

# **AIS** **DIGITAL** INTELLIGENCE **ANNUAL** REPORT 2018

**Annual Report 2018**

Advanced Info Service Public Company Limited





# CONTENT

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## Company Overview

- 006 Message from Chairman of the Board of Directors and CEO
- 010 Operational highlight
- 011 Financial highlight
- 013 Key development towards sustainable growth
- 015 Awards and recognition

## Our Business

- 017 Business overview
  - 019 Top ten shareholders
  - 021 Business structure of AIS group
  - 022 Structure of INTUCH group
  - 023 Message from the Chairman of Executive Committee
  - 024 Revenue structure & products and services
  - 031 Industry competition 2018 & outlook 2019
  - 034 Three-year business direction
  - 037 Risk factors
-

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## Corporate governance

- 044 Profile of the directors and management
- 052 Directors and management's shareholding in AIS and subsidiaries
- 053 Message from Chairman of Nomination and Governance Committee
- 054 Message from Chairman of Leadership Development and Compensation Committee
- 055 Management structure
- 072 Corporate governance
- 088 Relationship with investors
- 089 Audit Committee report 2018
- 093 Risk management, internal control & internal audit
- 106 Message from Sustainable Development Committee
- 107 Business sustainability
- 108 Related transactions

## Financial report

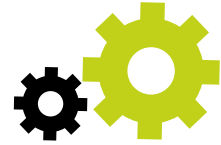
- 131 Board of Directors' responsibility for financial reporting
- 132 Report of the independent certified public accountants
- 137 Financial statements
- 247 Management discussion and analysis

## Additional information

- 260 General information and other significant information
-

# COMPANY OVERVIEW

## 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 to improve enterprise capabilities and efficiency.
- 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.



*Kan Trakulhoon*

Kan Trakulhoon  
Chairman of the Board of Directors



*Somchai Lertsutiwong*

Somchai Lertsutiwong  
Chief Executive Officer

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## AS THE LEADING TELECOMMUNICATIONS COMPANY WITH OVER 41 MILLION CUSTOMERS ACROSS THE COUNTRY, AIS HAS BEEN CONTINUALLY LAYING STRONG FOUNDATION OF DIGITAL TRANSFORMATION

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### Dear Shareholders

#### **Our vision to become the leading digital life service provider**

2018 was a challenging year for AIS. The market growth of 3-4% was lower than the previous year, in large part due to the increasing competition and continued investment into networks and spectrum licenses. In addition to the technological challenges or digital disruption which encourage new approaches to business models, there were also innovative products which enable more consumers to be reached. In our position as the leading telecommunications company with over 41 million customers across the country, AIS has been continually laying strong foundation Digital Transformation for the last four years. AIS follows an organizational strategy which allows for more flexibility, by improving our organizational and employee processes. We intend to maintain our leadership in our core mobile business, continue expanding customer base of fixed broadband business, while finding new avenues of digital services to create profit. This is to strengthen our position as the leading digital life service provider and to develop innovative products and services which will benefit the Thai people.

#### **Investment in the 4G network to keep us as the market leader of our core product**

In the last year, the Thai telecommunications industry has completed the transition from a concessions system to a licensing system, which shall enable operators to invest more properly in the future of telecommunications in Thailand. As for AIS, continued quality of product and customer service remains the foundation of our service and was an important factor in our decision to win the bid for the 1800MHz frequency, which allows us to provide our customers with the widest spectrum bandwidth in the entire industry. Our continued investments to enhance the quality of our 4G network means that our customers can use the internet on their phone almost anywhere, with a 4G usability ratio of over 59% and more than 11GB of data consumed per person. Furthermore, our customers' usage of our service has become more diverse, from no longer just using chat applications, to viewing content, making financial transactions on their phones, and trading goods through the various rising e-commerce platforms. AIS helps Thai people and the Thai economy by enabling quick and easy access to data and transactions to be processed on phones.



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### **Developing new innovations in preparation for the 5G era**

The growth cycle of 4G technology will continue for many more years, due to the increasing use of smartphones and the ever-important role of social media in our daily lives. However, in the next 2–3 years, Thailand will begin to use 5G technology, which will increase the capability of our infrastructure and pave the way for new ultramodern services, such as auto-driven cars, hologram media technology, and voice-controlled home devices. Over the last year, AIS has invested in our NB-IoT network and begun to test our services with many different enterprises. As a leader in infrastructure development, AIS realizes the importance for Thai companies to be aware of technological advancements. Our mission is to develop product innovations creatively and improve the skill of our staff in order to ensure that our services respond to the needs of a growing customer base. We will achieve this by working together with partners in research, technology, and service to become a center of information to be passed on to companies in other industries that wish to keep up to date with modern technology. This is performed parallel with AIS working closely and building a shared understanding with the state and the NBTC to ensure the regulation in the industry is fair and clear and will result in the maximum benefit for Thai society and the Thai economy.

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### **Growth in the fixed broadband market and developing a digital platform for the future**

Apart from maintaining our position as the leading mobile phone network provider, the combination of growth in fixed broadband under the brand AIS Fibre and the development of digital services is a key strategy for us to create new services for and relationships with our customers. AIS entering the fixed broadband market has pushed the industry to expand fibre optic networks to home internet users, which gives customers increased usability when accessing content. While the price point for the fixed broadband market is very competitive, AIS Fibre has grown by 42% in revenue in the last year, with more than 730,500 customers, and continues to underpin our goal to become a major player in this market. Our fibre broadband service not only improves household internet quality, but also allows customers to access other AIS's services, such as our mobile service, video platform, or SmartHome service in the future, which will create a more connected and deeper relationship between AIS and our customers. As well as the aforementioned investments in network infrastructure, AIS has invested Baht 5 billion into two important businesses over the last year. Firstly, the acquisition of CS Loxinfo which will allow us to offer cloud and other ICT solutions to corporate companies, and secondly the investment in the Rabbit LINE Pay Joint Venture in order to expand the capabilities of mobile money. This is another key element of AIS's strategy of seeking additional revenues and will allow for rapid growth in other markets by working closely with the leading companies in these other sectors.

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**Continued good governance and our responsibility to our investors**

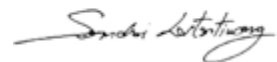
A key challenge for the coming year will be adapting to the continually changing digital age, with new types of businesses forming quickly, and endless opportunities that also bring increased risk for every company. As such, strategies on effective marketing are essential for us to maintain our foothold as the market leader as well as increasing our growth on the back of new opportunities. It is important to ensure that we have the appropriate cash-flow and overall capital to allow investment into our long-term future. AIS remains committed to operating our business with good governance by considering our stakeholders as a result of our business choices. This includes our individual

customers, corporate clients, the communities in which we provide our networks, as well as partners who grow together with us. That said, AIS is determined to focus on adding value to the business sustainability considering economic, social, and environmental impacts. We have completed our 7th annual sustainability report, in which you can read further detail of the operating concepts. All in all, AIS has reported to make a net profit of Baht 29,682 million over the past year, or accounted for about 90% of the industry's profit, with shareholder dividends maintained at no less than 70%. As such, the board of directors has decided to pay a dividend to AIS's shareholders Baht 21,049 million for the year 2018.

**Warm regards,**



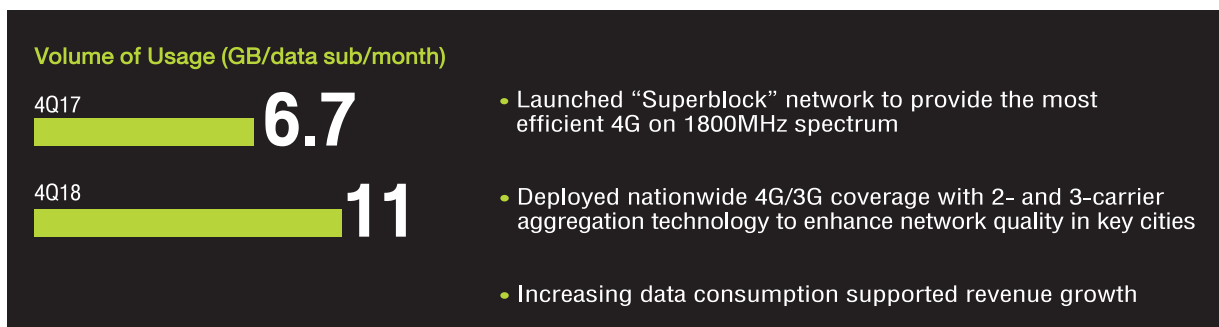
**Kan Trakulhoon**  
Chairman of the Board of Directors



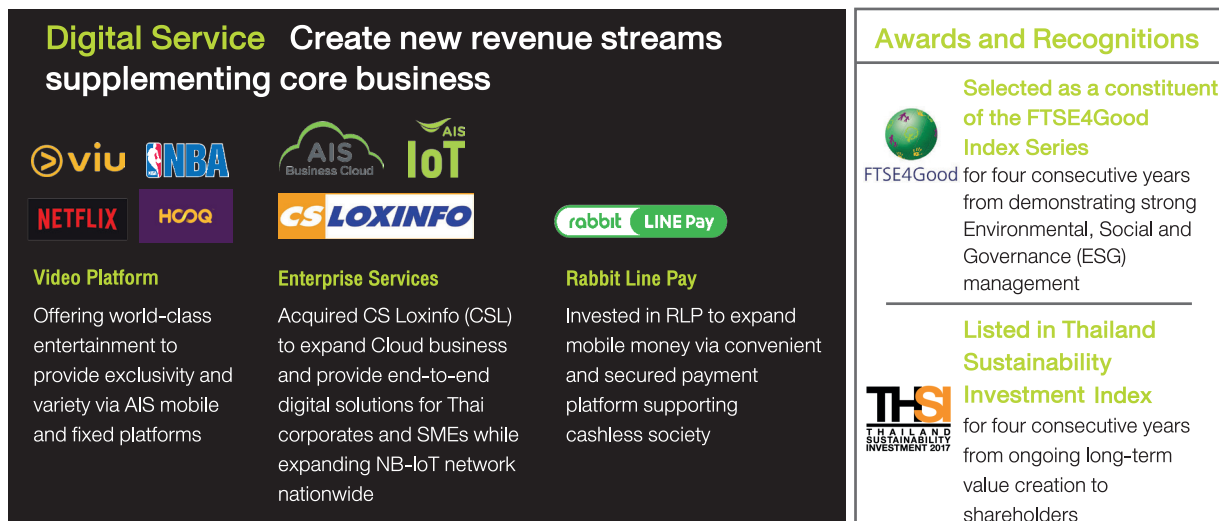
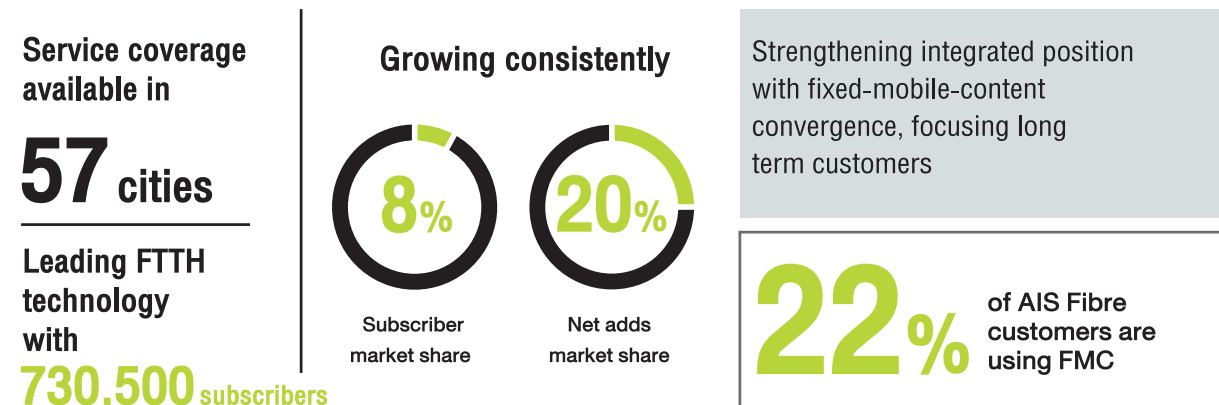
**Somchai Lertsutiwong**  
Chief Executive Officer

# OPERATIONAL HIGHLIGHT

**Mobile** Rolled out advanced technology to strengthen mobile leadership position



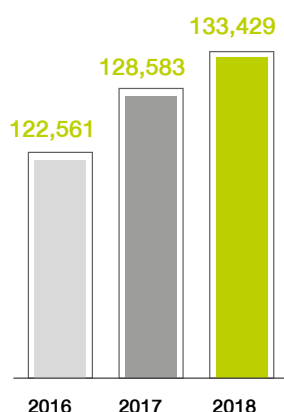
**Fixed Broadband** Focused on quality acquisition with convergence service



# FINANCIAL HIGHLIGHT

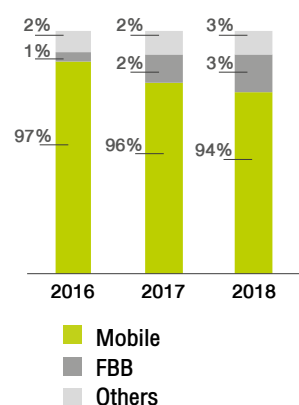
## Service revenue (Bt mn)

Service revenue continued to grow 3.8% YoY from both mobile and fixed broadband



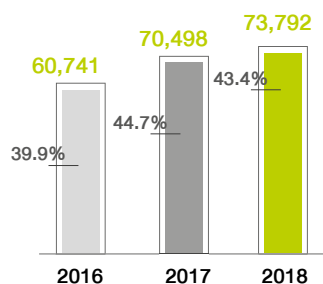
## Breakdown of service revenue

4G consumption and FTTH subscriptions have been key revenue drivers



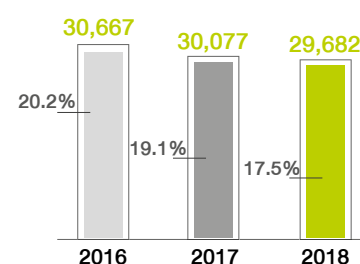
## EBITDA (Bt mn) and margin (%)

EBITDA improved 4.7% YoY following revenue growth and efficient cost control.



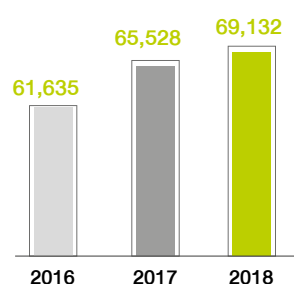
## Net profit (Bt mn) and margin (%)

Net profit was maintained despite continued network investments and competition.



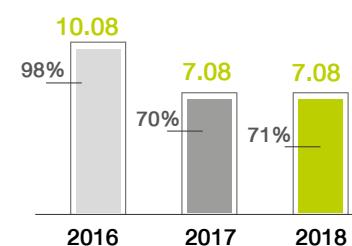
## Operating cash flow (Bt mn)

Strong operating cash flow to support investments for the long term.



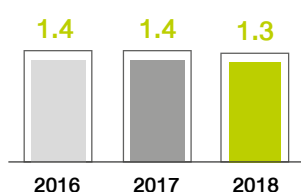
## Dividend payment (Bt/share) and payout ratio

Continued to deliver high dividend payout and maintained optimal cost structure



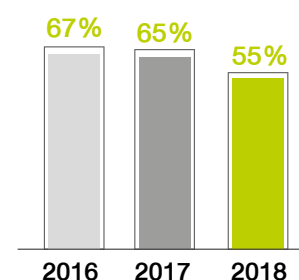
## Net debt to EBITDA (times)

Managed gearing level within an appropriate range for future growth.



## Return on Equity

Continued to create return to shareholders



# FINANCIAL RATIOS

For the years ended 31 December

Consolidated financial statements	2016	2017	2018
<b>Liquidity Ratio</b>			
Current Ratio (time)	0.47	0.50	0.48
Quick Ratio (time)	0.33	0.36	0.35
Operating cash flow to current liability (time)	0.89	0.94	0.95
A/R turnover (time)	12	11	10
Collection period (day)	29	32	35
Inventory turnover (time)	6	7	7
Day sales period (day)	59	49	52
A/P turnover (time)	5	6	6
Payment period (day)	70	63	58
Cash Cycle (day)	19	19	30
<b>Profitability Ratio</b>			
Gross profit margin ratio	45%	42%	39%
Operation income ratio	26%	26%	24%
Other operating income ratio	0.4%	0.5%	0.5%
Free cash flow to EBIT	17%	36%	63%
Net profit margin	20%	19%	18%
Return to Equity (Average)	67%	65%	55%
Return to Equity (As at end)	72%	60%	51%
<b>Efficiency Ratio</b>			
Return on total assets	13%	11%	10%
Return on fixed assets <sup>/1</sup>	29%	23%	22%
Total assets turnover (time)	0.67	0.56	0.59
<b>Financial Policy Ratio</b>			
Debt to equity ratio (time)	5.45	4.63	4.04
Interest coverage ratio (time)	13.90	12.45	11.94
Debt service ratio (time)	3.35	4.40	2.88
Dividend payout ratio	98%	70%	71%
<b>Data on per Share Capital</b>			
Net book value per share (Baht)	14.36	16.96	19.40
Net Profit per share (Baht)	10.31	10.12	9.98
Dividend per share (Baht)	10.08	7.08	7.08
<b>Percentage Growth on</b>			
Total Assets	52%	3%	2%
Total Liabilities	75%	0.29%	-0.34%
Revenue from services & sales	-2%	4%	8%
Selling & administrative expenses	48%	-16%	5%
Net Profit	-22%	-2%	-1%

<sup>/1</sup> excluding spectrum licenses

# KEY DEVELOPMENT TOWARDS SUSTAINABLE GROWTH

## Network Innovation



- Officially signed a roaming agreement with TOT on 2x15 MHz of 2100MHz spectrum, serving the proliferation of 4G and 3G data usage.
- Acquired 2x5 MHz of 1800MHz spectrum license enabling AIS to be the operator holding the largest bandwidth in the industry. With the acquired spectrum, AIS has contiguous 2x20 MHz of 1800MHz, resulting in 15–30% speed increase for 4G data users.

- Expanded AIS NEXT G network and feature, a the combination of AIS 4G ADVANCED and AIS SUPER WiFi technology, to be compatible with both Android and iOS. NEXT G network can render 1 Gbps of mobile speed, the fastest in the industry.



- Collaborated with Nokia, Huawei, and ZTE to test 5G technology on 26.5–27.5GHz spectrum. The objective of the collaboration is to encourage business sector to get accustomed to and see the benefits of 5G technology, during which commercial use cases are being developed.



- Expanded end-to-end NB-IoT network and platform across the country by collaborating with partners from various industries such as Property Perfect and Samsung to develop Smart Home solutions as well as with Thammasat University to launch public bicycle service “Mobike” and to provide university’s area & resource management system.

## Products and Services to Meet Digital Lifestyle



- Launched “NU Mobile”, a new fully-online SIM, to serve digital users. SIM purchase and identification as well as payment are all conducted online. NU Mobile emphasizes on convenience, easiness, and worry-free to enhance full service digitization without relying on physical channels.



- Expanded into potential growth areas of enterprise by acquiring CS Loxinfo (CSL) which will strengthen AIS's position in the enterprise market by leveraging customer base, product and service, and staff expertise to serve end-to-end digital solutions such as cloud service, data center, managed service including consultancy for enterprise customers for 24 hours.



- Invested in Rabbit LINE Pay (RLP) joint venture, holding 33.33% of equity stake, to provide a domestic mobile payment platform for both AIS and general consumers. AIS also collaborated with Singtel to launch a cross-border mobile wallet platform “VIA” with an aim to facilitate RLP users in purchasing goods and services from the participating stores in Singapore without the need of money exchange.

- Expanded distribution channels targeting specific customer segments by collaborating with leading modern trade and IT partners such as Tesco Lotus and Jaymart. This provides customer access to AIS's products and services of both mobile and fixed broadband while enhancing brand awareness through partners' branches across the country.



# AWARDS AND RECOGNITION

## Awards for Organization and Branding

**“Thailand’s Most Admired Brand & Company”** awarded by Thailand’s Most Admired Brand 2018 for being the most trusted company of 2018 by consumers.

**The Superbrands 2017 Award for the 14th year** in a row for the best quality brand in the communication and technology industry, with an emphasis on a trusting consumer base.

**No.1 Brand Thailand 2018 Award** for the most popular Mobile Operator, presented by Marketeer magazine.

**Thailand’s Most Social Power Brand 2018 Award** for the brand with the most social media influence among Mobile Operators from BrandAge Magazine and Wisesight.

**Award for the most popular stock** amongst technology-based businesses for the second year in a row, presented by the newspaper Kao Hoon.

## Awards for Products, Services and Marketing

**The 2018 Thailand IoT Solutions Provider of the Year Award and 2018 Thailand Cloud Services Innovative Company of the Year Award** from the 2018 Frost & Sullivan Thailand Excellence Awards in responding to customer needs with integrated NB-IoT network and Ecosystem, the first provider in Thailand, as well as the development of the Cloud Platform for enterprises.

**The Contact Center of the Year Award and CEO of the Year Award** from Asia Pacific Customer Service Consortium (APCSC) for the outstanding quality of our products and customer service.

**Royal Award for “Marketing Excellence”** as well as three other awards for excellence in goods and services, innovation, and human resources management by the Thailand Management Association and Sasin School of Management, Chulalongkorn University.

**Award for the company with the fastest response on social media** by The Best Brand Performance Awards by Platform “Pantip” for fast replies to customers’ problems on the website Pantip.

**The Best Brand Performance Awards by Category “Telecom”** for excellent communication with customers through social media and ever-increasing follower count.

## Awards for Human Resources Management

**Winner of the IDC’s Digital Transformation Awards 2018 Talent Accelerator** for the use of data analytics to improve efficiency, turning into a Data-Driven Organization in just one year.

**Winner of the Organization with the Healthiest Workplace** from AIA’s Thailand’s Healthiest Workplace.

## Awards for Societal and Sustainability

**Distinguished Award** for Innovation from the Thailand ICT Excellence Awards 2018 for using creativity to design ICT business systems to support and benefit organizations.

**The “Thailand Sustainability Investment” Award** for the 4th year in a row by the Stock Exchange of Thailand, given to businesses committed to considering the environment, society and good corporate governance to create a sustainable business for the future.

**The award for best marketing campaign for corporate social responsibility** from the “Sarnrak Kon Keng Hua Jai Krang” project and the “Think Before Social: mobile phones will make or break us, it’s our choice” campaign, organized by the marketing association of Thailand.



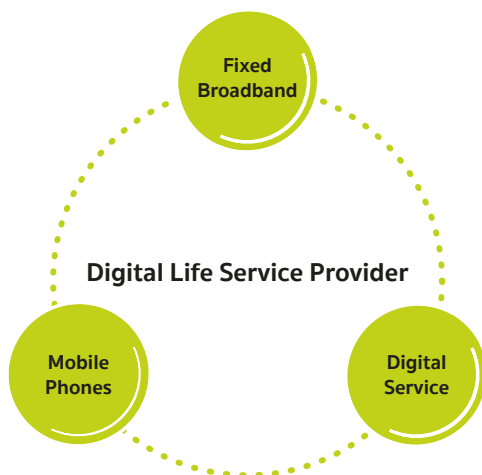
**OUR BUSINESS**

# BUSINESS OVERVIEW

## AIS, the Digital Life Service Provider

Advanced Info Services Public Company Limited (AIS) has been operating in the telecommunications service industry for the past 28 years. Today, we are a “Digital Life Service Provider” operating three core businesses, namely, mobile phone services, fixed broadband services, and digital service, while providing nationwide telecommunications infrastructure for Thailand.

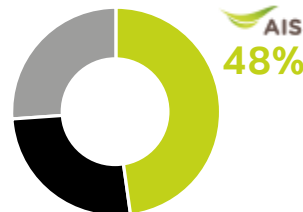
In 2018, AIS’s total assets were valued at Baht 290,505 million with a market capitalization of Baht 512,860 million, ranked fifth on the Stock Exchange of Thailand.



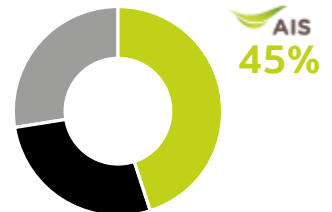
## Growing in the Fixed Broadband Market

In 2015, AIS started its fixed broadband business under the “AIS Fibre” brand, with the goal of creating a new source of revenue by leveraging the already established fibre network and the subscriber base from the Company’s mobile business. Currently, AIS Fibre is available in 57 cities, covering 7 million households. AIS Fibre has penetrated the market using its strength in providing FTTH technology to connect households to the internet and is ready to support existing ADSL users wishing to upgrade to higher quality technology and the superior speed of up to 1 Gbps. Fixed broadband revenue in 2018, therefore, grew by 42% YoY, accounting for 3% of core service revenue. Currently, the total number of subscribers is 730,500, accounting for more than 8% of the fixed broadband subscriber market share.

Revenue Market Share in 2018



Subscriber Market Share in 2018

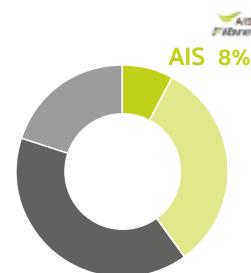


“Other operators are Dtac and True Move”

## Leading the Mobile Market

At the end of 2018, AIS remained the largest mobile operator in Thailand, with a revenue market share of 48%, and a total of 41.2 million subscribers nationwide. AIS has been providing mobile phone services for 28 years, with its mobile phone service revenue still accounting for more than 94% of core service revenue. In the past year, revenue in this area continued to grow by 1.3% YoY. With the mobile spectrum currently available to AIS, we are able to provide quality network services, including 4G, 3G and 2G technology, to over 98% of the population. AIS also continues to collaborate with its partners and vendors to conduct research and development of our network in order to support new applications and services, an important foundation of our continued leadership in the up-and-coming 5G era. Our mobile services include voice calls, mobile data, WiFi, international direct dialing (IDD), and international roaming.

Subscriber Market Share in 2018



“Other fixed broadband operators are True, TOT and 3BB”

### Building on Core Businesses with Digital Services

The third core business of AIS is Digital Services, which involves the development of services using digital technology in a variety of formats, including networks, service platforms and solutions, in order to create digital services for both our corporate and general customers. This is achieved via cooperation with our partners and the development of an integrated business ecosystem in which we grow and succeed together. AIS

is currently focused on 5 main areas of business. These are VDO Platform, Business Cloud, Mobile Money, Internet of Things (IoT), and other platform services. Our digital services are an important propeller enabling AIS to access new sources of revenue in the future in addition to current mobile internet charges. It also allows AIS to be an integrated player via the convergence of products and services from our three core businesses.

### Operating Under Licenses Regulated by the NBTC

The majority of AIS's businesses, particularly the mobile phone and fixed broadband businesses, operate under the regulation of the National Broadcast and Telecom Commission (NBTC), which is the regulatory authority formed in accordance with the Frequency Allocation Act 2010. AIS, through a subsidiary, was granted a telecommunications business license, as well as 2100, 1800 and 900MHz spectrum licenses. Moreover, AIS is partnering with TOT to utilize TOT's 2100MHz spectrum. This resulted in AIS having a total of 2x60MHz bandwidth for operations at the end of 2018. AIS is mandated to pay the license fee, Universal Service Obligation (USO) fees, and numbering fees to the NBTC amounting to around 4% of service revenue per year.

### Dividend Payment of Not Less Than 70% of Net Profit

AIS aims to pay dividends of at least 70% of consolidated net profit twice a year. The first dividend payment shall be an interim amount based on operations during the first half of the year, whereas the second dividend payment will be based on operations during the second half of the year. The total annual dividend payment shall be approved in the annual shareholders' meeting.

With regard to each subsidiary, dividend payments shall be based upon its operating results, financial conditions and other material factors. In all cases, dividend payments shall be dependent on cash flow and investment plan, including any other future obligations of the Company and/or subsidiaries. Such dividends shall not exceed the retained earnings of the Company's financial statements nor adversely affect the ongoing operations of the Company and its subsidiaries. The past five years of dividend payments are shown below.

	2014	2015	2016	2017	2018
<b>Total dividend payment (Baht per share)</b>	12.00	12.99	10.08	7.08	7.08
1. Interim dividend	6.04	6.50	5.79	3.51	3.78
2. Second half of the year dividend	5.96	6.49	4.29	3.57	3.30
<b>Dividend payout ratio (percentage)</b>	99	99	98	70	71

# TOP TEN SHAREHOLDERS

Information as of 16 August 2018, the latest book closing date for the right to receive dividend, are as follow:

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. <sup>1)</sup>	172,311,185	5.80
4.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	123,721,953	4.16
5.	SOCIAL SECURITIES	81,587,800	2.74
6.	STATE STREET BANK EUROPE LIMITED	52,949,864	1.78
7.	STATE STREET BANK AND TRUST COMPANY	18,601,776	0.63
8.	GIC PRIVATE LIMITED	13,484,873	0.45
9.	VAYUPAK FUND 1 BY MFC ASSET MANAGEMENT PCL.	11,076,400	0.37
10.	VAYUPAK FUND 1 BY KRUNG THAI ASSET MANAGEMENT PCL.	11,076,400	0.37
<b>TOTAL</b>		<b>2,380,881,251</b>	<b>80.08</b>

Note : <sup>1)</sup> The information of Thai NVDR Co., Ltd. can be found the SET website ([www.set.or.th](http://www.set.or.th)). As of 16 August 2018, the shareholders of Thai NVDR are as follows

No.	Name	No. of shares held	% of shareholding
1.	STATE STREET BANK AND TRUST COMPANY	33,779,637	1.14
2.	STATE STREET EUROPE LIMITED	19,676,561	0.66
<b>TOTAL</b>		<b>53,456,198</b>	<b>1.80</b>

**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	Number of shares	Percentage of investment
1.	SINGTEL GLOBAL INVESTMENT PTE LTD <sup>1)</sup>	673,348,264	21.00
2.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	509,766,840	15.90
3.	THAI NVDR COMPANY LIMITED <sup>2)</sup>	381,063,676	11.88
4.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	137,520,271	4.29
5.	ASPEN HOLDINGS LIMITED <sup>3)</sup>	102,130,520	3.19
6.	SOCIAL SECURITY OFFICE	44,200,100	1.38
7.	KRUNGSRI DIVIDEND STOCK LTF	32,018,900	1.00
8.	THANACHART DIVIDEND STOCK FUND	31,001,700	0.97
9.	MR. PERMSAK KENGMANA	26,879,500	0.84
10.	STATE STREET EUROPE LIMITED	18,453,828	0.58

Remarks : <sup>1)</sup> Singtel Global Investment Pte. Ltd. is an indirect subsidiary of Singapore Telecommunications Ltd.

<sup>2)</sup> The information of Thai NVDR Co., Ltd. can be found on the SET website ([www.set.or.th](http://www.set.or.th).)

<sup>3)</sup> On the list of shareholders provided by the Department of Business Development, Ministry of Commerce, as of 3 January 2019, Aspen Holdings Limited is a company 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

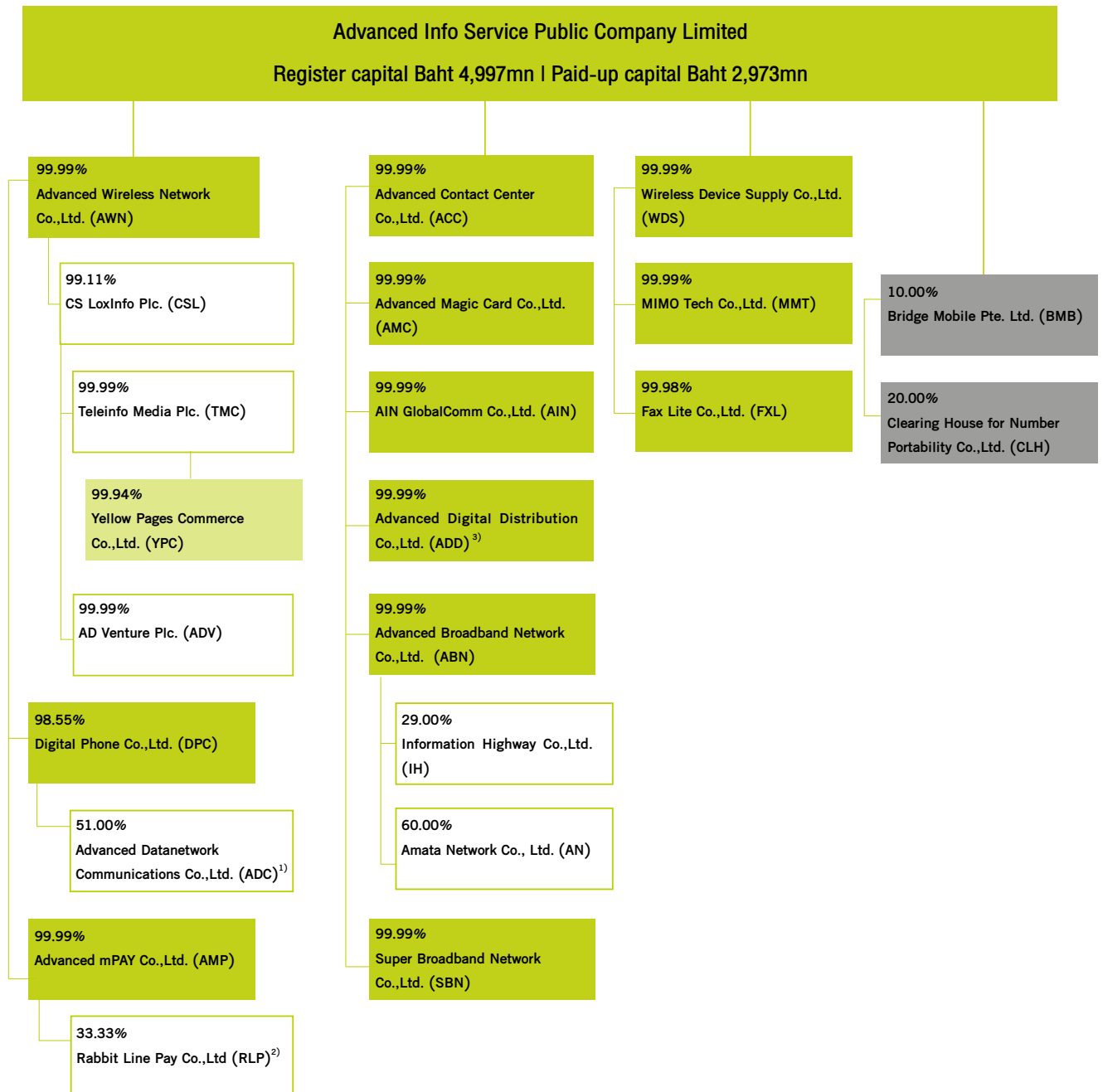
\* Singtel Asian Investments Pte. Ltd. is 100% held by Singapore Telecommunications Limited (Source : Accounting and Corporate Regulatory Authority (ARCA), Singapore as of 31 December 2018)

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

-None-

# BUSINESS STRUCTURE OF AIS

As of 31 December 2018



Note:

<sup>1)</sup> The remaining share percentage of ADC in the amount of 49% is held by other persons with no conflict of interest.

<sup>2)</sup> RLP is a joint Venture between AMP and Rabbitpay System Company Limited , LINE Pay Corporation started from 5<sup>th</sup> March 2018

<sup>3)</sup> ADD has been registered since 25 April 2018

# STRUCTURE OF INTUCH GROUP



Remarks :

<sup>1)</sup> Listed Company on the Stock Exchange of Thailand

<sup>2)</sup> Excluded investment in debt security

<sup>3)</sup> INTUCH has a stake of 52.92% in ITV, which ceased operations, and there are ongoing disputes with the Permanent Secretary of the Office of the Prime Minister.

<sup>4)</sup> Lao Telecommunications Public Company entered into Sale and Purchase Agreement to acquire Vimpelcom Company Limited from the government of Lao PDR in January 2019.

# EXECUTIVE COMMITTEE REPORT

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The Executive Committee comprises of four (4) highly experienced members namely Mr. Allen Lew Yoong Keong as Chairman, Mr. Gerardo C. Ablaza, Jr., Mr. Somchai Lertsutiwong and Mr. Anant Kaewruamvongs\* as members.

In 2018, the Executive Committee held a total of eleven (11) meetings and performed its duties in accordance with the authorities and responsibilities in its Charter. The summary of the Executive Committee's performance for the year 2018 are as follows:

1. Reviewed and concurred with the Company's strategic direction, management structure, 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 dividend payment and the execution of new investment transactions 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 2018 and disclosed in the annual report.



**Mr. Allen Lew Yoong Keong**  
**Chairman of Executive Committee**

\* Mr. Anant Kaewruamvongs has resigned from the member of executive committee since 21 January 2019. The Board of Directors appointed Mr. Anek Pana-apichon as the new member.



# REVENUE STRUCTURE & PRODUCTS AND SERVICES

## Revenue Structure by Service Type

	2016		2017		2018	
	Baht million	Percent	Baht million	Percent	Baht million	Percent
Mobile phone business revenue	119,493	78.54	122,979	77.97	124,601	73.36
Fixed broadband business revenue	860	0.57	3,128	1.98	4,436	2.61
Other services revenue	2,208	1.45	2,476	1.57	4,391	2.59
<b>Core services revenue</b>	<b>122,561</b>	<b>80.55</b>	<b>128,583</b>	<b>81.53</b>	<b>133,429</b>	<b>78.55</b>
Interconnection (IC) and equipment rental revenue	5,665	3.72	4,364	2.77	10,576	6.23
<b>Service revenue</b>	<b>128,226</b>	<b>84.28</b>	<b>132,947</b>	<b>84.29</b>	<b>144,005</b>	<b>84.78</b>
SIM and device sales revenue	23,924	15.72	24,775	15.71	25,851	15.22
<b>Total revenue</b>	<b>152,150</b>	<b>100.00</b>	<b>157,722</b>	<b>100.00</b>	<b>169,856</b>	<b>100.00</b>

## Products and Services

Today, AIS is operating 3 core businesses, the key products and services of which can be summarized as follows:

Mobile Business	Fixed Broadband Business	Digital Service Business
<ul style="list-style-type: none"> <li>● 4G/3G/2G mobile network service</li> <li>● Prepaid and postpaid service</li> <li>● Mobile phone sales</li> <li>● Roaming and international calls</li> </ul>	<ul style="list-style-type: none"> <li>● Fibre broadband for households and SMEs</li> </ul>	<ul style="list-style-type: none"> <li>● Video Platform</li> <li>● Enterprise cloud</li> <li>● Mobile money</li> <li>● Internet of Things</li> <li>● Other platforms</li> </ul>

### 1. Mobile Business

AIS operates 4G/3G/2G mobile services, deployed on spectrum for telecommunications business licenses granted by the NBTC. AIS currently has a total of 2x60MHz spectrum capacity, which consists of 2100, 1800 and 900MHz bands. AIS's mobile network covers 98% of the population and provides more than 97,000 AIS Super Wi-Fi access

points. AIS also introduced a new technology combining 4G and Wi-Fi under the Next G brand name, providing internet services with speeds of up to 1 Gbps.

AIS provides mobile phone calling and internet services in both prepaid and postpaid formats. At present, AIS has a total customer base of 41.2 million subscribers nationwide, with 8.2 million of these being postpaid subscribers and

another 33 million prepaid subscribers. Particularly popular with customers are data packages and postpaid packages sold together with smartphones for various price levels. Additionally, AIS provides international roaming as well as the SIM2Fly, offering saving for roaming on a prepaid SIM with a focus on data usage. We also offer international direct dialing (IDD) services for international calls from Thailand. Additional information about these products can be found at [www.ais.co.th](http://www.ais.co.th)

## 2. Fixed Broadband Business

AIS has been offering fixed broadband home services under the AIS Fibre brand since 2015, providing services using fibre optic technology, the new technology in the industry. Thanks to investing in fibre optic networks that build upon our current networks used for mobile phone services, AIS Fibre has been able to expand its network quickly, currently covering more than 57 provinces nationwide and serving 730,500 subscribers.

AIS Fibre offers a variety of packages in various price levels. This includes packages attracting customers interested in upgrading from ADSL and VDSL technology to fibre, and packages providing speeds from 100 Mbps for families, as well as world-class content packages allowing customers to view content such as movies, sports and other entertainment via the AIS PLAYBOX. We also aim to offer convergence products combining a wide variety of services in a single package, including home internet, mobile internet, world-class content viewing, and unlimited AIS Super Wi-Fi usage. Additional details can be found here [www.ais.co.th/fibre](http://www.ais.co.th/fibre)

## 3. Digital Service Business

In 2018, AIS continued to develop its digital services in order to generate new sources of revenue and to reach our aim of becoming a complete digital life service provider. To achieve this, an emphasis was placed on working with partners who have expertise in each type of service. AIS's digital service business focuses on 5 main areas as follows:

### ● Video Platform

AIS has launched its TV and video distribution services, including various types of entertainment, such as movies, TV dramas, music, karaoke, and games, via the AIS PLAY application, available on both mobile phones and tablets. The service is also available on AIS PLAYBOX via the AIS Fibre service. Additionally, in 2018, AIS increased interest in its products by offering a variety of additional services to customers, allowing customers to select a daily viewing content package at the price of Baht 5 per day, making viewing times more convenient and cost-effective for customers.

AIS joined with partners to provide OTT services offering a wide variety of content, such as movies, Hollywood series, HOOQ, Netflix, Korean TV programs and drama series via ViU, and world-class NBA basketball, as well as Free TV channels and digital and satellite channels. These are available in the form of both live broadcast and video-on-demand, such as HBO GO, and can be accessed via both the AIS PLAY and PLAYBOX platforms. Details of the service can be found on our website at <http://www.ais.co.th/aisplay/> and <http://www.ais.co.th/playbox/>



### ● Enterprise Cloud

In 2018, AIS continued to expand its cloud and other digital solution services for enterprise customers by acquiring CS LoxInfo, thereby enhancing our ability to serve our enterprise customers, in terms of not only products and services but also personnel and expertise, and to make services available to new customer bases. According to business trends in Thailand, enterprise customers have become increasingly active in switching over to digital solutions due to lower investment costs, as well as the added benefit of not having to invest in actual infrastructure, particularly in an era where technology is changing rapidly.

**AIS provides end-to-end cloud services** spanning Infrastructure-as-a-Service (IaaS), including virtual machine, data storage, and colocation. We also provide big data analytics-as-a-service (DAaaS) to better meet the needs of medium-sized enterprise customers at an in-depth level and allow them to use analytic results to design new products that more effectively increase business opportunity. In addition, we also provide new services, such as disaster recovery-as-a-service to provide data backup and retrieval in case of a disaster, providing customers with business continuity in the event of system failure. Database-as-a-service is also provided for database management, offering the advantage of cloud usage for both expense and performance management. Enterprise Resource Planning Solution (ERP) is another service provided by AIS, particularly for smaller enterprises and corporate customers enabling holistic organizational development and planning so that available resources can be used to their greatest potential and benefit.

**The AIS cloud service comes with the best end-to-end security**, from network to cloud platform, with ISO27001 certification and supported consultancy services from AIS experts. In addition, AIS colocations are housed in three tier-4 equivalent Data centers in Bangkok and its vicinity, providing support for businesses at all levels. Investors can find more details at <https://business.ais.co.th/enterprise.html>



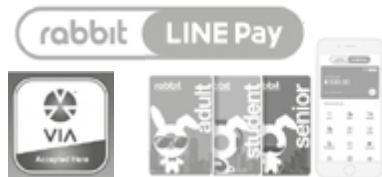
### ● Mobile Money

AIS provides the Mobile Money service platform for both corporate customers via mPay and for general customers via investment in a joint venture company, Rabbit LINE Pay. Corporate customers using mPay are provided with a comprehensive mobile payment platform that allows their customers to use a mobile electronic wallet for the payment of goods and services without merchants and businesses having to invest in their own system or apply for their own operation license. More details can be found at [www.ais.co.th/mPAY/gateway](http://www.ais.co.th/mPAY/gateway)

In 2018, AIS entered into a joint investment with VGI and LINE, in order to provide our general customers with the electronic wallet service under the name “Rabbit LINE Pay”. This service allows users to pay for products at various participant stores using a QR code without the need to carry cash. There are also a number of promotional activities and free product promotions when customers use Rabbit Line Pay, to help invite yet more customers to sign up for the service. Additionally, these services support the development of a cashless society in line with the government policy to advance the National e-Payment system. The scope and breadth of these services have also been expanded, whereby customers are now able to tie their Rabbit LINE Pay account to a Rabbit Card for BTS ticket payment, so that BTS passengers can deduct fares from their Rabbit Line Pay e-wallet or from a credit or debit card tied to Rabbit Line Pay, providing greater convenience for users.

In addition, AIS has also partnered with SingTel to launch the VIA platform, which is a country-to-country electronic

wallet platform. This means that customers using Rabbit LINE Pay can purchase products from participating merchants in Singapore



### ● IoT or Internet of Things

AIS also provides NB-IoT (Narrow-Band Internet of Things) services; a service solution for connecting multiple types of devices via the AIS internet network. This is a key service that will be supported by 5G technology in the future. In 2018 alone, AIS expanded its NB-IoT network to cover 77 provinces nationwide, and also received the Frost & Sullivan award as Thailand's IoT Solutions Provider of the Year. We aim to fulfill the needs of digital business by providing an international-level standard of technology that will enable developers, startups and enterprises to create IoT solutions that are applicable not only to business and government entities, but also to Thai people as end-users.

**AIS focuses on creating an ecosystem for IoT services.** In 2018, AIS demonstrated its readiness with NB-IoT and eMTC (Enhanced Machine-Type Communication) networks, including a platform and ecosystem via the AIS IoT Alliance

Program (AIAP), by participating in the implementation of IoT solutions that are changing the working style of a variety of industries in the business sector. This can be seen in a multiplicity of both large and small organizations. An example of this is the smart bike solution, the Mobike, used in various locations, such as Chiang Mai province, Kasetsart University, the Ministry of Public Health, and Thammasat University, allowing customers to rent and return bikes using electronic wallet payment. This is a great step in helping to initiate the development of solutions to meet Smart City needs, better facilitating safety and care of the environment. Other examples of this include our collaboration with the “Perfect Smart City” project of Property Perfect PLC and also with the AMATA Smart City Project of Amata Industrial Estate, etc.

In addition, AIS also continues to contribute to the development of innovation in the business sector, such as using IoT in the natural gas pipeline maintenance system of PTT PLC and the introduction of IoT solutions into the flood prevention system of Boon Rawd Brewery Co., Ltd. AIS has also partnered in the development of new capabilities for smaller businesses, such as with Krotron Co., Ltd. and CIRBOX Co., Ltd. in the use of IoT to switch vending machines for Smart Kiosks, etc.

Investors can find more information about our IoT services on our website at <http://www.ais.co.th/nb-iot/>

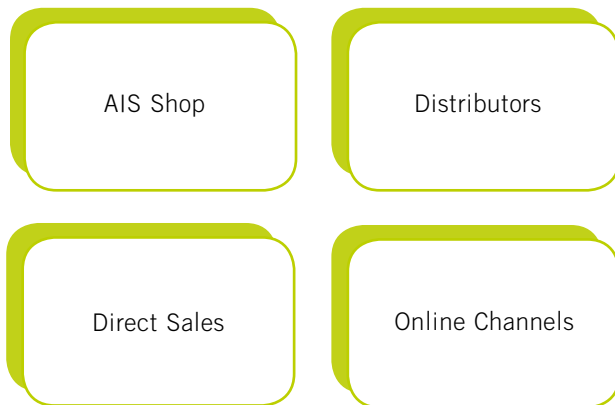


### ● Other Platform Services

Providing platform services is part of the vision of AIS in working with our partners to develop services that create value for our customers. Relying on the strength of the AIS customer base of over 41 million and our cooperation with business partners possessing specific expertise in a variety of fields, we are able to create new service platforms that focus on specific customer segments, generating revenue both in the form of fees and revenue sharing from services. In the past year, AIS platforms have begun offering commercial services, including gaming platforms, advertising platforms, and insurance sales platforms, among others.

### Distribution and Distribution Channels and Services

AIS distribution channels are divided into 4 main categories as follows:



**1. AIS Shop:** These are service centers managed by AIS and selected distributors who have shown high service potential. There are currently 160 branches operating throughout the country. 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 maintaining a positive image of AIS products and its services.

**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, providing

the AIS brand with an image-level service at more than 430 locations, our **“AIS Telewiz”** partners have strong potential in downtown city areas. Our **“AIS Buddy”** distribution partners provide access to district and sub-district areas through more than 1,100 branches at a wide variety of retail outlets and modern trade retailers, such as the JAYMART Group, Computer System, Ibis Plus Network, and Tesco Lotus.

**3. Direct Sales:** These are performed by the AIS Direct Sales team, with an emphasis on postpaid customers. This channel greatly increases distribution efficiency by offering products and services directly to customers, for example, via sales booths or through activities organized in target group areas. AIS has developed its capabilities and promoted sales with the use of the **“AIS Easy App”**, aiding the direct sales team in selling, registering and providing services to customers more efficiently, conveniently, and speedily.

**4. Online Channels:** Used to promote and encourage self-service, these channels include the website, AIS Online Store, myAIS application, kiosks, as well as transactions made through various electronic channels, such as ATM, USSD, Chatbot, IVR and social media, etc.

### Relationship with Customers

AIS is a leader in providing digital services, with a focus on the concept of being the **“No. 1 service with heart, for a digital lifestyle”**. This means offering our customers the highest levels of care and understanding in every detail of our creative services that combine technology with a distinctive human touch. All of this is carried out to meet the rapidly evolving digital needs that pervade our everyday lives. AIS prioritizes speed, convenience and personal data security so that our customers can manage their own services any place, any time, 24 hours a day. Our preference for personalization gives our customers the best possible user experience, while also setting us apart from our competitors and their services to ensure the maximum potential is achieved throughout every aspect of our operations. Our devotion to customer relations can be

categorized into the following 5 key areas:

1. Providing services with digital technologies that are utilized in order to raise the bar in terms of the products on offer to our customers, including:

- The “Full-E” service aims at increasing convenience for a full range of services, including monitoring information, making payments, and sending receipts and billing information, all of which are available in one place, through the myAIS application. The application can ease the stress involved with various customer services, such as in cases of losing a bill, being unable to make payment in the allotted time period, not being able to travel to a designated payment office and being unable to look back through traditional service receipts. The “Full-E” service provides assistance in all these areas to ensure a comfortable, time-efficient user experience for our customers, while also reducing the reliance on paper, through incorporating the following services:

- eBills: Giving customers the opportunity to check their billing information via their mobile phone in the form of an SMS notification that allows immediate access to said information.
- ePay: Increasing the scope of online payment channels for our customers, enabling them to pay via banking applications, through the ‘Rabbit LINE Pay’ electronic wallet, and with automated monthly payments from any bank.
- eReceipt: Letting our customers view receipts through the application for a period of up to three months.

- Taking care of our customer’s personal data security in the best possible way is achieved through efficient and highly accurate facial recognition technology, meaning our customers can rest easy, safe in the knowledge that their personal information is safely secured. This technology is set up for a new telephone number registration available at over 20,000 official AIS shops, Telewiz stores and AIS Buddy branches located throughout the country. Furthermore,

AIS is the first organization in Thailand to have installed facial recognition technology at 80 of our service kiosks in 67 of our AIS shops, in order to improve efficiency in terms of registering new telephone numbers.

- The “Ask Aunjai” virtual agent has been developed to combine artificial intelligence (AI), chatbots, and smart knowledge base technologies in order to respond to customer queries online and through social media platforms, including the AIS website and the myAIS application. The service is available 24 hours a day and has brought an increased sense of humanity, which gives our customers the feeling that they are interacting with an actual member of staff. “Ask Aunjai” improves customer service speed at the same time as providing specific solutions to issues while letting our staff focus on more valuable duties efficiently.

2. “AIS Privileges” are seen as a vital component of how we respond to the needs of each individual AIS customer using our services on a daily basis. AIS is therefore committed to the continuous development of new and creative ways of providing both AIS and AIS Fiber customers located throughout the country with rewards in the form of numerous special privilege programs. The “7 great times with AIS Privileges” offers our customers great deals for use across every dimension of their lifestyles, including at restaurants, coffee shops, and shopping malls, as well as at entertainment and tourism establishments. Such special privileges are valuable discounts that can be used anywhere, at any time of day, and we are currently working alongside over 25,000 partner stores country-wide to provide over 15 million privileges each year. AIS customers can also exchange the AIS points they have collected through payment for our services for additional reductions, for example, exchanging points for 30–50% discounts on food and drink at our famous restaurant partners, for reductions on tickets to see movies at Major cinemas throughout the country, for free internet and call packages, and for mobile phone price reductions. As of now, there are 9 million AIS telephone numbers signed up to the AIS points program.

3. “AIS Serenade” is a special privilege program aimed specifically at high spending AIS customers as well as customers who have been using AIS services for a certain length of time, underlining our long-term commitment to these customer groups. The Serenade program has been a constant feature of our company for the past 14 years, and it is one part of our drive to improve the provision of services and privileges under “The Ultimate Life Experience” concept. An increasing number of special rewards are being offered to our Serenade customers, including the maximum possible privileges in terms of services, entertainment, business and many more besides, such as special offers at restaurants, tourist hotspots, exclusive parking spaces, airport lounge access and even personal assistants. Over the past year, AIS has expanded its Serenade Club to 13 different locations across Bangkok and in other large cities, so that we can guarantee the most exclusive experience possible for our Serenade members who have increased in number from 4.5 million to the current total of 5.2 million people.

4. In our quest to strive constantly for the best possible customer experience, AIS has been working hard in terms of developing our analysis and understanding of consumer

behaviors. We have therefore made alterations to our marketing model, including the way we present our products and services by placing an emphasis on “building value” for our customer base. To this end, we have begun utilizing a tool called customer value management (CVM) to study our customers’ behavior, in order to respond effectively to their needs. Moreover, this study and analysis allows us to present each customer base with products that are tailor-made to their specific requirements, helping us to increase consumer satisfaction at the same time as carefully managing AIS customer relations.

5. AIS allows customers to register their level of satisfaction with our services across numerous platforms, including telephone ratings, surveys corresponding to satisfaction levels in our stores, or questionnaires arranged by external organizations. These ratings refer to the quality of services on offer from AIS, whether in our stores, at our dealerships, or through our automated service machines, as well as measuring the likelihood of our customers suggesting AIS and our services to others. These data can then be used to constantly and consistently develop every facet of the services we provide. From our analysis, we have been able to summarize customer satisfaction levels as follows:

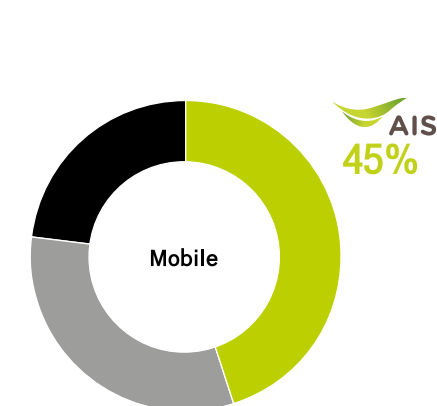
	2018*	2017
Human touch point satisfaction scores	83 percent	88 percent
Non-human touch point satisfaction scores	72 percent	76 percent

\*Satisfaction scores for 2018 cannot be compared directly with the results of 2017 due to changes in measurement methods for greater accuracy and relevance. In 2017, the scoring used a 3-point system (1 = very good, 2 = good, 3 = need improvement) whereby the “very good” and “good” ratings were included in our calculation. In 2018, the scoring used a 5-point system (5 = extremely satisfied, 4 = satisfied, 3 = moderate, 2 = unsatisfied, 1 = extremely unsatisfied) and only included the “extremely satisfied” in the calculation.

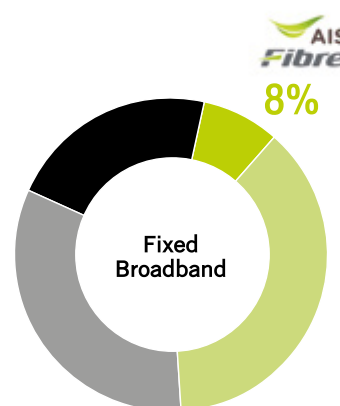
# INDUSTRY COMPETITION 2018 & OUTLOOK 2019

## Industry Conditions and Competition in 2018

Subscriber market shares in mobile and fixed broadband businesses



“Other operators are Dtac and True Move”



“Other fixed broadband operators are True, TOT and 3BB”

### Complete industry transition from a concession scheme to a license scheme

In the months of August and October, the NBTC auctioned out 1800MHz and 900MHz spectrum licenses, respectively. Part of these were the final lot of frequencies remaining from the previously expired concession. AIS and DTAC were the winners of this spectrum license auction, resulting in the Thai telecommunications system finally completing its transitioning from a concession scheme to a license scheme. In addition to the use of spectrum licenses, all three operators have entered into a business partnership agreement with state enterprises (TOT and CAT), joining together to co-utilize the frequencies of which the state enterprises have the right to operate. This also includes assets delivered under the concessions, such as telecommunications towers and other network equipment, in order to make use of unexpired assets, delay unnecessary repeat investments, and enhance network service efficiency.

### Continued growth of 4G usage, but revenue restrained by unlimited plans

At the end of 2018, customers using 4G technology accounted for approximately 60% of industry subscriber base, showing growth from the previous year when numbers were below 50%. However, revenue in the mobile phone industry showed a growth rate of approximately 3%; down from the previous year’s growth rate of 6%. In Thailand, the mobile phone user penetration rate was within the 130–140% range, reflecting a fairly saturated market in terms of number of users. These numbers have resulted in service provider competition for the retention of existing customers, as well as continual competition for customer share in the market. Meanwhile, price competition in the past year focused on offering unlimited data usage packages, particularly fixed-speed unlimited data packages, ranging from 1–6 Mbps, with these gaining greater popularity among customers due to the ability to use data without limit concerns. Unfortunately, however, the nature of such packages has placed pressure on the industry’s overall revenue growth, causing service



providers to begin a reduction of such package offers, especially towards the end of the year, and instead highlight packages that provide maximum 4G speed along with appropriate data amounts according to package prices selected by the customer.

Attractive discounts on handset prices have remained a key strategy for operators in drawing customers looking to purchase handsets in conjunction with specific packages (bundles packages), especially in relation to postpaid customer campaigns. However, overall spending by mobile operators in marketing campaigns, including the aforementioned discounts, is likely to decrease from the previous year, with a focus instead on more area-based marketing, reflecting tighter control of campaign and cost effectiveness.

#### **Postpaid migration continues, driven by increased smartphone and social media usage**

In 2018, total market data usage rates continued to increase, with a customer data usage of over 10 GB/data sub/month thanks to social media applications and the growth of the e-commerce market, along with smartphone usage rate growth to around 77%. All of these factors have helped to encourage customer need for constant internet connectivity, resulting in the continued trend of prepaid to postpaid migration throughout the past year, with the proportion of postpaid numbers per total numbers at 26% this year, compared to 22% in 2017, causing the ARPU for the entire industry to grow by approximately 2% from last year to Baht 240 during of this year.

#### **Fixed broadband market increases as fibre service demand grows**

Throughout the past year, the fixed broadband market has continued to see revenue growth at more than 10%, as the demand for internet connectivity in residential areas continues to increase. The overall market grew

from 8.2 million connected households in 2017 to over 9.3 million in 2018, or 43% of households with fixed broadband connectivity. Service providers continue to focus on expanding fibre service coverage, along with seeking out new customers while still maintaining their existing customer base, by using more concentrated pricing strategies, such as issuing fibre packages of 10 Mbps at a starting price of Baht 250. Incumbents have also tried to offer steep discounts to existing customers in the event of customers looking to cancel or change service providers. For these reasons, the industry ARPU in 2018 has decreased to approximately Baht 580. However, in order to meet the needs of households requiring internet usage for many family members or connections for multiple devices, service providers continue to offer high-speed fibre packages, such as 1 Gbps packages for the price of Baht 2,999. Additionally, service providers with other available services apart from high-speed internet continue to offer convergence packages, combining a variety of services into the same package, including high-speed internet, internet SIMs for mobile phones, and content. Such offers highlight the value of overall packages being greater than simply high-speed internet packages alone, and have more recently greatly increased in popularity with consumers.

#### **Industry Trends in 2019**

##### **Mobile phone market continues to expand due to 4G services and competition continues.**

Throughout 2019, it is expected that the mobile phone market will continue to expand due to 4G usage for video content and social media. In addition, a gradual reduction of fixed-speed unlimited data packages is expected to help operator revenue to improve gradually. Nonetheless, competition in the mobile phone market is set to continue in 2019, with expectations that operators will tend towards marketing strategies that focus on quality customers in order to control costs and expenses and to generate increased cash flow to support license

payments and future investments. 4G network quality, both in terms of coverage and speed, is still a key factor in customers' service choices and decision-making process. In addition, brand image and various other privileges will be more important to competitiveness in areas where the network quality of operators is not very dissimilar. Current trends also show that operators are increasingly utilizing modern technology to learn about customer behaviors, helping them to provide better products and services for each customer.

In terms of spectrum demand in order to provide more services, when considering spectrum allocation in the past year and the relatively low level of interest in bidding on said spectrums, it is expected that operators have retained sufficient frequencies to serve their customers for a certain period of time. Additionally, existing conditions and auction prices may not be sufficiently attractive or may not yet create enough additional value for business operations at this time. Not only that, but currently there are increased numbers of customers switching from 3G to 4G usage, making it possible to allocate more frequencies between technologies. Therefore, demand for additional spectrum auctions for 4G services may yet remain unclear in 2019.

#### **Preparations for 5G technology**

Over the next 2-3 years, the trends for 5G technology usage will become clearer, whereby cooperation between both government and private enterprises to create greater awareness and education about technology and to seek out new business models together will be important factors in the increased emergence of 5G technology for maximum benefit. This also includes greater clarity with regard to frequency allocation, as appropriate frequency allocation will help encourage more effective investment in 5G technology and enhance the country's growth in a wide variety of businesses and industries. According to current standards, frequency bands that

can be used to provide 5G technology services consist of those below 1GHz (Low Band), such as 700MHz; those in the range between 1GHz and 6GHz (Mid Band), such as 2.6GHz and 3.4 – 3.8GHz; as well as frequency bands above 24GHz (High Band), such as 26-28GHz, etc. It is therefore expected that operators, in collaboration with their partners, will begin increased preparation of their networks to support 5G technology. This includes, for example, plans for investment in Massive MIMO, which allows the transmitting and receiving of data signals using multiple antennas, as well as continued communications with the NBTC regarding opportunities to start the testing of 5G technology in some areas before going ahead with actual investment and commercial usage. This would also allow service providers to contribute information to the NBTC regarding the current industry conditions and financial burdens placed on operators, which would support the NBTC in effective planning of spectrum allocation and usage in the country.

#### **Continued fibre service expansion, creating advantages with convergence services**

The fixed broadband market is expected to continue growing at a similar rate to the previous year, at about 10%, due to the demand for internet connectivity in the home and the ratio of households with fixed broadband that can still expand from current levels of about 43%. It is also expected that operators will continue to focus on the expansion of fibre services and encourage upgrades to fibre technology for customers still using old technology. At the same time, package value and attractiveness, including effective after-sales services, will become increasingly important to customers' decision-making processes. It is therefore expected that service providers offering convergence packages will create increased advantages and attract greater numbers of customers than those offering fixed broadband services only.

# THREE-YEAR BUSINESS DIRECTION

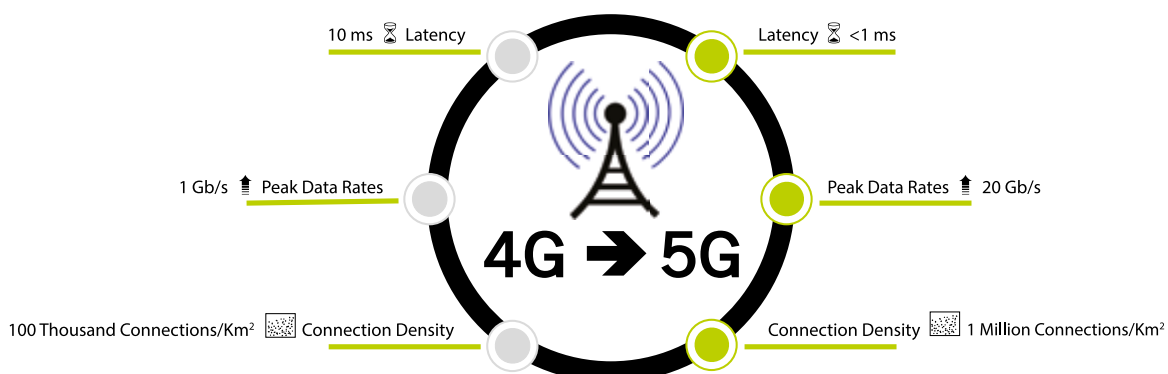
As quickly-evolving digital technologies and more sophisticated customer needs continue to emerge, they play a greater role than ever in structural changes for telecommunications operators, ushering the industry into an era of digital transformation. The wider abilities and range of choices of technologies have altered customer behavior to seek access to more comprehensive services as well as providing greater opportunity for mobile operators to access a broader marketplace. In light of these trends, AIS has redefined aspects of its business model from that of a traditional mobile service provider to that of a “Digital Life Service Provider”, operating three main businesses, namely, mobile phone services, fixed broadband, and digital services, in order to enrich the daily lives and business capabilities of individuals, and the competitive edge of the country. To this end, we have focused on Digital Transformation in order to take advantage of technologies that expand our capabilities and efficiency, and to achieve sustainable growth in the digital era.

## Creating a quality mobile network to deliver a superior user experience

With the rapid growth of smartphone usage and faster connections via 4G networks, it is expected that mobile internet usage will continue to increase and expand its roles beyond the need for basic internet connections

and data transmission. We see that digital platforms have empowered the way that people live and work, and thus have become a necessity for many consumers. In our market leadership position, AIS will continue to focus on improving the quality of 4G networks through research and development with our partners, utilizing modern technology to increase network efficiency, both in terms of coverage and capacity, and providing excellent customer service.

Additionally, over the next 3–5 years, 5G technology standards will become clearer, specifically in terms of frequency and types of services that correspond to speed (Enhanced Mobile Broadband), ultra-low latency, and multiple connectivity (Massive Machine-Type Communications). This includes Network Function Virtualization (NFV), helping networks become more efficient and flexible as well as reducing unit costs. Because of this, 5G technology will allow our company to help support business operations in a variety of industries other than just telecommunications, such as by providing NB-IoT (Narrow-Band Internet of Things) services, which will be one of the most important services to be fully developed when the 5G service is launched. As such, AIS has already begun to create awareness of these technological changes to all its business sectors and is ready to support 5G services,



maximizing the efficiency of the country in general. Obviously, the spectrum of frequencies that can be utilized as well as the supported devices, applications and new revenue-generating models will be important factors in determining appropriate levels of investment in the long term.

#### **Meeting the demand for high-speed internet with fibre optic network and technology**

In addition to internet connection via the mobile phone network, demand for household internet connections has steadily increased, with digital services in the future likely to develop beyond current limits in terms of the quality of services and more. These include, for example, higher resolution content, such as 4K and 8K content which require higher speed internet connections than the currently widely used full HD streaming. These requirements can be fulfilled with fibre technology, which provides faster and more reliable connections than ADSL technology. AIS sees the potential growth of this market and has set the target of becoming one of the major service providers. Utilizing nationwide fibre optics from its mobile networks, AIS Fibre will continue to tap into new urban areas and provide services to underserved areas that still lack quality high-speed internet access and/or who still use old ADSL technology. We will focus on providing a variety of services through the Fixed-Mobile Convergence (FMC) model, through which AIS can offer fixed broadband access along with mobile phone packages and other interesting content to meet the needs of entire families comprehensively. In this regard, AIS's investment in fibre optic networks builds upon our current network used for mobile phone services, which is available nationwide. The coverage expansion of fibre optic technology will allow AIS to deliver services that capture growth opportunities according to future trends with economies of scale.

#### **Creating new revenue sources from digital services to general customers and enhancing the potential of enterprises with end-to-end ICT solutions**

Due to the rapid development of smartphone quality, both in terms of hardware and software, as well as AIS's quality 4G network, smartphones have become the main communication device used by consumers in their everyday lives. Additionally, smartphones have also become a major channel for watching content of various kinds as well as for the payment of goods and services via a wide variety of applications. AIS expects that this trend will continue with increased changes in consumer behaviour and therefore continues to focus on developing its platforms for video content (AIS PLAY) and mobile payment channels (Rabbit LINE Pay). This will allow us as an organization to create products and services that are attractive to customers and to provide opportunity for increased company revenue by adding new business models and by leveraging our customer base and platform data.

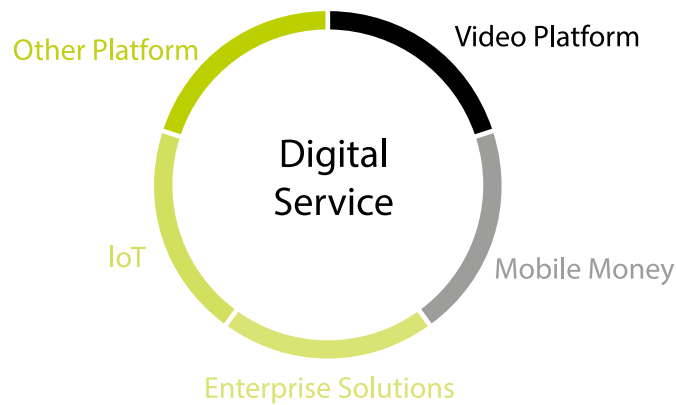
At the same time, while the business world grows ever more digital, cloud systems and ICT solutions are key factors in enabling digital transformation and play a major role in creating compelling value for enterprises of all shapes and sizes. To support these growing needs, AIS has stepped further into the enterprise business segment, acquiring CS Loxinfo and partnering with leading providers in the ICT industry while also expanding its IDC services to new locations. With its extensive mobile network, the company aims to capture growth potential by providing a variety of comprehensive end-to-end services, such as ICT solutions, IDCs, and cloud services. These services will enhance business capability, optimize cost efficiency, and ensure system security for corporate customers. Additionally, this type

of ICT development also serves to enhance the country's economic development and competitive advantage amid the fast-changing environment of the business world of today.

**Personnel development for the digital age and leveraging technologies to improve operational efficiency**

With the goal of developing the capabilities of our organization, AIS continues to utilize technology in our operations and comprehensive customer services. We truly believe that our employees are a major key to our long-term, sustainable success. To this end, we introduced the AIS Innovation Center in order to build

staff competency and encourage a growth mindset, ushering in a digital culture and learning platform that allows our employees to respond to rapid changes and disruptive innovation. In the very near future, Predictive Analytics Tools and Customer Value Management (CVM) will evolve to the next level. Machine learning and Artificial Intelligence (AI) will be integrated into our services and operations, resulting in improved sales and efficiency. This increased digital transformation will allow the company to offer products and services that better meet the needs of each and every one of our customers.



# RISK FACTORS

To identify the risks that have the potential to impact AIS's business objectives, goals and opportunities, AIS considers the following factors:

1. Internal and external factors such as human resources, changes in technology and regulations, customers behaviors as well as the business environment
2. Extreme events such as floods, fires or other natural disasters or ongoing conditions that have adverse effects on the Company's work practices or business competitiveness
3. Past events, current exposures and future trends
4. Significant movements in the economy, society and environment
5. The causes of such potentially adverse 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



Significant risk factors that arise from the changing environment can be classified as follows:

### Risks from Industry Regulation and Government Policies

#### 1. Risk from changes in government policies, rules, regulations and orders of regulators

AIS operates under the supervision of NBTC, the organization responsible for regulating the telecommunications industry and with the legal authority to issue rules, regulations and orders to regulate the licensees. The rules, regulations, and orders issued in the future, such as those that relate to fixing the tariff structure and service fees, or issuing rules and measures for consumer protection, have the potential to affect the Company's business operations, reduce the Company's ability to generate profit and/or increase the cost of services.

For any work directly related to the NBTC, AIS has a dedicated unit which is responsible for regularly monitoring the issuance and change of regulations and then reporting on such changes to the management and coordinating with the relevant departments to ensure they are informed promptly and ready to respond. The unit's role includes performing as an intermediary to coordinate with NBTC and ensuring that it is given all the necessary information on the business impact of its regulations. Through this unit, the Company also has the opportunity to make comments or suggestions and/or raise our concerns or opposition to the enactment of the laws, rules, regulations and/or orders in the event that they are deemed likely to have a serious impact on the Company's operations, or to have been unlawfully conducted. Furthermore, the

Company, as a telecommunications service provider which is a direct stakeholder, would be invited to provide our opinion and comments on the drafts of laws, rules,

regulations and/or orders which will be issued for enforcement in the future.

The Potential Impact of Risks	Risk Movement from 2017
Business operations, revenue and cost, company's reputation	No significant changes

## 2. Risks arising from the disputes with government Agencies

In the past, AIS operated the business of providing telecommunications services under license or concession agreements with State Enterprises. This required the transfer of assets in which the Company had invested for use in its business operations to the government contracting parties as well as the implementation of a revenue sharing model at the specified rate. Formerly, AIS had many disputes arising from disagreements in the interpretation of the Agreements. Most of the disputes related to the amount of revenue to be shared. Furthermore in some cases, NBTC used its authority to issue announcements, regulations or orders which were an obstacle to conducting business operations to an extent that it could reduce the profitability of the company and/or increase the service costs. In many cases, AIS

exercised our right to sue the NBTC in a court of law in order to contest the legitimacy of the various actions undertaken by the NBTC.

(Information and additional details are shown under the topic Report on Important Disputes in Form 56 – 1)

AIS has established a department that is directly responsible for coordinating with government agencies so that the Company as a contract party can conduct its business correctly and completely in compliance with the relevant contract. In the event of a conflict issue, the Company shall enter into negotiations with the aim of seeking a prompt settlement. In the event that the issue cannot be resolved through negotiation, such dispute will be taken to the dispute resolution process by the arbitral tribunal as specified in the Agreement. In addition, the matter will be taken before a court which has the jurisdiction to consider a final decision.

The Potential Impact of Risks	Risk Movement from 2017
Financial status and company's reputation	No significant changes

## Operational Risks

### 1. Risk to information security and threats from cyber-attacks

The Company has rapidly developed a variety of products and services to serve customers' needs and increase their convenience. While technology is essential in developing and improving these products and services,

the application of advanced technology may also come with a risk of information technology. Such risks result from 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 cyber-attacks.

- If an information security system is insufficient or incomplete, it can have a serious impact on the company, especially if important data including personal data of our customers are compromised.

- The threat from cyber-attacks, e.g. DDoS attacks, website phishing, malware/viruses, etc., may cause severe business disruption.

To ensure the effectiveness of the Company's information security, AIS regularly reviews and revises the security

policy of the Company's IT system in the following ways:

- Review Information Security Policy regularly
- Apply international standards, e.g. PCI-DSS, ISO 27001:2013 ISM etc
- Extend and expand security appliance tools to cover all significant systems
- Enhance information security measures, e.g., by reviewing the access control procedure; maintaining a closed working environment; and building IT awareness across the entire Company

The Potential Impact of Risks	Risk Movement from 2017
Financial revenue, business or IT systems disruption and company's reputation	Increasing and emerging risk

## 2. Risk from major network failure or interruption to important systems

In the event of any uncontrollable disaster, natural disaster, or any crisis event which affects the Company, potentially leading to the interruption of primary operating systems and business activities, AIS applies the Business Continuity Management (BCM) policy at both the enterprise and departmental level. The Company also

conducts an Annual Review and carries out exercises to practice and test the Business Continuity Plan. In addition, in 2018, AIS received international ISO 22301:2012 Business Continuity Management System certification in recognition of the completion and implementation of the Company's Business Continuity Management System to cope with crisis situations and maintain the organization's sustainable development.

The Potential Impact of Risks	Risk Movement from 2017
Company's Reputation and Unachieved operations	No significant changes

## 3. Risk from intensive competition in the market

Faced with the high intensity competition of the telecommunication industry, operators continue to expand their networks to satisfy customer needs, including the provision of mobile packages bundled with various mobile devices, especially introducing unlimited data packages to attract customers. However, this causes aggressive price competition.

AIS is incorporating the following steps into its risk management plan:

- Introduce Fixed Mobile Convergence (FMC) products by continually expanding the Company's Fixed Broadband network to enhance network quality and coverage.
- Enhance the quality of after sales services to maintain the customer base and attract new customers, especially through the Serenade Privileges program. The Company has defined strategies to develop the benefits of Serenade in many areas, e.g., expanding the Serenade Club, focusing on Serenade device offerings, expanding



the privileges from the Top-Trend partners, such as dining, traveling, and entertainment.

- Develops strategies for maintaining the customer base and offering products and services to meet the needs of customers by using Advanced Analytics Tools.

The Potential Impact of Risks	Risk Movement from 2017
Financial revenue, market share and company's reputation	Increasing

#### 4. Risk from changes in customer behavior and technological developments

Changes and advances in technology, especially digital technology, enable service providers to launch new products with new business model. These developments also change consumer behavior, because customers have more choices from the new services in the digital world. This, therefore, forces the Company to adapt and develop its business plan to accommodate the changing technologies and new innovations in order to maintain its existing customer base, generate revenue from new channels, and ensure long-term sustainability.

AIS is incorporating the following steps into its risk management plan:

- Define the key strategies, both short-term and long-term, to respond to the changing customer behavior and technologies
- Enhance the digital customer service system, e.g., increase engagement with customers via a fully online system, build AI/Chatbot capabilities, and implement Robotic Process Automation for customer services.

- Bundle product and service offerings of mobile, fixed broadband and digital content in a new model which provides added value to reduce complexity and create cost savings for customers, while also attracting new customers.

- Build the capability of gaining customer insights with Data Analytics to provide customers with product and service offerings according to their needs and at the right price.

- Develop the network infrastructure, customer service systems, and support systems by incorporating new technology such as cloud technology.

- Grow the corporate business and content business, e.g., by expanding the IoT business and creating and driving a complete Cloud Business Ecosystem.

- Transform the organizational structure and develop the competency of employees to support the key strategies of the Company.

The Potential Impact of Risks	Risk Movement from 2017
Financial revenue, market share and company's reputation	Increasing and emerging risk

#### 5. Risk from talent acquisition for digital disruption

Due to the rapidly changing technology and customer behaviors, telecommunication service providers need to

improve their service capabilities in order to be able to respond quickly to customer needs. If the Company cannot develop the necessary skills or capabilities in a

timely manner, it will impact to the Company's business advantage both in its current businesses and in new businesses in the future.

AIS is incorporating the following steps into its risk management plan:

- Recruit employees with new abilities that meet the needs of the Company including offering scholarships to high-potential employees to promote the development

of talent that can be applied in new businesses in the future.

- Collaborate with world-class institutions that have specific expertise to lay the foundations for developing the requisite knowledge and prepare high-potential employees for the digital business age including the implementation of a succession plan and a culture transformation to ensure readiness for the emerging risk in the digital era.

The Potential Impact of Risks	Risk Movement from 2017
Company's reputation and market share	No significant changes

## 6. Supply Chain Risk

The Company needs to purchase network and base station equipment including maintenance services from a small number of vendors/suppliers which have the relevant technology. If those vendors/suppliers are unable to deliver the products or services, it may affect our business.

AIS is incorporating the following steps into its risk management plan:

- Apply a multi-vendor purchasing policy for major equipment and services
- Establish an approved vendor/supplier list of vendors/suppliers that pass the Company's quality standards (Multi-vendor)
- Control the equipment and spare parts inventory at a suitable level in order to avoid shortages

The Potential Impact of Risks	Risk Movement from 2017
Financial revenue, business or IT system disruption, and company's reputation	New risk in 2018

## 7. Climate Change Risk

Climate change is one of the global issues that has the potential impact to our business operation, infrastructure and supply chain. The Company as a telecommunication service provider foresee the essential of dealing with this issues, we adopt our infrastructure design to ensure the continuity and efficiency of our services delivered to our customers e.g. Apply the standard EIA-222C to our telecom tower to support higher wind speed than Thailand historical records, Raise the height of base

station refer to the level of heavy flooding in Year 2011. The Company also take accountability to manage our processes those have the consequent impact to climate to comply with our sustainability development guideline and international standard practices e.g.

- Set greenhouse gas (GHG) emissions target from both direct and indirect
- Increase the portion of usage from renewable energy e.g. solar energy.

The Potential Impact of Risks	Risk Movement from 2017
Business or IT system disruption, and company's reputation	Emerging risk

## 8. Economic and Political Risk

Change in economic and political defines both business risk and opportunity for The Company. This will cause adverse effect to demand and supply in economic system and effect to purchasing power of our customers. However,

the communication via voice or data service, now is the part of daily life of people and the price are affordable. Impact from economic and political to The Company still in the acceptable level

The Potential Impact of Risks	Risk Movement from 2017
Cost and/or revenue	No significant changes

## Financial Risks

### 1. Risks from exchange rate fluctuation

The Company is exposed to the risks of foreign exchange rate fluctuation due to International Roaming revenues and expenditures being in foreign currencies and parts of the network expenditures also being in foreign currencies.

AIS is incorporating the following steps into its risk management plan:

- Use Forward Contracts which specify that the exchange rate at the time of the contract date will apply to the future delivery of the contracted services
- Use existing foreign currency deposits (Natural Hedge) to make payments for goods and services in foreign currencies

The Potential Impact of Risks	Risk Movement from 2017
Cost and/or revenue	No significant changes

### 2. Liquidity risks

AIS has liabilities and loans from financial institutions and debentures, including continued investment in network expansion. Therefore, there may be liquidity risks caused by the Company being unable to provide sufficient working capital to operate the business in the time required.

AIS is incorporating the following steps into its risk management plan:

- Make cash projections and regularly update financial projections
- Prepare pre-binding and non-binding credit lines
- Use short-term loans as working capital
- Have a variety funding sources
- Maintain excess cash reserves for business operations

The Potential Impact of Risks	Risk Movement from 2017
Creditability	No significant changes

# **CORPORATE GOVERNANCE**

## Profile of the Directors and Management



**Mr. Kan Trakulhoon**

**Age 63 years**

**Appointed 3 Aug 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
- **Total number of service tenure: 3 Years 4 Months**

**Shareholding (%)** None

**Relationship with other management** None

### Highest Education

- Honorary Degrees of Engineering, Chulalongkorn University
- Honorary Degrees of Manufacturing Engineering, Maharakham University

### Related Training Program held by IOD

- Director Certification Program (DCP 29/2003)

### Position in Company

**2016 – Present** Chairman of the Board of Directors, Chairman of the Leadership Development and Compensation Committee

**2015 – Present** Independent Director

**2015 – 2017** Chairman of Sustainable Development Committee

### Position in Other Listed Companies

**2017 – Present** Independent Director/Intouch Holdings Plc.

**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

**2018 – Present** Advisory Board/Minister of Science and Technology

**2018 – Present** Expert Member/Eastern Economic Corridor Policy Committee

**2018 – Present** Expert Member/Investment and Coordination Committee

**2015 – Present** Advisory Board /Nomura Holdings Inc.

**2011 – Present** Consultant/Kubota Corporation (Japan)

**Illegal Record in past of 10 years** None



**Mr. Somprasong Boonyachai** **Age 63 years**

**Appointed 28 Mar 1994**

- Vice-Chairman of Board of Directors
- Non-Executive Director
- Member of Leadership Development and Compensation Committee
- Authorized Director
- **Total number of service tenure: 24 Years 9 Months**

**Shareholding (%)** None

**Relationship with other 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

**2008 – Present** Vice-Chairman of Board of Director, Member of Leadership Development and Compensation Committee

**2008 – 2017** Member of Nomination and Governance Committee

### Position in Other Listed Companies

**2007 – Present** Director/Intouch Holdings Plc.

**2006 – Present** Director/Thaicom Plc.

**2016 – Present** Vice Chairman of the Board and Independent Director/Osotsapa Plc.

**2017 – Present** Director/BEC World Plc.

**2017 – Present** Director/Dusit Thani Plc.

**2002 – Present** Independent Director and Member of Audit Committee/Power Line Engineering Plc.

**2008 – 2017** Chairman of Executive Committee/Intouch Holdings Plc.

**2010 – 2015** Acting-President/Intouch Holdings Plc.

**2009 – 2011** Chairman of Executive Committee/Thaicom Plc.

### Position in Non Listed Companies

**2017 – Present** Director/National Strategy Committee for the Development and Capacity Building of Human Resources

**2016 – 2018** Director/Osotsapa Co., Ltd.

**2016 – 2016** Independent Director/Pruksa Real Estate Plc.

**2004 – 2016** Director/Praram 9 Hospital Co., Ltd.

**Illegal Record in past of 10 years** None



**Mr. Prasan Chuaphanich** Age 66 years

Appointed 30 Mar 2017

- Independent Director
- Member of Audit Committee\*
- Chairman of Sustainable Development Committee
- Total number of service tenure: 1 Year 9 Months

Shareholding (%) 0.00006

Relationship with other management None

**Highest Education**

Bachelor of Commerce and Accountancy (Second 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

**2017 – Present** Independent Director, Member of Audit Committee, Member of  
Sustainable Development Committee

**Position in Other Listed Companies**

**2016 – Present** Independent Director, Chairman of Audit Committee/  
PTT Global Chemical Plc.

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

**2013 – Present** Independent Director, Chairman 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 Sector Audit Evaluation  
Committee

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

**2016 – Present** Member of the Mahidol University Internal Audit Committee/  
Mahidol University Council

**2016 – Present** Member of the Financial and Property Committee /King  
Mongkut's University of Technology Thonburi

**2015 – Present** Director/OIC Advanced Insurance Institute

**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 of 10 years**

None



**Mr. Surasak Vajazit** Age 65 years

Appointed 10 May 2006

- Independent Director
- Chairman of Nomination and Governance Committee
- Member of Audit Committee\*
- Total number of service tenure: 13 Years 7 Months

Shareholding (%) None

Relationship with other management None

**Highest Education**

Barrister at Law, Lincoln's Inn

**Related Training Program held by IOD**

- Director Accreditation Program (DAP 29/2004)

**Position in Company**

**2014 – Present** Chairman of Nomination and Governance Committee,

**2007 – Present** Member of Nomination and Governance Committee

**2006 – Present** Member of Audit Committee, Independent Director

**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 of 10 years**

None

\* The Board has resolved to approve the name change of Audit Committee to Audit and Risk Committee which effective on 1 Jan 2019



**Ms. Jeann Low Ngiap Jong Age 58 years**

**Appointed 27 Mar 2013**

- Non-Executive Director
- Member of Nomination and Governance Committee
- **Total number of service tenure: 6 years 9 Months**

**Shareholding (%)** None

**Relationship with other management** None

**Highest Education**

Bachelor of Accountancy, National University of Singapore

**Related Training Program held by IOD**

None

**Position in Company**

**2013 – Present** Director, Member of Nomination and Governance Committee

**Position in Other Listed Companies**

**2016 – Present** Director/Intouch Holdings Plc.

**Position in Non Listed Companies**

**2015 – Present** Group Chief Corporate Officer/Singapore Telecommunications Ltd.

**2008 – 2015** Group Chief Financial Officer/Singapore Telecommunications Ltd.

**Illegal Record in past of 10 years** None



**Mr. Allen Lew Yoong Keong Age 63 years**

**Appointed 20 Mar 2006**

- Chairman of Executive Committee
- Non-Executive Director
- Member of Leadership Development and Compensation Committee
- **Total number of service tenure: 13 Years 9 Months**

**Shareholding (%)** None

**Relationship with other management** None

**Highest Education**

Master of Science (Management), Massachusetts Institute of Technology

**Related Training Program held by IOD**

None

**Position in Company**

**2008 – Present** Chairman of Executive Committee, Member of Leadership Development and Compensation Committee

**2006 – Present** Director

**2006 – 2008** Member of Executive Committee

**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 Telecommunications Ltd.

**Illegal Record in past of 10 years** None



## Mr. Krairit Euchukanonchai Age 64 years

**Appointed 26 Mar 2014**

- Chairman of Audit Committee\*
- Member of Nomination and Governance Committee
- Independent Director
- **Total number of service tenure: 5 Years 9 Months**

**Shareholding (%)**

None

**Relationship with other management**

None

### Highest Education

Master of Business Administration, North Texas State University

### 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 Governance Committee and Independent Director

### Position in Other Listed Companies

**2018 – Present** Chairman of Board of Directors PTT Plc.

**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 of 10 years

None



## Mr. Somchai Lertsutiwong Age 56 years

**Appointed as director on 27 June 2014**

**Appointed as Chief Executive Officer on 1 July 2014**

- Executive Director
- Member of Sustainable Development Committee
- Member of Executive Committee
- Chief Executive Officer
- Acting Chief Strategy Officer
- Authorized Director
- **Total number of service tenure: 4 Years 6 Months**

**Shareholding (%)**

0.0027

**Relationship with other 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** Executive Director, Member of Sustainable Development Committee, Member of Executive Committee, Chief Executive Officer, Acting Chief Strategy Officer, and Authorized Director

**2012 – 2014** Director, Chief Marketing Officer

**2007 – 2012** Executive Vice President – Marketing

**2004 – 2007** Senior Vice President – Wireless Communication

### Position in Other Listed Companies

None

### Position in Non Listed Companies

None

### Illegal Record in past of 10 years

None

\* The Board has resolved to approve the name change of Audit Committee to Audit and Risk Committee which effective on 1 Jan 2019





**Mr. Gerardo C. Ablaza, Jr.** Age 65 years

**Appointed as director on 27 Apr 2017**

- Independent Director
- Member of Executive Committee
- Member of Sustainable Development Committee
- Total number of service tenure: 1 Year 8 Months

Shareholding (%) None  
Relationship with other management None

**Highest Education**

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

**Related Training Program held by IOD**

- Director Accreditation Program (DAP 146/2018)

**Position in Company**

**2017 – Present** Independent Director, Member of Sustainable Development Committee, Member of Executive Committee

**Position in Other Listed Companies**

None

**Position in Non 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  
**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 of 10 years** None



**Mr. Hui Weng Cheong** Age 63 years

**Appointed as director on 27 Jul 2017**

- Executive Director
- President
- Chief Operating Officer
- Authorized Director
- Total number of service tenure: 1 Year 5 Months

Shareholding (%) None  
Relationship with other 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  
**2016 – Present** President  
**2013 – Present** Chief Operating Officer  
**2009 – 2010** Chief Operating Officer  
**2006 – 2009** Deputy President

**Position in Other Listed Companies**

None

**Position in Non Listed Companies**

**2010 – 2012** CEO International/Singapore Telecommunications Ltd.

**Illegal Record in past of 10 years** None



<b>Mr. Anek Pana-apichon</b>	<b>Age 54 years</b>
<b>Appointed 21 Jan 2019</b>	
● Member of Executive Committee	
<b>Shareholding (%)</b>	<b>None</b>
<b>Relationship with other management</b>	<b>None</b>

#### Highest Education

Master of Business Administration, Chulalongkorn University

#### Related Training Program held by IOD

- Director Certification Program (DCP 111/2008)

#### Position in Company

**2019 – Present** Member of Executive Committee

#### Position in Other Listed Companies

**2019 – Present** Chief Executive Officer/Intouch Holdings Plc.

**2018 – Present** Director/Intouch Holdings Plc.

**2018 – Present** Chairman of Executive Committee/Thaicom Plc.

**2017 – Present** Director/Thaicom Plc.

**2010 – Present** Member of Executive Committee/Thaicom Plc.

#### Position in Non Listed Companies

**2017 – Present** Chairman/High Shopping Co., Ltd.

**2017 – Present** Director/Intouch Media Co., Ltd.

**2017 – Present** Director/Touch TV Co., Ltd.

**2015 – Present** Director/High Shopping TV Co., Ltd.

**2015 – Present** Director/I.T. Applications and Services Co., Ltd.

#### Illegal Record in past of 10 years

**None**



<b>Mr. Tee Seeumpornroj</b>	<b>Age 42 years</b>
<b>Appointed 1 Oct 2018</b>	
● Chief Finance Officer*	
<b>Shareholding (%)</b>	<b>None</b>
<b>Relationship with other management</b>	<b>None</b>

#### Highest Education

Master of Science in Management (Science and Engineering), Stanford University

#### Related Training Program held by IOD

- Director Certification Program (DCP 257/2018)

- Director Accreditation Program (DAP 113/2014)

#### Position in Company

**2018 – Present** Chief Finance Officer

**2017 – 2018** Deputy Chief Finance Officer

#### Position in Other Listed Companies

**2013 – 2016** Chief Finance Officer, Thai Solar Energy Plc.

**2002 – 2005** Assistant Vice President, Merrill Lynch Phatra, Phatra Securities Plc.

#### Position in Non Listed Companies

**2016 – 2017** Chief Finance Officer, The Mall Group Co.,Ltd.

**2013 – 2016** Financial Advisor, The Mall Group Co.,Ltd.

**2013 – 2013** Vice President Finance, The Mall Group Co.,Ltd.

**2007 – 2013** Chief Finance Officer International Beverage Holding, Thai Beverage Plc.

**2005 – 2007** Associate, Investment Banking Division, Merrill Lynch

#### Illegal Record in past of 10 years

**None**

\* Mr. Tee Seeumpornroj was appointed as CFO which is effective from 1 October 2018 replacing Ms. Sunitaya Shinawatra who retired.



**Mr. Weerawat Kiattipongthaworn Age 59 years**

**Appointed 1 Oct 2016**

- Chief Corporate Officer

**Shareholding (%)** None

**Relationship with other management** None

**Highest Education**

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

**Related Training Program held by IOD**

- Capital Market Academy (CMA 19)

**Position in Company**

**2016 – Present** Chief Corporate Officer

**2013 – 2016** Senior Executive Vice President – Operation

**2006 – 2013** Executive Vice President – Operation

**Position in Other Listed Companies**

None

**Position in Non Listed Companies**

**2011 – 2015** Group Director/ Telephone Number Portability Service Center Ltd.

**Illegal Record in past of 10 years** None



**Ms. Kantima Lerlertyuttitham Age 48 years**

**Appointed 1 Jul 2015**

- Chief Human Resources Officer

**Shareholding (%)** None

**Relationship with other management** None

**Highest Education**

Master of Psychology Counselling, Service, Rider University

**Related Training Program held by IOD**

- Director Certification Program (DCP 244/2017)

**Position in Company**

**2015 – Present** Chief Human Resources Officer

**Position in Other Listed Companies**

**2016 – Present** Chief Human Resources Officer/Intouch Holdings Plc.

**2013 – 2015** Deputy Chief Operation Officer/MC Group Plc.

**Position in Non Listed Companies**

**2004– 2007** Human Resources Director/Microsoft (Thailand) Co., Ltd.

**2011 – 2013** Chief Human Resources Officer/Prudential Life Insurance (Thailand) Plc.

**2007 – 2011** Human Resources Director/Central Watson (Thailand) Co., Ltd

**2007 – 2011** Human Resources Director/Microsoft (Thailand) Co., Ltd.

**Illegal Record in past of 10 years** None

### Mr.Chavin Chaivatcharaporn Age 46 years

Appointed 3 Jan 2013

- Company Secretary

Shareholding (%) None

Relationship with other management None

#### Highest Education

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

#### Related Training Program held by IOD

- 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)

#### Position in Company

2013 – Present Company Secretary

2010 – 2013 Assistant Vice President-Legal

#### Position in Other Listed Companies

None

#### Position in Non Listed Companies

2003 – 2010 Associate/Hunton & Williams Thailand Ltd.

Illegal Record in past of 10 years None

### Mrs.Suvimon Kulalert Age 58 years

Appointed 1 Jan 1999

- Chief Audit Executive

Shareholding (%) 0.0001

Relationship with other management None

#### Highest Education

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

- Professional Certified Public Accountant, 1985

- Certification Certified Internal Auditor, 2000  
Certificate in Risk Management Assurance, 2013

#### Related Training Program held by IOD

- Director Certification Program (DCP 136/2010)

#### Position in Company

1999 – Present Chief Audit Executive

#### Position in Other Listed Companies

None

#### Position in Non Listed Companies

1999 – Present Guest Speaker (internal audit, internal control and risk management) Federation of Accounting Professions

2009 – Present Internal Audit Lecturer/University of the Thai Chamber of Commerce

Illegal Record in past of 10 years None

### Ms.Nattiya Poapongsakorn Age 43 years

Appointed 1 Apr 2013

- Head of Investor Relations and Compliance

Shareholding (%) 0.000025

Relationship with other management None

#### Highest Education

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

#### Related Training Program held by IOD

None

#### Position in Company

2017 – Present Head of Investor Relations and Compliance

2015 – 2017 Vice President, Investor Relations and Compliance

2013 – 2014 Assistant Vice President, Investor Relations

2011 – 2013 Acting Assistant Vice President, Investor Relations

2008 – 2011 Investor Relations Manager

#### Position in Other Listed Companies

None

#### Position in Non Listed Companies

None

Illegal Record in past of 10 years None

# Directors and Management's shareholding in AIS and subsidiaries

As of 31 December 2018, the number of ordinary share includes holding by spouse and minor children

Name	ADVANC Ordinary share	ADVANC ESOP (warrants)	AVN Ordinary share	DPC Ordinary share	ADC Ordinary share	ACC Ordinary share	AMP Ordinary share	AMC Ordinary share	SBN Ordinary share	AIN Ordinary share	WDS Ordinary share	MMT Ordinary share	FXL Ordinary share	ABN Ordinary share	ADD Ordinary share	CSL Ordinary share	TMC Ordinary share	YPC Ordinary share	ADV Ordinary share
1. Mr. Kan Trakulphon Spouse	31/12/2017	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Somprasong Boonyachai Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Mr. Krai Euehuanonchai Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Mr. Prasit Chuapanch Spouse	2,000	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mr. Surasak Vejait Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Mr. Allen Low Young Keong Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Ms. Jeann Low Ngap Jong Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Mr. Garanto C. Abaza, Jr. Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Mr. Anik Pansa-anichan <sup>1)</sup> Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Mr. Sornchai Lertsutwong Spouse	80,126	246,740	220,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Mr. Hui Wing Cheong Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Mr. Weerawat Klitpongthaworn Spouse	-	151,654	126,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Mr. Tee Sasamporn <sup>2)</sup> Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14. Ms. Karolina Lertlertultham Spouse	-	77,500	77,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minor children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: <sup>1)</sup> Appointed by the Board of Directors' Meeting No. 1/2019 on 21 January 2019 to be Executive Committee Member replacing Mr. Anant Kaewruamwongs who resigned from Executive Committee.

<sup>2)</sup> Appointed as Chief Finance Officer on 1 October 2018 replacing Khun Sunitaya Shinawatra who early retired.

# NOMINATION AND GOVERNANCE COMMITTEE REPORT

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

During the year 2018, the NGC held a total of four (4) meetings. All members of NGC attended all the meetings. The summaries of NGC's performance for the year 2018 are described as follows:

## 1. Compliance and Corporate Governance Policy Review

The committee contributed to increase awareness among employees to comply with the Code of Business Ethics in the Corporate Governance Policy through video clips and other media. In 2018, the committee monitored and view that the Corporate Governance Policy shall be revised in order to improve the board of directors' performance efficiency regarding number of directorship in other listed companies, board performance assessment by external professional party, board meeting attendance, expanding Audit Committee's scope of work, LDCC's structure, communication of AIS's Code of Business Ethics, and Anti-corruption policy to staff's family and joint venture. The improvement of such policy is in line with the Company's sustainable development goal under the Corporate Governance Code 2017. Moreover, the committee considered and concurred with the Human Rights Policy to promote the fair and equal treatment of stakeholders.

## 2. Policy and Criteria Formulation on Directors' Nomination

The committee adopted the director recruitment and selection policy that, apart from the board composition diversity in term of qualification and expertise enhancing company sustainable development, an independent female candidate should be taken into consideration when nominating an independent director.

The committee invited shareholders to propose candidate(s) to be nominated as a director during 1 October – 31 December 2018 so as to combine in the recommended list from other source. The committee 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 2018, the NGC has considered and nominated a total of four (4) qualified candidates to be appointed as directors provided that two (2) are independent directors, one (1) non-executive director and another one (1) is executive director.



Mr. Surasak Vajasit

Chairman of Nomination and Governance Committee

# LEADERSHIP DEVELOPMENT AND COMPENSATION COMMITTEE REPORT

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

In 2018, LDCC held a total of five (5) meetings so as to complete its assignments as stipulated in the Charter. The summary of LDCC’s performance for the year 2018 is described as follows:

## **1. Compensation**

### Directors and Top Executives’ Compensation

The Committee considered and concurred with the directors and top executives’ compensation schemes based on study and analysis of benchmarking with similar-sized listed companies and other companies in the same industry which could attract and retain highly qualified directors and top executives to the Company.

### Employees’ Compensation

The Committee considered and concurred with the principle of employees’ compensation by benchmarking with the practice of top leading companies within the same size of market and/or industry capitalization.

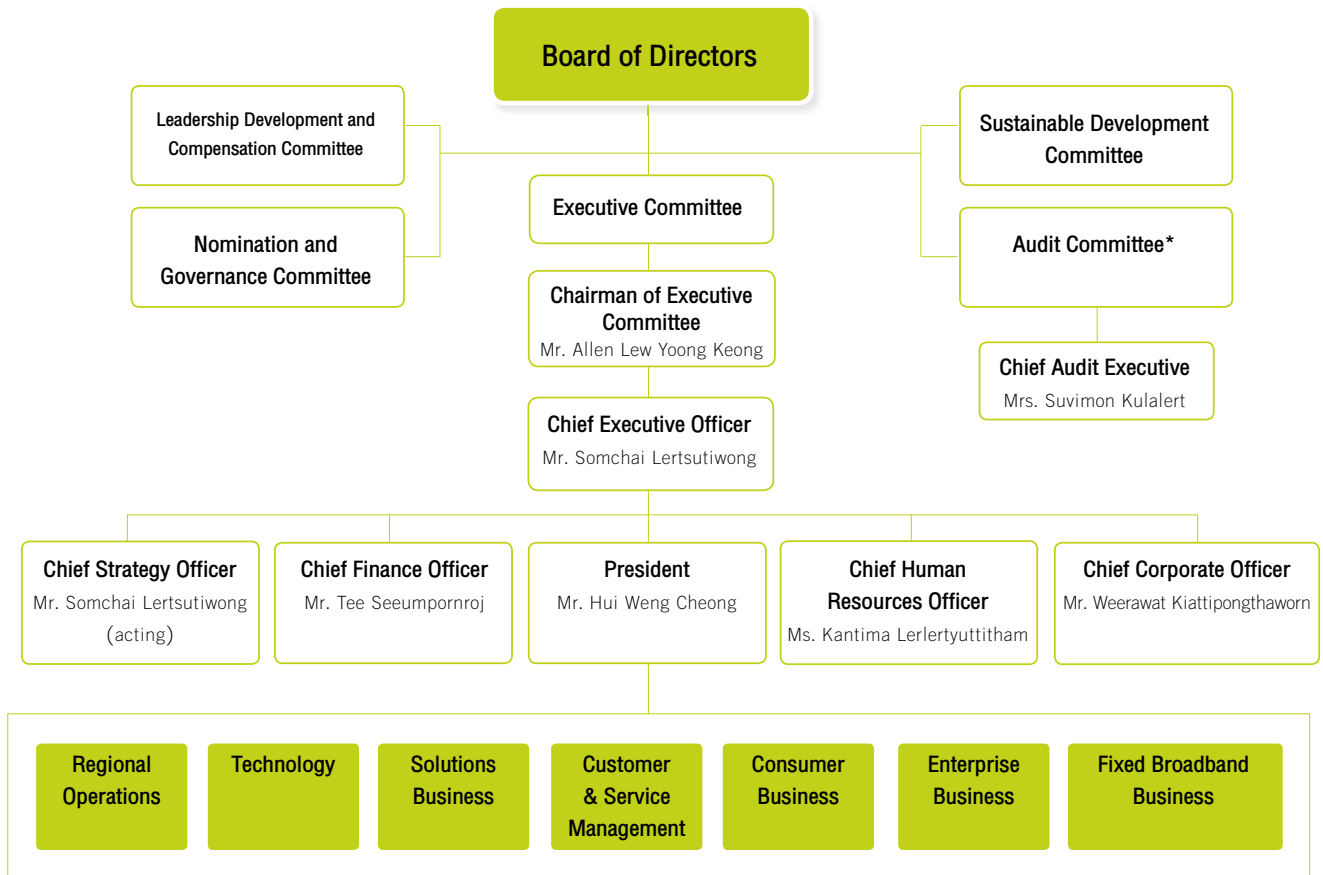
## **2. Leadership Development**

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, the disruptive technological evolvement and the rapid change in consumer behavior. The LDCC has approved the participation in many critical projects which providing opportunities for our executives and employees to learn and study from world-class academic and research institutes with a view to enhancing managerial capability and prepare our human capital to handle new challenges on regular basis.



**Mr. Kan Trakulhoon**  
**Chairman of Leadership Development**  
**and Compensation Committee**

# MANAGEMENT STRUCTURE



\*The Board of Directors approved the name change of Audit Committee to “Audit and Risk Committee”, effective from 1 Jan 2019



## Board of Directors and Board-Committees

Name	Board of Directors	Board Committees				
		Audit Committee	Nomination and Governance Committee	Leadership Development and Compensation Committee	Sustainable Development Committee	Executive Committee
Mr. Kan Trakulhoon	Chairman of Board of Directors and Independent Director	-	-	Chairman and Independent Director	-	-
Mr. Somprasong Boonyachai <sup>1)</sup>	Vice Chairman Non-executive Director	-	-	Non-executive Director	-	-
Mr. Prasan Chuaphanich <sup>2)</sup>	Independent Director	Independent Director	-	-	Chairman and Independent Director	-
Mr. Surasak Vajasit	Independent Director	Independent Director	Chairman and Independent Director	-	-	-
Ms. Jeann Low Ngiap Jong <sup>1) 2)</sup>	Non-executive Director	-	Non-executive Director	-	-	-
Mr. Allen Low Yoong Keong <sup>1)</sup>	Non-executive Director	-	-	Non-executive Director	-	Chairman and Non-executive Director
Mr. Krairit Euchukanonchai <sup>2)</sup>	Independent Director	Chairman and Independent Director	Independent Director	-	-	-
Mr. Gerardo C. Ablaza Jr <sup>1) 2)</sup>	Independent Director	-	-	-	Independent Director	Independent Director
Mr. Somchai Lertsutiwong <sup>1)</sup>	Executive Director	-	-	-	Executive Director	Executive Director
Mr. Hui Weng Cheong	Executive Director	-	-	-	-	-
Mr. Anek Pana-apichon <sup>3)</sup>	-	-	-	-	-	Non-executive Director

Remark:

- 1) Mr. Somprasong Boonyachai, Mr. Allen Low Young Keong, Ms. Jeann Low Ngiap Jong, Mr. Gerardo C. Ablaza, Jr., Mr. Somchai Lertsutiwong and Mr. Hui Weng Cheong are directors who have expertise in telecommunications business. Summary profiles of these directors and executives are shown in page 44, 46-48.
- 2) Mr. Prasan Chuaphanich, Mr. Krairit Euchukanonchai, Mr. Gerardo C. Ablaza, Jr. and Ms. Jeann Low Ngiap Jong are directors who have expertise in account and finance. Summary profiles of these directors and executives are shown in page 45-47.
- 3) Mr. Anek Pana-apichon has been appointed as the member of the Executive Committee replacing Mr. Anant Kaewruamvongs who resigned on 21 January 2019.
- 4) Investors can look at the Company's definition of independent director criteria at <http://advanc-th.listedcompany.com/misc/cg/20171122-advanc-qualification-independent-th.pdf> The criteria defined by AIS are stricter than the criteria established by the Securities and Exchange Commission and the Stock Exchange of Thailand.

## Meeting Attendance

Name	Meeting Attendance /Total Numbers of Meetings					
	Board of Directors	Audit Committee	Nomination and Governance Committee	Leadership Development and Compensation Committee	Sustainable Development Committee	Executive Committee
Mr. Kan Trakulhoon	9/9	-	-	5/5	-	-
Mr. Somprasong Boonyachai	9/9	-	-	4/5	-	-
Mr. Prasan Chuaphanich	9/9	13/13	-	-	4/4	-
Mr. Surasak Vajasit	9/9	13/13	4/4	-	-	-
Ms. Jeann Low Ngiap Jong	8/9	-	4/4	-	-	-
Mr. Allen Lew Yoong Keong	7/9	-	-	2/5	-	11/11
Mr. Krairit Euchukanonchai	7/9	13/13	4/4	-	-	-
Mr. Gerardo C. Ablaza Jr.	9/9	-	-	-	4/4	9/11
Mr. Stephen Miller <sup>2)</sup>	8/9	-	-	-	-	-
Mr. Somchai Lertsutiwong	9/9	-	-	-	4/4	11/11
Mr. Hui Weng Cheong	9/9	-	-	-	-	-
Mr. Anek Pana-apichon <sup>1)</sup>	-	-	-	-	-	-

Remarks:

<sup>1)</sup> Mr. Anek Pana-apichon has been appointed as the member of the Executive Committee replacing Mr. Anant Kaewruamvongs who resigned on 21 Jan 2019.

<sup>2)</sup> Mr. Stephen Miller has resigned from directorship which effective 6 Nov 2018.

### **The Authorized Directors**

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

### **The Scope of Authority and Duties of the Board of Directors and board-committees**

#### **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 directors nominated by the controlling shareholders is in corresponding fairly to the shareholding percentage in the Company. The scope of authority and duties of the Board of Directors is as follows:

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**

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 approval authority of the relevant board-committee or executives
- Strategic investments in new business and divestments
- Significant policies
- Material contracts
- Material litigation
- Dividend policy

#### **The segregation of duty of the Board of Directors and 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 Chairman of the Board is an independent director who has not authorized to sign and bind the Company.

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

The Chairman of the Board of Directors and the Chief Executive Officer shall not be held by the same person and both are competent with the appropriate experience and qualifications for their positions.

Roles of Chairman of the Board of Directors	Roles of Chief Executive Officer
<ul style="list-style-type: none"> <li>● To perform leadership roles of the Board of Directors;</li> <li>● To perform chairperson's roles of the Board of Directors' meeting, the Shareholders' meeting and the Non-executive Directors' meeting;</li> <li>● To collaborate with Chief Executive Officer in setting the Board meeting agenda;</li> <li>● To promote directors' contribution to the company's ethical culture and good corporate governance;</li> <li>● To promote directors to debate important matters thoroughly;</li> <li>● To coordinate with directors and executives for the constructive relations.</li> </ul>	<ul style="list-style-type: none"> <li>● To formulate and identify vision statement, mission, strategies, business plan and annual balance scorecard (BSC) propose to the Board of Directors for approval. Monitor progress against budget and plan as well as report the results to the Board of Directors regularly;</li> <li>● To manage and control the business of the company in accordance with the company's vision statement, mission, strategies, and business plan;</li> <li>● To seek for new business opportunities which are consistent with the company's vision, direction and strategies;</li> <li>● To reserve and strengthen the capability of competent management team to achieve the company's goals and strategies. Identify and recruit qualified candidates to succeed senior management;</li> <li>● To coordinate with directors and executives.</li> </ul>

#### **The Audit Committee**

1. to review the accuracy of the Company's financial reports in accordance with legally defined Accounting Standards and Financial Reporting Standards, and to ensure 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 an 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 interest to ensure they are in compliance with the laws and regulations of Regulators to ensure that all transactions 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 that quality of the Internal Audit be reviewed independently by external assessor once every 5 years;
  12. to oversee Anti-Bribery and Corruption Policy and its program to ensure compliance with legal and ethical obligations;
  13. 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:
    - (a) an opinion on the accuracy, completeness and credibility of the Company's financial report;
    - (b) an opinion on the adequacy of the Company's internal control system;
    - (c) an opinion on the compliance with the law on securities and exchange, SET's regulations, or the laws relating to the Company's business;
    - (d) an opinion on the suitability of an auditor;
    - (e) an opinion on the transactions that may lead to conflicts of interests;

- (f) the number of the Audit Committee meetings, and the attendance of such meetings by each committee member;
  - (g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
  - (h) 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;
14. 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 Securities 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;
  15. 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;

16. 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;

17. In performing their duties and responsibilities assigned, the Audit Committee may engage consultants or experts to provide opinions, advice or work, if necessary;

18. to conduct the Audit Committee's individual and group self-performance assessment annually;

19. to review this charter annually and propose to the Board of Directors for approval if changes are needed;

20. to perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee

#### **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;

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.

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#### **The Nomination and 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.

#### **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.

#### **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. 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;
9. Engage consultants or independent persons to provide opinions or advices if necessary;
10. The Committee may ask members of the management or other persons to attend its meetings or provide pertinent information as necessary;

11. 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;

12. 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

13. 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.

### Management Team

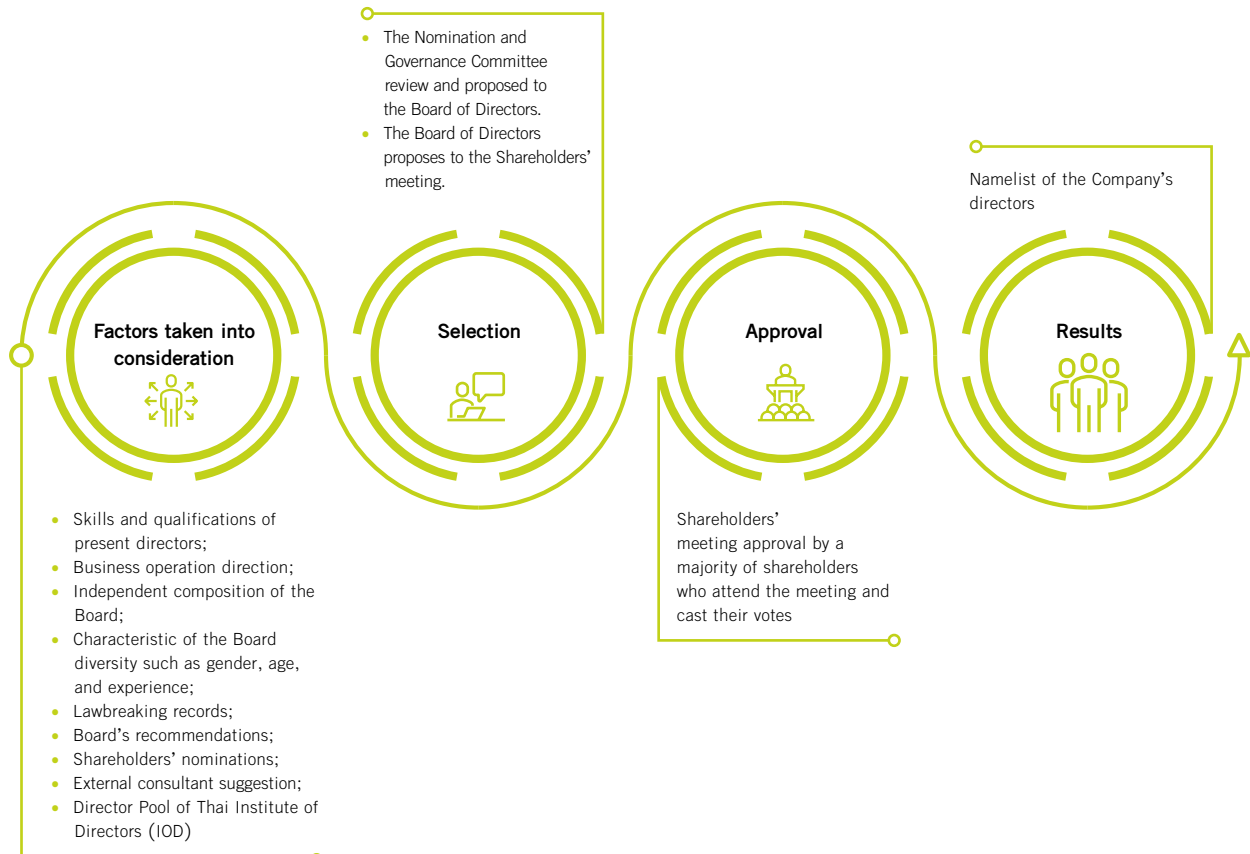
In addition to the Board of Directors and the Board Committees, the Company supports the performance of the Board of Directors with the following management team:

- |                                   |   |
|-----------------------------------|---|
| 1. Mr. Somchai Lertsutiwong       | Chief Executive Officer and Acting Chief Strategy Officer |
| 2. Mr. Hui Weng Cheong            | President   |
| 3. Mr. Tee Seeumpornroj           | Chief Finance Officer                                     |
| 4. Mr. Weerawat Kiattipongthaworn | Chief Corporate Officer                                   |
| 5. Ms. Kantima Lerlerttitham      | Chief Human Resources Officer                             |

Remark: Mr. Tee Seeumpornroj was appointed as CFO which is effective from 1 October 2018 replacing Ms. Sunitaya Shinawatra who retired.

### Nomination of Directors and Management

#### Director Nomination





In determining whether to recommend a director for re-election, the director's performance, history of attendance at and participation in meetings, and other contributions to the activities undertaken by the Board of Directors are taken in to consideration. In case of independent directors, their respective independence qualifications shall also be considered.

**The appointment procedure of the Board members at the shareholders' meeting shall be as follows:**

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. In 2018, no minority shareholder nominated a candidate for directorship.

**Nomination of Chief Executive Officer and Management**

The Leadership Development and Compensation Committee shall nominate the suitable person(s) either internally or externally including the preparation of a succession plan relating thereto on the principle of considering the qualified person(s) either internally or externally. The Leadership Development and Compensation Committee may consider hiring professional consultants if required.

In addition, the Company shall prepare the succession plan of the high level head of unit 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 Directorship**

1. According to the Public Companies Act B.E.2535 (1992) 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 (1992) , 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.

#### **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. A new qualified member shall be considered to fill the vacancy for the remaining unexpired term. 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.

#### **Term of Membership of Other Board Committees**

1. Members of the Board 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 Board-Committees will be automatically cancelled in the following situations:

- Death;
- Resignation;
- Being disqualified as sub-committee;
- Removal from office by resolution of the Board

#### **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 board-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 board-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.

#### **Directors' remuneration**

Total monetary remuneration for the Chairman of the Board of Directors, independent directors, and non-executive directors totaling 7 persons was Baht 29.66 million. The remuneration was paid from 2018 operating results as approved by the general meeting of shareholders, held on 29 March 2018, in an amount not exceeding than Baht 36 million which was approved by the shareholders and comprised of monthly allowances, meeting allowances, per diem and bonus payments. The criteria of payment are the same as those of year 2015.

### Directors' remuneration policy for the year 2018

Director	Monetary Remuneration (Baht)		
	Monthly Retainer	Meeting Allowance	Bonus
<b>The Board of Directors</b>			
● Chairman	300,000	x	✓
● Member	75,000	25,000	✓
<b>Audit Committee/Executive Committee</b>			
● Chairman	25,000	25,000	✓
● Member	x	25,000	✓
<b>Other Board-Committees</b>			
● 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 board-committees.

### The remuneration for 7 directors in year as follows:

Name	Position	Monthly Retainer (Baht)	Meeting Allowance <sup>1)</sup> (Baht)	Bonus (Baht)	Others
Mr. Kan Trakulhoon	<ul style="list-style-type: none"> <li>● Independent Director</li> <li>● Chairman of the Board of Directors</li> <li>● Chairman of Leadership Development and Compensation Committee</li> </ul>	3,600,000	-	3,150,000	-
Mr. Somprasong Boonyachai	<ul style="list-style-type: none"> <li>● Vice Chairman of the Board of Directors</li> <li>● Non-executive Director</li> <li>● Member of Leadership Development and Compensation Committee</li> </ul>	900,000	325,000	2,253,600	-

Name	Position	Monthly Retainer (Baht)	Meeting Allowance <sup>1)</sup> (Baht)	Bonus (Baht)	Others
Mr. Krairit Euchukanonchai	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Audit Committee</li> <li>Member of Nomination and Governance Committee</li> </ul>	1,200,000	600,000	3,150,000	-
Mr. Surasak Vajasit	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Nomination and Governance Committee</li> <li>Member of Audit Committee</li> </ul>	1,020,000	650,000	2,289,000	-
Mr. Prasan Chuaphanich	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Sustainable Development Committee</li> <li>Member of Audit Committee</li> </ul>	1,013,333	650,000	2,289,000	-
Mr. Gerardo C. Ablaza, Jr.	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of Executive Committee</li> <li>Member of Sustainable Development Committee</li> </ul>	900,000	550,000	2,253,600	-
Mr. Stephen Miller <sup>2)</sup>	<ul style="list-style-type: none"> <li>Non-executive director</li> </ul>	765,000	175,000	1,935,224	-
<b>Total<sup>1)</sup></b>		9,398,333	2,950,000	17,320,424	-

Remark:

1) The above payments are the transactions during 2018 period including bonus 2018 paid in February 2019.

2) Mr. Stephen Miller resigned from the director of the Company, with effective from 6 November 2018.

#### 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 direction.
- Balanced scorecard is used to measure performance, comprising of financial, customer, internal process and learn & growth 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.
- Ensure that appropriate success index are set for the company's operational capability, goals, and stretch levels of performance.

### 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.

### Management Compensation structure

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



#### Base Salary

The level of base compensation reflects each associates 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.

#### Annual 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.

#### Long term Value-Sharing Compensation

Long term Value-Sharing Compensation focuses on a long-term incentive that reinforces the delivery of sustainable growth and increase shareholder value as well as retain key management position. The incentive scheme is intended to drive fundamental performance and business decision that align the interest of shareholders and executives based on the economic profit, absolute total shareholder return, and relative total shareholder return. The compensation is based on three-year performance period and has three-year vesting period. Such award is also subjected to clawback policy in cases such as misconduct, resignation or termination of employment.

**Company's Compensation Structure**

	CEO	Executives	All Employees	Description	Link to compensation principle
Base Salary	✓	✓	✓	Cash	Attract and retain high quality employees and provided for ongoing performance and delivery in position
Benefits	✓	✓	✓	<ul style="list-style-type: none"> <li>• Provident fund</li> <li>• Life &amp; Health insurance</li> </ul>	Establishes a level of security for employees
Performance Bonus	✓	✓	✓	Cash	Performance-based compensation that reward employees on annual to individual performance
Long term Value-Sharing Compensation	✓	✓		Cash	Drives fundamental performance that aligns interests of shareholders and the Executives based on total shareholder return and economic profit performance of the Company

In 2018, the total amount of remunerations for four (4) executives of the management team was calculated at Baht 52.54\* million comprised of salary, bonus, provident fund and other benefits.

Remark: \*The total remuneration for management in the amount of Baht 52.54 million includes Ms. Sunitaya Shinawatra's remuneration as CFO during the period from 1 January 2018 – 30 September 2018.

The Company has issued warrants as part of the long term performance-base incentive from 2013 to 2017. The top 4 executives, defined by the notification of the Office of Securities and Exchange Commission, were granted the warrants as follows.

		2017	%	2016	%	2015	%	2014	%	2013	%	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 Lerlertuttitham	Units	44,300	3.1	33,200	4.01	0	-	0	-	0	-	77,500

Remark: % of total warrants issued

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**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.

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**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 51.

## Personnel

As at December 31, 2018 the Company and its subsidiaries consisted of 12,552 employees including temporary staff.

The Company		AMP / ADC / AIN / WDS / SBN / AWN / FXL / MMT / ADD / ABN	
Key departments	Employees (persons)		Employees (persons)
Corporate Finance and Accounting	243	AMP	39
Human Resource	211	ADC	-
Internal Audit	49	AIN	22
Corporate Strategy	54	WDS	380
Executive Office	17	SBN	39
Company Secretary	8	AWN	6,840
Business Relations & Development	20	FXL	131
Legal	40	MMT	1,507
Cyber Security and Information Resilience	40	ADD	2
Organization Transformation	17	ABN	7
<b>Total</b>	<b>699</b>	<b>Total</b>	<b>8,967</b>
ACC		DPC	
Key departments	Employees (persons)	Key departments	Employees (persons)
MD-ACC Office	4	Executive Office	3
Contact Center – Bangkok	1,384		
Contact Center – Nakhon Ratchasima	684		
Contact Center – Operation Development	66		
Contact Center Platform	38		
Human Resource Contact Center	33		
Quality Assurance & Complaint Management	73		
Human Resource Development	578		
Strategic Planning & Analysis	23		
<b>Total</b>	<b>2,883</b>	<b>Total</b>	<b>3</b>

In 2018, the total amount of compensation for all employees of the Company and its subsidiaries was Baht 7,537.66 million, comprising salary, bonus and provident fund payments. Further details of remuneration policy are shown in AIS Sustainability Report 2018.



# CORPORATE GOVERNANCE

## Award of Achievement 2018

- Received “Excellent CG Scoring” from Corporate Governance Report of Thai Listed Companies 2018 by Thai Institute of Directors Association.
- Received “Best Investor Relation Awards” for 7 consecutive years from SET Awards 2018.
- Received the full score of 100 based on the evaluation of the quality of the Annual General Meeting of Shareholders held in 2018 from the Thai Investors Association.
- ADVANC was selected as one of the Thailand Sustainability Investment for 4 consecutive years by the Stock Exchange of Thailand (SET)

## Corporate Governance Policy

Corporate Governance Policy 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 which can be divided in to 5 sections.

1. Board of Directors
2. Rights and Equitable Treatment of Shareholders, and the Role of Stakeholders
3. Disclosure of Information and Transparency
4. Internal Control and Risk Management Systems
5. Code of Business Ethics

The Corporate Governance Policy was adopted in accordance with the Corporate Governance Code 2017, 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) with the supervisory process as per the following.

- To monitor by Nomination and Governance Committee
- To approve by the Board of Directors
- To be complied by directors, executives and employees of the Company and subsidiaries.
- To be reviewed at least once every year.

The Company’ Corporate Governance Policy has been reviewed by Nomination and Governance Committee agreed on 29 October 2018 and approved by the Board of Directors on 12 December 2018.

1. To limit the number of external directorship in other public listed companies of each director to be not exceed four.
2. To determine that directors’ performance assessment shall be conducted by an independent third party at least once every three years.
3. To determine that all directors are expected to attend a minimum of 75% of regularly scheduled board and committee meeting.
4. To expand Audit Committee’s\* scope of work so as to cover the risk governance.
5. To determine the board composition in term of diversity to include gender, race, country of origin and nationality as well as taken an independent and qualified female candidate into consideration when nominating an independent director.
6. To determine that the majority and Chairman of the Leadership Development and Compensation Committee shall be independent board members.
7. To communicate AIS’s code of business ethics and anti-corruption policy further to AIS staff’s families including promote ethical business operation of AIS’s joint ventures.

Shareholders may further study all of these policies on “<http://advanc-th.listedcompany.com>” under Corporate Governance section.

\*The Board has resolved to approve the name change of Audit Committee to Audit and Risk Committee which effective on 1 January 2019

## Performance Report on Corporate Governance for the year 2018

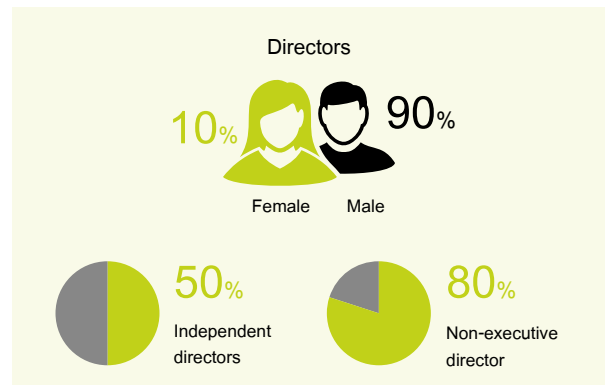
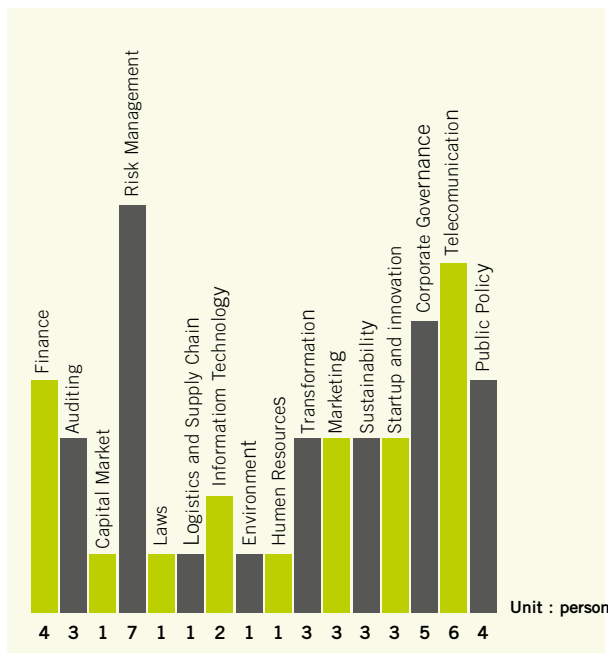
### Section 1: The Board of Directors

1. The Board of Directors is the experts who have a strong leadership and vision aiming to lead AIS 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 strategies and long-term goals and reviews and monitors this matter annually. The Board of Directors monitors and supervises the implementation of the Company's strategies. The performance and the operating results of the company especially in terms of financial goals and plans are required to report to the Board of Directors' meeting in every quarter in order to ensure the fully in line with stipulated strategy. In addition, in 2018, the Board of Directors has reviewed the vision, mission and strategy of the company (Strategic direction) in to be consistent with the changing circumstances and the business operations of the Company.
2. Composition of the Board of Directors is diversifying from experiences, education, gender, race, country

of origin and nationality. Additionally, more than half of the Board of Directors is composed of independent directors and non-executive directors. As such the board would be able to make decisions independently as a representative of all shareholders and balance the power of management.

3. In term of power separation, the Chairman of the Board of Directors: Mr. 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. Nonetheless, apart from such segregation, AIS has set the separation of roles and responsibilities between the Board of Directors and management as per details shown on page 58.

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 in coordination under good governance principle.



4. 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".
5. The Board meeting was scheduled 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. At every Board meeting, high level managements are encouraged to attend the meeting to receive suggestion from the Board. At least 2/3 of the directors attending the meeting shall constitute a quorum when passing a resolution. Further, to prevent any conflict of interests, directors who may have conflict in any agenda, shall not be part of consideration and abstain from voting therein.  
AIS has set up a video conference system and developed the channel to submit meeting documents via the Board Portal which is a secure electronic channel to enhance the efficiency of the meeting and to facilitate directors to attend the conference. 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.
6. In 2018, one Non-Executive Directors Meeting was held independently without presence of executive directors and management. There were discussions on issues related to risk management, aggressive business competition and human resources development. After the meeting, the results of the meeting were reported to the Board of Directors and Chief Executive Officer for acknowledgement.
7. Directors and executives shall submit report declaring the nature and extent of their interests related to the Company and its subsidiaries when they assume the position as directors or managements and when there is any change. Therefore, the Company shall have sufficient information to practice in accordance with the rules on connected transactions. The Company Secretary shall present the report of interest arising or changing as well as report ownership of all securities issued by the Company to the Board of Directors' meeting on a quarterly basis.
8. 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.  
Apart from Chief Executive Officer, our Human Resources Department has formulated the succession plan and strategies in order to manage our diversified groups of talent as well as determine Corporate KPI.
9. The Company Secretary shall act as the coordinator between directors and the management team. While the Internal Audit Office shall act as the coordinator between audit committee and

management team. The Company shall not obstruct communication between directors and management. However, this access and communication shall not interfere with or interrupt the Company's normal business operations.

10. 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. 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, and direction as well as individual performance of each director. The details of the directors' remunerations are listed in the "Management Structure" section on page 75.

11. A newly-appointed director will be provided with all necessary business information about the Company required to perform their fiduciary duties. In this regard, in organizing the director orientation, the management has been invited to present a summarized roles and responsibilities of each business unit, practices in compliance with relevant laws and regulations such as roles and responsibilities of the board of directors of listed company, trading AIS securities procedures of directors, executives. In 2018, the Company did not recruit any new directors.

12. AIS also places a great emphasis on continuing training and development provided to all director, executives, and company secretary, paid for by the Company. In 2018, the training programs and activities are listed below:

Training Program/Activity	Objectives	Participants
Workshop on "Get well-prepared for 5G and global mobile industry trends organized by business partners in South Korea and USA	To provide an opportunity for the board to develop innovations and technology especially 5G, trend of mobile phone market and industry as well as to develop toward 5G in Thailand	<ul style="list-style-type: none"> <li>• Mr. Kan Trakulhoon</li> <li>• Mr. Somprasong Boonachai</li> <li>• Mr. Krairit Euchukanonchai</li> <li>• Mr. Surasak Vajazit</li> <li>• Mr. Prasan Chuaphanich</li> <li>• Mr. Allen Lew Yoong Keong</li> <li>• Ms. Jeann Low Ngiap Jong</li> <li>• Mr. Somchai Lertsutiwong</li> <li>• Mr. Hui Weng Cheong</li> </ul>
Director Accreditation Program (DAP 146/2018) arranged by the Thai Institute of Directors (IOD)	To provide an opportunity for the board to gain knowledge and understand principle of good corporate governance, rules and regulations including roles and duties of the board on good corporate governance implementation.	<ul style="list-style-type: none"> <li>• Mr. Gerardo C. Ablaza Jr.</li> </ul>
Chairman Forum 2018: "Digital Transformation – A Must for all Companies"	To provide an opportunity for the board to develop innovations and technologies	<ul style="list-style-type: none"> <li>• Mr. Kan Trakulhoon</li> <li>• Mr. Prasan Chuaphanich</li> </ul>

13. The Board of Directors and all board-committees which are comprised of Audit Committee, Leadership Development and Compensation Committee, Nomination and Governance Committee, Sustainable Development Committee and Executive Committee, shall evaluate their own performance (Self-assessment) as individual and as a group on an annual basis. The assessment form covers the board structure, director's qualification, roles, duties and responsibilities, meeting attendance, self-development and relationship with the management with the following 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.

**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.

The Board views that their performance evaluation of the year 2018 as individual and as a group is in accordance with the Board's charter and good corporate governance principles. In 2018, the Board agreed with the policy to hire an independent third party to conduct the Board assessment and the assessment results shall be a guideline to develop the performance of the Board of Directors to be more efficient.

14. The Leadership Development and Compensation Committee is responsible for setting CEO performance targets and evaluating performance

against the annual targets and long-term goal in order to determine the CEO's compensation. The details of the directors' remunerations are listed in the "Management Structure" section on page 65.

**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.

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

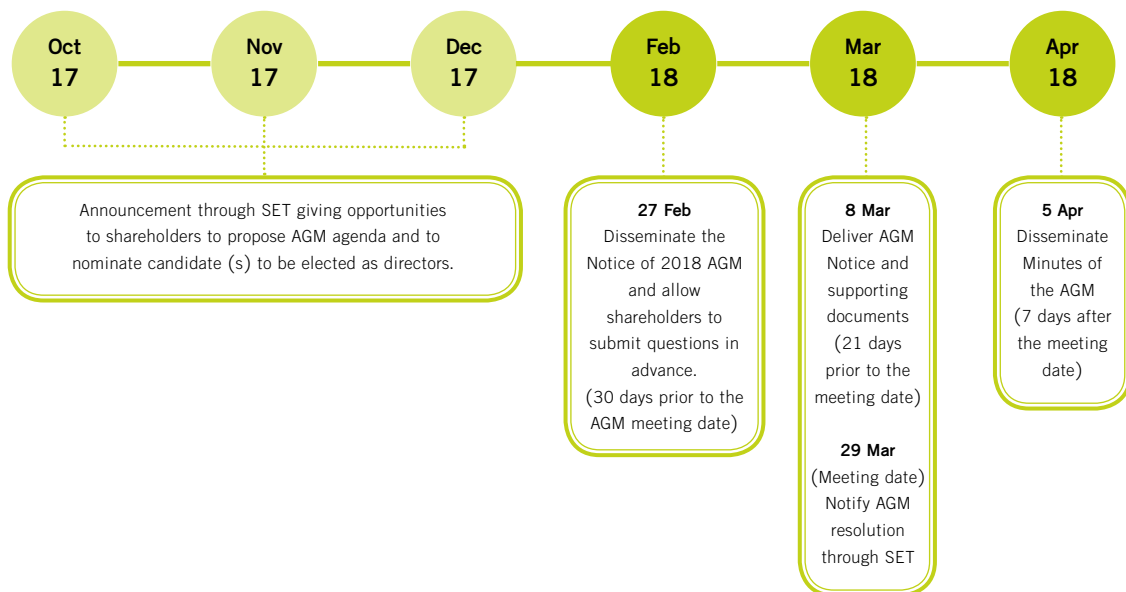
1. Disclosing important information related to operations, execution of transactions, quarterly and annual financial result through website of the Company and SET so as to facilitate shareholders to access the Company's performance data in a variety of channels and a timely manner.
2. Establishing the 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 in Road Show to meet up with

domestic and foreign institutional investors.

3. Announcing 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 identifies 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 accepts 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. Directors, Executives, 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.

4. Practicing in relation to the conducting Annual General Meeting of Shareholders.



- 4.1 Preparing 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. 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.

- 4.2 Appointing three (3) independent directors served as proxies namely Khun Krairit Euchukanonchai, Khun Surasak Vajasit and Khun Prasan Chuaphanich for a shareholders inconvenient to attend the meeting in person.
- 4.3 Establishing procedure of examination of the details of shareholding and submission of the proxy form in advance to facilitate institutional shareholders and custodians as they were taking care of a large number of shareholders. 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.
- 4.4 The utilizing barcode system to quickly and accurately facilitate the registration and vote counting. The registration counters were set up and segregated for minority shareholders and institutional shareholders. 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, the Company conducted a survey on the satisfaction of shareholders with regard to the quality of the AGM to gain feedback on how to improve in the following year.
- 4.5 The Board had scheduled the AGM on March 29, 2018 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.
- 4.6 The Chairman of the Board of Directors and the Chairman of all board-committees including Chief

Finance Officer and Senior Executives attended the meeting so as to address and clarify any queries or concerns of the shareholders.

- 4.7 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.
- 4.8 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.
- 4.9 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 inspector was also engaged to examine vote counting process in order to ensure accuracy and reliability of vote counting process.
- 4.10 Chairman of the meeting regarding the voting results for each agenda item and there was no objection in relation thereto from shareholders.
- 4.11 The Company Secretary prepares the minutes of the meeting and posts them on the Company's website within seven (7) 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.

- 5 AIS provides channels for stakeholders to inquire, suggest, or file any complaints to the Board of Directors through:

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

The Company Secretary will forward all suggestions, complaints or reports 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, stakeholders may directly contact responsible departments such as Community Relation who is the intermediate responsible for listening to suggestions and promoting relationship between the Company and communities as well as non-profit organization while Business Relation who acts as the intermediate and spokesperson between the company and telecommunication regulatory agency.

6. 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 strategy, Code of Business Ethics, human resource 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 fulfill fair benefit to every stakeholder. In this respect, the shareholders can study the guidelines from Section 5: Code of Business Ethics and the sustainability development report 2018.

### 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. "Disclosing information policy" of AIS applicable to changes in the social context, 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 to shareholders, investors, analysts and other stakeholders. In addition, the Company set up a Compliance Unit to ensure that all material information of the Company is properly disclosed through various channels in accordance with disclosing information policy to disclose information accurately, sufficiently, in a timely manner and regularly as well as not to disclose or inform confidential or insider information to any persons prior to the public disclosure through SET channel. The details are listed in the "Investor Relation" section on page 88.
3. The Company has specified a period of non-communication with analysts and investors (silent periods) with respect to financial results, including not holding press conferences or disclosing financial information publicly by executive and/or investor relation officers, at least thirty (30) days prior to the specified announcement date. The Board of Directors and executives of AIS shall report their shareholding of the Company including those held by their minor child and spouse including unmarried spouse as well as submit report of the change in securities holding sending to Compliance within 3 working days.

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 85.

#### **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. In 2018, the Board approved the expansion of Audit Committee's scope of work so as to cover the risk governance and approved the name change of Audit Committee to Audit and Risk Committee. The details of which are listed in the "Risk management, internal control, internal audit" on page 93.

#### **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 deposition, 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.
10. Communicate code of business ethics and anti-corruption policy further to AIS's subsidiaries and joint ventures.

#### **Section 5 Code of Business Ethics**

Further, in order to ensure that AIS's operation and the performance of employees in the organization are honestly and ethically in accordance with laws and regulation which is the heart of sustainable business, the Board of Directors established "Code of Business Ethics" comprises of 12 chapters ranging from responsibility to stakeholders, prevention on conflict of interest, respect for human right 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 corporate culture. Shareholders may further study the Code of Business Ethic on the company's website: [http://advanc.listedcompany.com/governance\\_policy.html](http://advanc.listedcompany.com/governance_policy.html)

AIS provides confidential channels for staff and outsiders to inform any suspicion or concerns on unethical actions to the Board of Directors which includes investigation procedure and whistleblower protection measure under “The Reporting and Investigation

of Misconduct and/or Fraud and Whistleblower Protection Policy”. The Board of Directors assigned Business Ethic Committee to communicate the policy to everyone through channels and activities such as email, social intranet, billboards, announcements and internal campaigns.

The 2018 operation to promote business ethics can be summarized as follows.

5.1 Communicating and arranging both online and offline seminar, media and communicating through agents who contact with business partners directly by emphasis on 3 matter comprises of giving and accepting bribery and corruption, procedure in receiving assets from business partners or any persons who have business relationship with the company either directly or indirectly.

	Number of Employees/Companies Being Communicated or Engaging Seminar (%)		
	Communicating through letters or public relation medias	Online and offline seminar	Communicating through other channels such as notification through agents who contact with business partners
AIS employees	100	99.08	-
Business partners	100	90.44	Communicate through sales agents
Subsidiaries	100	99.08	-
Affiliates	60	40	Proposed to the Board of Meeting on acknowledgment agenda

5.2 Conducting the assessment on level of understanding of the Code of Business Ethics of employees, business partners and joint ventures to assess the level of understanding and the effectiveness of the project in order to improve and develop continuously. In 2018, the employees (including executives) supplier, dealer and joint venture company, have harmoniously cooperated to take the ethic test which is accounted for 99.88 percent of total employees.

5.3 The Business Ethics Committee has provided opportunities for employees 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. In 2018, there are 4 breached situations/circumstances against code of business ethics, details are shown below:

Case	Unethical Conduct	Company Action
1	Employees accept personal benefit from business partner of the company in the form of package tour discount.	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 by written warning, temporary suspension of employment without pay as the case may be.
2	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 by verbal and written warning, degrading annual performance evaluation, lessening annual bonus, temporary suspension of employment without pay as the case may be.
3	Employees disclosed customer data for the personal benefit without consent from the customer. In some case, employees present information about products and services that do not really exist and then bring money from customers to use personally.	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 by dismissing without pay.
4	Employees use the company's assets for personal gain.	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 by verbal and written warning, temporary suspension of employment without pay or notice in advance and dismissing without pay as the case may be.

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### **Human Rights Policy**

AIS recognizes the importance and respect for the rights, freedom and equality of all people which is the basic virtue of working and living together in society. In the previous year, the Board of director has issued a policy on human rights to be the operational guideline of AIS's business partners and all stakeholders throughout the business value chain ranging from duties and responsibilities of person in each group, employee treatment, lawful labour, and not participating in any actions violating to human rights, determining guidelines for monitoring operational activities and assessing human rights risk from business operation.

Human rights policy of the Company is in conformity with United Nations Universal Declaration of Human Rights (UNDHR) and The International Labor Organization (ILO). The policy can be found at [http://www.ais.co.th/sustainability/policy/thai/Human\\_Rights\\_Policy\\_TH.pdf](http://www.ais.co.th/sustainability/policy/thai/Human_Rights_Policy_TH.pdf)

### **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://advanc.listedcompany.com/anti\\_bribery.html](http://advanc.listedcompany.com/anti_bribery.html)"

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

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 annually.

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**

As a listed company in the Stock Exchange of Thailand, AIS aims at disclosing material information both financial and non-financial information to shareholders accurately, sufficiently, in timely manner, equitably and in compliance to relevant laws to promote confidence in shareholders and investors on the company's reliability and honesty.

The market disclosure policy is based on 3 principles which are practices in compliance with applicable laws and regulations, transparency and information disclosure responsibility, and equality to access to information. The essential part of this policy includes roles and responsibilities of executives as authorized spokespersons, guideline on disclosure material information, keeping confidential information, responding to rumors or unusual market activity, announcing temporary halt, determining the period of time to prohibit the dissemination of information before the performance announcement and prohibiting the communication with investors in various aspects as well as penalty for breach of the policy.

#### **Connected Transaction Policy**

In order that the business transaction between the company or its subsidiaries and its connected persons shall comply with the laws, announcements, regulation and other relevant notifications from the authorized agency based on transparency and for the maximized benefit of the company, AIS announced the Connected Transaction Policy for the business transaction between the company or its subsidiaries and its connected persons shall be in accordance with the company's policy, procurement procedure, and business code of business ethics.

Role and responsibility of the Board of Directors, the Audit Committee, and Compliance Section are set to consider the reasonable of the transaction and to oversee the compliance with laws and all departments involving in or acknowledging the occurrence of the connected transactions are required to notify such information to the Compliance Department before executing the transaction.

The essential part of this policy is the business transactions between the company or its subsidiaries and its connected persons shall be done for the ultimate benefit of the company similar to those transacted with external parties under arm's length basis. There is procedure on considering before engaging to the connected transactions which 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.

Board of directors and executives are required to report their conflict of interest in accordance with rules and guidelines both an existing and when there is any change.

### **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 have 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).

The policy can be found at [http://advanc-th-listedcompany.com/governance\\_policy.html](http://advanc-th-listedcompany.com/governance_policy.html)

### **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.

### **Good Corporate Governance Guidelines in other aspects**

The company considered to apply the Corporate Governance Code 2017 (CG Code) issued by the Securities and Exchange Commission, Thailand with AIS's business operations. However, in 2018 there are certain matters that the company opts for other suitable mechanism and record in the minutes of the meeting for a regular review annually as follows:

- One of the company's independent director's tenure is over 9 years continuously, the Board considered that the independent director is qualified, able to give opinion independently in accordance with relevant regulations including being a director who brings experience, knowledge and expertise to provide suggestions useful in determining the company's strategy and business operations.
- The majority members of the Leadership Development and Compensation Committee Members are non-independent. However, the Board approved the policy to the majority and Chairman of Leadership Development and Compensation Committee shall be independent board members and the implement shall be taken after the next annual general meeting of shareholders.

**Remuneration paid to auditor**

In 2018, Remuneration paid to auditor of the Company and its subsidiaries are as follows:

**The Company's audit fee**

Annual audit fee for the Company's financial statement (Baht)	1,714,000
Fees for annual audit and quarterly review of the Company (Baht)	712,000
Total (Baht)	2,426,000

The aforementioned audit fee for the year 2018 excluded non-audit fee paid for the assurance fee of the Company's anti-corruption guidelines in compliance with Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) in the amount of Baht 400,000 and the out of pocket expense in the amount of Baht 44,186.

**Audit fees of the Company's subsidiaries**

Audit fee of subsidiaries (Baht)	8,991,600
Number of subsidiaries (companies)	17

The above audit fees for the year 2018 excluded non-audit fees paid by subsidiaries for the advisor fee relating to establishing data loss protection program and other expenses in the amount of Baht 5,742,500 and out of pocket expense in the amount of Baht 154,961 to audit firm and persons or business related to the auditors and the audit firm.



# RELATIONSHIP WITH INVESTORS

The Investor Relations Department is the center for the publication of company information to allow investors and analysts to make informed decisions on investing in AIS. It is the aim of the Investor Relations Department 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.
3. Disclosure of information shall ensure fair and equitable access by all investors and analysts.

### Prevention of use of inside information

1. The Company must not publicly disclose material price-sensitive information until it has announced such information 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.
3. The Company's designated persons privy to relevant internal information must refrain from trading or transferring the Company's securities for a 30-day period prior to the quarterly financial statements.
4. The Company's designated persons privy to relevant internal information are required to report their Company securities holdings, including the holdings of their spouse, minors, and unmarried partners. Upon any changes being made to such holdings, a subsequent report shall be submitted within 3 days.

AIS releases all relevant company information in both Thai and English, including annual reports, quarterly results reports, as well as investment newsletters and other public relations news. For the convenience of the investor, various channels for communication and disclosure are provided. These include, for example, on the website at <http://investor.ais.co.th>, via e-mail and LINE application, as well as through quarterly results meetings including attendance at SET's Opportunity Day joined by press and through domestic and international roadshows attended by executives.

Additionally, the Investor Relations Department has established a system for collecting investor satisfaction

data on an annual basis, in order for such data to be analysed and the results used to improve the working methods of the Investor Relations Department to be more effective. Our Investor Relations Department has received multiple awards for its diligent work in past six years, most notably a SET Award from the Stock Exchange of Thailand, as well as an IR Magazine award.

Investors and analysts can contact our staff in the Investor Relations by phone on 02 029 5014, by email at [investor@ais.co.th](mailto:investor@ais.co.th) or on LINE at @ais\_ir or by using the QR code to the right.



# AUDIT COMMITTEE REPORT 2018

## To the Shareholders of Advanced Info Service Public Company Limited

The Audit Committee\* of Advanced Info Service Public Company Limited is composed of three (3) 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  
Member of the Audit Committee

The Audit Committee held thirteen (13) meetings in 2018. 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 2018 is shown in "Management Structure in page 57". The Audit Committee has performed duties independently and with objectivity according to the Audit Committee Charter and the regulations of the SET, and has reviewed such matters in accordance with current situations and approval by the Company's Board of Directors every year. The Audit Committee has performed its responsibilities in auditing and reviewing to assure good corporate governance, accurate and reliable financial reports, and adequate internal control; and to assure that the Management executes its duties with integrity, accountability, and in accordance with

the Company's policies. The Audit Committee's duties in the year 2018 are summarized below:

**1. Financial Report:** The Audit Committee has reviewed accuracy, completeness and reliability of the quarterly and annual separate and consolidated financial statements of the Company and its subsidiaries for 2018, 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 judgements 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 2018, 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 without limitation of any audit scope.

\* The Board of Directors resolved to approve changing name from the Audit Committee to the Audit and Risk Committee, effective 1st of January 2019.

This reasonably assures that the financial reports reflect the Company's financial status and operation performance accurately including adequate 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 has reviewed, overseen, 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 best 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 compared to the general market price in a similar industry.

**3. Legality:** The Audit Committee has 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 obligations with third party agreements.

The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in material respects. The Audit Committee and the external auditor jointly reviewed that relevant material issues under disputes, 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 has reviewed the effectiveness

and adequacy of the internal control system from the annual internal audit report in 2018. 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 from future potential loss. The Audit Committee has 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 encouraged Internal Audit Office to enhance an advisory role to be Trusted Advisor. For example, several workshops on high risk areas and significant processes were conducted to create a better understanding of the internal control principle according to the Three Lines of Defense, and recommendations on preventive control were given to safeguard from risks potentially arising. The Management was 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. Furthermore, the Audit Committee encouraged Internal Audit Office to apply Robotic Process Automation (RPA) principle in auditing and analyzing big data for those repetitive processes for the purpose of time-saving, more precision, efficiency and effectiveness in auditing. In 2018, Internal Audit Office successfully applied RPA to such processes, particularly in product sale and service by AIS shops, prepaid identification, and billing and collection, for example.

The Audit Committee has also overseen Internal Audit Office and independently held a formal exclusive meeting with Chief Audit Executive to ensure that all assurance and advisory activities concerning internal control systems, risk management systems, and

corporate governance systems were performed effectively and efficiently, and achieved objectives in comparison with the efficiency indicators.

The Audit Committee approved the 2019 annual internal audit plan, conducted in accordance with the Company's strategies and risk-based principles, emphasizing the effectiveness of the preventive key control function. The preventive control over fraud and the Management's self-assessment of control had been conducted and reviewed. Operation scope, responsibilities, adequate number of personnel, and competence of personnel were all taken into consideration accordingly.

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, and Internal Audit Office thus achieved its performance targets.

**5. Review of Risk Management:** The Audit Committee reviewed the Company's risk management in four (4) meetings with participation of representatives from the Risk Management Committee in 2018. 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 has reviewed and overseen the Company's adherence with Reporting and Investigation of Misconduct and Fraud and Whistleblower Protection Policy. Eleven (11) meetings with the Company's Investigation Committee were conducted in 2018 to review complaints and investigation results according to the Company's processes, including the efficiency of the Whistleblower Systems. The Audit Committee concluded that such complaints were managed with appropriate actions and fair treatments, and in compliance with the Company's Corporate Governance Policy and Fraud Risk Management Policy. Most complaints were deemed non-compliance with the Company's Code of Business Ethics and regulations, but with no material value loss. Complaints submitted were taken into consideration for 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 2019 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 2019 at the Shareholder Meeting. In addition, the Audit Committee has reviewed non-audit services in terms of independence provided by the said audit firm.

**8. Performance Assessment:** The Audit Committee's self-performance assessment has been conducted annually, as an individual and group assessment, according to the SET guidelines. The result showed that the Audit Committee has 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 has given beneficial and practical comments and recommendations benefiting all stakeholders.

**9. Revision of the Audit Committee Charter:** The Audit Committee has reviewed the revision of the Audit Committee Charter annually by taking into consideration best practice in accordance with the SEC's regulations. The Audit Committee has been aware of significance of risks and changes potentially occurring to the Company, as well as disruptive technologies rapidly affecting industries worldwide including telecommunications. To response to risks and new challenges efficiently and effectively, the Board of Directors thus assigned such risk oversight responsibility to the Audit Committee. During the Board of Directors Meeting No.9/2018 on 12th of December 2018, the Board resolved to revise the Audit Committee Charter by adding scope and authorities of risk oversight to the Audit Committee, and to change the name from the Audit Committee to the Audit and Risk Committee, effective 1st of January 2019. With respect to this, the Audit and Risk Committee will be tasked with enterprise risk oversight and will provide opinion and recommendation to the Board of Directors independently. Such risk oversight responsibility includes risk framework, risk policy, risk appetite, risk tolerance, and enterprise risk management. The Committee will

also regularly review adequacy of such policy, risk assessment, risk control, risk monitoring activities and reporting, as well as assess adequacy, appropriateness and effectiveness of risk management in alignment with corporate strategies to achieve sustainability.

In summary, the Audit Committee concluded that the Board of Directors, Management, and Executive Directors performed their duties with integrity and diligence in pursuit of the Company's goals and in preparation for new challenges, 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 Vajakit**  
**Audit Committee Member**

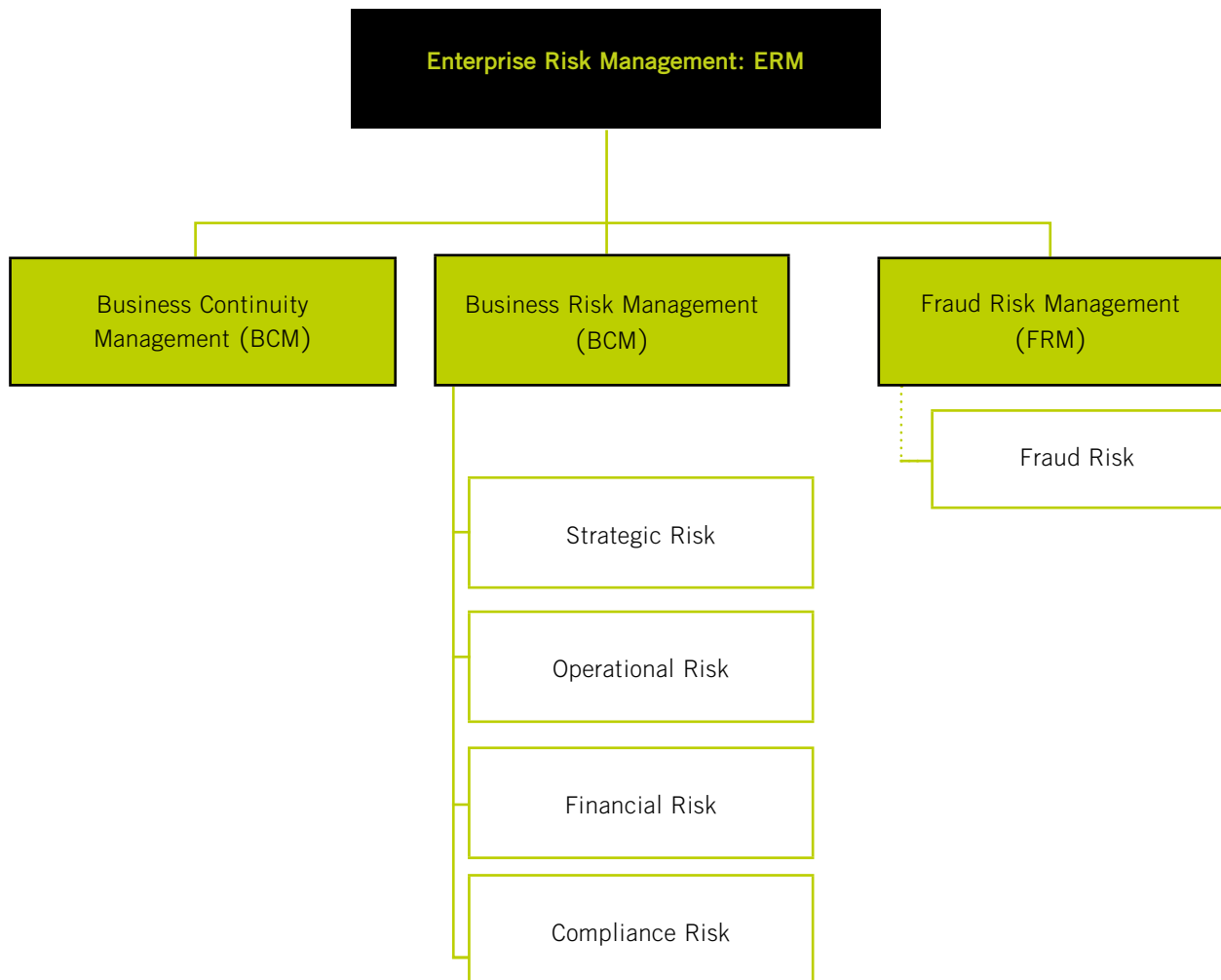


**Mr. Prasan Chuaphanich**  
**Audit Committee Member**

# RISK MANAGEMENT, INTERNAL CONTROL & INTERNAL AUDIT

## 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



### 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

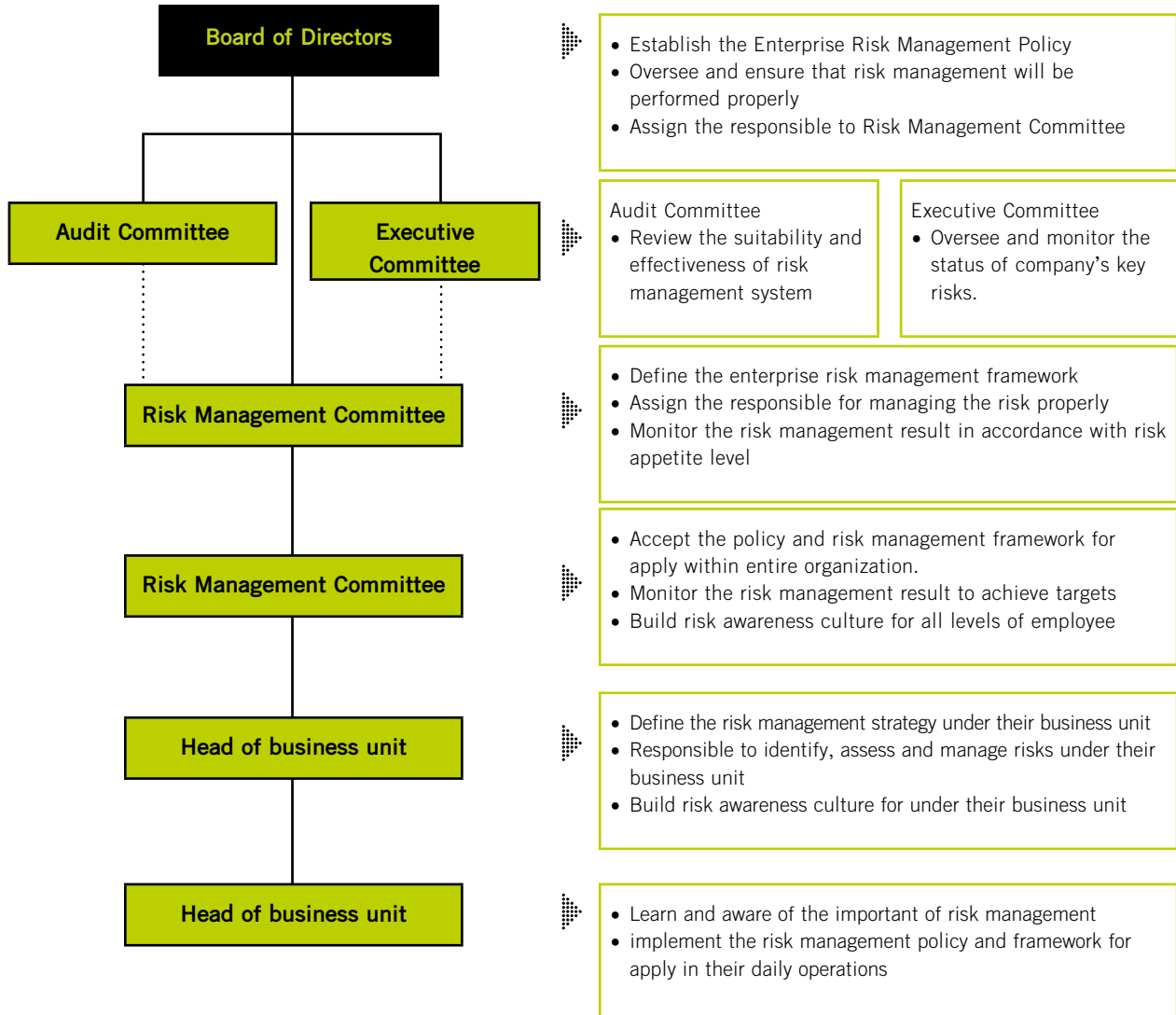
the impact of any risk and how it could affect another risk must also be assessed.

**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



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 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 2018, 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.

### 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:

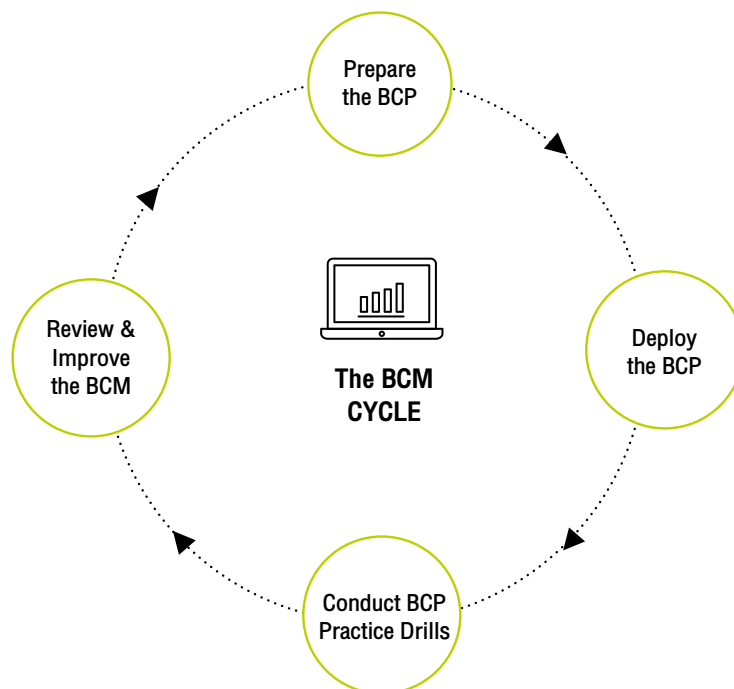
1. Prevention – to proactively identifying, assessing, reviewing and responding to all possible frauds in the organization and communicate them to the employees in all levels for building awareness and the importance of reporting fraud, corruption and misconducts.
2. Detection – to check or investigate 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

The company 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.

### Business Continuity Management

The Company 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

1. 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.

2. 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.

3. 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.

4. 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.

### 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

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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.

**Building an organizational culture in Enterprise 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.

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**Performance result of 2018 and goal in 2019**

In 2018, AIS has achieved ISO 22301:2012 Business Continuity Management System certification for Cloud service as a company that developed a complete business continuity management system to cope with crisis or disaster. This lead to the sustainability development of the Company.

In addition AIS continues to conduct business continuity plan practice drills on the continuation of critical business processes, in 2018 a simulation exercise; cyber threat attacked at main data center which caused an interruption to our network and services was carried out to test responsiveness of company's business continuity plan 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.

### Internal Control

AIS has established the internal control system prudently under 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 in order to achieve significant objectives relating to operations, financial reports and compliance with relevant regulations. It also supports and enhances performance, and safeguards the Shareholders' investment and the Company's assets.

During the Board of Directors Meeting No. 1/2019, on 21st of January 2019, the Board of Directors assessed the adequacy of internal control system according to the assessment form prepared by Securities and Exchange Commission (SEC). 4 independent directors attended the said meeting and 2 of them are the Audit Committee \* members. The Board of Directors concluded that the Company has effective and adequate internal control system to oversee operations to align to goals, objectives, and applicable laws; and to safeguard and optimally utilize assets for the Company's benefit, as well as having accurate and reliable financial reports. Internal control activities in 2018 can be summarized as follows:

#### Control Environment

- AIS is committed to integrity and ethical values. The Board of Directors and the Management have established the Corporate Governance Policy, Code of Business Ethics and Anti-Bribery and Corruption Policy to have directors, executives and employees embrace integrity, ethical values, honesty, accountability, transparency and legal compliance. Interests of business

partners, communities and environment are taken into consideration. In addition, Audit Committee is responsible for the oversight of the Anti-Bribery and Corruption Policy and measures. The Business Ethics Committee, including Chief Executive Officer (CEO) as the Chairman, was appointed with responsibility to promote integrity and ethical values of AIS executives, personnel, and any related parties including outsource staff and business partners. The evaluation of understanding levels of the Code of Business Ethics and the Anti-Bribery and Corruption Policy has been conducted annually for seven years consecutively.

Furthermore, "Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy" has been established together with channels for notifying fraud and misconduct since 2014 to provide a guideline for such notification, confidentiality, protecting the person providing such information, investigation and penalties on perpetrators.

- The Board of Directors has overseen the Management diligently; is independent from the Management; and maintains relevant expertise. Chairman of the Board of Directors was independent and one-third or 45% of board members were independent. For more details, please see the Structure of the Committee on page 56. Moreover, authority and duties of each board's sub-committee were defined in regard of internal audit, risk management, sustainability, good governance, development and remuneration for the committee. Results of each committee are reported to the Board of Directors every quarter.

- AIS structures and authorities are defined in accordance with business goals and objectives under the oversight of the Board of Directors by emphasizing

\* The Board of Directors resolved to approve changing name from the Audit Committee to the Audit and Risk Committee, effective 1st of January 2019.

on balance, flexible operation, and disruptive innovation. Authorities and responsibilities have been delegated to employees based on demonstrated competence of each person. Segregation of duties was applied to ensure check and balance. All personnel are responsible and accountable for internal controls and Internal Audit Office can perform duties independently.

- AIS gives priority to the Company's employees as stipulated in the AIS mission and encourages them to perform duties with expertise and a sense of ownership. Work and life balance is also promoted among them to create a sense of family and retain them with the Company. AIS has also created a culture of innovation for employees to achieve the goal of being the Innovation Organization through communication, activities, management support. For more details, please see Digital Innovation section in the Sustainability Report. 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 e-learning.

- The Board of Directors has established a clear succession plan to ensure the business continuity, and such succession plan covers successors from Senior Management, such as Chief Executive Officer, through Head of core business units. In this matter, the succession plan, training, and advice have been developed to equip the potential successors with necessary competency. In addition, the Company identified key function to set the plan to facilitate business continuity. For example, the system development process relating to engineering and IT systems operated by service providers will be included in the knowledge sharing program for IT and engineer teams periodically.

Moreover, related documents will be stored systematically to facilitate workflow.

- In each year, the Board of Directors and Senior Management have established Balanced Scorecard and key performance indicators to evaluate actual performance in comparison to goals in order to ensure proper practice and direction. Such performance measurements were conducted at all levels including the Board of Directors, executives, permanent and temporary employees and outsource staff. In every performance evaluation comprising objective appraisals and behavioral appraisals according to the corporate culture, supervisor provided positive and negative feedback to their subordinates in order to encourage them to improve their performances efficiently.

#### **Risk Assessment**

- AIS risk management has been in corporate and functional levels to ensure the achievement of the Company's objectives, under oversight of the Risk Management Committee and coordination of the Enterprise Risk Management Department. For more details, please see Risk Management on page 93. From 1st of January 2019 onwards, the Board of Directors has assigned the Audit and Risk Committee to oversee risk framework which comprises relevant policies, risk appetite and risk tolerance, as well as review enterprise risk management and adequacy of such policies and risk management defined by Risk Management Committee prior to proposal to the Board of Directors. The Audit and Risk Committee is also responsible for considering and providing advice on enterprise risk oversight to the Board of Directors, and assessing adequacy and appropriateness of strategic risk management.

### Control Activities

● AIS has selected and developed written internal control activities, in response to specific risk needed to be controlled regarding environment, complexity, operation manner and scope, and unique corporate features. For example, clear policies, procedures and approval authority levels concerning finance, purchase, connected transactions, securities trading by AIS Board of Directors, Management and Employees have been in place and regularly reviewed. For significant matters, there will be a mix of control between manual control and automated control, which are preventive and detective controls. In addition, AIS segregates duties performed regarding record, approval and assets management to ensure check and balance. AIS policies and practices have been reviewed regularly to ensure appropriateness.

● AIS has selected and developed proper general controls over technology ensuring integrity, continuity, security, proper acquisition, development and maintenance of information technology system. AIS has also assigned certain departments to be responsible for technology infrastructures and software. AIS has appointed Information and IT Security Committee to be responsible for policy prescription, overseeing compliance with information security requirements, seeking for new technology and tools, and overseeing piracy or intrusion cases in order to warn relevant departments to take appropriate actions accordingly. Necessary trainings have been provided to ensure that employees would understand the practice correctly. For more details, please see Cyber Security and Data Privacy section in the Sustainability Report. Moreover, AIS has managed internal and external threats by configuring access to critical information system, such

as mobile network, computer network and database. Authorizations of different logical and physical access levels have been set for using data on network operation systems. In case of piracy or intrusion, it will be automatically and consistently monitored by security tools. Then, the relevant team will be notified to take actions accordingly.

● Board of Directors, Management and Supervisors shall clarify purposes and internal control activities to all relevant personnel to ensure proper practice. Furthermore, the Management under all departments as the Second Line of Defense and Internal Audit Office as the Third Line of Defense against risks shall provide advice on designing efficient and effective internal control systems.

### Information & Communication

● AIS emphasizes on quality of information underpinning internal control activities. AIS information systems are efficient, updated, and improved continuously to enable processing of high volume of data into managerial information (Big Data Analysis) in a timely manner to remain competitive in consideration of costs and benefits.

● AIS regularly ensures adequacy of material reports presented to the Board of Directors for making decision prior to the board meeting as required by applicable law, as well as preparing minutes of the board meeting with adequate details and storing such documents by Company Secretary Office for reviewing or reference.

● AIS maintains several efficient internal communication channels through the Company's website social intranet, SMS, email, People Champion under each department, monthly CEO Chit & Chat, and Half

\*\* From 1st of January 2019 onward, e-mail address has been changed from AuditCommittee@ais.co.th to AuditandRiskCommittee@ais.co.th instead.

Year Business Plan Report. Certain departments have been assigned to share necessary information within the organization. In addition, the Company provides communication channels via Board Portal and the Company Secretary Office for the Board of Directors, Executive Committee and Sub-Committee.

- Any employee can safely report actual and suspicious cases of misconduct or fraud via internal Nokweed hotline 3333 or directly to Audit Committee at AuditCommittee@ais.co.th \*\*. Employees will be protected under the policy regarding reporting misconduct or fraud, investigation and protection. To build more awareness of results from misconduct or fraud, AIS has been communicating of such matters with penalties through cartoon without disclosing any names.

- AIS assigns Company Secretary Office and Investor Relations to be responsible for communication and interaction with external parties according to types of stakeholders. Processes are in place to track troubleshooting and complaints from all parties. For more details, please see page 79. Apart from that, any external parties could report actual and suspicious cases of misconduct or fraud relating to the Company directly to the Audit Committee at AuditCommittee@ais.co.th, or directly to the Chief Audit Executive at nokweed@ais.co.th, or to Chief Human Resource Officer at human-resource@ais.co.th, or via ethics hotline at 02029333. Investigation and protection shall be provided accordingly.

#### Monitoring Activities

- AIS Management and Supervisors have established processes to monitor effectiveness of the internal control systems by means of follow-up meeting, unusual activity investigation, as well as control self-assessment, whereby Internal Audit Office is tasked with assessing effectiveness of internal control systems independently,

and reports results to Audit Committee on a monthly basis. After that, Audit Committee will present such results to the Board of Directors and hold meetings with External Auditors to assess adequacy and effectiveness of internal control systems on a quarterly basis.

- When significant internal control deficiency was detected, the Management analyzed its root cause and assigned employees responsible for remediation in a timely manner. The Board of Directors has established level of deficiency that requires the Management or the Internal Audit Office to report to the Board of Directors promptly; for example, the matters with high financial impact, damage to the reputation, non-compliance to the laws and regulations, violation of key control system, or possible case of fraud. Internal Audit Office and other assigned departments are responsible for following up on the Management's corrective actions and reporting to the Audit Committee until such matter is completely remediated.

#### Internal Audit

Mrs. Suvimon Kulalert was appointed as Chief Audit Executive on 1st of January 1999. Her expertise in the field and adequate understanding in the Company's functions and operations support her roles and responsibilities appropriately. Approval, appointment, dismissal or transfer of Chief Audit Executive must be concurred by Audit Committee.

For Chief Audit Executive's profile, please see page 51.

#### Roles and Responsibilities of Chief Audit Executive and Internal Audit Office

- Chief Audit Executive (CAE) reports directly to Audit Committee who oversees that Internal Audit Office (IAO) performs internal auditing with independence, objectivity, integrity, and professional adherence to the internal audit standards. CAE reports administratively to the Chief Executive Officer.

2. 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. IAO's duties include provision of assurance and consulting services through the evaluation of effectiveness and efficiency of internal control systems, risk management systems, and good governance in order to support the Company's business objectives and targets.

4. IAO prepares its annual audit plan aligning with AIS and its subsidiaries' strategic direction, change in the risk level, and Audit Committee's directives. The plan is conducted based on severity of risks focusing on critical risks to AIS' operations, objectives, and strategies. In 2018, IAO plan focuses on effectiveness of operations critical to preventive control, prevention of fraud, advisory services by means of value-added workshops. The plan is approved by Audit Committee. Audit reports and following up on the Management's corrective actions are reported for Audit Committee's consideration on a monthly basis.

5. Additionally, IAO acts as Secretary to Audit Committee, supporting their oversight responsibilities as assigned by the Board of Directors. IAO also acts as a channel for internal or external parties to file complaints on possible misconduct or fraudulent action. After receiving such complaints, IAO will find facts and investigate in accordance with the Whistle-Blower Policy, and report the case results to the Audit Committee on a monthly basis.

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

7. IAO regularly coordinates with external auditors to

ensure that audit scope appropriately covers all critical risks.

8. IAO adheres to the International Professional Practices Framework and the internal audit charter. IAO revises the internal audit manual and conducts internal audit quality self-assessment on an annual basis. It also receives a Quality Assessment Review (QAR) by external, independent assessors every five years to ensure that IAO adds values to its stakeholders and promote the sustainable development of the Company's internal control system, risk management and good governance. Latest external, independent assessment suggested that IAO generally conformed to the international standards and ranked "Standard" when benchmarking against other internal audit functions globally.

#### **Internal Audit Activities in 2018 and Future Plans**

##### **● Encouraging the Management to implement internal control system and self-business assurance effectively**

In 2018, Internal Audit Office has been supporting AIS and its subsidiaries in enhancing more understanding level and implementation of good internal control system in accordance with COSO framework 2013 and the model of three lines of defenses. Several workshops with the Management were held to remediate several internal control issues. In addition, IAO has been promoting self-business audit concepts and provided tools to facilitate the Management in relevant control self-assessment.

##### **● Transforming internal audit activities into digital technologies**

IAO has developed and started deploying Robotic Process Automation (RPA) since 2017 as a tool to automatically analyze data from various databases. Big data analytics has also been applied to internal audit activities to boost agility and accuracy, as well as giving an early warning of potential risks to the



Company when any risk identification or internal control deficiency is found.

● **Creating risk center to enhance audit activities efficiency**

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

● **Transforming into Trusted Advisor Role**

In 2018, Internal Audit Office has enhanced an advisory role including the review of all functions covering revenue assurance, expenditure, and compliance to regulators' requirements and acts, such as sale and marketing processes, billing and collection, and engineering. RPA has been adopted as a tool to analyze data and strengthen the Second Line of Defense to transform into the Trusted Advisor according to the Internal Audit Roadmap.

**Internal Audit Training and Competency Development**

● **Pursuit of knowledge and updated international professional practices standard**

To enhance effectiveness of AIS internal audit operation and stay updated, IAO regularly reviews and upgrades domestic and international professional practices and standards relating to internal control system, risk management, good governance and other fields relating to AIS's business.

● **Integrated and innovative audit**

IAO encourages all internal auditors to acquire more skills and enhance competencies in order to perform multi-functions or integrated audit. All internal auditors are also encouraged to be innovative in developing more effective and efficient audit techniques.

● **Competency development roadmap under global internal audit competency framework**

Internal auditors are encouraged to seek continuous development in order to acquire knowledge and skill critical to AIS's business operation. Therefore, IAO has developed "Development Roadmap" according to roles and responsibilities of IAO under global internal audit competency framework of The Institute of Internal Auditors (The IIA) as follows:

- Core Competency
- Essential Competency

Each internal auditor shall attend trainings for at least 11 days per year according to the established strategy.

● **Acquiring related professional certificates to promote internal audit profession.**

All internal auditors are encouraged for self-development to build internal audit expertise by acquiring professional auditor certification or other relevant qualifications. In 2018, IAO has set a target that 50% of the total number of IAO staff should acquire professional certificates. At present, 15 out of 53 staff or 28% in IAO obtain following certificates.

Certificates	Details	Number of certified persons
Certified Internal Auditor (CIA), USA	This internal audit certificate requires competency of internal audit, risk management and related matters.	8
Certified Information System Auditor (CISA), USA	This certificate relates to control activity and information system security uplifting international professional standard.	4
Certified Information Systems Security Professional (CISSP), USA	This certificate requires competency in 10 aspects of information security called “Common Body of Knowledge” (CBK) – that is access control, telecom & network security, application & system development security, security management, cryptography, security management, operation security, business continuity planning & disaster recovery planning, law investigation & ethic and physical security.	1
Certification in Risk Management Assurance (CRMA), USA	This certificate requires competency of business environment assessment and enterprise risk management.	9
Certified Public Accountant (CPA), Thailand	Certified Public Accountant has competency of accounting practice and standard, auditing, related laws, information system, computer literacy and accounting report.	5
Tax Auditor (TA), Thailand	Tax Auditor has competency of accounting practice and standard, auditing, Revenue Code, and Civil and Commercial Code.	1
Information Security Management Systems Auditor/Lead Auditor: ISO/IEC 27001:2013	This certificate requires competency of information security management systems and the principle of assessments regarding to ISO/IEC 27001:2013 standard to perform auditing as standard defined.	3
Business Continuity Management System Auditor/Lead Auditor : ISO 22301:2012	This certificate requires competency of internal and external threat management for business continuity to perform auditing according to the international standard ISO 22301:2012.	1

A number of internal auditors are studying to acquire CIA, CISA, and CFE (Certified Fraud Examiners) in order to support internal audit tasks as professionals and to meet international audit control standards.


# SUSTAINABLE DEVELOPMENT COMMITTEE REPORT

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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.

During the year 2018, the SDC held a total of four (4) meetings. The summaries of SDC's performance for the year 2018 are described as follows:

- The committee concurred with the revision of AIS sustainable development strategy which can be divided into 7 main strategies in accordance with current nature of business of digital life service provider as well as strategic plan and target. The committee assigned Chief Executive Officer to
- integrating sustainable development strategy into functional processes, policies and practices as well as setting new norms and habits into corporate culture. The committee also proposed the revised sustainable development strategy to the Board of Directors for approval.
- The committee concurred with involvement of sustainability consultant for developing sustainability strategy and roadmap, providing technical review of the sustainability report 2017 in accordance with GRI standard, reviewing and providing technical support to AIS with regard to sustainability assessment 2018 as well as developing standardized impact valuation methodology and measuring a pilot project.
- The committee has summarized the sustainable development projects of the company in this Annual Report.



**Mr. Prasan Chuaphanich**  
**Chairman of Sustainable Development Committee**

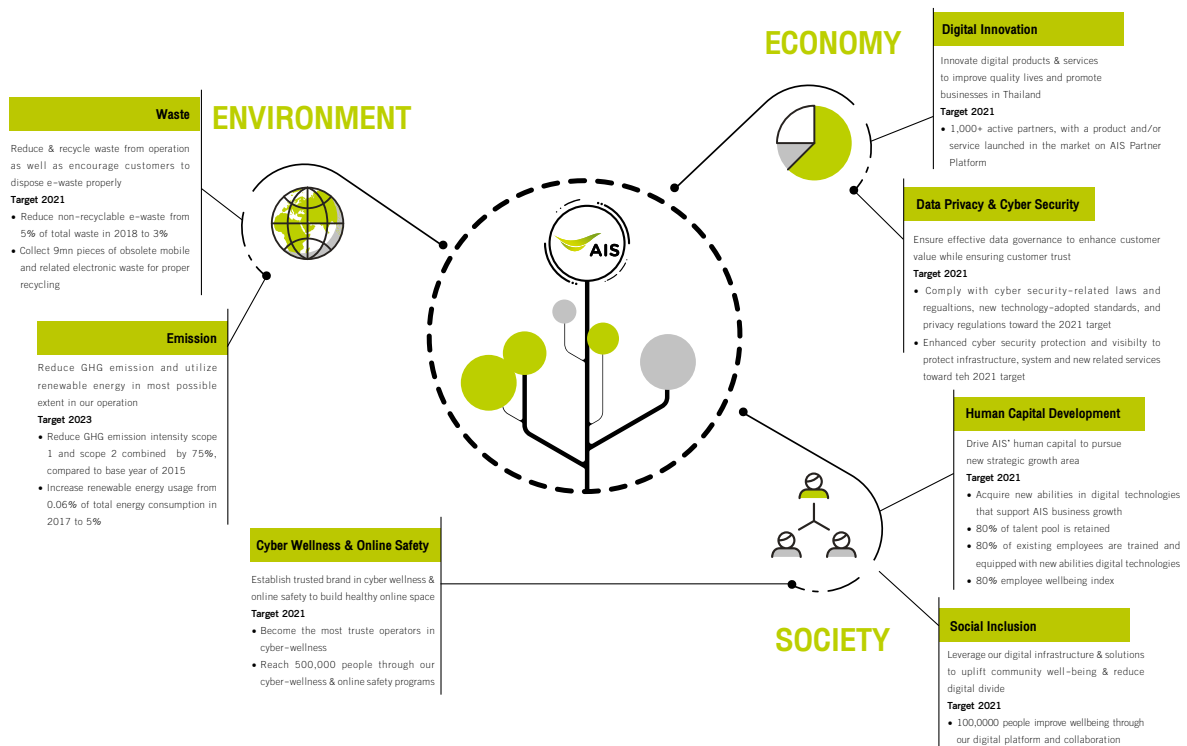
# BUSINESS SUSTAINABILITY

2018 was a remarkable year for sustainable development at AIS as we revamped our strategy for long-term development and growth. After five years, we replaced the 5 former focus areas which placed emphasis on communities and society, customers, partners, employees and environment in relation to the telecommunication business. In their place, 7 new strategic focuses have

been established with the aim of supporting AIS's new business direction as a digital life service provider.

The 7 strategic focuses place importance on building the business's strength and on responding to the challenges and opportunities that may have significant impacts on AIS and the use of digital technology to create a positive impact.

## The 7 strategic focuses



AIS has embedded its sustainability strategy into day-to-day business operations; defining the Company's business direction, product and service development, innovation, and human resource management.

In doing this, we set a clear performance measurement as well as short-term and long-term targets. For further information, please refer to the Annual Report 2018.

# RELATED TRANSACTIONS

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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.

To be aligned with the Security and Exchange Act (No. 4) B.E. 2551, Article 89/12 (1), the Company's Board of Directors has approved in principle, on 13 August 2008, that the management shall have the authority to undertake the related transactions, whereas those transactions are transactions with general trading conditions. The approval of the above transactions shall not constitute such authority to allow the director, an executive, or a related person to approve with a conflict of interest.

For approval process, the related transactions shall be processed in the same practice as other general trading transactions with outside parties with the authorized executives designated and empowered to endorse up to a certain limit of budget according to their respective

rank and position. The Audit Committee of the Company and its subsidiaries is responsible for reviewing the related transactions every quarter to ensure that no conflict of interest will be occurred in order to maximize the overall company's benefits.

For the period year ended 31 December 2018, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business. The Company charges / purchases products and services with related parties at reasonable prices and those prices are comparable to the market rate with general trading conditions. 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)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>1. Intouch Holding Public Company Limited (INTOUCH) /</b> INTOUCH is a major shareholder, holds 40.45%  Co-directors: 1. Mr. Somprasong Boonyachai 2. Ms. Jeann Low Ngiap Jong 3. Mr. Kan Trakulhoon	The subsidiaries pay service fee and interest expense from long-term debentures to Intouch.  While the subsidiaries provide mobile services and handset sales to INTOUCH.					
	<u>Sales and services</u>					
	1. Service income	-	0.91	1.20	3.09	The subsidiaries charge mobile
	2. Other income	1.11	1.50	0.01	0.13	services and handset sales at the
	3. Trade and other accounts receivable	0.48	1.54	0.11	0.60	same rate as external customers.
	<u>Purchase of goods and services</u>					
	1. Rental and Other service expenses	-	1.13	1.37	1.49	The subsidiaries pay service fee and
	2. Trade and other accounts payable	-	-	1.63	9.51	interest expense to INTOUCH at the
	3. Interest expenses	-	1.10	-	1.71	same rate as others parties.
	4. Debenture	-	21.00	-	62.50	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>2. Thaicom Public Company Limited (THAICOM)/</b> INTOUCH is a major shareholder, holds 41.13%  – Co-directors: Mr. Somprasong Boonyachai	The subsidiaries pay US\$ 1,400,000 per year for leases satellite transponder (Thaicom7) from THAICOM. The contract has effective to 19 November 2020  Moreover Thaicom has provides satellite downlink equipment and space for transponder equipment installation. While the subsidiaries provide domestic and international phone services and handset sales to THAICOM.					Thaicom is the only satellite operator in Thailand.           The subsidiaries charge mobile services and handset sales at the same rate as external customers.           The subsidiaries pay service fee (transponder) to THAICOM at the same rate as external customer.
	<u>Sales and services</u>					
	1. Service income	-	1.40	-	4.27	
	2. Other income	-	0.48	-	0.33	
	3. Trade and other accounts receivable	-	0.13	-	1.92	
	<u>Purchase of goods and services</u>					
	1. Rental and Other service expenses	-	59.93	-	47.12	
	2. Trade and other accounts payable	-	6.38	-	9.00	
	3. Interest expenses	-	-	-	0.11	
	4. Debenture	-	-	-	5.90	
	5. Purchases of property and other assets	-	0.02	-	2.90	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>3. I.T. Applications and Services Company Limited (ITAS) /</b>  INTOUCH is a major shareholders, holds 100%.	The subsidiaries hire ITAS to provide SAP solution and application development. While the subsidiaries provide mobile services to ITAS.					ITAS provides SAP application development and improvement, including maintenance services. The services are timely and rapidly while the service fee is reasonable.  The subsidiaries charge mobile services at the same rate as external customers.
	<u>Sales and services</u>					
	1. Service income	-	0.75	-	1.51	
	2. Other income	-	0.08	-	0.17	
	3. Trade and other accounts receivable	-	0.01	-	0.21	
	<u>Purchase of goods and services</u>					
	1. Rental and other service expenses	-	81.86	-	109.90	The subsidiaries pay consultant fee depend on the type of work and the level of consultant and develops application to ITAS with the same rate as other SAP consultant.
	2. Purchases of property and other assets	-	24.46	-	10.21	
	3. Trade and other accounts payable	-	14.50	-	23.08	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
4. Group of SingTel Strategic Investments Private Limited (SingTel) /  SingTel is a major shareholder of the Company, holds 23.32%.	The subsidiaries enter into an agreement with companies of SingTel group: – The joint International Roaming operation services (IR) – Network telecom service operator i.e. International Private Leased Circuit (IPLC) and content services.					The agreement is under the ordinary course of business and both parties charge each other at the accepted price by deduct profit margin from their customers at the same rate as other operators.  The subsidiaries charge IR at the same rate as other operators and content services at the same rate as other content providers.  The subsidiaries pay IPLC, IR fee at the same rate with other operators and pay service fee (content) at the same rate as other content providers.
	<u>Sales and services</u>					
	1. Service income	-	41.80	-	191.91	
	2. Other income	-	-	-	0.67	
	3. Trade and other accounts receivable	-	25.98	0.42	151.46	
	<u>Purchase of goods and services</u>					
	1. Rental and other service expenses	-	139.26	-	268.53	
	2. Trade and other accounts payable	-	20.96	19.69	60.79	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
5. Thai Advance Innovation Company Limited (TAI)/ INTOUCH is an indirect major shareholder.	The subsidiaries hire TAI to advertising on satellite television. While the subsidiaries provide mobile services and handset sales to TAI.					TAI has a specialization in media service, content services on satellite television and satellite dish distributor.  The subsidiaries charge mobile services and handset sales to TAI at the same rate as external customers.
	<u>Sales and services</u>					
	1. Service income	-	0.06	-	0.04	
	2. Other income	-	0.04	-	-	
	3. Trade and other accounts receivable	-	0.04	-	0.01	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>6. Lao Telecommunications Company Limited (LTC)/</b> INTOUCH is an indirect major shareholder.	The subsidiaries have cooperated with LTC to provide international roaming (IR).					LTC, the telecommunications service provider in Laos, provides fixed line, mobile phone, internet, and international roaming services. Roaming price is based on market rate.
	<u>Sales and services</u>					
	1. Service income		14.32	-	26.81	The subsidiaries charge IR services at the same rate as external customers.
	2. Trade and other accounts receivable		26.69	-	2.23	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses		5.91	-	3.73	The subsidiaries pay roaming fee to LTC at the same rate as other parties.
	2. Trade and other accounts payable		0.39	-	0.37	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
7. Ookbee Company Limited (OOKB)/ INTOUCH is a direct shareholder, holds 20.94%.	The subsidiaries hire Ookbee to provide E –booking application on smartphones and tablets by charging per monthly. While the subsidiaries provide mobile services to Ookbee.					Ookbee is a provider digital publication and E-Booking company such as books, magazines or newspaper on smartphones, tablets and computers.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay service fee (Content on mobile) by the percentage of revenue at the same rate as other content providers.
	<u>Sales and services</u>					
	1. Service income	-	1.80	-	1.29	
	2. Trade and other accounts receivable	-	0.22	-	0.19	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	23.71	-	4.27	
2. Trade and other accounts payable	-	6.47	-	1.17		

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>8. Information Highway Company Limited (IH)/</b> AIS is an indirect major shareholder.	IH provides facilities services under financial lease and transmission network to the subsidiaries. While the subsidiaries provide mobile services to IH.					IH provides facilities services under financial lease and transmission network.
	<u>Sales and services</u>					
	1. Service income	-	0.04	-	0.04	The subsidiaries charge mobile services at the same rate as external customers.
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	241.14	-	88.61	The subsidiaries pay transmission network fee to IH at the comparison rate as other providers.
	2. Purchases of property and other assets	-	14.48	-	-	
	3. Trade and other accounts payable	-	22.15	-	33.95	
	4. Interest expense	-	6.37	-	4.63	
	5. Financial lease liabilities	-	76.70	-	53.58	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
9. Krung Thai Bank Public Company Limited (KTB)/ – Co-directors: Mr. Krairit Euchukanonchai.	KTB provides financial services to the subsidiaries. While the subsidiaries provide mobile services to KTB.					KTB is a provider of full financial services such as bank deposit, arranging loan, merchant services and other services.
	<u>Sales and services</u>					
	1. Service income	-	86.47	-	17.50	The subsidiaries charge mobile
	2. Other income	-	-	-	1.75	services and handset sales at the
	3. Trade and other accounts receivable	-	0.47	-	3.39	same rate as external customers.
	<u>Purchase of goods and services</u>					
	1. Bank deposits and Interest income	0.49	101.30	0.87	167.37	The subsidiaries receive interest
	2. Rental and service expenses	-	0.14	-	0.10	income from bank deposit and pays
	3. Trade and other accounts payable	-	0.08	-	27.18	interest expense from borrowing at
	4. Debenture	-	29.00	-	-	the same rate as other commercial
	5. Long-term loan and Interest expense	-	11.85	-	3,040.68	bank.

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>10. High Shopping Company Limited (High Shopping) /</b>  INTOUCH is an indirect major shareholder.	The subsidiaries provide mobile services to High Shopping.					High Shopping is a provider of digital content services to customer through TV, mobile devices, the internet and other advertising channels.  The subsidiaries charge mobile services and handset sales at the same rate as external customers.
	<u>Sales and services</u>					
	1. Service income	-	0.73	-	3.33	
	2. Trade and other accounts receivable	-	0.08	-	0.88	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	-	-	0.03	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>11. TC Broadcasting Company Limited (TCB)/</b> INTOUCH is an indirect major shareholder.	TCB provides equipment system and television signal service to the subsidiaries.					The subsidiaries pay services fee (transmission) to TCB at the same rate as other providers.
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	5.65	-	12.01	
<b>12. Golfdigg Company Limited (Golfdigg )/</b> INTOUCH is a direct shareholder, holds 25.00%.	2. Trade and other accounts payable	-	0.36	-	0.49	Golfdigg is a provider of the golf-course booking application on smartphone.  The subsidiaries charge mobile services at the same rate as external customers.
	The subsidiaries provide mobile services to Golfdigg.					
	<u>Sales and services</u>					
	1. Service income	-	0.08	-	0.09	
	2. Trade and other accounts receivable	-	0.01	-	0.02	
	<u>Purchase of goods and services</u>					
	1. Trade and other accounts payable	-	0.35	-	0.42	
	2. Rental and service expenses	-	0.02	-	-	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
13. Amata Network Company Limited (AN)/ AIS is an indirect major shareholder.	AN provides transportation rental to the subsidiaries.					AN is a provider of transmission network in Amata industrial estate.
	While the subsidiaries provide of management service and mobile services to AN.					
	<u>Sales and services</u>					
	1. Service income	-	0.04	-	0.29	
	2. Other income	-	1.78	-	6.00	The subsidiaries charge mobile services at the same rate as external customers and management fee on mutual agreement.
	3. Trade and other accounts receivable	-	7.55	-	0.56	
	4. Sales of property and other assets	-	6.60	-	-	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	0.26	-	16.11	The subsidiaries pay services fee (transportation rental) to AN at the same rate as other providers.
	2. Trade and other accounts payable	-	0.88	-	1.96	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>14. Wongnai Media Company Limited (WONGNAI)/</b> INTOUCH is a direct shareholder, holds 9.54%.	The subsidiaries hire Wongnai to design website and media on smartphone. While the subsidiaries provide mobile services to Wongnai.  <u>Sales and services</u> 1. Service income  <u>Purchase of goods and services</u> 1. Rental and service expenses	-	0.01	-	0.02	Wongnai is a provider of the application on smartphone to discover and review about restaurants, beauty and spas across Thailand.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay services fee (media and advertising) to Wongnai at the same rate as other providers.
		-	2.41	-	3.36	
<b>15. Digio (Thailand) Company Limited (DIGIO)/</b> INTOUCH is a direct shareholder, holds 8.05%	The subsidiaries provide mobile services to Digio.  <u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable	-	0.06	-	1.41	Digio is a provider of the mobile Point of Sale (mPOS) application on smartphone.  The subsidiaries charge mobile services at the same rate as external customers.
		-	0.01	-	0.81	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>16. BEC World Public Company Limited and its subsidiaries (BEC)/</b> Co-directors: Mr. Somprasong Boonyachai	The subsidiaries hire BEC to provide content on smartphone. While the subsidiaries provide mobile services to BEC.					The subsidiaries of BEC World provide content services such as television program and entertainment content on mobile application.
	<u>Sales and services</u>					The subsidiaries charge mobile services at the same rate as external customers.
	1. Service income	-	0.56	-	8.56	
	2. Trade and other accounts receivable	-	0.07	-	1.65	
	<u>Purchase of goods and services</u>					The subsidiaries pay service fee (Content) by the percentage of revenue to BEC at the same rate as other content providers.
	1. Rental and service expenses	-	12.66	-	9.35	
	2. Trade and other accounts payable	-	0.40	-	0.98	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
17. Mass Rapid Transit Authority of Thailand and its subsidiaries (MRTA)/ Co-directors: Mr. Krairit Euchukanonchai	MRTA provides rental services to the subsidiaries.					MRTA group is a leading organization in providing efficient and complete mass rapid transit service to enhance people's quality of life.
	While the subsidiaries provide mobile services to MRTA.					
	<u>Sales and services</u>					
	1. Service income	-	0.10	-	0.37	The subsidiaries charge mobile services and handset sales at the same rate as external customers.
	2. Other income	-	-	-	0.26	
	3. Trade and other accounts receivable	-	0.05	-	0.03	
	<u>Purchase of goods and services</u>					
1. Rental and service expenses	-	9.00	-	54.09	The subsidiaries pay rental fee (base station and electricity) to MRTA at the same rate as other lessor.	
2. Trade and other accounts payable	-	0.32	-	0.51		

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
18. The Siam Cement Public Company Limited and its subsidiaries (SCG)/ Co-directors: Mr. Kan Trakulhoon	SCG provides rental services to the subsidiaries.					SCG group is the largest cement and building material company in Thailand and Southeast Asia.
	While the subsidiaries provide mobile services and handset sales to SCG.					
	<u>Sales and services</u>					
	1. Service income	-	42.85	-	50.81	
	2. Other income	-	0.46	-	-	
	3. Trade and other accounts receivable	-	4.47	-	6.37	The subsidiaries charge mobile services and handset sales at the same rate as external customers.
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	1.01	-	0.09	The subsidiaries pay rental fee (base station and electricity) to SCG at the same rate as other lessor.
	2. Trade and other accounts payable	-	-	-	2.39	
	3. Deventure	-	-	-	255.00	
	4. Interest expenses	-	-	-	7.96	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
19. Rabbit – Line Pay Company Limited (RLP)/ AIS is an indirect major shareholder.  * On March 5, 2018, Advanced Mpay Co., Ltd., a subsidiary, has invested in Rabbit Line Pay Co.Ltd which is 33.33% of ownership.	RLP provides e-money and e-payment service to the subsidiaries. While the subsidiaries provide mobile services to RLP.					RLP provides e-money and e-payment service to serve customers in the digital economy.
	<u>Sales and services</u> 1. Service income 2. Trade and other accounts receivable	-	-	-	1.55 1.45	The subsidiaries charge mobile services at the same rate as external customers.
	<u>Purchase of goods and services</u> 1. Rental and service expenses 2. Trade and other accounts payable	-	-	-	18.30 17.79	The subsidiaries pay service fee (e-money and e-payment) to RLP at the same rate as other providers.

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
20. Osotspa Public Company Limited (OSP) Co-directors: Mr. Somprasong Boonyachai	The subsidiaries provide mobile services to OSP.					OSP is a Thailand-based consumer products company, with a focus on non-alcoholic beverages and selected personal care products.
	<u>Sales and services</u>					
	1. Service income	-	0.19	-	5.07	The subsidiaries charge mobile services at the same rate as external customers.
	2. Trade and other accounts receivable	-	0.07	-	0.68	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	0.10	-	0.20	The subsidiaries pay rental fee (base station and electricity) to OSP at the same rate as other lessor.

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
21. CS Loxinfo Public Company Limited (CSL) / AIS is an indirect major shareholder.  * On January 23, 2018, Advanced Wireless Network Co., Ltd., a subsidiary, has invested in CS Loxinfo PLC at 99.11% of ownership which TMC is subsidiary of CSL; therefore the related transaction is amount on 1-31 January 2018.	The subsidiaries hire CSL for providing the internet service by connecting the network within and outside the country.  While the subsidiaries provide mobile services, handset sales and datanet equipment’s rental to CSL.					CSL provides expertise on internet service by connecting internet data from local to worldwide through network.
	<u>Sales and services</u>					The subsidiaries charge mobile services and handset sales at the same rate as external customers.
	1. Service income	-	13.60	-	3.22	
	2. Other income	-	6.79	-	2.02	
	3. Trade and other accounts receivable	-	2.13	-	-	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	4.52	-	0.57	The subsidiaries pay service fee to CSL at the same rate as other parties.
	2. Trade and other accounts payable	-	2.05	-	-	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
22. Teleinfo Media Company Limited (TMC)/ AIS is an indirect major shareholder.  * On January 23, 2018, Advanced Wireless Network Co., Ltd., a subsidiary, has invested in CS Loxinfo PLC at 99.11% of ownership which TMC is subsidiary of CSL; therefore the related transaction is amount on 1-31 January 2018.	The subsidiaries hire CSL for providing the internet service by connecting the network within and outside the country.					TMC has a specialization in providing information for content on mobile and call center service.  The subsidiaries charge mobile services and handset sales to TMC at the same rate as external customers.  The subsidiaries pay service fee (Content on mobile) by the percentage of revenue and outsource call center fee to TMC at the same rate as other parties.
	While the subsidiaries provide mobile services, handset sales and datanet equipment's rental to CSL.					
	<u>Sales and services</u>					
	1. Service income	-	1.06	-	0.30	
	2. Trade and other accounts receivable	-	0.26	-	-	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	61.79	-	31.76	
	2. Trade and other accounts payable	-	11.15	-	-	

Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<b>23. AD Venture Public Company Limited (ADV)/</b> AIS is an indirect major shareholder.  * On January 23, 2018, Advanced Wireless Network Co., Ltd., a subsidiary, has invested in CS Loxinfo PLC at 99.11% of ownership which ADV is subsidiary of CSL; therefore the related transac- tion is amount on 1-31 January 2018.	The subsidiaries hire ADV to provide content and value added service on smartphones to customers such as game, ringtone, wallpaper and etc. by charging per month. While the subsidiaries provide mobile services, software mall and handset sales to ADV.					ADV has a specialization in designing and creating website with variety contents which suit to the Company and its subsidiaries' need.           The subsidiaries charge mobile services and handset sales at the same rate as external customers.           The subsidiaries pay service fee (Content on mobile) by the percentage of revenue to ADV at the same rate as other content providers.
	<u>Sales and services</u>					
	1. Service income	-	0.50	-	0.03	
	2. Trade and other accounts receivable	-	0.01	-	-	
	<u>Purchase of goods and services</u>					
	1. Rental and service expenses	-	143.74	-	50.07	
	2. Trade and other accounts payable	-	17.95	-	-	

# 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.

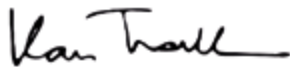
The Board of Directors provides and maintains risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to retain its assets as well as to prevent fraud or materially irregular operations.

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 2018. 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. Somchai Lertsutiwong**  
**Chief Executive Officer**

Remark: \* The Board of Directors has resolved to approve the name change of Audit Committee to "Audit and Risk Committee" which is effective on 1 January 2019.

# 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, 2018, 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 consolidated and separate 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, 2018, 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.

### 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
<p><b>Revenue recognition</b></p> <p>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.</p> <p>We focused our audit on the following areas of revenue recognition specifically relating to</p> <ul style="list-style-type: none"> <li>● accounting and tariffs during the year</li> <li>● completeness of information used to recognize revenue</li> <li>● the timing of revenue recognition</li> </ul> <p>Accounting policies for revenue recognition was disclosed in Note 3.17 to the financial statements.</p>	<p><b>Key audit procedures included:</b></p> <ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> <li>● Audited supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.</li> <li>● Validated with the assumptions and key management estimates adopted where revenue is recognized but they have not issued invoice yet and items that have been paid but still has an obligation to provide future services to customers</li> </ul>

Key Audit Matters	Audit Responses
<p><b>Significant commercial disputes and litigations</b></p> <p>The Group has a number of legal, regulatory and commercial disputes. 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 39 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>● Designed and performed audit procedures in order to identify litigations and disputes involving the Group which may give rise to a risk of material misstatement, including: <ul style="list-style-type: none"> <li>- Inquired of management and in-house legal counsel about significant events, commercial disputes and litigation.</li> <li>- Reviewed minutes of meetings of those charged with governance.</li> <li>- Sent legal confirmation to external legal counsel regarding to status of significant legal cases.</li> <li>- Reviewed legal expense accounts.</li> </ul> </li> <li>● Considered compliance with laws and regulations of the Group including: <ul style="list-style-type: none"> <li>- As part of obtaining an understanding of the Group and its environment, we obtained a general understanding of: <ul style="list-style-type: none"> <li>- The legal and regulatory framework applicable to the Group and the industry or sector in which the Group operates; and</li> <li>- How the Group is complying with that framework.</li> </ul> </li> <li>- 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.</li> </ul> </li> <li>● 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.</li> </ul>

### 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 Group's and the Company'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 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 consolidated and separate financial 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**

# STATEMENTS OF FINANCIAL POSITION

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

UNIT : BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2018	2017	2018	2017
ASSETS					
Current assets					
Cash and cash equivalents	4	9,066,888,356	10,650,407,393	330,502,410	268,320,789
Specifically-designated bank deposits	5	2,220,542,185	2,642,633,529	-	-
Trade and other current receivables	6, 34	19,241,653,605	17,071,011,926	1,786,094,183	2,219,344,855
Short-term loans to related parties	34	-	-	48,669,000,000	39,533,900,000
Inventories	7	3,822,985,486	3,950,534,972	-	-
Current tax assets		116,987,006	197,610,371	67,950,252	65,202,979
Other current financial assets	35	5,772,175	82,917,264	-	226,433,800
Other current assets		429,844,303	245,744,406	53,738	321,083
Total current assets		34,904,673,116	34,840,859,861	50,853,600,583	42,313,523,506
Non-current assets					
Investments in an associate	8	17,793,644	30,728,921	-	-
Investments in subsidiaries	9	-	-	22,158,565,396	22,650,469,852
Investments in joint ventures	8	735,995,899	58,535,887	-	-
Other long-term investments	10	59,976,210	59,399,310	47,999,310	47,999,310
Property, plant and equipment	11	130,211,973,802	132,579,258,894	217,277,086	253,637,085
Assets under the Agreements for operations	12	-	-	-	-
Goodwill	13	2,881,699,659	34,930,692	-	-
Spectrum licenses	14	111,749,059,137	107,523,563,565	-	-
Other intangible assets	15	5,091,828,807	4,499,186,068	17,336,436	27,822,959
Deferred tax assets	16	3,210,339,722	2,562,435,786	612,954,066	559,933,360
Other non-current assets		1,641,645,473	1,878,455,284	498,214,691	452,448,823
Total non-current assets		255,600,312,353	249,226,494,407	23,552,346,985	23,992,311,389
Total assets		290,504,985,469	284,067,354,268	74,405,947,568	66,305,834,895

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

UNIT : BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings from financial institutions	17	5,900,000,000	6,500,000,000	2,900,000,000	-
Trade and other current payables	18, 34	37,679,694,758	32,140,894,338	2,846,503,529	2,791,995,986
Accrued revenue sharing expenses	39	5,361,818,613	5,361,818,613	5,221,244,442	5,221,244,442
Unearned income - mobile phone service		3,963,530,920	3,409,682,237	9,177,072	9,183,807
Advanced received from customers	5	2,220,542,185	2,642,633,529	-	-
Current portion of long-term liabilities	17	11,203,598,605	3,075,569,159	10,504,755	3,038,063,962
Current portion of spectrum licenses payable	19	3,971,753,447	13,988,910,603	-	-
Short-term borrowings from related parties	17, 34	-	-	4,920,000,000	4,640,000,000
Current income tax payable		2,412,564,709	2,456,516,299	-	-
Other current liabilities		50,952,575	24,750,899	3,539,189	3,682,936
Total current liabilities		72,764,455,812	69,600,775,677	15,910,968,987	15,704,171,133
Non-current liabilities					
Long-term liabilities	17	92,029,626,131	100,101,849,676	25,999,851	29,090,497
Provisions for employee benefit	20	2,253,764,390	1,855,646,009	263,096,606	235,339,712
Spectrum licenses payable	19	63,516,140,746	59,960,851,091	-	-
Other non-current financial liabilities	35	-	117,672,750	-	-
Other non-current liabilities		2,272,417,625	2,003,771,342	16,386,900	16,878,900
Total non-current liabilities		160,071,948,892	164,039,790,868	305,483,357	281,309,109
Total liabilities		232,836,404,704	233,640,566,545	16,216,452,344	15,985,480,242
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
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
Share premium					
Share premium on ordinary shares	21	22,372,276,085	22,372,276,085	22,372,276,085	22,372,276,085
Other deficits					
Deficits arising from change in owanership interest in a subsidiary	37	(668,455,415)	-	-	-
Retained earnings					
Appropriated					
Legal reserve	22	500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		32,005,107,623	24,174,742,689	32,005,107,623	24,174,742,689
Other components of shareholders' equity	23	339,016,186	300,240,549	339,016,186	300,240,549
Total shareholders' equity attributable					
to owners of the Company		57,521,039,809	50,320,354,653	58,189,495,224	50,320,354,653
Non-controlling interests		147,540,956	106,433,070	-	-
Total shareholders' equity		57,668,580,765	50,426,787,723	58,189,495,224	50,320,354,653
Total liabilities and shareholders' equity		290,504,985,469	284,067,354,268	74,405,947,568	66,305,834,895

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF PROFIT OR LOSS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>Revenues</b>					
Revenues from rendering of services and equipment rentals	25, 34	144,004,927,501	132,946,614,806	1,733,820,000	1,689,050,715
Revenue from sale of goods	34	25,850,919,656	24,775,185,546	-	-
<b>Total revenues</b>		<u>169,855,847,157</u>	<u>157,721,800,352</u>	<u>1,733,820,000</u>	<u>1,689,050,715</u>
<b>Costs</b>					
Cost of rendering of services and equipment rentals	29, 34	(76,700,066,883)	(66,603,293,144)	(1,185,153,576)	(1,198,433,105)
Revenue sharing expense		-	(1,032,975)	-	(1,032,975)
Cost of sale of goods		<u>(26,755,621,910)</u>	<u>(25,654,312,974)</u>	<u>-</u>	<u>-</u>
<b>Total costs</b>		<u>(103,455,688,793)</u>	<u>(92,258,639,093)</u>	<u>(1,185,153,576)</u>	<u>(1,199,466,080)</u>
<b>Gross profit</b>		66,400,158,364	65,463,161,259	548,666,424	489,584,635
<b>Distribution costs and administrative expenses</b>					
Distribution costs	29	(9,549,510,004)	(9,990,160,128)	(1,251,230)	(1,482,062)
Administrative expenses	29	<u>(16,745,333,213)</u>	<u>(15,087,572,624)</u>	<u>(375,886,050)</u>	<u>(128,291,412)</u>
<b>Total distribution costs and administrative expenses</b>		<u>(26,294,843,217)</u>	<u>(25,077,732,752)</u>	<u>(377,137,280)</u>	<u>(129,773,474)</u>
<b>Profit from services, equipment rentals and sales of goods</b>		40,105,315,147	40,385,428,507	171,529,144	359,811,161
Interest income	26, 34	164,949,049	174,795,247	838,310,045	1,324,956,276
Other income (reversal)	27, 34	695,878,287	575,201,652	(1,162,752,777)	140,273,149
Share of profit (loss) of an associate, subsidiaries and joint ventures	8, 9	(122,974,184)	5,368,443	30,044,590,383	28,988,867,735
Net gain (loss) on foreign exchange rate		118,631,111	224,917,346	995,394	(6,663,023)
Management benefit expenses	34	<u>(177,470,136)</u>	<u>(142,726,987)</u>	<u>(157,857,302)</u>	<u>(142,546,987)</u>
Finance costs	30, 34	<u>(5,147,685,400)</u>	<u>(5,301,632,485)</u>	<u>(105,657,456)</u>	<u>(313,712,277)</u>
<b>Profit before income tax (expense) income</b>		35,636,643,874	35,921,351,723	29,629,157,431	30,350,986,034
Tax (expense) income	31	<u>(5,922,538,911)</u>	<u>(5,843,428,337)</u>	<u>53,020,706</u>	<u>(273,673,933)</u>
<b>Profit for the years</b>		<u>29,714,104,963</u>	<u>30,077,923,386</u>	<u>29,682,178,137</u>	<u>30,077,312,101</u>
<b>Profit attributable to:</b>					
Owners of parent		29,682,178,137	30,077,312,101	29,682,178,137	30,077,312,101
Non-controlling interests		<u>31,926,826</u>	<u>611,285</u>	<u>-</u>	<u>-</u>
<b>Profit for the years</b>		<u>29,714,104,963</u>	<u>30,077,923,386</u>	<u>29,682,178,137</u>	<u>30,077,312,101</u>
<b>Earnings per share (in Baht)</b>	32				
Basic earnings per share		<u>9.98</u>	<u>10.12</u>	<u>9.98</u>	<u>10.12</u>
Diluted earnings per share		<u>9.98</u>	<u>10.12</u>	<u>9.98</u>	<u>10.12</u>

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>Profit for the years</b>		29,714,104,963	30,077,923,386	29,682,178,137	30,077,312,101
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
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)
<b>Other comprehensive income for the years, net of income tax</b>		-	816,516,913	-	816,501,269
<b>Total comprehensive income for the years</b>		<u>29,714,104,963</u>	<u>30,894,440,299</u>	<u>29,682,178,137</u>	<u>30,893,813,370</u>
<b>Total comprehensive income attributable to:</b>					
Owners of parent		29,682,178,137	30,893,813,370	29,682,178,137	30,893,813,370
Non-controlling interests		31,926,826	626,929	-	-
<b>Total comprehensive income for the years</b>		<u>29,714,104,963</u>	<u>30,894,440,299</u>	<u>29,682,178,137</u>	<u>30,893,813,370</u>

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

## CONSOLIDATED FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	UNIT : BAHT									
		Other components of shareholders' equity									
		Issued and paid share capital	Share premium on ordinary share	Other deficits	Retained earnings	Reserve for share-based payment	Gain on dilution of investment	Total other components shareholders' equity	Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
Balance as at January 1, 2017		2,973,095,330	22,388,093,275	-	500,000,000	75,493,131	161,186,663	236,679,794	42,568,883,449	139,450,634	42,708,334,083
Transactions with owners, recorded directly in shareholders' equity											
are capital reduction		-	-	-	-	-	-	-	-	(33,427,840)	(33,427,840)
are-based payment transaction	23	-	(15,817,190)	-	-	63,560,755	-	63,560,755	47,743,565	-	47,743,565
dividends paid	33, 34	-	-	-	-	-	-	-	(23,190,085,731)	(216,653)	(23,190,302,384)
Total transactions with owners, recorded directly in shareholders' equity		-	(15,817,190)	-	-	63,560,755	-	63,560,755	(23,142,342,166)	(33,644,493)	(23,175,986,659)
Comprehensive income for the year											
Profit for the year		-	-	-	-	-	-	-	30,077,312,101	611,285	30,077,923,386
Other comprehensive income		-	-	-	-	-	-	-	816,501,269	1,5644	816,516,913
Total comprehensive income for the year		-	-	-	-	-	-	-	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	139,053,886	161,186,663	300,240,549	50,320,354,653	106,433,070	50,426,787,723

# 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, 2018

UNIT : BAHT													
Notes	Issued and paid share capital	Share premium on ordinary share	Other deficits		Retained earnings		Other components of shareholders' equity				Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
			Deficits arising from change in ownership interest in subsidiaries	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components shareholders' equity					
Balance as at January 1, 2018	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	106,433,070	50,426,787,723		
Transactions with owners, recorded directly in shareholders' equity													
Contributions by and distributions to owners of the Company													
Share-based payment transaction	23	-	-	-	-	38,775,637	-	38,775,637	38,775,637	-	38,775,637		
Dividends paid	33, 34	-	-	-	(21,851,813,203)	-	-	-	(21,851,813,203)	(665,722)	(21,852,478,925)		
Total contributions by and distributions to owners of the Company		-	-	-	(21,851,813,203)	38,775,637	-	38,775,637	(21,813,037,566)	(665,722)	(21,813,703,288)		
Changes in ownership interests in a subsidiary													
Acquisition of non-controlling interests from investment in a subsidiary	37	-	-	-	-	-	-	-	-	220,476,756	220,476,756		
Change in ownership interest in a subsidiary	37	-	-	(668,455,415)	-	-	-	-	(668,455,415)	(210,629,974)	(879,085,389)		
Total changes in ownership interests in subsidiary		-	-	(668,455,415)	-	-	-	-	(668,455,415)	9,846,782	(658,608,633)		
Total transactions with owners, recorded directly in shareholders' equity		-	-	(668,455,415)	-	(21,851,813,203)	38,775,637	-	(22,481,492,981)	9,181,060	(22,472,311,921)		
Comprehensive income for the year													
Profit for the year		-	-	-	-	29,682,178,137	-	-	29,682,178,137	31,926,826	29,714,104,963		
Total comprehensive income for the year		-	-	-	-	29,682,178,137	-	-	29,682,178,137	31,926,826	29,714,104,963		
Balance as at December 31, 2018		2,973,095,330	22,372,276,085	(668,455,415)	500,000,000	32,005,107,623	177,829,523	161,186,663	57,521,039,809	147,540,956	57,668,580,765		

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

## CONSOLIDATED FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

		UNIT : BAHT							
Notes	Retained earnings	Other components of shareholders' equity				Total shareholders' equity			
		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 of shareholders' equity
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	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 paid	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 for the year	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



# 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, 2018

		UNIT : BAHT							
Notes		Retained earnings		Other components of shareholders' equity			Total shareholders' equity		
		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 of shareholders' equity
Transactions with owners, recorded directly in shareholders' equity	Balance as at January 1, 2018	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
	Share-based payment transaction	-	-	-	-	38,775,637	-	38,775,637	38,775,637
	Dividends paid	-	-	-	(21,851,813,203)	-	-	-	(21,851,813,203)
	Total transactions with owners, recorded directly in shareholders' equity	-	-	-	(21,851,813,203)	38,775,637	-	38,775,637	(21,813,037,566)
Comprehensive income for the year	Profit for the year	-	-	-	29,682,178,137	-	-	-	29,682,178,137
	Total comprehensive income for the year	-	-	-	29,682,178,137	-	-	-	29,682,178,137
	Balance as at December 31, 2018	2,973,095,330	22,372,276,085	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186	58,189,495,224

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF CASH FLOWS STATEMENTS OF CASH FLOWS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT					
	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>Cash flows from operating activities</b>					
Profit for the years		29,714,104,963	30,077,923,386	29,682,178,137	30,077,312,101
Adjustments for					
Depreciation	11, 29	24,821,823,859	21,487,350,545	74,574,891	85,489,138
Amortization of intangible assets	12, 14, 15, 29	9,057,267,056	8,663,344,477	10,486,524	14,085,137
Interest income	26, 34	(164,949,049)	(174,795,247)	(838,310,045)	(1,324,956,276)
Finance costs	30, 34	5,147,685,400	5,301,632,485	105,657,456	313,712,277
(Reversal of) doubtful accounts and bad debts expenses	6	2,174,515,136	2,198,933,259	(1,013,216)	(11,716,239)
Share-based payment transaction	23	38,775,637	47,743,565	38,775,637	47,743,565
(Reversal of) allowance for obsolete, decline in value and write-off inventories	7	(151,790,130)	(392,008,151)	-	(18,277,813)
Allowance for unused equipment		635,294,073	722,516,716	-	-
(Gain) loss on sales, disposals and write-off of assets		2,255,237	7,116,636	(8,647,990)	3,931,020
Unrealized (gain) loss on foreign exchange rate		201,914,179	(247,517,600)	24,686,142	(10,526,880)
Share of (profit) loss of subsidiaries, an associate and joint ventures	8, 9	122,974,184	(5,368,443)	(30,044,590,383)	(28,988,867,735)
Employee benefit expense		188,448,953	261,759,361	28,106,147	52,601,794
Tax expense (income)	31	5,922,538,911	5,843,428,337	(53,020,706)	273,673,933
Cash provided by (used in) operation before changes in operating assets and liabilities		77,710,858,409	73,792,059,326	(981,117,406)	514,204,022
Changes in operating assets and liabilities					
Specifically-designated bank deposits		422,091,345	320,549,451	-	-
Trade and other current receivables		(3,889,748,918)	(5,153,674,255)	4,991,435	65,992,264
Inventories		307,110,764	(473,275,186)	-	18,345,684
Other current assets		7,245,801	69,937,640	(2,479,928)	(58,306,517)
Other non-current assets		260,384,837	814,768,300	22,184,384	1,112,026,398
Trade and other current payables		1,344,423,499	1,504,332,144	129,096,074	(215,252,224)
Accrued revenue sharing expenses		-	1,031,947	-	1,031,947
Unearned income - mobile phone service		553,848,683	201,639,608	(6,735)	(40,129)
Advanced received from customers		(422,091,345)	(320,549,451)	-	-
Other current liabilities		3,450,146	(21,047,370)	(143,746)	2,581,369
Other financial assets (liabilities)		(401,038,134)	324,993,828	4,273,549	7,777,096
Other non-current liabilities		23,411,135	29,821,986	-	-
Cash generated by (used in) operating activities		75,919,946,222	71,090,587,968	(823,202,373)	1,448,359,910
Employee benefit paid		(25,551,782)	(29,082,003)	(9,918,501)	(9,333,490)
Income tax paid		(6,762,700,249)	(5,532,986,849)	(67,950,252)	(65,213,068)
<b>Net cash provided by (used in) operating activities</b>		<b>69,131,694,191</b>	<b>65,528,519,116</b>	<b>(901,071,126)</b>	<b>1,373,813,352</b>

# STATEMENTS OF CASH FLOWS STATEMENTS OF CASH FLOWS (CONTINUED)

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>Cash flows from investing activities</b>					
Interest received		173,093,607	169,264,032	1,267,582,497	919,998,002
Purchase of property, plant, equipment and other intangible assets		(20,197,787,650)	(41,107,894,564)	(26,923,095)	(10,089,040)
Process from sale of equipment		847,166,956	121,135,582	9,498,379	25,641,463
Payment of spectrum license	19	(20,535,811,461)	(10,246,500,000)	-	-
Net increase in short-term loans to related parties	34	-	-	(9,135,100,000)	(290,000,000)
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	(787,498,919)	(44,999,850)	(3,999,700)	-
Net cash paid for acquisition of business		(3,375,339,629)	-	-	-
Net increase in other long-term investments		(576,900)	-	-	-
Dividend received		-	-	30,540,494,539	28,454,797,153
<b>Net cash provided by (used in) investing activities</b>		<u>(43,876,753,996)</u>	<u>(51,108,994,800)</u>	<u>22,651,552,620</u>	<u>31,366,882,998</u>
<b>Cash flows from financing activities</b>					
Interest paid		(3,290,107,981)	(3,055,218,734)	(167,332,305)	(372,316,610)
Other finance costs paid		(17,105,183)	(71,905,624)	(4,217,745)	(4,745,404)
Finance lease payments	17	(55,685,731)	(56,362,860)	(16,898,416)	(16,812,394)
Net increase (decrease) in short-term loans from financial institutions	17	(850,000,000)	(2,700,000,000)	2,900,000,000	(5,700,000,000)
Net increase (decrease) in short-term borrowings from related parties	17, 34	-	-	280,000,000	(1,800,000,000)
Proceed of long-term borrowings	17	3,000,000,000	16,307,475,000	-	-
Repayments of long-term borrowings	17	(2,887,953,863)	(2,190,460,730)	(2,827,953,863)	(1,793,260,730)
Cash paid for purchase of a subsidiary from non-controlling interest		(879,085,390)	-	-	-
Cash returned paid to non-controlling interest from capital reduction of subsidiary		-	(33,427,840)	-	-
Cash received for Share capital from non-controlling interest		300	-	-	-
Dividend paid		(21,852,478,925)	(23,190,302,384)	(21,851,813,204)	(23,190,085,731)
<b>Net cash used in financing activities</b>		<u>(26,832,416,773)</u>	<u>(14,990,203,172)</u>	<u>(21,688,215,533)</u>	<u>(32,877,220,869)</u>
Effect of exchange rate changes on balances held in foreign currencies		(6,042,459)	(5,054,455)	(84,340)	(4,865,675)
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>(1,583,519,037)</u>	<u>(575,733,311)</u>	<u>62,181,621</u>	<u>(141,390,194)</u>
Cash and cash equivalents as at January 1,		10,650,407,393	11,226,140,704	268,320,789	409,710,983
<b>Cash and cash equivalents as at December 31,</b>	4	<u>9,066,888,356</u>	<u>10,650,407,393</u>	<u>330,502,410</u>	<u>268,320,789</u>
<b>Supplemental disclosures of cash flow information</b>					
<b>Non-cash transactions</b>					
Outstanding debts arising from investments in capital expenditures and spectrum license		80,209,168,345	82,929,855,917	1,840,617	832,599

Notes to the financial statements form an integral part of these statements

# NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Notes	Contents
1.	Company operations and other general information
2.	Basis of preparation and presentation of the financial statements
3.	Significant accounting policies
4.	Cash and cash equivalents
5.	Specifically-designated bank deposits
6.	Trade and other current receivables
7.	Inventories
8.	Investments in an associate and joint ventures
9.	Investments in subsidiaries
10.	Other long-term investments
11.	Property, plant and equipment
12.	Assets under the Agreements for operations
13.	Goodwill
14.	Spectrum licenses
15.	Other intangible assets
16.	Deferred tax assets
17.	Interest-bearing liabilities
18.	Trade and other current payables
19.	Spectrum licenses payable
20.	Provisions for employee benefit
21.	Share capital
22.	Legal reserve
23.	Other components of shareholders' equity
24.	Segment financial information
25.	Revenue from rendering of services and equipment rentals
26.	Interest income
27.	Other income (reversal)
28.	Provident fund
29.	Expenses by nature
30.	Finance costs
31.	Tax expense (income)
32.	Earnings per share
33.	Dividends
34.	Related parties
35.	Financial instruments
36.	Commitments with non-related parties
37.	Acquisition of business
38.	Provisions and contingent liabilities
39.	Significant events, commercial disputes and litigations
40.	Events after the reporting period
41.	Approval of financial statements

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 1. COMPANY OPERATIONS AND OTHER 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.

As at December 31, 2018, Intouch Holdings Public Company Limited is a major shareholder, holding 40.45% (as at December 31, 2017: 40.45%) of the authorized share capital of the Company and is incorporated in Thailand and Singtel Strategic Investments Pte Ltd. is a shareholder, holding 23.32% (as at December 31, 2017: 23.32%) of the authorized share capital of the Company and is incorporated in Singapore.

The major principal business operations of the Company is to provide consulting and management services to its subsidiaries

The major principal business operations of its subsidiaries are summarized as follows:

- 1) 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, 2018, TOT owns 48.12% of ADC’s total shares (2017: 48.12%).

- 2) 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 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 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.

License of Spectrum for Telecommunications Service in the Frequency Band of 1800 MHz.

On August 19, 2018, 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 1740 MHz to 1745 MHz and 1835 MHz to 1840 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.3), date September 21, 2018. AWN started the operation commencing from September 24, 2018 to September 15, 2033 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

- 3) 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 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 - 3 years each. SBN is obliged to comply with various conditions and pay fee within the time period as specified in the License.
- 4) CS Loxinfo Public Company Limited (“CSL”), an indirect subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) under the Internet Operation License type I, type II, Telecom Operation License type I, and type III to operate and service internet data center, internet and satellite uplink-downlink services for domestic and international communications and distribute internet equipment.

According to the conditions specified by NBTC, provided that the authorized licenses is not in significant violation of the conditions specified in the license, NBTC will consider renewing the license as normal procedure.

## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

Details of the Company's subsidiaries, an associate and joint ventures as at December 31, are as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%) 2018	2017
<b>Subsidiaries</b>				
Advanced Contact Center Company Limited	Service provider of call center	Thailand	99.99	99.99
Digital Phone Company Limited	Ceased mobile phone operation	Thailand	98.55	98.55
Advanced Magic Card Company Limited	Distributor of cash card business	Thailand	99.99	99.99
Advanced Mpay Company Limited	Service provider of electronic payment and cash card	Thailand	99.99	99.99
AIN GlobalComm Company Limited	Service provider of international telephone service	Thailand	99.99	99.99
Advanced Wireless Network Company Limited	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 Company Limited	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 Company Limited	Importer and distributor of handsets and accessories	Thailand	99.99	99.99
Fax Lite Company Limited	Operate in land and building rental and service, and related facilities	Thailand	99.98	99.98
MIMO Tech Company Limited	Operate IT, content aggregator, and outsourcing service for billing and collection	Thailand	99.99	99.99
Advanced Broadband Network Company Limited	Providing training within the Group	Thailand	99.99	99.99
Advanced Digital Distribution Company Limited	Providing insurance broker service	Thailand	99.99	-
<b>Indirect Subsidiaries</b>				
Advanced Datanetwork Communications Company Limited	Service provider of online data communications service via telephone land line and optical fiber	Thailand	51.00*	51.00*
CS LoxInfo Public Company Limited	The provision of internet data center services, internet and satellite uplink-downlink services for domestic and international communications and distribute internet equipment	Thailand	99.11*	-
Teleinfo Media Public Company Limited	Publishing business telephone directories and advertising	Thailand	99.99*	-
AD Venture Public Company Limited	Providing mobile contents	Thailand	99.99*	-
Yellow Pages Commerce Company Limited	Online advertising business	Thailand	99.94*	-
<b>Associate</b>				
Information Highway Company Limited	Transmission network provider	Thailand	29.00*	29.00*
<b>Joint Ventures</b>				
Amata Network Company Limited	Develop infrastructure of fibre optic network	Thailand	60.00*	60.00*
Rabbit-Line Pay Company Limited	Providing electronic money and electronic payment service business	Thailand	33.33*	-

\* % ownership interest in indirect subsidiaries, an associate and joint ventures are presented by ownership interest hold by subsidiaries.

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.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 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".
- 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) Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Group and the Company have adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's and the Company's financial statements, except the following financial reporting standard :

Thai Accounting Standard No.7 (Revised 2017) "Statement of Cash Flows"

This revised accounting standard requires the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This accounting standard requires prospective method for such amendment.

- 2) Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

- 2.1) Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" ("TFRS 15")

The Federation of Accounting Professions has issued the Notification regarding TFRS 15 which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

TFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date: Thai Accounting Standard No.11 “Construction Contracts”, Thai Accounting Standard No.18 “Revenue”, Thai Accounting Standard Interpretation No.31 “Revenue-Barter Transactions Involving Advertising Services”, Thai Financial Reporting Standard Interpretation No.13 “Customer Loyalty Programmes, Thai Financial Reporting Standard Interpretation No.15 “Agreements for the Construction of Real Estate” and Thai Financial Reporting Standard Interpretation No.18 “Transfers of Assets from Customers”. TFRS 15 requires retrospective method in accordance with Thai Accounting Standard No.8 “Accounting Policies, Changes in Accounting Estimates and Errors” or recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the annual reporting period.

The core principle of TFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects to consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

### 2.2) Thai Financial Reporting Standard Group of Financial Instruments

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments, which have been announced in the Royal Gazette on September 21, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standard No.32 “Financial Instruments: Presentation”

This accounting standard requires establishing principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; the circumstances in which financial assets and financial liabilities should be offset.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

This accounting standard shall be applied retrospectively for annual periods beginning on or after January 1, 2020. An entity shall apply this accounting standard prospective method by recognising all transactions on the date of initial application considering the condition of this accounting standard and the cumulative effect of initially applying this Standard as an adjustment of retained earnings or other component equity (if applicable) on the date of initial application. The entity shall disclose that fact.

Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”

This financial reporting standard requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity’s financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the reporting period and at the end of the reporting period, and how the entity manages those risks.

If an entity initially applies this financial reporting standard, it needs not present comparative information for the disclosures about the nature and extent of risks arising from the financial instruments.

Thai Financial Reporting Standard No.9 “Financial Instruments”

The financial reporting standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This financial reporting standard includes 3 requirements for the recognition and measurement, impairment and hedge accounting.

All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principle and interest on the principle outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely payments of principle and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit loss and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

TFRS 9 have been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled with the principle of an 'economic relationship'. Disclosure requirements about an entity's risk management activities have also been introduced.

An entity can elect to apply this Standard retrospectively, in accordance with Thai Accounting Standard No.8 (Revised 2018) "Accounting Policies, Changes in Accounting Estimates and Errors". This Standard shall not be applied to items that have already been derecognized at the date of initial application. Or, an entity can elect to apply this Standard by recognizing the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the annual reporting period. The entity shall disclose that fact.

Thai Financial Reporting Standard Interpretations No.16 "Hedge of a Net Investment in a Foreign Operation"

This Interpretation describes the significant issue about hedging the foreign currency risk arising from its net investment in foreign operations such as a presentational currency not exposure to risk that an entity applies for hedge accounting and hedging instruments that are hedges of a net investment in a foreign operation. This Interpretation requires prospective method for such application.

Thai Financial Reporting Standard Interpretations No.19 "Extinguishing Financial Liabilities with Equity Instruments"

This Interpretation addresses the circumstance that an entity issues equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The entity shall remove all or part of such financial liability. This Interpretation requires retrospective method for such application.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 2.3) Thai Financial Reporting Standard Revised 2018

Thai Financial Reporting Standards (TFRSs) Revised 2018 which will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards, have been announced in the Royal Gazette on November 27, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures”

This revised accounting standard clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss (that is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds). An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. This accounting standard requires retrospective method for such amendment.

In addition to, this revised accounting standard clarifies the consideration about the impairment of an investment in an associate or a joint venture.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property”

This revised accounting standard clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment”

This revised financial reporting standard adds the requirements as follows.

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

This revised financial reporting standard requires prospective method for such amendment.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Thai Financial Reporting Standard No.4 (Revised 2018) “Insurance Contracts”

This revised financial reporting standard determines the option for insurance industry to apply Thai Financial Reporting Standard No.9 “Financial Instruments” (“TFRS 9”) as follows.

1) Temporary exemption from TFRS 9

An entity its activities are predominantly connected with insurance, shall elect to apply accounting guidance “Financial Instruments” and disclosure for insurance industry rather than TFRS 9 for annual periods beginning before January 1, 2022 or before TFRS 17 is effective.

2) The Overlay approach

This method is not permitted to apply in Thailand.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application. The Group’s management considered that TFRS 15 establishes model of accounting for revenue arising from contracts with customers. The standard requires companies to apportion revenue earned from contracts to performance obligations based on a five-step model on a relative standalone selling price basis. It also introduces contract cost guidance and requires certain additional disclosures. The adoption of TFRS 15 will have the following key effects:

- 1) An increase in revenue allocated to sales of goods, which are fair valued at standalone selling price, and a reduction in revenue from rendering of mobile services over the customer contract period.
- 2) Subsidy of device paid to dealer will be capitalized and amortized against revenue from rendering of mobile services over the customer contract period.
- 3) Customer acquisition cost such as dealers’ commission and own sales force’s commission will be capitalized as asset and amortized as distribution cost over the customer contract period.
- 4) Contract assets will be increased from allocation of revenue to sales of goods. Contract asset in the statement of financial position represents the difference between the revenue recognized and the upfront cash consideration received from customers.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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 joint ventures.

##### 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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 joint ventures.

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 a joint control 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 joint ventures 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.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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, saving accounts and fixed accounts not exceeding 3 months 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, sim cards and spare parts used for repairs and services.

Inventories are stated at the lower of cost and net realizable value. The Group's and the Company's 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.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 joint ventures

Investments in subsidiaries in the separate financial statements of the Company and investment in an associate and joint ventures 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 (if any).

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 for each major components of property, plant and equipment.

Gains or 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of plant and equipment, 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 - 30	years
Leasehold building improvements	5 - 10	years
Computer, tools and equipment	3 - 20	years
Furniture, fixtures and office equipment	2 - 18	years
Communication equipment for rental	5	years
Vehicles	5	years

The Group and the Company have no depreciation provided on freehold land and 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:

Datanet tools and equipment	10	years not exceeding the remaining period of the Agreement for operations
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The Group and the Company have no amortization 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 3.10 Other 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 are consist of customer relationship, customer contracts, fibre optics licenses and software licenses which are acquired by the Group and the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses (if any).

#### 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
Customer relationship	5 years
Customer contracts	5 years
Fibre optics licenses	Not over the period of the license
Software licenses	3 - 10 years

The Group and the Company have no amortization provided on asset under installation.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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 International circuit are stated at cost less accumulated amortization and accumulated impairment losses (if any).

#### 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
International circuit	Over the agreement period

### 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 of the reporting period that transaction occurred.

#### 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 Group's and the Company's financial statements based on calculations by a qualified actuary using the projected unit credit method.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 in the statement of profit or loss 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 or 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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.

Revenue from rendering of internet services and other services is recognized when services are provided to customers. Revenue from design and implementation contract for Internet, Computer, and Telecommunication services ("ICT") is recognized by reference to the stage of completion at the end of the reporting period and in the accounting period in which the services are 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 on the accrual basis.

### Expense

Expense is recognized in the statement of profit or loss on the accrual basis.

### 3.18 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of held-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.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 reporting 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 with own shares held and the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 3.22 Segment financial information

Segment results that are reported to the Group's 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, are as follows:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
Cash on hand		6	9	1	2
Cash at bank - current accounts	34	567	712	4	5
Cash at bank - saving accounts	34	10,625	12,572	326	261
Cash at bank - fixed accounts not exceeding 3 months		1	-	-	-
Highly liquid short-term investment		88	-	-	-
		11,287	13,293	331	268
<u>Less</u> Specifically-designated bank deposits	5	(2,220)	(2,643)	-	-
<b>Total</b>		<b>9,067</b>	<b>10,650</b>	<b>331</b>	<b>268</b>

The currencies denomination of cash and cash equivalents as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Thai Baht (THB)	8,145	10,401	328	215
US Dollar (USD)	657	206	1	52
Euro (EUR)	265	43	2	1
<b>Total</b>	<b>9,067</b>	<b>10,650</b>	<b>331</b>	<b>268</b>

As at December 31, 2018, the effective interest rate of the Group and the Company on cash and cash equivalents are 0.04% - 1.30% and 0.04% - 1.25% per annum, respectively (as at December 31, 2017: 0.03% - 1.68% and 0.03% - 1.00% per annum, respectively).

### 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, 2018 amounting to Baht 2,221 million (as at December 31, 2017: Baht 2,643 million).

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
<b>Trade receivables</b>					
Related parties	34				
Trade receivables		105	53	15	18
Accrued income		68	107	3	3
		<u>173</u>	<u>160</u>	<u>18</u>	<u>21</u>
Other parties					
Trade receivables		9,672	7,902	180	173
Accrued income		7,957	7,580	1,575	1,581
		<u>17,629</u>	<u>15,482</u>	<u>1,755</u>	<u>1,754</u>
<b>Total trade receivables</b>		<u>17,802</u>	<u>15,642</u>	<u>1,773</u>	<u>1,775</u>
<u>Less</u> allowance for doubtful accounts		<u>(1,441)</u>	<u>(1,463)</u>	<u>(99)</u>	<u>(101)</u>
<b>Trade receivables - net</b>		<u>16,361</u>	<u>14,179</u>	<u>1,674</u>	<u>1,674</u>
<b>Other receivables</b>					
Prepaid expense		2,240	2,306	13	14
Account receivables - cash card/ refill on mobile		137	175	-	-
Value-added tax receivable		428	310	-	-
Others		76	101	99	531
<b>Total other receivables</b>		<u>2,881</u>	<u>2,892</u>	<u>112</u>	<u>545</u>
<b>Total trade and other current receivables</b>		<u>19,242</u>	<u>17,071</u>	<u>1,786</u>	<u>2,219</u>
(Reversal of) Bad and doubtful debts expense for the years ended December 31,		<u>2,175</u>	<u>2,199</u>	<u>(1)</u>	<u>(12)</u>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Aging analysis for trade receivables are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Related parties</b>				
Current - overdue within 3 months	171	159	18	21
Overdue 3 - 6 months	-	1	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue over 12 months	2	-	-	-
	<u>173</u>	<u>160</u>	<u>18</u>	<u>21</u>
<b>Other parties</b>				
Current - overdue within 3 months	14,472	13,002	-	-
Overdue 3 - 6 months	669	563	-	-
Overdue 6 - 12 months	582	112	-	-
Overdue over 12 months	1,906	1,805	1,755	1,754
	<u>17,629</u>	<u>15,482</u>	<u>1,755</u>	<u>1,754</u>
<u>Less</u> allowance for doubtful accounts	<u>(1,441)</u>	<u>(1,463)</u>	<u>(99)</u>	<u>(101)</u>
	<u>16,188</u>	<u>14,019</u>	<u>1,656</u>	<u>1,653</u>
<b>Trade receivables - net</b>	<u>16,361</u>	<u>14,179</u>	<u>1,674</u>	<u>1,674</u>

The normal credit term granted by the Group and the Company ranges from 14 days to 120 days.

The currencies denomination of trade receivables as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Thai Baht (THB)	14,535	11,846	1,674	1,674
United States Dollars (USD)	1,824	2,316	-	-
Euro (EUR)	2	17	-	-
<b>Total</b>	<u>16,361</u>	<u>14,179</u>	<u>1,674</u>	<u>1,674</u>

As at December 31, 2018, 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 (as at December 31, 2017: 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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.

On November 26, 2013, Digital Phone Company Limited ("DPC"), a subsidiary, has submitted a dispute to the Central Administrative Court demanding CAT Public Company Limited ("CAT") to pay the revenue sharing of IDD of Baht 9 million plus interest rate at 7.5% per annum until the date of dispute submission, the total amount of Baht 11 million.

On May 31, 2018, the Central Administrative Court gave the decision and order CAT to pay for the revenue sharing of IDD to DPC of Baht 2.56 million plus interest rate at 7.5% per annum of principal amount from the date of dispute submission until full payment which shall be paid within 60 days from the date that the case was decided.

On June 29, 2018, DPC has appealed to the Supreme Administrative Court under the disagreement with the Central Administrative Court's decision ordering CAT to pay for the revenue sharing of IDD from the remuneration rate of usage and connection in accordance with the National Telecommunication Commission Order No. 11/2531 regarding "the Notification of Inter Connection charge on Telecommunication" which such rate was not the mutually agreed rate between DPC and CAT from revenue share agreement. Currently, the case has been in the process of consideration by the Supreme Administrative Court process.

### 7. INVENTORIES

Inventories as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Finished goods	3,916	4,029	-	-
Supplies and spare parts	2	9	-	-
Spare parts for mobile phone network maintenance	505	687	363	363
	4,423	4,725	363	363
<u>Less</u> allowance for obsolescence and decline in value of inventory	(600)	(774)	(363)	(363)
<b>Inventories - net</b>	<b>3,823</b>	<b>3,951</b>	<b>-</b>	<b>-</b>

The Group recognized expenses in respect of reversal of allowance for obsolescence and decline in value of inventory for the year ended December 31, 2018 of Baht 174 million (separate financial statement : nil) (for the year ended December 31, 2017: in consolidated financial statement of Baht 393 million and separate financial statement of Baht 19 million, respectively).

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 8. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

Movements in investment in an associate in the consolidated financial statement for the years ended December 31, are as follows: (separate financial statement : nil)

	Unit: Million Baht Consolidated financial statements	
	2018	2017
As at January 1,	31	24
Share of profit (loss) of an associate	(13)	7
<b>As at December 31,</b>	<b>18</b>	<b>31</b>

Movements in investment in joint ventures in the consolidated financial statement for the years ended December 31, are as follows: (separate financial statement : nil)

	Unit: Million Baht Consolidated financial statements	
	2018	2017
As at January 1,	59	15
Additional investments	787	45
Share of loss of joint ventures	(110)	(1)
<b>As at December 31,</b>	<b>736</b>	<b>59</b>

#### Investment in joint ventures

##### Amata Network Co., Ltd.

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 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.

##### Rabbit - Line Pay Co., Ltd.

On November 2, 2017, the Company's Board of Directors' meeting approved a resolution to invest in Rabbit - Line Pay Co., Ltd. ("RLP"). Subsequently, on March 5, 2018, Advanced Mpay Co., Ltd. ("AMP"), a subsidiary, has entered into the shareholders agreement with Rabbitpay System Co., Ltd. and Line Pay Corporation for investing 33.33% holding or 1,999,998 shares of RLP at Baht 393.75 each, totaling Baht 787 million to expand e-money and e-payment services to serve customers in the digital economy.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

Investments in an associate and joint ventures 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		
		2018	2017	2018	2017	2018	2017	2017
<b>Associate</b>								
Information Highway Co., Ltd.	29	29	50	15	18	-	-	-
<b>Joint ventures</b>								
Amata Network Co., Ltd.	60	60	100	60	69	-	-	-
Rabbit Line Pay Co., Ltd.	33.33	-	600	787	667	-	-	-

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

Summarized financial position in respect of an associate and joint ventures and performance for the years then ended are as follows:

		Reporting date	% of Ownership interest	Assets			Liabilities			Unit: Million Baht		
				Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Profit/(loss)
<b>2018</b>												
<b>Associate</b>												
Information Highway Co., Ltd.	December 31	29	126	499	625	503	46	549	145	163	(18)	
<b>Joint ventures</b>												
Amata Network Co., Ltd.	December 31	60	62	90	152	37	-	37	40	21	19	
Rabbit Line Pay Co., Ltd.	December 31	33.33	1,414	197	1,611	571	5	576	215	590	(375)	
<b>2017</b>												
<b>Associate</b>												
Information Highway Co., Ltd.	December 31	29	113	567	680	527	59	586	204	192	12	
<b>Joint venture</b>												
Amata Network Co., Ltd.	December 31	60	71	85	156	50	10	60	3	6	(3)	

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 9. INVESTMENTS IN SUBSIDIARIES

Movements in investments in subsidiaries for the years ended December 31, are as follows:

	Unit: Million Baht Separate financial statements	
	2018	2017
<b>Subsidiaries</b>		
As at January 1,	22,650	11,591
Dividend received during the years	(30,540)	(16,361)
Share of profit of subsidiaries	30,045	28,989
Share of other comprehensive income of subsidiaries	-	698
Invested in share capital of a subsidiary	4	-
Reducing in share capital of a subsidiary	-	(2,267)
<b>As at December 31,</b>	<b>22,159</b>	<b>22,650</b>

#### Reducing in share capital of a subsidiary

##### Digital Phone Co., Ltd.

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 deficits in the amount of Baht 442 million because DPC has no operating business to generate revenue and profit. The share capital reduction was paid to the shareholders on July 31, 2017.

#### Invested in share capital of a subsidiary

##### Advanced Digital Distribution Co., Ltd.

On October 2, 2017, the Company's Board of Directors' meeting approved a resolution to approve the establishment of a company named Advanced Digital Distribution Company Limited ("ADD") as a subsidiary to enter into insurance broker business. ADD has share capital of Baht 4 million which is 40,000 ordinary shares at Baht 100 each. ADD registered with the Department of Business Development Ministry on February 8, 2018. The Company invested in ADD 39,997 shares at Baht 100 each, totaling Baht 4 million, representing 99.99% of ownership.

## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

Investments in subsidiaries as at December 31 and dividend received from those investments for the years then ended, are as follows:

	Separate financial statements						Unit: Million Baht				
	Ownership interest		Paid-up capital		Cost			Investment as equity method		Dividend received for the years ended for the years ended December 31,	
	2018	2017	2018	2017	2018	2017		2018	2017	2018	2017
	%	%									
Subsidiaries											
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	316	480	226	46	
Digital Phone Co., Ltd.	98.55	98.55	914	914	10,226	10,226	4,117	4,078	-	-	
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	292	290	37	30	
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	711	790	543	267	
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	141	156	55	102	
Advanced Wireless Network Co., Ltd.	99.99	99.99	1,350	1,350	1,485	1,485	11,169	14,197	23,720	13,674	
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	1,507	443	642	75	
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	198	209	283	238	
Fax Lite Co., Ltd.	99.98	99.98	1	1	1	1	2,290	788	3,265	1,050	
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	1,279	1,130	1,769	880	
Advanced Broadband Network Co., Ltd.	99.99	99.99	75	75	75	75	139	89	-	-	
Advanced Digital Distribution Co., Ltd.	99.99	-	4	-	4	-	-	-	-	-	
Total					13,688	13,684	22,159	22,650	30,540	16,362	

Unit: Million Baht

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 10. OTHER LONG-TERM INVESTMENTS

Other long-term investments as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Fixed deposit at financial institutions - pledged	11	11	-	-
Other long-term investments	49	48	48	48
<b>Total</b>	<b>60</b>	<b>59</b>	<b>48</b>	<b>48</b>

#### Fixed deposits at financial institutions - pledged

As at December 31, 2018, the Group has fixed deposit at a financial institution in the amount of Baht 11 million (as at December 31, 2017: Baht 11 million), which have been pledged with a bank in respect of the contract's compliance.

#### Other investments

##### National Digital ID Co., Ltd.

On February 22, 2018, Advanced Mpay Co., Ltd. ("AMP"), a subsidiary, invested in National Digital ID Co., Ltd ("NDID") for 5,769 shares by Baht 100 per share, totaling Baht 0.58 million, representing 7.69% of ownership. The purpose of this investment is to serve digital transformation strategy.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 11. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the years ended December 31, are as follows:

As at December 31, 2018

Unit: Million Baht

	Consolidated financial statements					Balance as at December 31, 2018
	Balance as at January 1, 2018	Additions	Disposals	Additions from acquisition of business	Transfer/ Other	
<b>Cost</b>						
Land	526	99	-	172	-	797
Building and building improvements	419	-	(1)	254	30	702
Leasehold building improvements	1,819	248	(65)	-	(5)	1,997
Computer, tools and equipment	190,017	19,915	(2,466)	1,130	4,468	213,064
Furniture, fixtures and office equipment	1,305	103	(39)	559	62	1,990
Communication equipment for rental	8	-	(8)	-	-	-
Vehicles	192	28	(50)	12	-	182
<b>Total</b>	<b>194,286</b>	<b>20,393</b>	<b>(2,629)</b>	<b>2,127</b>	<b>4,555</b>	<b>218,732</b>
<b>Accumulated depreciation</b>						
Building and building improvements	(380)	(14)	-	(27)	-	(421)
Leasehold building improvements	(1,070)	(278)	37	-	3	(1,308)
Computer, tools and equipment	(64,054)	(24,349)	1,280	(844)	(251)	(88,218)
Furniture, fixtures and office equipment	(1,035)	(149)	34	(290)	(3)	(1,443)
Communication equipment for rental	(4)	-	4	-	-	-
Vehicles	(118)	(32)	38	(8)	-	(120)
<b>Total</b>	<b>(66,661)</b>	<b>(24,822)</b>	<b>1,393</b>	<b>(1,169)</b>	<b>(251)</b>	<b>(91,510)</b>
Assets under construction and Installation	6,166	2,611	(42)	-	(4,252)	4,483
<u>Less</u> Allowance for impairment	(354)	-	406	-	(52)	-
Allowance for unused equipment	(858)	(635)	-	-	-	(1,493)
<b>Property, plant and equipment</b>	<b>132,579</b>	<b>(2,453)</b>	<b>(872)</b>	<b>958</b>	<b>-</b>	<b>130,212</b>

# NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2017	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2017
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<u>Less</u> Allowance for impairment	(355)	-	1	-	(354)
Allowance for unused equipment	(136)	(722)	-	-	(858)
<b>Property, plant and equipment</b>	118,271	14,482	(173)	(1)	132,579

Depreciation for the years ended December 31,

2018

Million Baht 24,822

2017

Million Baht 21,487

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

As at December 31, 2018

Unit: Million Baht

	Balance as at January 1, 2018	Separate financial statements			Balance as at December 31, 2018
		Additions	Disposals	Transfer/ Other	
<b>Cost</b>					
Building and building improvements	128	-	-	-	128
Leasehold building improvements	304	7	(7)	6	310
Computer, tools and equipment	3,635	1	-	-	3,636
Furniture, fixtures and office equipment	558	12	(17)	-	553
Vehicles	74	18	(28)	-	64
Total	4,699	38	(52)	6	4,691
<b>Accumulated depreciation</b>					
Building and building improvements	(127)	-	-	-	(127)
Leasehold building improvements	(254)	(19)	7	-	(266)
Computer, tools and equipment	(3,492)	(31)	-	-	(3,523)
Furniture, fixtures and office equipment	(536)	(11)	16	-	(531)
Vehicles	(42)	(13)	22	-	(33)
Total	(4,451)	(74)	45	-	(4,480)
Assets under construction and installation	6	6	-	(6)	6
<b>Property, plant and equipment</b>	254	(30)	(7)	-	217



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

As at December 31, 2017

Unit: Million Baht

	Balance as at January 1, 2017	Separate financial statements Additions	Disposals	Transfer/ Other	Balance as at December 31, 2017
<b>Cost</b>					
Building and building improvements	322	-	(194)	-	128
Leasehold building improvements	363	15	(81)	7	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)	7	4,699
<b>Accumulated depreciation</b>					
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)	(7)	6
<b>Property, plant and equipment</b>	<u>337</u>	<u>(49)</u>	<u>(34)</u>	<u>-</u>	<u>254</u>

Depreciation for the years ended December 31,

2018

Million Baht

74

2017

Million Baht

85

Net book value of assets under finance lease liabilities in the consolidated financial statements and separate financial statements as at December 31, 2018 are Baht 135 million and Baht 25 million, respectively (in the consolidated financial statements and separate financial statements as at December 31, 2017: Baht 163 million and Baht 29 million, respectively).

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 12. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

Movements in assets under the Agreements for operations for the years ended December 31, are as follows: (separate financial statements: nil)

	Unit: Million Baht		
	Consolidated financial statements		
	Balance as at January 1, 2018	Disposals	Transfer/ Other
			Balance as at December 31, 2018
<b>Cost</b>			
As at January 1,	1,248	(945)	(303)
<b>As at December 31,</b>	<u>1,248</u>	<u>(945)</u>	<u>(303)</u>
<b>Accumulated amortization</b>			
As at January 1,	(1,038)	787	251
<b>As at December 31,</b>	<u>(1,038)</u>	<u>787</u>	<u>251</u>
<b>Allowance for impairment</b>	(210)	158	52
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>

### 13. GOODWILL

Movements in goodwill for the years ended December 31, are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2018	2017
<b>Cost</b>		
As at January 1,	14,352	14,352
Increased from business acquisition (see Note 37)	2,847	-
<b>As at December 31,</b>	<u>17,199</u>	<u>14,352</u>
<b>Accumulated amortization</b>		
As at January 1,	(7,662)	(7,662)
<b>As at December 31,</b>	<u>(7,662)</u>	<u>(7,662)</u>
<b>Allowance for impairment</b>	(6,655)	(6,655)
<b>Total</b>	<u>2,882</u>	<u>35</u>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 14. SPECTRUM LICENSES

Movements in spectrum licenses for the years ended December 31, are as follows: (separate financial statements: nil)

As at December 31, 2018

	Consolidated financial statements		
	Balance as at January 1, 2018	Additions	Balance as at December 31, 2018
<b>Unit: Million Baht</b>			
<b>Cost</b>			
Spectrum licenses	124,142	12,302	136,444
Total	124,142	12,302	136,444
<b>Accumulated Amortization</b>			
Spectrum licenses	(16,618)	(8,077)	(24,695)
Total	(16,618)	(8,077)	(24,695)
<b>Spectrum licenses</b>	<b>107,524</b>	<b>4,225</b>	<b>111,749</b>

As at December 31, 2017

	Consolidated financial statements		
	Balance as at January 1, 2017	Additions	Balance as at December 31, 2017
<b>Unit: Million Baht</b>			
<b>Cost</b>			
Spectrum licenses	124,142	-	124,142
Total	124,142	-	124,142
<b>Accumulated Amortization</b>			
Spectrum licenses	(8,764)	(7,854)	(16,618)
Total	(8,764)	(7,854)	(16,618)
<b>Spectrum licenses</b>	<b>115,378</b>	<b>(7,854)</b>	<b>107,524</b>

Amortization for the years ended December 31,

2018	<b>Million Baht</b>	<u>8,077</u>
2017	<b>Million Baht</b>	<u>7,854</u>

On May 27, 2016, the Company was the auction winner for 900 MHz license at the bidding price of Baht 75,654 million. The Company was officially granted the license to operate 900MHz from the office of the National Broadcasting and Telecommunications Commission ("NBTC"). According to the auction terms and conditions, the Company 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

On August 19, 2018, Advanced Wireless Network Company Limited (“AWN”), a subsidiary, is the auction winner for 1800 MHz license at the bidding price of Baht 12,511 million. AWN is now officially granted the license to operate 1800 MHz from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid 1<sup>st</sup> installment by 50% of the fee plus value-added tax, totaling Baht 6,693 million on September 19, 2018 and submitted bank guarantee to pay the remaining fee to the NBTC. For 2<sup>nd</sup> installment and 3<sup>rd</sup> installment of 25% of the fee plus value added-tax each will be paid in the second year and the third year since the date of first installment.

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, 2018

	Consolidated financial statements					Unit: Million Baht
	Balance as at January 1, 2018	Additions	Disposals	Additions from acquisition of business	Transfer/ Other	Balance as at December 31, 2018
<b>Cost</b>						
Customer relationship	-	-	-	167	-	167
Customer contracts	-	-	-	139	-	139
Fibre optics licences	-	-	-	86	-	86
Software licenses	8,278	719	(12)	114	204	9,303
Total	8,278	719	(12)	506	204	9,695
<b>Accumulated amortization</b>						
Customer relationship	-	(33)	-	-	-	(33)
Customer contracts	-	(28)	-	-	-	(28)
Fibre optics licences	-	(8)	-	(53)	-	(61)
Software licenses	(4,134)	(911)	10	(80)	-	(5,115)
Total	(4,134)	(980)	10	(133)	-	(5,237)
Assets under installation	355	483	-	-	(204)	634
<b>Other intangible assets</b>	4,499	222	(2)	373	-	5,092

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2017	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2017
<b>Cost</b>					
Software licenses	7,206	946	(1)	127	8,278
Total	7,206	946	(1)	127	8,278
<b>Accumulated amortization</b>					
Software licenses	(3,327)	(808)	1	-	(4,134)
Total	(3,327)	(808)	1	-	(4,134)
Assets under installation	220	261	-	(126)	355
<b>Other intangible assets</b>	4,099	399	-	1	4,499

Amortization for the years ended December 31,

2018

Million Baht 980

2017

Million Baht 808

As at December 31, 2018

Unit: Million Baht

	Separate financial statements				
	Balance as at January 1, 2018	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2018
<b>Cost</b>					
Software licenses	323	-	-	-	323
Total	323	-	-	-	323
<b>Accumulated amortization</b>					
Software licenses	(295)	(11)	-	-	(306)
Total	(295)	(11)	-	-	(306)
<b>Other intangible assets</b>	28	(11)	-	-	17

As at December 31, 2017

Unit: Million Baht

	Separate financial statements				
	Balance as at January 1, 2017	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2017
<b>Cost</b>					
Software licenses	455	-	(132)	-	323
Total	455	-	(132)	-	323
<b>Accumulated amortization</b>					
Software licenses	(408)	(14)	127	-	(295)
Total	(408)	(14)	127	-	(295)
<b>Other intangible assets</b>	47	(14)	(5)	-	28

Amortization for the years ended December 31,

2018

Million Baht 11

2017

Million Baht 14

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 16. DEFERRED TAX ASSETS

Deferred tax assets and liabilities as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets	3,300	2,590	613	565
Deferred tax liabilities	(90)	(28)	-	(5)
<b>Deferred tax - net</b>	<b>3,210</b>	<b>2,562</b>	<b>613</b>	<b>560</b>

Movements in deferred tax assets and liabilities for the years ended December 31, are as follows:

As at December 31, 2018

	Unit: Million Baht Consolidated financial statements (Charged)/credited to			
	Balance as at January 1, 2018	Profit or loss	Acquisition of business	Balance as at December 31, 2018
<b>Deferred tax assets</b>				
Trade receivables (allowance for doubtful accounts)	269	(12)	9	266
Inventories (allowance for obsolescence and decline in value)	77	(30)	-	47
Unearned income - mobile phone service (income recognized difference)	365	43	-	408
Accrued expense	410	-	-	410
Provisions for employee benefit	394	40	32	466
Loss carry forward	108	43	-	151
Spectrum licenses payable (deferred interest)	506	260	-	766
Allowance for unused equipment	171	128	-	299
Others	290	187	10	487
<b>Total</b>	<b>2,590</b>	<b>659</b>	<b>51</b>	<b>3,300</b>
<b>Deferred tax liabilities</b>				
Others	(28)	18	(80)	(90)
<b>Total</b>	<b>(28)</b>	<b>18</b>	<b>(80)</b>	<b>(90)</b>
<b>Deferred tax - net</b>	<b>2,562</b>	<b>677</b>	<b>(29)</b>	<b>3,210</b>

# NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

As at December 31, 2017

Unit: Million Baht				
Consolidated financial statements				
	Balance as at January 1, 2017	Profit or loss	Credited to Other comprehensive income	Balance as at December 31, 2017
<b>Deferred tax assets</b>				
Trade receivables (allowance for doubtful accounts)	242	27	-	269
Inventories (allowance for obsolescence and decline in value)	151	(74)	-	77
Unearned income - mobile phone service (income recognized difference)	399	(34)	-	365
Accrued expense	410	-	-	410
Provisions for employee benefit	528	70	(204)	394
Loss carry forward	400	(292)	-	108
Spectrum licenses payable (deferred interest)	199	307	-	506
Allowance for unused equipment	27	144	-	171
Others	283	7	-	290
<b>Total</b>	<u>2,639</u>	<u>155</u>	<u>(204)</u>	<u>2,590</u>
<b>Deferred tax liabilities</b>				
Others	(21)	(7)	-	(28)
<b>Total</b>	<u>(21)</u>	<u>(7)</u>	<u>-</u>	<u>(28)</u>
<b>Deferred tax - net</b>	<u>2,618</u>	<u>148</u>	<u>(204)</u>	<u>2,562</u>

As at December 31, 2018

Unit: Million Baht				
	Separate financial statements			
	(Charged)/credited to			
	Balance as at	Profit	Other	Balance as at
	January 1,	or loss	comprehensive	December 31,
	2018		income	2018
Deferred tax assets				
Accrued expense	410	-	-	410
Provisions for employee benefit	47	6	-	53
Loss carry forward	108	42	-	150
Total	565	48	-	613
Deferred tax liabilities				
Others	(5)	5	-	-
Total	(5)	5	-	-
Deferred tax - net	560	53	-	613

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

As at December 31, 2017

				Unit: Million Baht
	Separate financial statements			
	(Charged)/credited to			
	Balance as at	Profit	Other	Balance as at
	January 1,	or loss	comprehensive	December 31,
	2017		income	2017
<b>Deferred tax assets</b>				
Accrued expense	410	-	-	410
Provisions for employee benefit	65	12	(30)	47
Loss carry forward	400	(292)	-	108
<b>Total</b>	<u>875</u>	<u>(280)</u>	<u>(30)</u>	<u>565</u>
<b>Deferred tax liabilities</b>				
Others	<u>(7)</u>	<u>2</u>	<u>-</u>	<u>(5)</u>
<b>Total</b>	<u>(7)</u>	<u>2</u>	<u>-</u>	<u>(5)</u>
<b>Deferred tax - net</b>	868	(278)	(30)	560

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:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Loss carry forward	390	385	-	-
Others	93	99	92	93
<b>Total</b>	<b>483</b>	<b>484</b>	<b>92</b>	<b>93</b>

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.

As at December 31, 2018, the Group have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2019 - 2023 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.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 17. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at December 31, are as follows:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
<b>Current</b>					
Short-term loans from financial institutions		5,900	6,500	2,900	-
Current portion of long-term liabilities					
- Current portion of long-term borrowings - net		3,358	3,025	-	3,025
- Current portion of long-term debentures - net	34	7,788	-	-	-
- Current portion of finance lease liabilities	34	57	51	11	13
Total current portion of long-term liabilities		11,203	3,076	11	3,038
Short-term loans from related parties	34	-	-	4,920	4,640
Total current		17,103	9,576	7,831	7,678
<b>Non-current</b>					
Long-term liabilities					
- Long-term borrowings - net		56,571	59,818	-	-
- Long-term borrowing from a related party - net	34	2,999	-	-	-
- Long-term debentures - net	34	32,382	40,163	-	-
- Finance lease liabilities	34	78	121	26	29
Total non-current		92,030	100,102	26	29
<b>Total</b>		109,133	109,678	7,857	7,707

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Within one year	17,046	9,525	7,820	7,665
After one year but within five years	66,459	62,975	-	-
After five years	25,493	37,006	-	-
<b>Total</b>	108,998	109,506	7,820	7,665

The currencies denomination of interest-bearing liabilities as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Thai Baht (THB)	109,133	104,790	7,857	4,682
US Dollar (USD)	-	4,888	-	3,025
<b>Total</b>	109,133	109,678	7,857	7,707

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

### Long-term borrowings

The details of long-term borrowings as at December 31, are summarized as follows:

Outstanding loan in foreign currency 2018	Interest rate (per annum)	Term of interest payment	Principal payment term	Unit: Million Baht	
2017				Consolidated financial statements 2018	Separate financial statements 2017
(Million)					
Advanced Info Service Public Company Limited					
-	USD 7.11	LIBOR plus margin	20 equal installments from 2008 to 2018	-	233
-	USD 85.00	LIBOR plus margin	Entirely redeemed in 2018	-	2,792
Advanced Wireless Network Co., Ltd.					
-	-	Fixed interest rate as stipulated in the agreement	4 equal installments from 2019 to 2021	5,000	-
-	-	6MTHBFX plus margin	2 equal installments in 2020	12,300	-
-	-	Fixed interest rate as stipulated in the agreement	7 equal installments from 2019 to 2022	5,000	-
-	-	6MTHBFX plus margin	Entirely redeemed in 2020	4,200	-
-	-	6MBIBOR plus margin	6 equal installments from 2020 to 2023	20,000	-
-	-	6MBIBOR plus margin	5 equal installments from 2019 to 2023	7,000	-
-	-	6MTHBFX plus margin	6 equal installments from 2021 to 2023	4,500	-
-	USD 56.70	6MLIBOR plus margin	2 equal installments in 2022*	-	1,862
-	-	Fixed interest rate as stipulated in the agreement	2 equal installments in 2022*	1,961	-
Total loans				59,961	-
Less transaction cost				(32)	-
Long-term borrowings				59,929	-

\*The Group has amended long-term loan agreement with the bank to change the currency from US Dollar to Thai Baht in order to hedge for foreign exchange risk and interest rate risk. Loan tenor and other conditions remain unchanged.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2018

### 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		Unit: Million Baht Separate financial statements	
						2018	2017	2018	2017
Advanced Wireless Network Co., Ltd.									
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	9,000	-	-
Total debentures						40,203	40,203	-	-
Less bond issuing cost						(33)	(40)	-	-
Long-term debentures						40,170	40,163	-	-

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018, the Group had undrawn borrowings amounting to Baht 17,000 million and the Company was nil. As at December 31, 2017, the Group and the Company do 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*	
	2018	2017	2018	2017
Long-term debentures	40,203	40,203	40,662	41,442

\* 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						
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings	Long-term borrowing from a related party	Long-term debentures	Finance lease liabilities	Total
As at January 1, 2018	6,500	-	62,843	-	40,163	172	109,678
<b>Cash flows items:</b>							
Additions	22,350	6,000	-	3,000	-	-	31,350
Repayments	(23,200)	(6,000)	(2,888)	-	-	(56)	(32,144)
<b>Total Cash flows items</b>	(850)	-	(2,888)	3,000	-	(56)	(794)
<b>Non-cash items:</b>							
Addition	-	-	-	-	-	17	17
Borrowing cost	-	-	-	(1)	-	-	(1)
Unrealized gain on foreign exchange rate	-	-	(98)	-	-	-	(98)
Amortization as expense	-	-	12	-	7	-	19
<b>Total non-cash items</b>	-	-	(86)	(1)	7	17	(63)
<b>Changes from acquisition of business items:</b>							
Increase from acquisition of business	250	-	60	-	-	2	312
<b>As at December 31, 2018</b>	5,900	-	59,929	2,999	40,170	135	109,133

# NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Million Baht

	Consolidated financial statements					Total
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings	Long-term debentures	Finance lease liabilities	
As at January 1, 2017	9,200	-	58,003	31,565	190	98,958
<b>Cash flows items:</b>						
Additions	25,000	2,000	7,307	9,000	-	43,307
Repayments	(27,700)	(2,000)	(1,793)	(397)	(56)	(31,946)
<b>Total Cash flows items</b>	(2,700)	-	5,514	8,603	(56)	11,361
<b>Non-cash items:</b>						
Addition	-	-	-	-	38	38
Borrowing cost	-	-	(24)	-	-	(24)
Bond issuing cost	-	-	-	(12)	-	(12)
Unrealized gain on foreign exchange rate	-	-	(665)	-	-	(665)
Amortization as expense	-	-	15	7	-	22
<b>Total non-cash items</b>	-	-	(674)	(5)	38	(641)
<b>As at December 31, 2017</b>	<b>6,500</b>	<b>-</b>	<b>62,843</b>	<b>40,163</b>	<b>172</b>	<b>109,678</b>

Unit: Million Baht

	Separate financial statements				Total
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings	Finance lease liabilities	
As at January 1, 2018	-	4,640	3,025	42	7,707
<b>Cash flows items:</b>					
Additions	8,700	700	-	-	9,400
Repayments	(5,800)	(420)	(2,828)	(17)	(9,065)
<b>Total Cash flows items</b>	<b>2,900</b>	<b>280</b>	<b>(2,828)</b>	<b>(17)</b>	<b>335</b>
<b>Non-cash items:</b>					
Addition	-	-	-	12	12
Unrealized gain on foreign exchange rate	-	-	(197)	-	(197)
<b>Total non-cash items</b>	<b>-</b>	<b>-</b>	<b>(197)</b>	<b>12</b>	<b>(185)</b>
<b>As at December 31, 2018</b>	<b>2,900</b>	<b>4,920</b>	<b>-</b>	<b>37</b>	<b>7,857</b>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Million Baht

	Separate financial statements				
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings	Finance lease liabilities	Total
As at January 1, 2017	5,700	6,440	5,355	43	17,538
<b>Cash flows items:</b>					
Additions	2,550	400	-	-	2,950
Repayments	(8,250)	(2,200)	(1,793)	(17)	(12,260)
<b>Total Cash flows items</b>	<b>(5,700)</b>	<b>(1,800)</b>	<b>(1,793)</b>	<b>(17)</b>	<b>(9,310)</b>
<b>Non-cash items:</b>					
Addition	-	-	-	16	16
Unrealized gain on foreign exchange rate	-	-	(539)	-	(539)
Amortization as expense	-	-	2	-	2
<b>Total non-cash items</b>	<b>-</b>	<b>-</b>	<b>(537)</b>	<b>16</b>	<b>(521)</b>
<b>As at December 31, 2017</b>	<b>-</b>	<b>4,640</b>	<b>3,025</b>	<b>42</b>	<b>7,707</b>

The effective weighted interest rates as at December 31, are as follows:

	Consolidated financial statements		Unit: Percent per annum Separate financial statements	
	2018	2017	2018	2017
Short-term borrowings	1.79	1.57	1.38	1.35
Long-term borrowings	2.80	2.89	-	4.46
Long-term debentures	3.56	3.56	-	-
Finance lease liabilities	5.37	5.56	4.07	4.33

The effective weighted interest rates of long-term borrowings for the Group and the Company are calculated with the rate after hedging.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, are as follows:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
<b>Trade payables</b>					
Related parties	34	73	54	26	18
Other parties		18,349	14,632	33	25
<b>Total trade payables</b>		<u>18,422</u>	<u>14,686</u>	<u>59</u>	<u>43</u>
<b>Other payables</b>					
Accrued expenses	34	18,190	16,654	2,773	2,735
Valued-added tax payable		85	50	9	9
Withholding tax payable		243	256	5	5
Others	34	740	495	-	-
<b>Total other payables</b>		<u>19,258</u>	<u>17,455</u>	<u>2,787</u>	<u>2,749</u>
<b>Total trade and other current payables</b>		<u>37,680</u>	<u>32,141</u>	<u>2,846</u>	<u>2,792</u>

The currencies denomination of trade payables as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Thai Baht (THB)	5,469	8,551	39	30
US Dollar (USD)	12,808	5,683	1	2
Euro (EUR)	51	13	-	-
Yen (JPY)	63	422	-	-
Singapore Dollar (SGD)	19	16	19	11
Pound (GBP)	5	1	-	-
Swiss Franc (CHF)	1	-	-	-
Australia Dollar (AUD)	6	-	-	-
<b>Total</b>	<u>18,422</u>	<u>14,686</u>	<u>59</u>	<u>43</u>

### 19. SPECTRUM LICENSES PAYABLE

Spectrum licenses payable in the consolidated financial statements as at December 31, are as follows: (separate financial statements: nil)

	Unit: Million Baht Consolidated financial statements	
	2018	2017
<b>Spectrum licenses payable</b>		
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1)	-	10,017
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2)	61,426	63,933
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.3)	6,062	-
	<u>67,488</u>	<u>73,950</u>
<u>Less current portion of spectrum licenses payable</u>	<u>(3,972)</u>	<u>(13,989)</u>
<b>Spectrum licenses payable</b>	<u>63,516</u>	<u>59,961</u>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Movements in spectrum licenses payable in the consolidated financial statements for the years ended December 31, are as follows: (separate financial statements: nil)

	Unit: Million Baht	
	Consolidated financial statements	
	2018	2017
As at January 1,	73,950	82,197
Addition	12,303	-
Payments	(20,536)	(10,246)
Amortization of deferred interest expense	1,771	1,999
<b>As at December 31,</b>	<b>67,488</b>	<b>73,950</b>

### 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.

Provisions for employee benefit in the statement of financial position as at December 31, are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2018	2017
Present value of obligations	2,254	1,856

Movements in the present value of the provisions for employee benefit for the years ended December 31, are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	2018	2017
Provisions for employee benefit as at January 1,	1,856	2,555
Increase from acquisition of business	156	-
Current service costs and interest	268	315
Benefits paid	(26)	(29)
Transfer employee to subsidiaries	-	-
Gains on remeasurements of defined benefit plans	-	(1,021)
Past service cost	-	36
<b>Provisions for employee benefit as at December 31,</b>	<b>2,254</b>	<b>1,856</b>



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Expense recognized in the statement of profit or loss for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Current service costs	189	226	40	50
Interest on obligations	79	89	10	13
Past service cost	-	36	-	4
<b>Total</b>	<b>268</b>	<b>351</b>	<b>50</b>	<b>67</b>

The Group and the Company presented the expense in the statement of profit or loss for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Cost of rendering of services and equipment rental	16	26	35	48
Administrative expenses	171	235	3	5
Management benefit expenses	2	1	2	1
Finance costs	79	89	10	13
<b>Total</b>	<b>268</b>	<b>351</b>	<b>50</b>	<b>67</b>

Gains on remeasurements of defined benefit plans recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Included in retained earnings :</b>				
At January 1,	339	1,360	255	403
Recognized during the year	-	(1,021)	-	(148)
<b>As at December 31,</b>	<b>339</b>	<b>339</b>	<b>255</b>	<b>255</b>

Gains on remeasurements of defined benefit plans recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are arising from:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Financial assumptions	-	(864)	-	(70)
Experience adjustment	-	(157)	-	(78)
<b>Total</b>	<b>-</b>	<b>(1,021)</b>	<b>-</b>	<b>(148)</b>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	3%	3%	3%	3%
Future salary increases	6%	6%	6%	6%

Assumptions regarding future mortality for the years ended December 31, 2018 and 2017 are based on published statistics and Thailand Mortality Ordinary Life table 2017 ("TMO17").

### 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:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Discount rate				
- Increase 1%	(301)	(328)	(25)	(30)
- Decrease 1%	363	395	30	35
Future salary growth				
- Increase 1%	339	371	28	33
- Decrease 1%	(288)	(315)	(24)	(29)

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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 21. SHARE CAPITAL

Movements of share capital for the years ended December 31, are as follows:

	Par value per share (in Baht)	2018		(Million shares/million Baht) 2017	
		Number of share	Amount	Number of share	Amount
<b>Authorized</b>					
As at January 1,					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
<b>As at December 31,</b>					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
<b>Issued and paid</b>					
As at January 1,					
- ordinary shares	1.00	2,973	2,973	2,973	2,973
<b>As at December 31,</b>					
- ordinary shares	1.00	2,973	2,973	2,973	2,973

As at December 31, 2018 and 2017, 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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

### 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

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Movements in the number of outstanding warrants for the year ended December 31, 2018 are as follows:

	As at January 1, 2018	Transaction during the period		Unit: Thousand units As at December 31, 2018
		Issued	Expired	
<b>ESOP - Grant I</b>				
- Directors	20	-	(20)	-
- Employees	352	-	(352)	-
	<u>372</u>	<u>-</u>	<u>(372)</u>	<u>-</u>
<b>ESOP - Grant II</b>				
- Directors	30	-	-	30
- Employees	612	-	-	612
	<u>642</u>	<u>-</u>	<u>-</u>	<u>642</u>
<b>ESOP - Grant III</b>				
- Directors	51	-	-	51
- Employees	726	-	-	726
	<u>777</u>	<u>-</u>	<u>-</u>	<u>777</u>
<b>ESOP - Grant IV</b>				
- Directors	57	-	-	57
- Employees	654	-	-	654
	<u>711</u>	<u>-</u>	<u>-</u>	<u>711</u>
<b>ESOP - Grant V</b>				
- Directors	89	-	-	89
- Employees	964	-	-	964
	<u>1,053</u>	<u>-</u>	<u>-</u>	<u>1,053</u>
<b>Total</b>	<u>3,555</u>	<u>-</u>	<u>(372)</u>	<u>3,183</u>

\* 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 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%

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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, 2018, the Group and the Company recognized share-based payment expense amounting to Baht 39 million and Baht 39 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2017: Baht 48 million and Baht 48 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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 reportable segments.

Segment 1	Mobile phone services
Segment 2	Mobile phone and equipment 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:

	Mobile phone services		Mobile phone and equipment sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2018	2017	2018	2017	2018	2017	2018	2017
External revenue	136,119	128,124	25,234	24,778	8,503	4,820	169,856	157,722
Investment income	147	157	12	16	6	2	165	175
Finance costs	(5,134)	(5,299)	(2)	(2)	(12)	(1)	(5,148)	(5,302)
Depreciation and amortization	(31,689)	(28,592)	(6)	(7)	(2,184)	(1,552)	(33,879)	(30,151)
Material items of expenses	(15,137)	(14,918)	(4,893)	(5,804)	(792)	(44)	(20,822)	(20,766)
Segment profit (loss) before income tax expense	40,290	42,629	(5,952)	(6,744)	1,299	36	35,637	35,921

Reportable assets and liabilities as at December 31, are as follows:

	Mobile phone services		Mobile phone and equipment sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2018	2017	2018	2017	2018	2017	2018	2017
Segment assets	271,526	269,204	7,799	8,205	11,180	6,658	290,505	284,067
Segment liabilities	225,949	225,883	4,175	3,976	2,712	3,782	232,836	233,641

The significant amount of additions to non-current assets for the years ended December 31, are as follows:

	Mobile phone services		Mobile phone and equipment sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2018	2017	2018	2017	2018	2017	2018	2017
Capital expenditure	33,443	35,343	-	3	2,429	2,552	35,872	37,898



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### Geographical segments

The Group 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 have large number of customers, who are end users covering business and individuals.

### 25. REVENUE FROM RENDERING OF SERVICES AND EQUIPMENT RENTALS

For the years ended December 31, revenue from rendering of services and equipment rentals, are as follows:

	Unit: Million Baht Separate financial statements	
	2018	2017
Internet License Type 1	-	-
Other service income	1,734	1,689
<b>Total</b>	<u>1,734</u>	<u>1,689</u>

### 26. INTEREST INCOME

Interest income for the years ended December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
Subsidiaries	34	-	-	834	1,318
Financial institutions		165	175	4	7
<b>Total</b>		<u>165</u>	<u>175</u>	<u>838</u>	<u>1,325</u>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 27. OTHER INCOME (REVERSAL)

Other income (reversal) for the years ended December 31, are as follows:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
Bad debt recovery		135	117	11	16
Management income	34	6	-	-	-
(Reversal) other income	34	-	-	(1,239)	-
Others	34	555	458	65	124
<b>Total</b>		<b>696</b>	<b>575</b>	<b>(1,163)</b>	<b>140</b>

For the year ended December 31, 2018, the Company made a reversal of revenue from equipment rental with a subsidiary during 2015 - 2016 in amount of Baht 1,239 million. (For the year ended December 31, 2017 : nil)

### 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, 2018, the Group's and the Company's recognized contribution paid to provident fund amounting to Baht 281 million and Baht 30 million, respectively, in the consolidated and separate statement of profit or loss (For the year ended December 31, 2017: Baht 251 and Baht 28 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:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
Depreciation of buildings and equipment	11	24,822	21,487	75	85
Amortization of spectrum licenses	14	8,077	7,854	-	-
Amortization of other intangible assets	15	980	808	11	14
Doubtful accounts and bad debts (bad debts recovery)	6	2,175	2,199	(1)	(12)
Distribution expenses		9,550	9,990	1	1
Staff costs		9,098	8,577	921	922

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 30. FINANCE COSTS

Finance costs for the years ended December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
Interest expense	34	3,280	3,154	92	296
Finance cost related to spectrum license		1,771	1,999	-	-
Others		97	149	14	18
<b>Total</b>		<b>5,148</b>	<b>5,302</b>	<b>106</b>	<b>314</b>

### 31. TAX EXPENSE (INCOME)

Tax expense (income) recognized in the statements of profit or loss for the years ended December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
<b>Current tax expense</b>					
Current year		6,443	6,082	-	-
Adjustment for prior years		156	(91)	-	(5)
		6,599	5,991	-	(5)
<b>Deferred tax expense (income)</b>	16				
Movements in temporary differences		(677)	(148)	(53)	279
<b>Total tax expense (income)</b>		<b>5,922</b>	<b>5,843</b>	<b>(53)</b>	<b>274</b>

Tax expense (income) recognized in the statements of profit or loss and other comprehensive income for the year ended December 31, 2017 are as follows: (for the year ended December 31, 2018: 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
<b>Total</b>	<b>1,021</b>	<b>(204)</b>	<b>817</b>

	Unit: Million Baht Separate financial statements		
	Before tax	Tax (expense) benefit	Net of tax
Gains on remeasurements of defined benefit plans	148	(30)	118
<b>Total</b>	<b>148</b>	<b>(30)</b>	<b>118</b>

## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

Reconciliation of effective tax rate for the years ended December 31, are as follows:

	Unit: Million Baht			
	Consolidated financial statements			
	2018		2017	
	Rate (%)		Rate (%)	
Profit before income tax expense		35,637		35,921
Income tax using the applicable tax rate	20	7,127	20	7,184
Expenses not deductible for tax purposes		11		26
Additional capital expenditure deduction				
Allowed		(1,288)		(1,273)
Recognition of previously unrecognized temporary difference		-		(1)
Adjustment for prior years		156		(91)
Effect from elimination with subsidiaries		(84)		(2)
<b>Total</b>	16	<u>5,922</u>	16	<u>5,843</u>

	Unit: Million Baht			
	Separate financial statements			
	2018		2017	
	Rate (%)		Rate (%)	
Profit before income tax expense		29,629		30,351
Income tax using the applicable tax rate	20	5,926	20	6,070
Share of profit of subsidiaries		(6,009)		(5,797)
Expenses not deductible for tax purposes		30		6
Adjustment for prior years		-		(5)
<b>Total</b>	-	<u>(53)</u>	1	<u>274</u>

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, 2018 and 2017.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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:

	(in million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit attributable to ordinary shareholders of the Company (basic)	<u>29,682</u>	<u>30,077</u>	<u>29,682</u>	<u>30,077</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Earnings per share (basic) (in Baht)	<u>9.98</u>	<u>10.12</u>	<u>9.98</u>	<u>10.12</u>

#### 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:

	(in million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit attributable to equity holders of the Company (basic)	<u>29,682</u>	<u>30,077</u>	<u>29,682</u>	<u>30,077</u>
Profit attributable to equity holders of the Company (diluted)	<u>29,682</u>	<u>30,077</u>	<u>29,682</u>	<u>30,077</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Earnings per share (diluted) (in Baht)	<u>9.98</u>	<u>10.12</u>	<u>9.98</u>	<u>10.12</u>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 33. DIVIDENDS

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 Annual General Meeting of the shareholders of the Company held on March 29, 2018, the shareholders approved the appropriation of dividend of Baht 7.08 per share. The Company paid an interim dividend at the rate of Baht 3.51 per share on August 25, 2017, therefore the remaining dividend to be paid is Baht 3.57 per share, amounting to Baht 10,614 million. The dividend was paid to shareholders on April 26, 2018.

At the Board of Director's meeting held on August 2, 2018, the Board approved to declare an interim dividend of Baht 3.78 per share, amounting to Baht 11,238 million. The interim dividend was paid to shareholders on August 29, 2018.

### 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 (“INTOUCH”) and its related parties (“INTOUCH Group”)	Thailand and Laos	INTOUCH is a shareholder who has significant influence over the Company and has some joint directors.
Singtel Strategic Investments Pte Ltd. (“Singtel”) and its related parties (“Singtel Group”)	Singapore	Singtel is a shareholder who has significant influence over the Company.
Information Highway Co., Ltd.	Thailand	Information Highway Co., Ltd is an associate.
Amata Network Co., Ltd.	Thailand	Amata Network Co., Ltd. is a joint venture
Rabbit-Line Pay Company Limited	Thailand	Rabbit-Line Pay Company Limited is a 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:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Revenue from rendering of service and equipment rentals</b>				
Subsidiaries	-	-	1,733	1,686
INTOUCH Group	44	35	1	-
Singtel Group	192	42	-	-
Joint Venture	2	-	-	-
Other related parties	84	135	-	-
<b>Total</b>	<b>322</b>	<b>212</b>	<b>1,734</b>	<b>1,686</b>
<b>Sales of property and other assets</b>				
Subsidiaries	-	-	-	13
Joint venture	-	7	-	-
<b>Total</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>13</b>
<b>Dividend received from</b>				
Subsidiaries	-	-	30,540	16,362
<b>Interest income</b>				
Subsidiaries	-	-	834	1,318
<b>Other income</b>				
Subsidiaries	-	-	(1,191)	58
INTOUCH Group	1	9	-	1
Singtel Group	1	-	-	-
Joint venture	6	-	-	-
Associate	-	2	-	-
Other related parties	3	-	-	-
<b>Total</b>	<b>11</b>	<b>11</b>	<b>(1,191)</b>	<b>59</b>

# NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Rental and other service expenses</b>				
Subsidiaries	-	-	52	22
INTOUCH Group	192	387	1	-
Singtel Group	266	139	-	-
Joint venture	34	-	-	-
Associate	89	241	-	-
Other related parties	64	24	-	-
<b>Total</b>	<b>645</b>	<b>791</b>	<b>53</b>	<b>22</b>
<b>Advertising expense</b>				
INTOUCH Group	4	4	-	-
Singtel Group	3	1	-	-
Other related parties	1	-	-	-
<b>Total</b>	<b>8</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Management benefit expenses</b>				
Short-term employee benefit	167	131	148	131
Long-term employee benefit	2	1	2	1
Share-based payments	8	11	8	11
<b>Total</b>	<b>177</b>	<b>143</b>	<b>158</b>	<b>143</b>
<b>Purchase of property and other assets</b>				
INTOUCH Group	13	25	-	-
Associate	-	14	-	-
<b>Total</b>	<b>13</b>	<b>39</b>	<b>-</b>	<b>-</b>
<b>Finance costs</b>				
Subsidiaries	-	-	60	77
INTOUCH Group	2	1	-	-
Associate	5	6	-	-
Other related parties	50	12	-	-
<b>Total</b>	<b>57</b>	<b>19</b>	<b>60</b>	<b>77</b>
<b>Dividend paid to</b>				
INTOUCH	8,840	9,380	8,840	9,380
Singtel	5,096	5,408	5,096	5,408
<b>Total</b>	<b>13,936</b>	<b>14,788</b>	<b>13,936</b>	<b>14,788</b>



# NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Balances with related parties as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>Cash and cash equivalents</b>				
- Bank deposit				
Other related parties	165	101	1	1
<b>Trade and other current receivables</b>				
<b>Trade receivables</b>				
Subsidiaries	-	-	14	14
INTOUCH Group	5	31	-	3
Singtel Group	87	9	1	1
Joint Venture	1	7	-	-
Other related parties	12	6	-	-
	105	53	15	18
<b>Accrued income</b>				
Subsidiaries	-	-	3	3
INTOUCH Group	2	2	-	-
Singtel Group	64	105	-	-
Joint Venture	1	-	-	-
Other related parties	1	-	-	-
	68	107	3	3
<b>Total trade receivables</b>	173	160	18	21
<b>Other receivables</b>				
- Accrued interest income				
Subsidiaries	-	-	98	523
<b>Total other receivables</b>	-	-	98	523
<b>Total trade and other current receivables</b> (see Note 6)	173	160	116	544
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	48,669	39,534

As at December 31, 2018, the Company has short-term loans to related parties represent promissory notes at call, bearing interest at the average rate of 1.36 % per annum (as at December 31, 2017 : average rate of 3.54 % per annum).

Movements of short-term loans to related parties for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Short-term loans to related parties</b>				
As at January 1,	-	-	39,534	39,244
Increase	-	-	41,971	26,710
Decrease	-	-	(32,836)	(26,420)
<b>As at December 31,</b>	-	-	48,669	39,534

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>Trade and other current payables</b>				
<b>Trade payables</b>				
Subsidiaries	-	-	6	6
INTOUCH Group	14	17	-	-
Singtel Group	49	31	20	12
Joint Venture	2	-	-	-
Associate	6	5	-	-
Other related parties	2	1	-	-
<b>Total trade payables</b>	<u>73</u>	<u>54</u>	<u>26</u>	<u>18</u>
<b>Other payables</b>				
- Accrued expenses				
Subsidiaries	-	-	21	43
INTOUCH Group	29	43	2	-
Singtel Group	12	1	-	-
Joint Venture	17	1	-	-
Associate	28	17	-	-
Other related parties	30	-	-	-
<b>Total other payables</b>	<u>116</u>	<u>62</u>	<u>23</u>	<u>43</u>
<b>Total trade and other current payables (see Note 18)</b>	<u>189</u>	<u>116</u>	<u>49</u>	<u>61</u>
<b>Financial lease liabilities</b>				
Associate	<u>54</u>	<u>77</u>	<u>-</u>	<u>-</u>
<b>Short-term borrowings from related parties</b>				
Subsidiaries	<u>-</u>	<u>-</u>	<u>4,920</u>	<u>4,640</u>

As at December 31, 2018, short-term borrowings from related parties of the Company represent promissory notes at call, bearing interest at the average rate of 1.14 % per annum and unsecured. (As at December 31, 2017: average rate of 1.35% per annum).

Movements of short-term borrowings from related parties for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Short-term borrowings from related parties</b>				
As at January 1,	-	-	4,640	6,440
Increase	6,000	2,000	700	400
Decrease	(6,000)	(2,000)	(420)	(2,200)
<b>As at December 31, (see Note 17)</b>	<u>-</u>	<u>-</u>	<u>4,920</u>	<u>4,640</u>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>Long-term borrowing from a related party</b>				
Other related party	2,999	-	-	-
<b>Total</b>	<u>2,999</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at December 31, 2018, the Group has long-term borrowing from a related party, bearing interest at the rate of 6MTHBFIX plus margin and semi-annual interest payments with 14 principal installments starting from 2022 to 2028.

Movements of long-term borrowings from related parties for the years ended December 31, are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
<b>Long-term borrowings from related parties</b>				
As at January 1,	-	-	-	-
Addition	3,000	-	-	-
Borrowing cost	(1)	-	-	-
<b>As at December 31, (see Note 17)</b>	<u>2,999</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>Long-term debentures</b>				
INTOUCH Group	68	21	-	-
Other related parties	264	29	-	-
<b>Total (see Note 17)</b>	<u>332</u>	<u>50</u>	<u>-</u>	<u>-</u>

### 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 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 120 days.
- 5) The Group has 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 (Content Aggregator). 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 (Content Aggregator). 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 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.
- 15) Super Broadband Network Co., Ltd., a subsidiary, has entered into agreement with Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, to rent the telecommunication equipment. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 16) Advanced Wireless Network Co., Ltd., a subsidiary and CS Loxinfo Public Company Limited, its subsidiary, have entered into an agreement to develop the infrastructure of fibre optic network with Amata Network Co., Ltd., a joint venture. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 17) Advanced Mpay Co., Ltd., its subsidiary, has entered into agreement with Rabbit-Line Pay Co., Ltd., a related party, to receive electronic money and electronic payment 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

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2018	2017	2018	2017
<b>Cash and cash equivalents</b>	4				
US Dollar (USD)		657	206	1	52
Euro (EUR)		265	43	2	1
<b>Total</b>		<u>922</u>	<u>249</u>	<u>3</u>	<u>53</u>
<b>Trade current receivables</b>	6				
US Dollar (USD)		1,824	2,316	-	-
Euro (EUR)		2	17	-	-
<b>Total</b>		<u>1,826</u>	<u>2,333</u>	<u>-</u>	<u>-</u>
<b>Interest-bearing liabilities</b>	17				
US Dollar (USD)		-	(4,888)	-	(3,025)
<b>Total</b>		<u>-</u>	<u>(4,888)</u>	<u>-</u>	<u>(3,025)</u>
<b>Trade current payables</b>	18				
US Dollar (USD)		(12,808)	(5,683)	(1)	(2)
Euro (EUR)		(51)	(13)	-	-
Yen (JPY)		(63)	(422)	-	-
Singapore Dollar (SGD)		(19)	(16)	(19)	(11)
Pound Sterling (GBP)		(5)	(1)	-	-
Swiss Franc (CHF)		(1)	-	-	-
Australian Dollar (AUD)		(6)	-	-	-
<b>Total</b>		<u>(12,953)</u>	<u>(6,135)</u>	<u>(20)</u>	<u>(13)</u>
<b>Gross statement of financial position exposure</b>		(10,205)	(8,441)	(17)	(2,985)
Swap contracts		-	4,731	-	2,769
Forward contracts		4,514	5,610	-	30
<b>Net exposure</b>		<u>(5,691)</u>	<u>1,900</u>	<u>(17)</u>	<u>(186)</u>

Swap and forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2018 and 2017 and to retain future purchases.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Net swap and forward contracts receivable (payable) as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Swap contracts:</b>				
Swap contracts receivable	-	4,841	-	2,998
Swap contracts payable*	-	(4,731)	-	(2,769)
Total swap contracts receivable	-	110	-	229
<b>Forward contracts:</b>				
Forward contracts receivable	4,520	5,465	-	27
Forward contracts payable*	(4,514)	(5,610)	-	(30)
Total forward contracts receivable (payable)	6	(145)	-	(3)
<b>Total swap and forward contracts:</b>				
Swap and forward contracts receivable	4,520	10,306	-	3,025
Swap and forward contracts payable	(4,514)	(10,341)	-	(2,799)
<b>Total swap and forward contracts receivable (payable)</b>	<b>6</b>	<b>(35)</b>	<b>-</b>	<b>226</b>

\* 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:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Current assets</b>				
Other current financial assets	6	83	-	226
<b>Total current assets</b>	<b>6</b>	<b>83</b>	<b>-</b>	<b>226</b>
<b>Non-current liabilities</b>				
Other non-current financial liabilities	-	(118)	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>(118)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6</b>	<b>(35)</b>	<b>-</b>	<b>226</b>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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*	
	2018	2017	2018	2017
Swap contracts	-	4,731	-	4,773
Forward contracts	4,514	5,610	4,510	5,466
<b>Total</b>	<b>4,514</b>	<b>10,341</b>	<b>4,510</b>	<b>10,239</b>

	Unit: Million Baht			
	Separate financial statements			
	Nominal amounts**		Fair values*	
	2018	2017	2018	2017
Swap contracts	-	2,769	-	2,949
Forward contracts	-	30	-	27
<b>Total</b>	<b>-</b>	<b>2,799</b>	<b>-</b>	<b>2,976</b>

\* 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.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 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			
		Level 1	Level 2	Level 3	Total
As at December 31, 2018					
Swap and forward contracts	4,514	-	-	4,510	4,510
Debentures	40,203	-	40,662	-	40,662

<b>As at December 31, 2017</b>					
Swap and forward contracts	10,341	-	-	10,239	10,239
Debentures	40,203	-	41,442	-	41,442

		Unit: Million Baht			
		Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>As at December 31, 2018</b>					
Swap and forward contracts	-	-	-	-	-
<b>As at December 31, 2017</b>					
Swap and forward contracts	2,799	-	-	2,976	2,976

### 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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 and finance lease liabilities 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:

	Consolidated financial statements		Unit: Million Separate financial statements	
	2018	2017	2018	2017
<b>Capital commitments</b>				
Unrecognized contractual commitments				
<b>Buildings and equipment</b>				
Thai Baht	7,853	10,586	2	4
US Dollar	213	108	-	-
Euro	1	1	-	-
<b>Service maintenance</b>				
Thai Baht	1,986	1,742	33	32
US Dollars	22	15	-	-
<b>Purchase orders for goods and supplies</b>				
Thai Baht	5,949	5,611	-	-
US Dollar	2	13	-	-
	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Non-cancellable operating lease commitments</b>				
Within one year	2,387	2,866	106	104
After one year but within five years	2,757	2,918	17	110
After five years	63	96	-	-
<b>Total</b>	<u>5,207</u>	<u>5,880</u>	<u>123</u>	<u>214</u>

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, 2018 of Baht 14,902 million and Baht 94 million, respectively (for the year ended December 31, 2017 : Baht 8,072 million and Baht 105 million, respectively).

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Unit: Million</b>				
<b>Other commitments</b>				
Thai Baht				
Swap and forward contracts	4,514	10,341	-	2,799
Bank guarantees:				
- Spectrum license payable	74,739	83,311	-	-
- Others	2,513	1,764	185	182
<b>Total</b>	<b>81,766</b>	<b>95,416</b>	<b>185</b>	<b>2,981</b>
US Dollar				
Bank guarantees:				
- Others	1	1	-	-
Others	5	-	-	-
<b>Total</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>

### 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. Such agreement will be terminated when a party submits advance written notice not less than 90 days.
- 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 irrevocable guarantee from domestic commercial banks of Baht 720 million used as collateral for the throughout the period of 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 irrevocable guarantee from domestic commercial banks of Baht 525 million used as collateral for the throughout the period of agreement.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 37. ACQUISITION OF BUSINESS

Business acquisitions during the years ended December 31, 2018 as shown below resulted in the significant change of the Group's consolidated financial position and consolidated financial performance. Other significant changes have been disclosed in other notes to the financial statements.

On October 2, 2017, the Board of Directors of the Company 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 Co., Ltd. ("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 ("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 the Company 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.

Subsequently, on January 23, 2018, AWN as the Tender Offeror 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. CSL has been a subsidiary of AWN since then.

At the Board of Directors' meeting of AWN held on February 5, 2018, the Board of Directors approved AWN to make tender offer for the remaining 118,318,235 shares or 19.90% of the total issued shares capital of CSL's securities for delisting the entire CSL's securities from the Stock Exchange of Thailand ("SET"). Subsequently, CSL has received a letter of intention to make a tender offer for the entire securities for delisting the securities of CSL from the SET from AWN.

At the Annual General Shareholders' Meeting of CSL held on March 27, 2018, the shareholders approved the delisting of the Company's securities from SET.

On March 28, 2018, CSL has submitted form for delisting of shares from SET to the Board of Governors of the Stock Exchange of Thailand. Consequently, on April 4, 2018, CSL has received the approval letter from SET on the delisting of CSL's securities as CSL submitted.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

On May 3, 2018, CSL has received the Application Form for Tender Offer from AWN for the purpose of delisting CSL's security from being the listed securities on the Stock Exchange of Thailand. According to the latest shareholders list of CSL as at April 17, 2018, AWN is a major shareholder of CSL, holding a total of 484,345,634 ordinary shares or equivalent to approximately 81.47% of total issued and paid-up shares of CSL. AWN shall make a tender offer of the entire securities of CSL, which are not held by AWN, totaling 110,169,135 ordinary share or equivalent to approximately 18.53% of total issued and paid-up shares of CSL at a price of Baht 7.80 per share.

On July 12, 2018, AWN has submitted the results of tender offer report to Secretary-General, the Office of the Securities and Exchange Commission, President, the SET and Board of Directors and Securities Holders. AWN has purchased CSL's securities from the offerees totaling 103,983,766 ordinary shares or equivalent to 17.49% of total issued and paid-up shares of CSL at a price of Baht 7.80 per share in the total amount of Baht 811.07 million. As a result, the Group held 588,329,400 ordinary shares of CSL or equivalent to approximately owned 98.96% of total issued and paid-up shares of CSL.

On July 19, 2018, SET has approved the delisting of CSL's common stocks from July 26, 2018 onwards. Hence, July 25, 2018 was the last trading day of CSL's common stocks.

Such share purchase resulted in the Group's acquisition of CSL and its subsidiaries and an indirect subsidiary by 2 companies and 1 company, respectively ("CSL Group") as follows:

- (1) Teleinfo Media Public Company Limited ("TMC"), a subsidiary of CSL
- (2) AD Venture Public Company Limited ("ADV"), a subsidiary of CSL
- (3) Yellow Pages Commerce Company Limited ("Yellow Pages"), an indirect subsidiary of CSL

In business acquisition, the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed and allocation of fair value at the acquisition date. Fair value of the net identifiable assets acquired on the date of acquisition are as follows:

	<b>Unit: Million Baht</b>
Cash and cash equivalents	359
Trade and other current receivables - net	416
Inventories	28
Property, plant and equipment - net	958
Customer relationship - net	167
Customer contracts - net	139
Other intangible assets - net	67
Other current and non-current assets	23
Short term loan and current portion of borrowings	(310)
Trade and other current payables	(379)
Provision for employee benefit	(156)
Other current and other non-current liabilities	(204)
<b>Identifiable assets and liabilities - net</b>	<b>1,108</b>
Non-controlling interests (calculated by acquiree's identifiable net assets according to proportionate ownership held by non-controlling interest)	(221)
Consideration transferred	(3,734)
<b>Goodwill (see Note 13)</b>	<b>2,847</b>

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

CSL has been a subsidiary of AWN since January 26, 2018. During January 26, 2018 to December 31, 2018, AWN has purchased additional ordinary share of 113,024,266 ordinary shares of CSL, totaling Baht 879 million representing 19.01% of total issued and paid ordinary share of CSL. As at December 31, 2018, AWN hold 589,220,800 ordinary shares of CSL or equivalent to approximately owned 99.11% of total issued and paid-up shares of CSL. Therefore, the Group recognized the difference between cash paid and the fair value of additional control of such purchased additional shares as deficits arising from change in ownership interest in a subsidiary in amount of Baht 668 million, which presented under “shareholders’ equity” in the consolidated financial statements.

The Group included revenue and net profit of CSL Group since acquisition date for the years ended December 31, 2018, of Baht 2,563 million and Baht 313 million, respectively, in the consolidated financial statements.

### 38. PROVISIONS AND 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 had paid 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.

On July 22, 2015, DPC has filed the case to Central Tax Court to appeal for the revocation of the decision by the Commission of Appeal.

On April 29, 2016, the Central Tax Court has decided to dismiss the cases by DPC, based on the same reason that the excise tax is a part of revenue sharing which DPC should pay to the concession granter in accordance with the concession agreement. Therefore, DPC has the obligations to pay for the withholding taxes incurred to the Revenue Department, failure in such conduct has resulted in the penalty to pay surcharge at the rate of 1.5% per month, aggregately the total amount of Baht 5.59 million.

On June 28, 2016, DPC has filed an appeal for the decision of the Central Tax Court to the Supreme Court.

On November 10, 2016, the Company has filed the case to Central Tax Court to appeal for the revocation of the decision by the Commission of Appeal.

On September 29, 2017, the Central Tax Court has decided to dismiss the cases by the Company, based on the same reason that the excise tax is a part of revenue sharing which the Company should pay to the concession granter in accordance with the concession agreement. Therefore, the Company has the obligations to pay for the withholding taxes incurred to the Revenue Department, failure in such conduct has resulted in the penalty to pay surcharge at the rate of 1.5% per month, aggregately the total amount of Baht 128 million.

On July 20, 2018, the Company has filed an appeal for the decision of the Central Tax Court.

On August 27, 2018, the Central Tax Court read the judgment of Supreme Court’s red no. 2374/2561 dated April 20, 2018 that DPC has to pay surcharge of Baht 5.59 million subject to the calculation of Revenue Department.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

As for the case between the Company and the Revenue Department, it is currently under the consideration by the Supreme Court.

The Group and the Company have already recorded as expenses in amount of Baht 134 million and Baht 128 million in the consolidated and separate financial statements for the year ended December 31, 2018, respectively.

### 39. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

#### The Group

- 1) The claim for copyright infringement on broadcasting of FIFA World Cup 2018 through AIS Play application

During 2018, the said claim was settled without considerable impact on the consolidated financial statements of the Group.

#### The Company

- 1) 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



## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

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 17<sup>th</sup> - 20<sup>th</sup> 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 21<sup>st</sup> - 22<sup>nd</sup> 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 23<sup>rd</sup> - 25<sup>th</sup> in the amount of Baht 8,368 million plus interest at 1.25% per month on its outstanding amount for each year subject to the request by TOT.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

On August 17, 2018, the Arbitration Institute had an award for the Black case No. 19/2554 to dismiss TOT demanding to claim the Company for revenue sharing on the interconnection charges of the Agreement for operations year 17<sup>th</sup> - 20<sup>th</sup> in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month, ascribe that TOT had no right to claim for such amount, and prohibit TOT from claiming for operational bank guarantee in accordance with the agreement and minimum payment guarantee for operational year 17<sup>th</sup> - 20<sup>th</sup>. Moreover, the Arbitration Institute had dismissed a dispute No. 55/2557 and had ordered TOT to pay the Company for overpayment in revenue sharing on the interconnection charges by Baht 110 million within 60 days from receiving such award together with additional interest payment at 7.5% per annum if TOT made payment after due date. TOT has filed a petition to revoke the Arbitral Tribunal's award to the Central Administrative Court and under the process of consideration.

Currently, the dispute Black case No. 83/2559 has been considered by the Arbitration process. The Company's management believes that it will not incur significant expense more than the recorded amount.

### 2) 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 17<sup>th</sup> - 21<sup>st</sup> 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 17<sup>th</sup> - 21<sup>st</sup> 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 17<sup>th</sup> - 21<sup>st</sup> 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 3) 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 Alternative Dispute Resolution Office 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.

### 4) The claim for additional revenue from the 6<sup>th</sup> and 7<sup>th</sup> 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 6<sup>th</sup> Amendment dated May 15, 2001 and the 7<sup>th</sup> 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 6<sup>th</sup> and 7<sup>th</sup> 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 6<sup>th</sup> and 7<sup>th</sup> 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. The Arbitral Tribunal have merged the two cases together.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 5) 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.

- 6) 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.

On March 19, 2018, the Central Administrative Court had an order this said case transferred to be under the Civil Court by the Black case No. 1681/2561. Currently, the case is in consideration process of the Civil Court.

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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 7) 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.

- 8) 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, Ministry of Justice (“THAC”) 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 percent 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.

On February 8, 2018, the Company has submitted the Black case No. Kor.1/2561 to the Central Administrative Court to revoke the THAC’s order for consideration the dispute No. A1/2017.

On March 2, 2018, the Central Administrative Court has dismissed the Black case No. Kor.1/2561.

On March 5, 2018, the Company has submitted the Black case No. Kor.2/2561 to the Central Administrative Court to revoke the THAC’s order for consideration the dispute No. A1/2018.

On March 16, 2018, the Central Administrative Court has dismissed the Black case No. Kor.2/2561.

Subsequently, on April 5, 2018 and April 11, 2018, the Company had appealed the dismissal the Black case No. Kor.1/2561 and the Black case No. Kor. 2/2561, respectively.

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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 9) Claim for the usage of co-location, site facilities and its related equipment rental for asset under Cellular Mobile Telephone providing during the temporary customer protection period after the Concession ended of Cellular Mobile Telephone

On February 15, 2018, TOT Public Company Limited (“TOT”) has submitted the dispute No. A3/2018 to the Arbitration Institute, Ministry of Justice (“THAC”) to claim for the payment regarding the usage of co-location, site facilities and its related equipment rental for asset under Cellular Mobile Telephone providing during the temporary customer protection period after the Concession ended in the total amount of Baht 183.44 million (included VAT) plus default interest rate at 1.25 percent per month.

On April 5, 2018, the Company has submitted the Black case No. Kor.3/2561 to the Central Administrative Court to revoke the THAC’s order for consideration the dispute No. A3/2018.

On April 25, 2018, the Central Administrative Court has dismissed the Black case No. Kor.3/2561.

Subsequently, on May 21, 2018, the Company had appealed the dismissal the Black case No. Kor.3/2561.

Currently, the said case is in the arbitration process. The Company’s management believes that the Company has correctly and complied with the relating conditions of the Agreement and the announcement of the National Broadcasting and Telecommunication Committee in all respects then the outcome of the dispute should be settled favourably and has not considered to materially impact on the financial statements of the Company.

- 10) Claim for the revenue sharing from provision of roaming services

On September 27, 2018, TOT Public Company Limited (“TOT”) has submitted the dispute as Black case No. 67/2561 to the Arbitration Institute, the Alternative Dispute Resolution Office Court of Justice to claim from the Company for the additional revenue sharing from provision of roaming services from the discount of service fees without prior consent from TOT since July 2013 - September 2015 in the total amount of Baht 16,252.66 million, value added-tax plus default interest rate at 1.25% per month.

Currently, the said case is in the arbitration process. The Company’s management believes that the Company has correctly and complied with the relating conditions of the Agreement in all respects, therefore the outcome of the dispute should not materially impact the financial statements of the Company.

- 11) The transferring of tower under the Agreement for operations between TOT Public Company Limited (“TOT”) and the Company

On July 21, 2014, the Company submitted the disputes no. 53/2557 to the Dispute Reconciliation, the Court of Justice to request the Arbitral Tribunal to give an award that transferred by 13,198 towers to TOT Public Company Limited (“TOT”) are not the telecommunication equipment which the Company have the duty to transfer to TOT as stipulated in the Agreement and requested for revenue sharing from that said asset by Baht 516 million.

On March 12, 2015, TOT has submitted the objection such dispute and made a counterclaim requested for remaining additional non-transferred by 105 towers including default interest on related revenue sharing by Baht 16 million.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

On November 17, 2018, the Company received TOT's petition and objection dated February 15, 2016, filing an objection and submitting additional counterclaims. By enforcing the Company to deliver 1,429 additional towers, which belong to the Company's subsidiary. If the delivery cannot be made, the Company will have to make a payment of Baht 1,200 million. During the period before November 17, 2018, the Company did not acknowledge such petition.

Currently, the said case is in the arbitration process. The Company's management believes that the Company has correctly and complied with the relating conditions of the Agreement in all respects, and 1,429 additional tower towers, which are not the property of the company, which TOT will exercise the right to enforce. Therefore the outcome of the dispute should not materially impact the financial statements of the Company.

### 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 March 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 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 6<sup>th</sup> operation year as Total Access Communication Public Company Limited (“DTAC”).

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 7<sup>th</sup> -10<sup>th</sup> 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 7<sup>th</sup> -10<sup>th</sup> 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 11<sup>th</sup> 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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 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.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

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

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 10<sup>th</sup> - 12<sup>th</sup> 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 12<sup>th</sup> 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.

- 5) 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.

## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

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.

### 6) 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 10<sup>th</sup> - 14<sup>th</sup> 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 15<sup>th</sup> - 16<sup>th</sup> 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.

### 7) 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 10<sup>th</sup> - 14<sup>th</sup> 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.

## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

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.

Later on September 13, 2018, the Central Administrative Court has dismissed the CAT's Black case No. 1671/2558 that revoke the Arbitral Tribunal's award, on the reason that the award is correct and in compliance with law. The award by Arbitral Tribunal did not affect public interests and good morals, therefore such award by Tribunal Arbitral is perfectly effective. However, CAT has appealed to the Supreme Administrative Court. Currently, it is under the consideration of the Supreme Administrative Court.

The Group's management believes that the outcomes of this dispute shall be settled favourably since DPC has correctly complied with the related conditions of the Agreement in all respects as the Arbitral tribunal's and the Central Administration Court's decision.

- 8) 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.

## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

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.

- 9) 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.

On September 7, 2018, the office issued a letter informing the resolution of the NBTC to allow DPC to send money from the service income during the protection of all subscribers, totaling Baht 869 million and when the NBTC had ever the order for DPC to send money for the first period until the amount of Baht 628 million, the remaining amount to be paid is Baht 241 million. On 7 December 2018, DPC filed a lawsuit with the Central Administrative Court to revoke such resolution of NTC.

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.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

- 10) 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.

- 11) The claim for transferring telecom equipment under the Agreement for operations regarding cellular telecommunication services (“the Agreement”) between CAT Telecom Public Company Limited (“CAT”) and Digital Phone Company Limited (“DPC”).

On March 28, 2018, DPC received a Black Dispute No. 6/2561 dated January 31, 2018, which CAT submitted it to the Alternative Dispute Resolution Office, the Arbitration Institute, to claim for transferring telecom equipment under the Agreement such as Tower, Container, Power Supply, Mobile Number Portability Enable and Call Center System including opportunity cost totaling Baht 13,431 million plus default interest rate at 7.5% per annum on principle amount or payment by the same amount instead of transfers such disputed equipment.

Currently, the dispute is in the arbitration process. The Company’s managements believe 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 significant impact on the consolidated financial statements of the Group.

- 12) The claim for transferring towers and containers under the Agreement for operations regarding cellular telecommunication services (“the Agreement”) between CAT Telecom Public Company Limited (“CAT”) and Digital Phone Company Limited (“DPC”).

On July 15, 2014, DPC submitted the disputes no. 49/2557 to the Thai Arbitration Institute. Dispute Resolution Bureau Office of the Judiciary to request the Arbitral Tribunal to give an award that transferred by 152 towers and 115 containers to CAT Telecom Public Company Limited (“CAT”) are not the telecommunication equipment which DPC have the duty to transfer to CAT as stipulated in the Agreement and requested for revenue sharing from that said asset by Baht 2 million.



## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

On November 14, 2018, DPC received a Black No. 76/2561 date October 31, 2018 which CAT Telecom Public Company Limited (“CAT”) submitted it to the Thai Arbitration Institute, Dispute Resolution Bureau Office of the Judiciary in order to have a decision for DPC to deliver 155 towers (telecommunication towers), if DPC unable to deliver, DPC will have to pay damages in the amount of Baht 72 million as well as business opportunity cost for the use of poles and use of containers including interest totaling Baht 284 million and Baht 145 million, respectively. The total amount is Baht 501 million.

Currently, the dispute is in the arbitration process. The Company’s managements believe 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 significant 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.

On March 19, 2018 the Central Administrative Court had an order this said case transferred to be under the Civil Court by Black case No. 1680/2561. Currently, the case is in consideration process of the Civil Court.

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.

## NOTE TO THE FINANCIAL STATEMENTS

**ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** FOR THE YEAR ENDED DECEMBER 31, 2018

- 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.

On May 31, 2018 the Civil court gave the decision and order AWN to pay for usage regarding telecom equipment and networks, internal building transmission and electricity co-usage to TOT.

On November 19, 2018 AWN had appealed such decision. 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.

#### 40. EVENT AFTER THE REPORTING PERIOD

##### **Dividends**

On February 7, 2019, the Board of Directors’ meeting passed a resolution proposing to the Annual General Shareholders’ Meeting the payment of dividends for the year 2018, at the rate of Baht 7.08 per share, Baht 3.78 each of which was paid as an interim dividend on August 29, 2018. The proposed dividends shall be approved by the shareholders.

#### 41. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 7, 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Maintained leadership in mobile business

In FY18 competition in mobile industry remained elevated particularly on data pricing with fixed speed unlimited price plan while handset subsidies were more locally-focused compared to last year. With accumulation of fixed-speed unlimited subscribers, revenue and ARPU have been pressured. However, from 3Q18 onward AIS along with other operators have rebalanced pricing structure to ease impact on ARPU. As a result, AIS's mobile revenue for FY18 was Bt124,601mn, softly growing 1.3% YoY. While 4G demand continues to rise, AIS aiming to strengthen our leadership position in delivering the best mobile data network decided to bid for an additional 1800MHz spectrum, resulting in AIS having the largest bandwidth of 2x60MHz in the industry. Consequently, we have evidently seen an improvement of network quality against peers while brand perception enhanced. That said, we have well added 1mn mobile customers in 2H18.

## Expanded fixed broadband and strengthened digital services

AIS Fibre continued to grow healthily, despite intense competition, with revenue reaching Bt4,436mn, a 42% increase YoY. The growth was driven by added subscribers of 209,300 or around (estimated) 20% share of industry which totaled year-end subscribers at 730,500. On other digital services, AIS continued to scale up several platforms to serve both consumers and enterprises. Our VDO platform called AIS PLAY received higher awareness and was listed among the top five of video-viewing applications with current active subscribers climbing to 1.7mn. The mobile money platform under a joint venture, Rabbit LINE Pay, expanded its payment coverage to the sky train mass transit and grew monthly active users to 850,000. The enterprise business strengthened by CSL acquisition helped enhance AIS's capability to serve enterprise

segment in areas such as enterprise data service and cloud which grew double digit while both AIS and CSL continued to have presence as strong brands in the market.

## Implemented company-wide cost optimization

With low growth market, AIS has been focusing on optimizing and digitizing the core operation including network and service. This resulted in overall network OPEX (excluding cost of TOT partnership) to stay flat YoY or remained at 8% of core service revenue. The focus on effective spending amidst intense competition also translated into a 4% reduction in total marketing expenses YoY. FY18 CAPEX was lowered as 4G coverage was mostly completed and investment of Bt20bn was to mainly support added capacity and FBB network.

## Expect mid-single digit growth in FY19

In summary, AIS delivered Bt133,429mn of core service revenue for FY18, a growth of 3.8% YoY. EBITDA increased 4.7% YoY to stand at Bt73,792mn or a margin (excluding equipment rental) of 45.2%, up from 44.7% in FY17. With continued network investment, net profit was reported at Bt29,682mn, slightly declining 1.3% YoY. For FY19, AIS expects to grow mid-single digit driven by all business segments. EBITDA margin is expected to be stable while budgeted for CAPEX of Bt20-25bn (see guidance on page 257).

## Significant Event for FY19

Since 1 January 2019, AIS has adopted Thai Financial Reporting Standards (TFRS) 15, Revenue from Contracts with Customers. The standard affects the accounting of handset campaigns which are contracted with price plans. Prior to 2019, AIS fully expensed handset subsidy as either handset loss or marketing expense. With the effect of TFRS 15, key financial changes, compared to prior to 2019, will be as follows:



- Device subsidy previously recognized as handset loss will be reallocated between device sales and service revenue weighted by fair market values of the handset price and full-contract price plan. As a result, device sales would increase and service revenue would decrease. Also, device subsidy recognized as marketing expense will be capitalized as contract assets and amortized against the service revenue over the customer contract term.

- On balance sheet, there will be a new item namely “Contract assets”, representing the difference between the revenue recognized and the upfront cash received from customers as well as capitalized device subsidies.

Considering the entire contract term, profitability of the contract remains the same. Please note that our guidance for FY19 provided on page 257 does not take into account TFRS 15 and is based on the same accounting principle as in FY18. Please see note 2 for more detail on TFRS 15.

### Market and Competitive Environment

Following the softened mobile growth last quarter, operators have gradually stopped providing fixed-speed unlimited price plans and expect the impact of suppressed ARPU to slowly be unwind. Handset subsidies remained elevated in 4Q18 due to seasonality while aggressive campaigns remained in targeted areas. After completing spectrum auctions in 3Q18, overall 4G networks have improved following the deployment of the additional bandwidth, which is expected to help control operator’s investment plans in the following year.

Competition in fixed broadband in 4Q18 was stable from the last quarter without prominent price cut. However, throughout the year the standard speed of the market has shifted from 30Mbps in 2017 to 50Mbps

in 2018 with a similar price range of around Bt600. Overall, pure broadband operators mainly used pricing strategy while integrated operators increasingly emphasized convergence offerings highlighting on higher package value. This has resulted in the narrowing price gap between pure and convergence price plans.

### 4Q18 Financial and Operational Summary

In 4Q18, core service revenue was Bt33,683mn, increasing 3.3% YoY and 1.7% QoQ, driven by both mobile and fixed broadband business. Mobile subscribers continued the improving trend with total net addition of 522,200, 66% of which was from prepaid. Price-plan rebalancing focusing on offering full 4G speed and increasing 4G adoption to 59% resulted in mobile revenue of Bt31,364mn, growing 1.1% YoY and 1.6% QoQ while ARPU declined 0.7% YoY but improved 0.2% QoQ. Growth in postpaid segment continued to expand to 20% of total subscribers, compared to 18% last year. AIS Fibre maintained the focus on quality acquisition in 57 key cities gaining a net addition of 53,800 subscribers, similar pace to that of 3Q18. However, with price competition, ARPU declined to Bt574 from Bt635 in 4Q17 but stabilized from 3Q18.

Regulatory fee was Bt1,420mn and accounted for 4.2% of core service revenue, steady from last quarter. Network OPEX was Bt7,366mn, increasing 47% YoY and 2% QoQ as we concluded the partnership contract with TOT. Excluding the accounting impact from recording cost of partnership with TOT, network OPEX would increase 6.5% YoY and 2.1% QoQ following ongoing cost optimization. To support brand awareness and seasonal handset campaigns, marketing expenses and handset loss were Bt3,045mn in total, increasing 27% YoY and 11% QoQ. Total SG&A hence increased 9.9% YoY and 2.6% QoQ to stand at Bt6,968mn.

EBITDA stood at Bt18,071mn, decreasing 2.1% YoY but increasing 1.4% QoQ, a 42.6% EBITDA margin (excluding equipment rental). Depreciation and amortization were Bt8,767mn, increasing 9% YoY and

4.4% QoQ from the new 1800MHz spectrum license as well as investment in 4G and fixed broadband. As a result, net profit was Bt6,839mn, decreasing 11% YoY but increasing 0.6% QoQ.

Mobile Business					
Subscribers	4Q17	1Q18	2Q18	3Q18	4Q18
Postpaid	7,390,100	7,617,100	7,822,600	8,014,700	8,189,900
Prepaid	32,665,400	32,432,900	32,272,100	32,632,300	32,979,300
<b>Total subscribers</b>	<b>40,055,500</b>	<b>40,050,000</b>	<b>40,094,700</b>	<b>40,647,000</b>	<b>41,169,200</b>
<b>Net additions</b>					
Postpaid	163,300	227,000	205,500	192,100	175,200
Prepaid	-294,100	-232,500	-160,800	360,200	347,000
<b>Total net additions</b>	<b>-130,800</b>	<b>-5,500</b>	<b>44,700</b>	<b>552,300</b>	<b>522,200</b>
<b>ARPU (Baht/sub/month)</b>					
Postpaid	581	578	574	562	571
Prepaid	183	184	183	178	176
<b>Blended</b>	<b>256</b>	<b>257</b>	<b>258</b>	<b>253</b>	<b>254</b>
<b>MOU (minute/sub/month)</b>					
Postpaid	257	251	242	241	244
Prepaid	151	148	136	124	121
<b>Blended</b>	<b>170</b>	<b>168</b>	<b>156</b>	<b>147</b>	<b>145</b>

VOU (GB/data sub/month)					
Postpaid	8.3	9.2	10.9	12.7	14.0
Prepaid	6.2	7.0	8.2	9.2	9.8
<b>Blended</b>	<b>6.7</b>	<b>7.6</b>	<b>8.9</b>	<b>10.1</b>	<b>10.9</b>
Device Penetration					
4G-handset penetration	46%	50%	54%	57%	59%
Fixed Broadband Business					
FBB subscriber	521,200	571,800	623,400	676,700	730,500
FBB net addition	39,700	50,600	51,600	53,300	53,800
FBB ARPU (Baht/user/month)	635	618	610	573	574

## FY18 Financial Summary

### Revenue

In 2018, **total revenue** was Bt169,856mn increasing 7.7% YoY attributed by growth in service revenue, consolidation of CSL, and equipment rental from partnership with TOT.

**Service revenue** was Bt144,005mn, increasing 8.3% YoY. Excluding IC & equipment rental, **core service revenue** was Bt133,429mn increasing 3.8% YoY, in line with our guidance, driven by higher mobile data usage and increasing fixed broadband subscribers.

- **Mobile revenue** was Bt124,601mn increasing 1.3% YoY due to higher data consumption reaching 11 GB/data sub/month amidst pricing competition. Improving network quality and brand awareness has resulted in a net subscriber addition of 1.1mn, 72% of which was from postpaid.

- **Fixed broadband revenue** was Bt4,436mn increasing 42% YoY. In 2018, AIS Fibre has gained 209,300 of net subscriber addition and now has 730,500 total subscribers. ARPU in 4Q18 was Bt574, a decline from Bt635 in 4Q17, reflecting pricing competition and discounts to re-contract customers

- **Other service revenues**, which included revenues from CSL, enterprise data services and others, were Bt4,391mn, increasing 77% YoY mainly due to a full-year recognition of CSL revenue in 2018.

- **Interconnection charge (IC) and equipment rental** were Bt10,576mn, increasing 142% YoY due to full-year recognition of equipment rental incurred from the change in accounting on partnership with TOT since Mar-18, partially offset by lower IC from a decline in IC rate.

**SIM & device sales** were Bt25,851mn increasing 4.3% YoY. SIM and device margin in 2018 was -3.5%, same level as in 2017, following continued handset campaigns.

### Cost & Expense

In 2018, **cost of service** was Bt76,700mn increasing 15% YoY due to higher D&A and cost of the partnership with TOT, offset by lower regulatory fee.

- **Regulatory fee** was Bt5,723mn declining 8.7% YoY mainly from the lower license fee rate. Currently, regulatory fee to core service revenue represented 4.3%, compared to 4.9% in 2017.

- **Depreciation and amortization** was Bt33,282mn, increasing 12% YoY due to network expansion of both mobile and fixed broadband as well as the newly acquired 1800MHz license amortization.

- **Network OPEX** was Bt26,929mn increasing 34% YoY due mainly to the change in accounting on partnership with TOT. Excluding the TOT cost, network OPEX slightly increased 1.6% YoY following the cost optimization program.

- **Other costs of service**, which included cost of content, prepaid commission, and IC cost, were Bt10,766mn increasing 1.9% YoY due to higher cost of content offset by lower prepaid commission.

**SG&A expenses** were Bt26,295mn increasing 4.9% YoY mainly due to higher admin expenses offset by lower marketing expense.

- **Marketing expenses** were Bt9,550mn declining 4.4% YoY due to more targeted handset campaigns. This has resulted in a reduction of %marketing expenses to total revenue from 6.3% in 2017 to 5.6% in 2018.

● **Admin and other expenses** were Bt16,745mn increasing 11% YoY mainly from higher staff cost, shop expansion & renovation, and the one-time expense of Bt134mn regarding withholding tax in 3Q18. In 2018, %bad debt to postpaid revenue declined to 3.8%, compared to 4.3% in 2017 following a focus on quality acquisition in both mobile and fixed broadband.

**Net FX gain** was Bt119mn decreasing from Bt225mn in 2017. FX gain/loss was incurred from CAPEX payables due to currency fluctuation whereas foreign debts were all fully hedged.

**Finance cost** was Bt5,148mn decreasing 2.9% YoY due to lower deferred interest from spectrum licenses. Average cost of borrowing was maintained at 3.1% per year.

#### Profit

In 2018, **EBITDA** was Bt73,792mn, increasing 4.7% YoY due to the improved operational results from both service revenue growth and cost optimization. Reported EBITDA margin was 43.4%. However, **excluding equipment rental, EBITDA margin** would be 45.2%, in line with the guidance of 45–47% and improved from 44.7% in 2017. In summary, AIS reported a **net profit** of Bt29,682mn, a slight decline of 1.3% YoY, following a pressure in D&A.

#### Financial position

As at December 2018, AIS had total assets of Bt290,505mn increasing 2.3% YoY mainly from the new 1800MHz spectrum license. Total current assets were Bt34,905mn stable from 2017 as higher account receivables, following a larger base of postpaid customers, was offset by lower cash. Total non-current assets were Bt255,600mn increasing 2.6% YoY from spectrum license, goodwill and investment in Rabbit LINE Pay (RLP).

Total liabilities were Bt232,836mn, stable from 2017 as payments for existing spectrum licenses were offset by the 1800MHz license acquisition. Total equity was Bt57,669mn increasing 14% YoY from higher retained earnings. As a result, AIS's financial position remained strong with a current ratio and an interest coverage ratio of 0.5x and 12x, respectively. At the end of 2018, AIS had interest-bearing debt of Bt109,100mn with a net debt to EBITDA of 1.3x, stable from 2017, while maintained an investment grade credit rating at BBB+ for S&P.

#### Cash Flow

In 2018, AIS generated Bt69,132mn of operating cash flow (after tax) increasing 5.5% YoY following the improved EBITDA. Cash CAPEX was Bt20,198mn, largely declining from Bt41,108mn in 2017 following controlled investment and the negotiation with suppliers for longer payment term. Also, AIS has paid license installments totaling Bt20,536mn to the NBTC. As a result, free cash flow was Bt28,398mn (OCF less CAPEX less license fee), improving from Bt14,174mn in 2017. AIS paid Bt5,042mn for the acquisition of CSL and the investment in RLP as well as dividend of Bt21,852mn. With net repayments of Bt738mn, cash outstanding was Bt9,067mn.

Income statement (Bt mn)	4Q17	3Q18	4Q18	%YoY	%QoQ	FY17	FY18	%YoY
Mobile revenue	31,016	30,862	31,364	1.1%	1.6%	122,979	124,601	1.3%
Fixed broadband revenue	956	1,117	1,212	27%	8.6%	3,128	4,436	42%
Other service revenues	639	1,155	1,107	73%	-4.1%	2,476	4,391	77%
<b>Core service revenue</b>	<b>32,611</b>	<b>33,134</b>	<b>33,683</b>	<b>3.3%</b>	<b>1.7%</b>	<b>128,583</b>	<b>133,429</b>	<b>3.8%</b>
IC and equipment rental	1,107	3,111	3,202	189%	2.9%	4,364	10,576	142%
<b>Service revenue</b>	<b>33,717</b>	<b>36,245</b>	<b>36,885</b>	<b>9.4%</b>	<b>1.8%</b>	<b>132,947</b>	<b>144,005</b>	<b>8.3%</b>
SIM and device sales	7,488	5,865	7,699	2.8%	31%	24,775	25,851	4.3%
<b>Total revenues</b>	<b>41,205</b>	<b>42,110</b>	<b>44,584</b>	<b>8.2%</b>	<b>5.9%</b>	<b>157,722</b>	<b>169,856</b>	<b>7.7%</b>
Regulatory fee	(1,301)	(1,429)	(1,420)	9.2%	-0.6%	(6,272)	(5,723)	-8.7%
Depreciation & Amortization	(8,044)	(8,401)	(8,767)	9.0%	4.4%	(29,686)	(33,282)	12%
Network operating expense	(5,012)	(7,223)	(7,366)	47%	2.0%	(20,080)	(26,929)	34%
Other costs of services	(2,661)	(2,781)	(2,830)	6.3%	1.7%	(10,566)	(10,766)	1.9%
<b>Cost of service</b>	<b>(17,018)</b>	<b>(19,835)</b>	<b>(20,383)</b>	<b>20%</b>	<b>2.8%</b>	<b>(66,604)</b>	<b>(76,700)</b>	<b>15%</b>
Cost of SIM and device sales	(7,534)	(6,189)	(8,032)	6.6%	30%	(25,654)	(26,756)	4.3%
<b>Total costs of service and sale</b>	<b>(24,552)</b>	<b>(26,023)</b>	<b>(28,414)</b>	<b>16%</b>	<b>9.2%</b>	<b>(92,259)</b>	<b>(103,456)</b>	<b>12%</b>
<b>Gross profit</b>	<b>16,653</b>	<b>16,087</b>	<b>16,170</b>	<b>-2.9%</b>	<b>0.5%</b>	<b>65,463</b>	<b>66,400</b>	<b>1.4%</b>
<b>SG&amp;A</b>	<b>(6,338)</b>	<b>(6,794)</b>	<b>(6,968)</b>	<b>9.9%</b>	<b>2.6%</b>	<b>(25,078)</b>	<b>(26,295)</b>	<b>4.9%</b>
Marketing Expense	(2,357)	(2,426)	(2,713)	15%	12%	(9,990)	(9,550)	-4.4%
Admin and others	(3,982)	(4,368)	(4,255)	6.9%	-2.6%	(15,088)	(16,745)	11%
<b>Operating profit</b>	<b>10,315</b>	<b>9,293</b>	<b>9,202</b>	<b>-11%</b>	<b>-1.0%</b>	<b>40,385</b>	<b>40,105</b>	<b>-0.7%</b>
Net foreign exchange gain (loss)	21	12	129	502%	939%	225	119	-47%
Other income (expense)	223	119	118	-47%	-0.8%	613	560	-8.5%
Finance cost	(1,346)	(1,277)	(1,288)	-4.3%	0.9%	(5,302)	(5,148)	-2.9%
Income tax	(1,512)	(1,345)	(1,320)	-13%	-1.8%	(5,843)	(5,923)	1.4%
Non-controlling interest	(1.4)	(1)	(1)	-7.7%	39%	(0.6)	(32)	5125%
<b>Net profit for the period</b>	<b>7,701</b>	<b>6,800</b>	<b>6,839</b>	<b>-11%</b>	<b>0.6%</b>	<b>30,077</b>	<b>29,682</b>	<b>-1.3%</b>

EBITDA (Bt mn)	4Q17	3Q18	4Q18	%YoY	%QoQ	FY17	FY18	%YoY
Operating Profit	10,315	9,293	9,202	-11%	-1.0%	40,385	40,105	-0.7%
Depreciation & amortization	8,164	8,556	8,919	9%	4.2%	30,151	33,879	12%
(Gain) loss on disposals of PPE	7	12	(20)	-377%	-270%	164	2	-99%
Management benefit expense	(24)	(41)	(32)	35%	-22%	(143)	(177)	24%
Other financial cost	(8)	(2)	2	-123%	-230%	(60)	(18)	-71%
<b>EBITDA</b>	<b>18,454</b>	<b>17,817</b>	<b>18,071</b>	<b>-2.1%</b>	<b>1.4%</b>	<b>70,498</b>	<b>73,792</b>	<b>4.7%</b>
<b>Reported EBITDA margin (%)</b>	<b>44.8%</b>	<b>42.3%</b>	<b>40.5%</b>			<b>44.7%</b>	<b>43.4%</b>	

Financial Position (Bt mn/% to total asset)	4Q17		4Q18	
Cash	10,650	3.7%	9,067	3.1%
ST investment	2,643	0.9%	2,221	0.8%
Trade receivable	14,179	5.0%	16,361	5.6%
Inventories	3,951	1.4%	3,823	1.3%
Others	3,418	1.2%	3,433	1.2%
<b>Current Assets</b>	<b>34,841</b>	<b>12%</b>	<b>34,905</b>	<b>12%</b>
Spectrum license	107,524	38%	111,749	38%
Network and PPE	132,579	47%	130,212	45%
Intangible asset	4,499	1.6%	5,092	1.8%
Defer tax asset	2,562	0.9%	3,210	1.1%
Others	2,062	0.7%	5,337	1.8%
<b>Total Assets</b>	<b>284,067</b>	<b>100%</b>	<b>290,505</b>	<b>100%</b>

Financial Position (Bt mn/% to total asset)	4Q17		4Q18	
Trade payable	14,686	5.2%	18,422	6.3%
ST loan & CP of LT loans	9,575	3.4%	17,104	5.9%
Accrued R/S expense	5,362	1.9%	5,362	1.8%
Others	39,977	14%	31,877	11%
<b>Current Liabilities</b>	<b>69,601</b>	<b>25%</b>	<b>72,764</b>	<b>25%</b>
Debenture & LT loans	100,102	35%	92,030	32%
Others	63,938	23%	68,042	23%
<b>Total Liabilities</b>	<b>233,641</b>	<b>82%</b>	<b>232,836</b>	<b>80%</b>
Retained earnings	24,675	8.7%	32,505	11%
Others	25,752	9.1%	25,163	8.7%
<b>Total Equity</b>	<b>50,427</b>	<b>18%</b>	<b>57,669</b>	<b>20%</b>

Key Financial Ratio	4Q17	3Q18	4Q18
Interest-bearing debt to equity (times)	2.2	2.2	1.9
Net debt to equity (times)	1.9	2.0	1.7
Net debt to EBITDA (times)	1.4	1.4	1.3
Current Ratio (times)	0.5	0.4	0.5
Interest Coverage (times)	14	13	12
Debt Service Coverage Ratio (times)	3.4	4.4	2.9
Return on Equity	65%	66%	55%

Figures from P&L are annualized YTD.



Debt Repayment Schedule			License payment schedule	
Bt mn	Debenture	Loan	1800MHz	900MHz
2019	7,789	9,264	-	4,020
2020	-	24,829	3,128	59,574
2021	1,776	12,079	3,128	-
2022	-	13,440	-	-
2023	7,820	6,550	-	-
2024	6,638	150	-	-
2025	-	300	-	-
2026	7,180	750	-	-
2027	9,000	750	-	-
2028	-	750	-	-

#### Credit Rating

Fitch National rating: AA+ (THA),  
Outlook: Stable

S&P BBB+, Outlook: Stable

Source and Use of Fund: FY18				(Bt mn)
Source of fund		Use of fund		
Operating cash flow	75,895	CAPEX & Fixed assets		20,198
Sale of equipment	847	Payment of spectrum license		20,536
Interest received	173	Dividend paid		21,852
Proceed from ST borrowings	3,000	Income tax paid		6,763
Cash decrease	1,577	Finance cost and financial lease paid		3,363
		Repayment of ST borrowings		850
		Repayment of LT borrowings		2,888
		Investment in joint venture and others		788
		Cash paid for business acquisition		4,254
<b>Total</b>	<b>81,492</b>	<b>Total</b>		<b>81,492</b>

## 2019 MANAGEMENT OUTLOOK & STRATEGY

<b>Core service revenue</b>	● Mid-single digit growth (Pre TFRS 15)
<b>Consolidated EBITDA margin</b>	● Stable from last year
<b>Budgeted CAPEX</b>	● Bt20–25bn
<b>Dividend policy</b>	● Minimum 70% of net profit

### Core service revenue is expected to grow mid-single digit

In 2019, AIS strives to continue strengthening core mobile business while putting more focus on growing fixed broadband and enterprise as well as continue the building blocks of new digital services. We target to achieve core service revenue growth of mid-single digit YoY with the focus on being competitive to gain fair market share and hence retain or expand our scale in respective businesses.

For mobile business, 4G adoption and demand is expected to continue rising following improved customer perception of our 4G network supported by the competitive spectrum portfolio. As a leading operator, AIS aims to be competitive in maintaining our mobile business scale as well as enhancing our product and brand proposition to better penetrate and serve certain growing segments.

Having been in the market for four years, AIS Fibre continues to grow with subscriber market share reaching 8%. Our focus on quality acquisition has brought in healthy revenue stream and provided us vital customer access at home. In 2019, deployment of FMC (Fixed-Mobile Convergence) strategy will be more pronounced as we aim to increase ARPU per household (ARPH) leveraging the high-value mobile customer

base and deeper household personalization. That said, we aim to achieve 1mn fibre customers milestone this year, implying an estimated market share of 10%.

Post the acquisition of CSL in 2018, strategic alignment has been actively executed. In 2019, we aim to continue our growth in Enterprise Data Service (EDS) while the integrated capability of AIS and CSL shall strongly support our provision of Cloud, Data Centers, ICT managed services as well as other enterprise verticals. Overall, the enterprise revenue, currently representing 10% of core service revenue including revenue from mobile airtime, should continue delivering high-single digit growth in 2019.

### EBITDA expands with a margin stable from last year and CAPEX planned at Bt20–25bn

As we have executed the company-wide cost management, our cost structure has been continually optimized amidst the competitive landscape. To support our aspiration in 2019, we ensure to allocate sufficient capital to marking our core mobile leadership and expanding other businesses. As process digitization continues, operating expense is expected to be controlled, offset by the cost to support network growth in all businesses. As a result, we expect EBITDA margin (EBITDA over total revenue) to be stable from last year (43.4% in 2018). With the full range of spectrum

portfolio in 900/1800/2100MHz to support more 4G and continued 3G, we plan to invest at a similar range to the previous year with Bt20–25bn in total, of which Bt4–5bn allocated for fixed broadband. This budgeted CAPEX is mainly for 4G capacity expansion incorporating our plan to ensure 5G-compatible architecture and our focus to carefully balancing investment with return.

**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:**

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Tel. (66) 2029 5014

# **ADDITIONAL INFORMATION**

# GENERAL INFORMATION AND OTHER SIGNIFICANT INFORMATION

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## 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 512,858 million (as of 28 December 2018)
Registered capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,095,330
Total shareholders	: 41,478 persons (as of 16 August 2018, 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 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	: 0107535000265
Corporate website	: <a href="http://www.ais.co.th">http://www.ais.co.th</a>
IR website	: <a href="http://investor.ais.co.th/">http://investor.ais.co.th/</a>
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 affiliates

No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1	<b>Advanced Wireless Network Co.,Ltd. (AWN)</b> 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	<b>Advanced Datanetwork Communications Co.,Ltd. (ADC)</b> (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 <sup>1)</sup>
3	<b>Digital Phone Co.,Ltd. (DPC)</b> 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Stop providing service due to the expiration to provide cellular communication service, Digital PCN 1800, according to the contract.	91.39	10	913.86	98.55
4	<b>Advanced mPAY Co.,Ltd. (AMP)</b> 414 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

No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
5	<b>Super Broadband Network Co.,Ltd. (SBN)</b> 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
6	<b>Advanced Contact Center Co.,Ltd. (ACC)</b> 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	<b>Advanced Digital Distribution Co.,Ltd. (ADD) <sup>2)</sup></b> 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5157 Fax : (66) 2029 5019	Non-life insurance broker	0.04	100	4	99.99
8	<b>Advanced Magic Card Co.,Ltd. (AMC)</b> 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

No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
9	<b>Teleinfo Media Public Company Limited (TMC)</b> <sup>3)</sup> (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
10	<b>CS LoxInfo Public Company Limited (CSL)</b> <sup>3)</sup> (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	99.11
11	<b>AIN GlobalComm Co.,Ltd. (AIN)</b> 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	100	99.99
12	<b>Advanced Broadband Network Co.,Ltd. (ABN)</b> 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Provide training services	0.75	100	75	99.99
13	<b>Wireless Device Supply Co.,Ltd. (WDS)</b> 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



No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
14	<b>MIMO Tech Co.,Ltd. (MMT)</b> 1291/1 Phaholyothin Road, Phayathai, 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
15	<b>AD Venture Public Company Limited (ADV)</b> (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
16	<b>Fax Lite Co.,Ltd. (FXL)</b> 1291/1 Phaholyothin Road, Phayathai, 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
17	<b>Yellow Pages Commerce Company Limited (YPC)<sup>3)</sup></b> (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:

<sup>1)</sup> The remaining share percentage of ADC in the amount of 49% is held by other persons with no conflict of interest.<sup>2)</sup> ADD has been registered since 25 April 2018<sup>3)</sup> AWN acquired ordinary shares in CSL, equivalent to 99.11% of the paid-up capital, through a voluntary tender offer. As a result, TMC, ADV and YPC are an indirect subsidiaries via CSL.

No	Associated Company	Business	Registered Capital (Million Share)	Par Value (Baht per share))	Paid-up Capital (Million Baht)	% of Investment
1	<b>Information Highway Co.,Ltd. (IH)</b> 52/1 Moo 5 Bang Kruai-Sai Noi Road, Bangsitong, Bang Kruai, Nonthaburi Tel : (66) 2029 5055 Fax : (66) 2029 5019	Transmission network provider	0.5	100	50	29.00

No	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) 702/2 Moo 1, Klongtamru, Muang, Chonburi Tel : (66) 2029 5055 Fax : (66) 2029 5019	Provide fiber optic network infrastructure in Amata industrial estate.	1	100	100	60.00
2	<b>Rabbit Line Pay Co.,Ltd (RLP) <sup>4)</sup></b> 127 Gaysorn Tower, Unit A,B 18 <sup>th</sup> Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok Tel : (66) 2026 3779 Website : <a href="https://contact-cc.line.me/th/">https://contact-cc.line.me/th/</a>	Electronic money and electronic payment services	6	100	600	33.33

Notes:

<sup>4)</sup> RLP is a joint Venture between AMP and Rabbitpay System Company Limited , LINE Pay Corporation started from 5<sup>th</sup> March 2018

No	Other investments	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1	<b>Bridge Mobile Pte. Ltd. (BMB)</b> 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	<b>Clearing House for Number Portability Co.,Ltd. (CLH)</b> 98 Q House Ploenchit Building, 6 <sup>th</sup> 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

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The Stock Exchange Thailand Building,  
93, Ratchadapisek Road,  
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Tel : (66) 2009 9383  
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