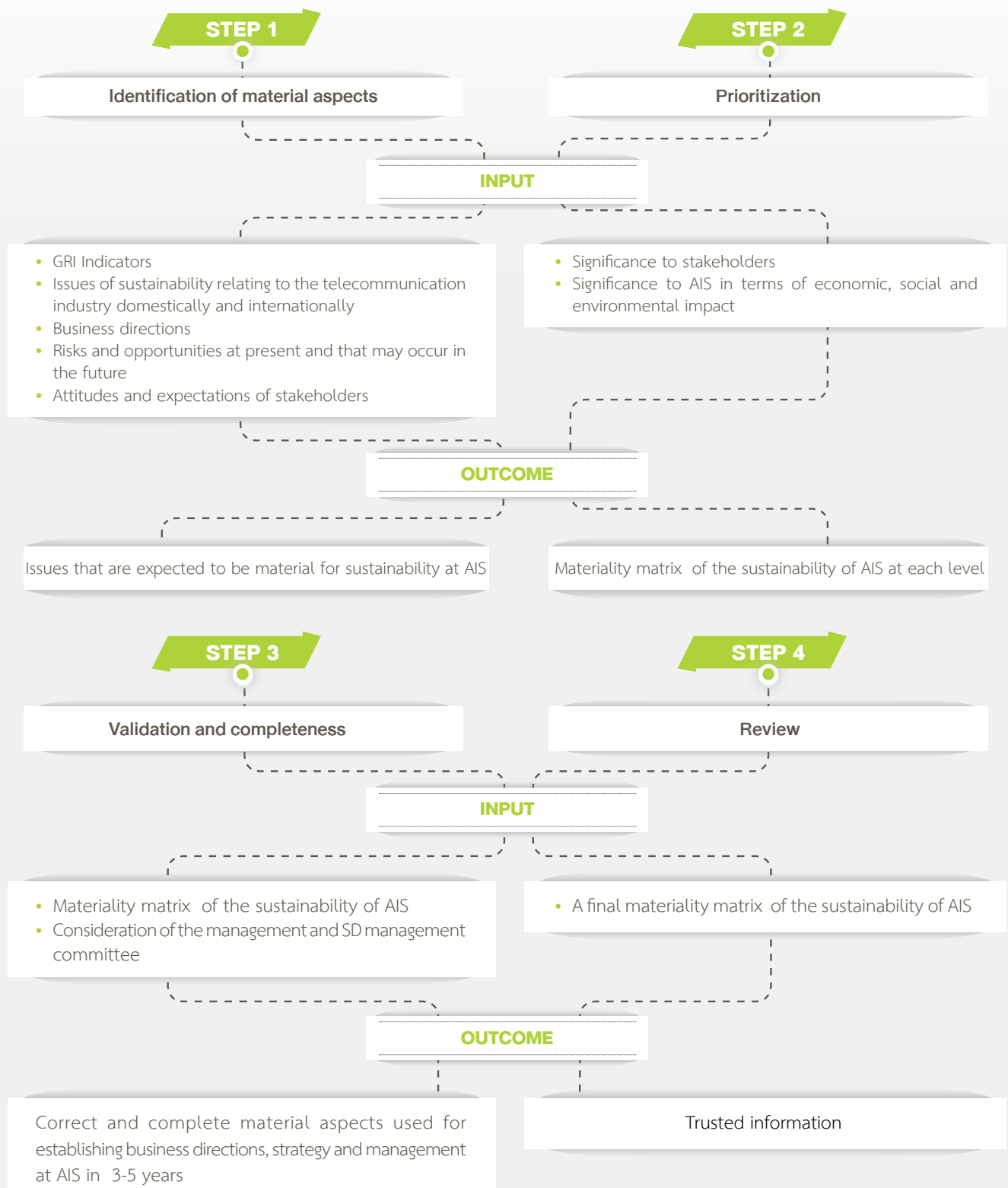
AIS also needs to understand the perspectives and expectations of other groups of stakeholders. AIS has engaged with those stakeholders through a feedback and voice from related business units. The received information will be used for determining AIS's business direction and development so as to meet a stakeholders' expectation and increases the long-term creating shared value.

Stakeholder Group	Engagement Channel	Frequency	Expectation of Stakeholders
Community and Society 	<ul style="list-style-type: none"> Community Relations Opinion box / complaint box at base stations 	Daily Daily	<ul style="list-style-type: none"> Engaging with community to strengthen community's well-being Ensuring the safety of AIS base stations
Business Partners 	<ul style="list-style-type: none"> Dealer satisfaction survey Call Center Sales personnel AIS's representative that contact with partners 	Once a year Daily Daily Monthly	<ul style="list-style-type: none"> Fair treatment of all business partners AIS employees' expertise in responding to questions and providing assistance Attractive and fair rewards
Employees 	<ul style="list-style-type: none"> Employee Engagement survey Social intranet The CEO Weekly Talk 	Once a year Daily Every Friday	<ul style="list-style-type: none"> Career development opportunities Attractive and fair compensation Appropriate work allocation Feeling of being valuable for the organization Occupational health and safety
Customers 	<ul style="list-style-type: none"> Customer satisfaction survey through <ul style="list-style-type: none"> - Call Center - Sales personnel - Sales representative - Social network Complaints and suggestion from the above channels 	Daily Daily	<ul style="list-style-type: none"> Network quality and reliability Provision of complete and transparent product and service information Customer data privacy Safety when using products and services

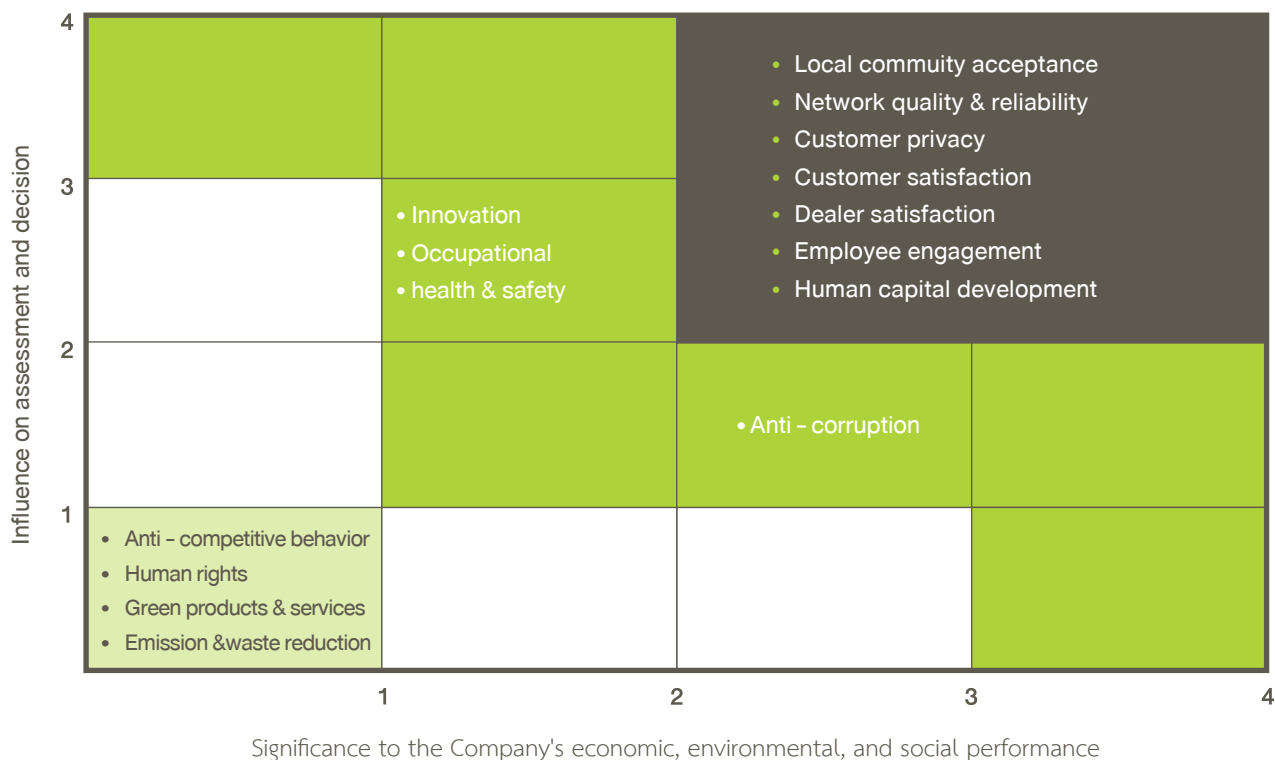
Stakeholder Group	Engagement Channel	Frequency	Expectation of Stakeholders
Shareholders and Investors 	<ul style="list-style-type: none"> • Shareholder meeting • Analyst briefings • Conference call and online meeting • SET Opportunity day • Roadshow • Company visits • Investor Relations and Compliance Department 	<ul style="list-style-type: none"> Once a year Twice a year Quarterly Quarterly 18 times 140 times Daily 	<ul style="list-style-type: none"> • Strong growth of business performance • Consistency in dividend payment • Good corporate governance • Equal access to information • Provision of transparent and adequate information
Government agencies 	<ul style="list-style-type: none"> • Business Relations Department • Government's public hearing events 	<ul style="list-style-type: none"> Daily Upon government's agenda 	<ul style="list-style-type: none"> • Compliance with telecommunication laws and regulations • Quality and network extension in accordance with government conditions • Digital inclusion • Fair competition
Press 	<ul style="list-style-type: none"> • Press release via online channels and phone • Activities to build up relation • Knowledge sharing • Sponsor 	<ul style="list-style-type: none"> Daily Quarterly Monthly Daily 	<ul style="list-style-type: none"> • Ensuring of organization management • Participation in press activities • Knowledge sharing • Increasing of efficiency on working together

Process for Defining Material Aspects

AIS defines the material aspects that represent the main variables in the determination of business direction and management over the next 3-5 years by using the GRI Standard.



Material Aspects for Sustainability at AIS



Presentation of material aspects in this report

1. Material aspects of high importance (black area): disclosure shall covers performance, targets and indicators.
2. Material aspects of medium importance (green area): disclosure shall covers performance and indicators.
3. Material aspects of less importance (light green area): disclosure shall covers performance only.

Process for Defining Report Quality

1. Balance of information: AIS adheres tightly to the presentation of information that is balanced, both positive and negative, so that readers can evaluate our work outcomes on sustainability with accuracy.
2. Comparability of content: AIS presents information on previous work results to show the changes and developments that have occurred in the organization.
3. Accuracy: AIS carries out verifications to be sure that the information in this report is correct, accurate and contains full details.
4. Timeliness: AIS prepares this report annually so that interested stakeholders can evaluate our outcomes of work performance in terms of sustainability as needed within foreseeable timeframes.
5. Clarity: AIS presents clear and easy to understand information to readers.
6. Reliability: AIS implements steps for the verification of information through internal working units so that readers can be assured of correct, transparent and verifiable content.

GRI (Report Disclosure Indexes) (GRI 102–55)

GRI Sustainability Reporting Standards

General Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
Organizational Profile				
102-1	Name of the organization	Page 300		-
102-2	Activities, brands, products, and services	Page 20-21, 29-34, 134-143		-
102-3	Location of headquarters	Page 86-87		-
102-4	Location of operations	Page 300-305		-
102-5	Ownership and legal form	Page 300-305		-
102-6	Markets served	Page 20-21		-
102-7	Scale of the organization	Page 20-21		-
102-8	Information on employees and other workers	Page 152		-
102-9	Supply Chain	Page 148-151		-
102-10	Significant changes to the organization and its supply chain	-	There was no significant change during the report period.	-
102-11	Precautionary principle or approach	All Sections		-
102-12	External Initiatives	Page 307, Page 320-323		-
102-13	Membership of associations	-	We have not participated in any trade associations	-
Strategy				
102-14	Statement from senior decision-maker	Page 8-9, 10-11, 26-27		-
102-15	Key impacts, risks, and opportunities	Page 40-51		-
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	Page 88		-
102-17	Mechanisms for advice and concerns about ethics	Page 108		-

General Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
Governance				
102-18	Governance structure	Page 64		-
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 64		-
102-22	Composition of the highest governance body and its committees	Page 52-57, 65-66, 74, 79		-
102-23	Chair of the highest governance body	Page 66		-
102-24	Nominating and selecting the highest governance body	Page 73		-
102-25	Conflicts of interest	Page 68, 90, 94, 290-298		-
102-26	Role of the highest governance body in setting purpose, values, and strategy	Page 68-69		-
102-27	Collective knowledge of highest governance body	Page 67		-
102-28	Evaluating the highest governance body's performance	Page 82		-
102-30	Effectiveness of risk management process	Page 104-105		-
102-31	Review of economic, environmental, and social topics	Page 40, 104	The review of economic, environmental, and social topics is conducted on an annual basis.	-
102-32	Highest governance body's roles in sustainability reporting	Page 307		-
102-33	Communicating critical concerns	Page 86, 109		-

General Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
Stakeholder Engagement				
102-40	List of stakeholder groups	Page 308		-
102-41	Collective bargaining agreements	Not applicable	Reporting on this indicator is not applicable because AIS does not have trade union. AIS respects and fully supports the rights of employee in freedom of association in accordance with laws.	-
102-42	Identifying and selecting stakeholders	Page 308		-
102-43	Approach to stakeholder engagement	Page 308		-
102-44	Key topics and concerns raised	Page 308		-
Reporting Practice				
102-45	Entities included in the consolidated financial statements	Page 300		-
102-46	Defining report content and topic boundaries	Page 308		-
102-47	List of material topics	Page 311		-
102-48	Restatements of information	Not applicable		-
102-49	Changes in reporting	Page 307	Change from GRI-G4 to GRI Standard	-
102-50	Reporting period	Page 307		-
102-51	Date of most recent report	Page 307		-
102-52	Reporting cycle	Page 307		-
102-53	Contact point for questions regarding the report	Page 307		-
102-54	Claims of reporting in accordance with the GRI Standards	Page 307		-
102-55	GRI content index	This Appendix		-

General Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
102-56	External assurance	-	This is the first year that AIS has developed an integrated report, therefore, some information are not ready for reporting.	-

Specific Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
GRI 201: Economic Performance				
103-1	Explanation of the material topic and its Boundary	All Sections		-
103-2	The management approach and its components	All Sections		-
103-3	Evaluation of the management approach	All Sections		-
GRI 203: Indirect Economic Impacts				
103-1	Explanation of the material topic and its Boundary	Page 126-127		-
103-2	The management approach and its components	Page 126-127		-
103-3	Evaluation of the management approach	Page 126-127		-
203-1	Infrastructure investments and services supported	Page 126-133		-
GRI 205: Anti-Corruption				
103-1	Explanation of the material topic and its Boundary	Page 93-94		-
103-2	The management approach and its components	Page 93-94, 109		-
103-3	Evaluation of the management approach	Page 93-94		-

Specific Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
205-2	Communication and training about anti-corruption policies and procedures	Page 93		-
205-3	Confirmed incidents of corruption and actions taken	-	There is no corruption case during 2017	-
GRI 302: Energy				
103-1	Explanation of the material topic and its Boundary	Page 170-173		-
103-2	The management approach and its components	Page 170-173		-
103-3	Evaluation of the management approach	Page 170-173		-
302-1	Energy consumption within the organization	Page 171		-
GRI 303: Waste				
103-1	Explanation of the material topic and its Boundary	Page 170-173		-
103-2	The management approach and its components	Page 170-173		-
103-3	Evaluation of the management approach	Page 170-173		-
GRI 305: Emissions				
103-1	Explanation of the material topic and its Boundary	Page 170-173		-
103-2	The management approach and its components	Page 170-173		-
103-3	Evaluation of the management approach	Page 170-173		-
305-1	Direct (Scope 1) GHG emissions	Page 173-174		-
305-2	Energy indirect (Scope 2) GHG emissions	Page 173-174		-

Specific Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
GRI 306: Effluents and Waste				
103-1	Explanation of the material topic and its Boundary	Page 170-173		-
103-2	The management approach and its components	Page 170-173		-
103-3	Evaluation of the management approach	Page 170-173		-
GRI 401: Employment				
103-1	Explanation of the material topic and its Boundary	Page 152-154		-
103-2	The management approach and its components	Page 152-154		-
103-3	Evaluation of the management approach	Page 152-154		-
GRI 403: Occupational Health and Safety				
103-1	Explanation of the material topic and its Boundary	Page 155-157		-
103-2	The management approach and its components	Page 155-157		-
103-3	Evaluation of the management approach	Page 155-157		-
GRI 404: Training and Education				
103-1	Explanation of the material topic and its Boundary	Page 152-154		-
103-2	The management approach and its components	Page 152-154		-
103-3	Evaluation of the management approach	Page 152-154		-
404-1	Average hours of training per year per employee	Page 161		-

Specific Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
404-2	Programs for upgrading employee skills and transition assistance programs	Page 126-135		-
404-3	Percentage of employees receiving regular performance and career development reviews	Page 157		-
GRI 405: Diversity and Equal Opportunity				
103-1	Explanation of the material topic and its Boundary	Page 152-154		-
103-2	The management approach and its components	Page 152-154		-
103-3	Evaluation of the management approach	Page 152-154		-
405-1	Diversity of governance bodies and employees	Page 161		-
GRI 413: Local Communities				
103-1	Explanation of the material topic and its Boundary	Page 126-127		-
103-2	The management approach and its components	Page 126-127		-
103-3	Evaluation of the management approach	Page 126-127		-
GRI 414: Supplier Social Assessment				
103-1	Explanation of the material topic and its Boundary	Page 108-109		-
103-2	The management approach and its components	Page 108-109		-
103-3	Evaluation of the management approach	Page 108-109		-
414-1	New suppliers that were screened using social criteria	Page 109		-

Specific Standard Disclosures

GRI Standard Disclosure	Description	Page/ URL	Omission/ Note	External Assurance
GRI 417: Marketing and Labelling				
103-1	Explanation of the material topic and its Boundary	Page 41		-
103-2	The management approach and its components	Page 41		-
103-3	Evaluation of the management approach	Page 41		-
417-2	Incidents of non-compliance concerning product and service information and labeling	Page 41-51		-
417-3	Incidents of non-compliance concerning marketing communications	Page 41-51		-
GRI 418: Customer Privacy				
103-1	Explanation of the material topic and its Boundary	Page 144-149, 167-169		-
103-2	The management approach and its components	Page 144-149, 167-169		-
103-3	Evaluation of the management approach	Page 144-149, 167-169		-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 168		-
GRI 419: Socioeconomic Compliance				
103-1	Explanation of the material topic and its Boundary	Page 41		-
103-2	The management approach and its components	Page 41		-

PRACTICES UNDER THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

PRINCIPLES OF GLOBAL COMPACT	AIS IMPLEMENTATION	PAGES IN REPORT
Human Rights		
1. Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> • Equality in employment opportunities and welfare • Partnering with ethical partners • Information Protection of IT Security and Data Privacy 	<ul style="list-style-type: none"> • Page 114,167 • Page 167 • Page 144
2. Make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> • The partners selection process and contract renewal process with human rights criteria for screening • Policies and measures specific to protect information security systems and customers' personal data • Establishment of measures respecting the intellectual property of others 	<ul style="list-style-type: none"> • Page 168 • Page 144 • Page 89, 90, 95, 167, 169
Labor		
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> • Internal communication and employee opinion hearing 	<ul style="list-style-type: none"> • Page 153
4. The elimination of all forms of forced and compulsory labor	<ul style="list-style-type: none"> • Development of roadmap and tools for checking partner companies; and announcement of the Blacklisted policy 	<ul style="list-style-type: none"> • Page 168
5. The effective abolition of child labor	<ul style="list-style-type: none"> • Development of roadmap and tools for checking partner companies; and announcement of the Blacklisted policy 	<ul style="list-style-type: none"> • Page 168

PRINCIPLES OF GLOBAL COMPACT	AIS IMPLEMENTATION	PAGES IN REPORT
6. The elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> Policy of equal employment opportunities for all applicants in compliance with the law 	<ul style="list-style-type: none"> Page 167
Environment		
7. Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> Reduction of our Carbon Footprint through our business 	<ul style="list-style-type: none"> Page 171
8. Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> Proper E-Waste disposal encouragement 	<ul style="list-style-type: none"> Page 170
9. Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> Environmentally-friendly Data centers 	<ul style="list-style-type: none"> Page 171-174
Anti-Corruption		
10. Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Announcement of the Fraud Risk Management policy The Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy Implementation of zero tolerance policy against fraud, bribery and corruption 	<ul style="list-style-type: none"> Page 106, 110 Page 78, 86, 109, 118 Page 110

PRACTICES UNDER THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDGs	AIS IMPLEMENTATION	PAGES IN REPORT
	<ul style="list-style-type: none"> Project “Digital for Thai farmers” for enhancing efficiency and effectiveness in Thai agriculture “Farmsuk” Application for Thai farmers to access crucial agricultural information 	<ul style="list-style-type: none"> Page 128 Page 129
	<ul style="list-style-type: none"> Project “Digital public health and the health of Thai people” Occupational safety, health and working environment Public discussion on “Electromagnetic wave from Cell Site Tower is Not Harmful to Health” 	<ul style="list-style-type: none"> Page 127 Page 156 Page 129
	<ul style="list-style-type: none"> Project “Digital for Thais” to fulfil and enhance the quality of Thai people’s lives with Digital Technology Project “Digital for education of Thai youth” Project “Sarn Rak Connections for Knowledge” to uplift education quality for children in remote areas by installing high speed internet and AIS’s Sarn Rak Connections for Knowledge - a digital box full of knowledge and amusing contents 	<ul style="list-style-type: none"> Page 9, 16, 126, 163 Page 126 Page 126
	<ul style="list-style-type: none"> Respect of diversity among employees regardless of gender, skin color, race, age, religion or physical appearance Gender equality in nomination of directors and management 	<ul style="list-style-type: none"> Page 144, 167 Page 73
	<ul style="list-style-type: none"> Providing equal employment opportunities and welfare Against Child labor in all business operation Project “AIS the StartUp” Project “Digital for Thai farmers” for enhancing efficiency and effectiveness 	<ul style="list-style-type: none"> Page 167 Page 168 Page 166 Page 128

SDGs	AIS IMPLEMENTATION	PAGES IN REPORT
	<ul style="list-style-type: none"> • AIS research, development and innovation • Program “AIS InnoJump” to promote the culture of creating innovation and experimenting • Launching of “AIS Innovation Centre” 	<ul style="list-style-type: none"> • Page 163 • Page 164 • Page 159, 165
	<ul style="list-style-type: none"> • Program “AIS Call Center Providing Job Opportunities for People with Disabilities” • Employment opportunity for Down syndrome persons as AIS Corporate Sales and Company’s Librarian 	<ul style="list-style-type: none"> • Page 133 • Page 133
	<ul style="list-style-type: none"> • Efficient energy consumption and reduction of GHG emission • Network Resilience and Adaptation for Climate Change • Setting middle-term GHG reduction target 	<ul style="list-style-type: none"> • Page 171 • Page 170, 172 • Page 172
	<ul style="list-style-type: none"> • Announcement of the Fraud Risk Management policy • The Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy • Implementation of zero tolerance policy against fraud, bribery and corruption • Communication regarding the Code has been extended to include outsourced staff and business partners through multiple channels, such as mail, applications and website for partners. The Code is also embedded into all commercial contracts or employment agreements. An annual evaluation of related parties’ understanding of the Code has been conducted for six consecutive years. 	<ul style="list-style-type: none"> • Page 106, 110 • Page 78, 86, 102, 109, 118 • Page 110 • Page 109



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