

Our Passion  
for Your  
**PASSION**







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glossary



## Vision, Mission and Strategy

### VISION:

# Empower Societies

We provide the power of digital communication, enabling everyone to improve their lives, build societies and secure a better future for all.

### STRATEGIES:



#### ***Loved by customers***

We need to create a superior experience for our customers and turn them into promoters of our services. We will provide the best network experience, personalized customer interactions, and digitized and automated customer journeys.



#### ***engaging digital products and channels***

We will offer a portfolio of digital products and services that are relevant to our customers and enhance our digital channels. Our main focus will be services that add value to our existing business within selected categories and digital verticals.



MISSION:

# We're here to help our customers

—  
We exist to help our customers get the full benefit of being connected. Our success is measured by how passionately they promote us.



## ***winning team***

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The shift from a traditional to digital telco requires a significant change in culture and capabilities. We need to engage and enable our employees. We will become a more expertise driven company, and be an attractive employer for people with digital mindset and competence.



## ***most efficient operator***

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To drive the digitization of our telco business, we need to operate in a smarter and more efficient way. We will accelerate technology efficiency, pursue process simplification and deploy new operating models, to significantly reduce costs.



## Financial Highlights

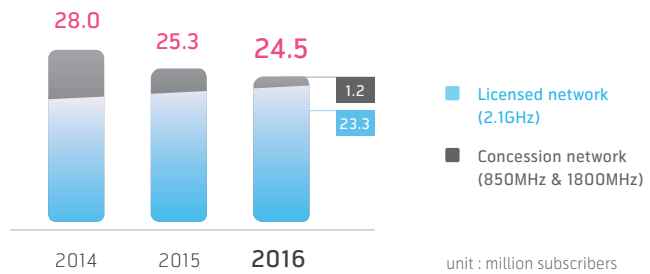
	2014	2015	2016
<b>Operating Results (in THB million)</b>			
Revenue from telephone services	75,012	71,858	<b>69,252</b>
Total revenues from sales and services	90,493	87,753	<b>82,478</b>
EBITDA	30,900	27,941	<b>27,915</b>
Net Profit to Equity holders	10,729	5,893	<b>2,086</b>
<b>Balance Sheet (in THB million)</b>			
Total Asset	106,426	111,044	<b>115,369</b>
Total Liabilities	73,828	83,821	<b>88,224</b>
Total Shareholders' Equity	32,598	27,224	<b>27,145</b>
<b>Ratio</b>			
EBITDA margin	34.1%	31.8%	<b>33.8%</b>
Return on Equity	33%	20%	<b>8%</b>
Net Debt : EBITDA	0.9	1.4	<b>1.1</b>
<b>Shares</b>			
No. of Share (million)	2,368	2,368	<b>2,368</b>
Earnings per Share (THB)	4.53	2.49	<b>0.88</b>
Share Price (THB)*	96.50	30.25	<b>37.75</b>

\*As of the last trading day of each calendar year

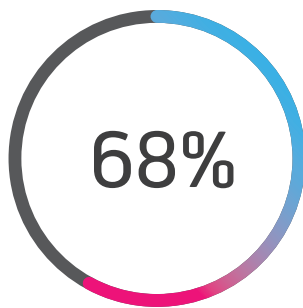


Number of Subscribers

24.5M

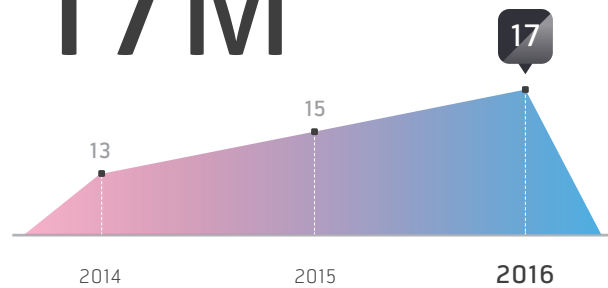


Smartphone Penetration



Smartphone Users

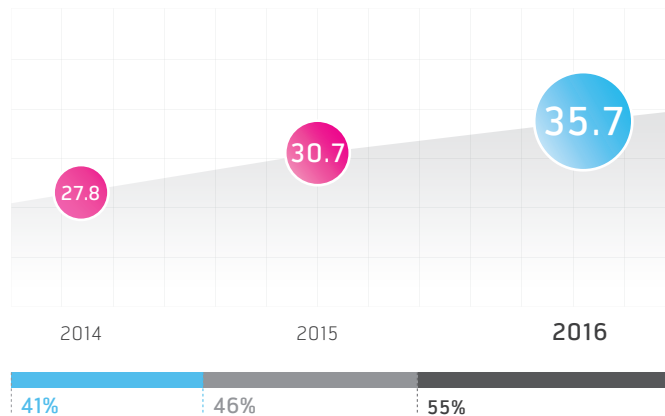
17M



Data Revenue

35.7 THB Billion

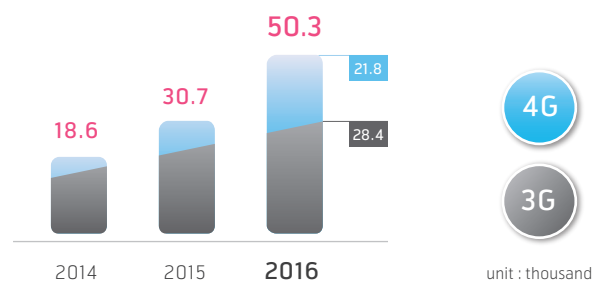
% to service revenue  
excluding interconnection charge



4G & 3G base stations

50.3k

base stations



### Timeline of event



### Business plan

2017

	Q1 2017		Q2 2017	
Revenue	100	100	100	100
Expenses	80	80	80	80
Profit	20	20	20	20
Revenue	100	100	100	100
Expenses	80	80	80	80
Profit	20	20	20	20

HD VDO call conference

SUPER 4G



Our passion  
to drive your  
success

We develop our innovation  
to create borderless  
business frontier and new  
opportunities.



New business  
opportunity



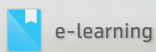






Our passion  
to inspire  
**your dreams**

We connect people to  
the world of knowledge to  
inspire their dreams and  
ignite their future.





Harvest  
in stock



Weather forecast



↑ 35° ↓ 22°

Mostly sunny

34°



Our passion  
to bring you  
**a better life**

We dedicate our expertise  
to improve the quality of  
life for all people.



Current  
market value



Investment  
analysis




HD 4G calling  
HD video



Our passion  
to fulfill your  
**happiness**

We build a strong network  
to bring people closer  
together.



 Happy moment



## Corporate Information

### Corporate Information

<b>Name</b>	Total Access Communication Public Company Limited
<b>Symbol</b>	DTAC
<b>Registered Number</b>	0107538000037
<b>Type of Business</b>	Operates mobile business on 850 MHz, 1800 MHz, and 2.1 GHz frequency bands
<b>Registered Capital</b>	THB 4,744,161,260 (2,372,080,630 ordinary shares of THB 2 per share)
<b>Paid-up Capital</b>	THB 4,735,622,000 (2,367,811,000 ordinary shares of THB 2 per share)
<b>Address</b>	319 Chamchuri Square Building, 41 <sup>st</sup> Floor, Phayathai Road, Pathumwan Sub-district, Pathumwan District, Bangkok 10330 Tel: (66 2) 202 8000 Fax: (66 2) 657 6083 Website: <a href="http://www.dtac.co.th">www.dtac.co.th</a>



## References

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**Share Registrar**                      Thailand Securities Depository Company Limited  
93 Ratchadapisek Road, Dindaeng Sub-district, Dindaeng District, Bangkok 10400  
Tel: (66 2) 009 9000  
Fax: (66 2) 009 9991  
Call Center: (66 2) 009 9999  
Website: <http://www.set.or.th/tsd>

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**Auditor**                                Mrs. Gingkarn Atsawarangsalit  
Certified Public Accountant No. 4496  
EY Office Limited  
33<sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137 Ratchadapisek Road,  
Klongtoey Sub-district, Klongtoey District, Bangkok 10110  
Tel: (66 2) 264 0777  
Fax: (66 2) 264 0789-90  
Website: [www.ey.com](http://www.ey.com)

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**Debenture Registrar**                Bangkok Bank Public Company Limited  
333 Silom Road, Silom Sub-district, Bangrak District, Bangkok 10500  
Tel: (66 2) 230 1478  
Fax: (66 2) 626 4545-6  
Website: [www.bangkokbank.com](http://www.bangkokbank.com)

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## Message from the Chairman and CEO

### Dear Shareholders,

2016 was a year of many changes, culminating with the departure of our much-revered monarch, King Rama IX – His Majesty King Bhumibol Adulyadej. dtac's Board of Directors, executives and employees would like to express our deepest sorrow on the event of this sad occasion. dtac community members set up assistance stations at the mourning grounds, caring for mourners who flooded Sanam Luang and the Grand Palace to pay their respects.

Within the realm of mobile communications, 2016 was an excellent year for the postpaid segment, with 10.5% revenue growth from 2015. The prepaid segment, however, was a challenge yet again in 2016. Increased and strategically targeted marketing activity will be implemented in 2017 to improve our performance in this segment.

A substantial share of the telecommunications concession spectrum allotted to dtac expires in 2018. We are well-prepared for the potential outcome, with a number of viable options to choose from. We will seek to acquire new spectrum, as we continually work to expand 4G network coverage nationwide and increase 4G spectrum in busy areas. We are also pushing for early pre-expiry spectrum auctions, and have a number of activities in the pipeline to allay consumer fears and counteract any negative publicity as we move towards concession end.

2016, while being challenging in some aspects, was also a year of exciting growth and opportunity for dtac. As the industry transitions into the ever-changing digital realm, telecommunications operators differentiate themselves through offering value-added services to customers while managing operating costs, creating new business models, and seizing new business opportunities. dtac has delved deep in this fast-moving realm, generating new revenue streams and implementing a digital business model.

Customers experience greater convenience, increased speed data transmission, and an improved overall experience through new products, services and service channels. Our digitally-focused expansion resulted in data revenues increasing by 16% from 2015, while smartphone penetration increased to 68% of our total subscriber base. This successful digital transformation proves that we are well on our way to becoming Thailand's No.1 digital brand by 2020.

Our transformation has taken place at all levels, including within dtac's corporate culture. dtac employees underwent extensive training to make them capable leaders of the digital telecommunications evolution. They broadened their thinking and ways of work, integrating an entrepreneurial mindset with tech-savvy knowledge, to innovate with digitally-led solutions. To bring to life our new corporate philosophy to "Think Differently, Act Fast, Be Daring, and Passion to Win", dtac also instituted an 'innovation first' ideology, with sharing of new ideas aimed at winning the hearts of consumers. These ideas will result in a diverse range of digital products and services.

Aside from our mission to become the preferred digital service provider, dtac is committed to social and economic contribution through digital services. To narrow the digital divide as noted in the report by the United Nations Social Development Goals (UN SDGs), dtac has a series of projects that will help those affected by this divide. This includes education for those that are computer-illiterate, and increased access to digital services in areas with remote access. More information on this is available in the Sustainability Report.

Our dtac executives and staff wish to express our sincere gratitude for your ongoing support. The road ahead has its challenges, but we are well-prepared to forge through, while being committed to good business practices. This is to ensure shareholders, customers, partners, employees and the general public that dtac is a good citizen who always chooses the right path.

**Mr. Boonchai Bencharongkul**  
Chairman of the Board of Directors

**Mr. Lars-Aake Valdemar Norling**  
Chief Executive Officer



## Board of Directors



01

### Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

Age: 62 years

Year of Service: 26 Years 2 Months

Number of Shares Held\*: 10 shares (0.00%)

**Academic Background** Honorary Doctoral Degree in Economic Science, Ramkhamhaeng University, Thailand  
B.Sc. in Management, Northern Illinois University, USA

**Training Program** Role of the Chairman Program (11/2005) by Thai Institute of Directors Association (IOD)

#### Positions in Listed Companies in SET

1990 - Present Chairman of the Board of Directors, Total Access Communication PLC

#### Position in Other Companies or Organisations

2012 - Present Director, BCH Holding Co., Ltd.  
1998 - Present Chairman, Ruam Duay Chuay Kan Sam Nuek Rak Ban Kerd Foundation  
1990 - Present Chairman of the Board of Directors, Benchachinda Holding Co., Ltd.  
1989 - Present Chairman of the Board of Directors, Private Property Co., Ltd.

#### Past Experience

2002 - 2015 Director, United Distribution Business Co., Ltd.  
2001 - 2006 Chairman, Hornbill Research Foundation  
2002 - 2005 Chief Executive Officer and President, United Communication Industry PLC  
2001 - 2002 Chief Executive Officer, Total Access Communication PLC  
2000 - 2001 Managing Director, Total Access Communication PLC  
1984 - 1999 Chairman of the Executive Committees, United Communication Industry PLC

#### Royal Decorations

2015 The Knight Grand Cordon (Special Class) of the Most Noble Order of the Crown of Thailand  
2003 The Grand Cross (Third Class, Higher Grade) of the Most Illustrious Order of Chula Chom Klao  
1997 The Knight Grand Cross (First Class) of the Admirable Order of the Direkgunabhorn  
1994 The Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand



02

### Mr. Morten Karlsen Soerby

Vice Chairman of the Board of Directors

Age: 57 years

Year of Service: 1 Years 4 Months

Number of Shares Held\*: None (0.00%)

**Academic Background** Master of Science in Business Adm., University of Karlstad, Sweden  
Program for Executive Development, IMD, Lausanne  
State licenced Public Accountant (CPA) Norway, Norwegian School of Economics and Business Administration (NHH)

#### Positions in Listed Companies in SET

2015 - Present Vice Chairman of the Board of Directors, Total Access Communication PLC

#### Position in Other Companies or Organisations

2016 - Present Executive Vice President and Chief Transformation Officer, Telenor Group  
2015 - Present Executive Vice President, Telenor Group  
2015 - Present Board Member, Telenor Norway  
2015 - Present Chairman, Telenor Broadcast  
2015 - Present Board Member, Posten Norge  
2015 - Present Chairman, DiGi.com Berhad  
2013 - Present Board Member, DiGi.com Berhad

#### Past Experience

2014 Chief Executive Officer, Uninor, India  
2011 - 2013 Executive Vice President and Head of Strategy and Regulatory Affairs, Telenor Group  
2009 - 2011 Executive Vice President and Head of Corporate Development, Telenor Group

Remark: \* Including shares held by spouse and minor children



03

### Mr. Chulchit Bunyaketu

Independent Director,  
Chairman of the Audit Committee,  
Member of the Remuneration Committee,  
Member of the Nomination Committee,  
and Member of the Corporate Governance Committee  
Age: 73 years  
Year of Service: 16 Years 10 Months  
Number of Shares Held\*: 15,000 shares (0.00%)

**Academic Background** Master of Arts in Political Science,  
Kent State University, USA  
Bachelor of Law, Chulalongkorn University, Thailand  
**Training Program** Director Accreditation Program (DAP) (38/2005)  
by Thai Institute of Directors Association (IOD)

#### Positions in Listed Companies in SET

2015 - Present Director, BTS Group Holdings PLC  
2013 - Present Member of the Corporate Governance Committee,  
Total Access Communication PLC  
2006 - Present Chairman of the Audit Committee,  
Member of the Remuneration Committee,  
and Member of the Nomination Committee,  
Total Access Communication PLC  
2000 - Present Independent Director, Total Access Communication PLC  
**Position in Other Companies or Organisations**  
2012 - Present Chairman of the Board of Directors, dtac TriNet Co., Ltd.  
2004 - Present Director, King Power Duty Free Co., Ltd.  
King Power Development Co., Ltd.  
King Power Marketing and Management Co., Ltd.  
King Power Hotel Management Co., Ltd.  
King Power Entertainment Co., Ltd.  
King Power Suvanaphumi Co., Ltd.

#### Past Experience

1998 - 2003 Managing Director, Thai Oil Power Co., Ltd.  
1998 - 2003 Managing Director, Thai Oil Co., Ltd.  
1994 - 1998 Deputy Managing Director, Thai Oil Co., Ltd.

Remark: \* Including shares held by spouse and minor children



04

### Mr. Stephen Woodruff Fordham

Independent Director,  
Chairman of the Remuneration Committee,  
Member of the Audit Committee,  
and Chairman of the Nomination Committee  
Age: 65 years  
Year of Service: 10 Years 2 Months  
Number of Shares Held\*: 10,000 shares and 6,000 NVDRs (0.00%)

**Academic Background** MA Jurisprudence, Oxford University, UK  
**Training Program** Director Certification Program (DCP) (203/2015)  
by Thai Institute of Directors Association (IOD)

#### Positions in Listed Companies in SET

2012 - Present Chairman of the Nomination Committee,  
Total Access Communication PLC  
2007 - Present Independent Director, Chairman of the Remuneration  
Committee, and Member of the Audit Committee,  
Total Access Communication PLC

#### Position in Other Companies or Organisations

2011 - Present Director, Ceona Pte. Ltd.  
2008 - Present Chairman, Gram Car Carriers Holdings Pte. Ltd.  
2006 - Present Director, Klaveness Asia Pte. Ltd.  
1998 - Present Director, Stockbridge Pte. Ltd.  
1995 - Present Chairman, Masterbulk Private Limited

#### Past Experience

2007 - 2012 Independent Director and Chairman of the Nomination  
and Remuneration Committee,  
Thoresen Thai Agencies PLC



05

**Mrs. Kamonwan Wipulakorn**

Independent Director,

Member of the Audit Committee, Member of the Remuneration Committee, Member of the Nomination Committee, and Member of the Corporate Governance Committee

Age: 54 years

Year of Service: 2 Years 1 Months

Number of Shares Held\*: None (0.00 %)

**Academic Background**

Master of Business Administration (Finance),  
Western Illinois University, USA  
Bachelor of Arts in International Relations,  
Faculty of Political Sciences, Chulalongkorn University  
Certificate Harvard Executive Program,  
Harvard Business School, Harvard University, USA

**Training Program** Director Certification Program (DCP) (122/2009)  
by Thai Institute of Directors Association (IOD)  
Diploma Examination (Exam) (26/2009)  
by Thai Institute of Directors Association (IOD)

**Positions in Listed Companies in SET**

2014 - Present Independent Director, Member of the Audit Committee,  
Member of the Remuneration Committee,  
Member of the Nomination Committee,  
and Member of the Corporate Governance Committee,  
Total Access Communication PLC

2011 - Present Director and President, The Erawan Group PLC

**Past Experience**

2009 - 2010 Chief Financial Officer, The Erawan Group PLC



06

**Mrs. Chananyarak Phetcharat**

Independent Director,

and Chairman of the Corporate Governance Committee

Age: 53 years

Year of Service: 5 Years 4 Months

Number of Shares Held\*: None (0.00 %)

**Academic Background**

Master Degree in Management Information System,  
West Virginia University, USA  
Certificate, Berkeley Executive Coaching Leadership  
Certificate, Special Management Program,  
Marshall University, USA  
Bachelor Degree in Business Management majoring in  
Accounting, Ramkhamhaeng University

**Training Program** CMA - Capital Market Alumni 14  
Director Certification Program (DCP) (49/2004)  
by Thai Institute of Directors Association (IOD)

**Positions in Listed Companies in SET**

2013 - Present Chairman of the Corporate Governance Committee,  
Total Access Communication PLC

2011 - Present Independent Director, Total Access Communication PLC

**Position in Other Companies or Organisations**

2014 - Present Director, dtac TriNet Co., Ltd.

2008 - Present Managing Director,  
DHL Express International (Thailand) Ltd.

**Past Experience**

2004 - 2008 Country Manager, Mobile Devices Sector,  
Motorola (Thailand) Ltd.





07

### Ms. Tanwadee Wongterarit

Director

Age: 55 years

Year of Service: 3 Years 11 Months

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master of Science in Electrical Engineering,  
University of Miami, USA  
Advance Management Program (177/2009)  
by Harvard Business School, Harvard University, USA  
Bachelor Degree in Electrical Engineering,  
Prince of Songkla University, Thailand

#### Training Program

Director Accreditation Program (DAP) (81/2009)  
by Thai Institute of Directors Association (IOD)  
Director Certification Program (DCP) (180/2013)  
by Thai Institute of Directors Association (IOD)  
Financial Statements for Directors (FSD) (20/2013)  
by Thai Institute of Directors Association (IOD)

#### Positions in Listed Companies in SET

2013 - Present Director, Total Access Communication PLC  
2009 - Present Director, Internet Thailand PLC

#### Position in Other Companies or Organisations

2015 - Present Senior Executive Vice President 13  
(Information Technology), CAT Telecom PLC

#### Past Experience

2013 - 2015 Senior Executive Vice President 13 (Corporate Strategy),  
CAT Telecom PLC  
2009 - 2012 Senior Executive Vice President 13 (Telephone Business),  
CAT Telecom PLC



08

### Mr. Tore Johnsen

Director

Age: 69 years

Year of Service: 8 Years 4 Months

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master of Science, Norwegian Institute of Technology,  
University of Trondheim, Norway

#### Training Program

Director Certification Program (DCP) (175/2013)  
by Thai Institute of Directors Association (IOD)

#### Positions in Listed Companies in SET

2013 - Present Director, Total Access Communication PLC

#### Position in Other Companies or Organisations

2016 - Present Senior Advisor, Telenor ASA  
2013 - Present Director, DiGi Telecommunications Sdn Bhd  
2013 - Present Director and Member of the Audit Committee,  
DiGi.com Berhad  
2013 - Present Director and Member of the Audit Committee,  
Grameenphone Ltd

#### Past Experience

2015 - 2016 Chairman, Telenor Myanmar Ltd  
2014 - 2016 Chairman, Telenor Pakistan Ltd  
2013 - 2016 Member of the Remuneration Committee, Member of the  
Nomination Committee, and Member of the Corporate  
Governance Committee, Total Access Communication PLC  
2011 - 2013 Chairman, Grameenphone IT Ltd  
2011 - 2013 Chief Executive Officer, Grameenphone Ltd  
2008 - 2011 Director and Chief Executive Officer,  
Total Access Communication PLC



09

**Mr. Haakon Bruaset Kjoel**

Director,

Member of the Remuneration Committee,  
and Member of the Nomination Committee

Age: 45 years

Year of Service: 5 Years 4 Months

Number of Shares Held\*: None (0.00 %)

**Academic Background** Marketing and Communication,  
Norges Markeds Høyskole (BI Norwegian Business School)

**Positions in Listed Companies in SET**

2013 - Present Director, Member of the Remuneration Committee and  
Member of the Nomination Committee,  
Total Access Communication PLC

**Position in Other Companies or Organisations**

2016 - Present Senior Vice President,  
Head of Group Public and Regulatory Affairs, Telenor Group

2016 - Present Director, Telenor Myanmar Ltd

2016 - Present Director, Telenor Pakistan Ltd

2016 - Present Director, Telenor Asia (IHQ) Ltd

2014 - Present Director, Telenor GO Pte Ltd

2012 - Present Director, Telenor South Asia Investment Pte Ltd

2012 - Present Director, Telenor South East Asia Investment Pte Ltd

2011 - Present Director, Grameenphone Ltd

2011 - Present Director, Telenor Asia Pte. Ltd

**Past Experience**

2013 - 2015 Director, Telenor Myanmar Ltd

2012 - 2015 Director, Telenor Pakistan Ltd

2011 - 2014 Director, Telenor Global Services Singapore Pte Ltd

2011 - 2013 Director, Total Access Communication PLC

2011 - 2012 Director, Telenor India Ltd

2010 - 2015 Director, Member of the Nomination Committee, and  
Member of the Remuneration Committee, DiGi.com Berhad

2010 - 2015 Director, DiGi Telecommunications Sdn Bhd

2008 - 2016 Senior Vice President, Corporate Affairs Asia, Telenor Group

2007 - 2011 Director, Telenor Pakistan Ltd

2006 - 2012 Director, Telenor Corporate Development Sdn

Remark: \* Including shares held by spouse and minor children



10

**Mr. Lars-Aake Valdemar Norling**

Director

Age: 48 years

Year of Service: 1 Years 11 Months

Number of Shares Held\*: None (0.00 %)

**Academic Background** Master of Business Administration,  
Gothenburg School of Economics and Commercial Law  
Master of Science in Systems Engineering,  
Case Western Reserve University, USA  
Master of Science in Engineering Physics, Uppsala University

**Positions in Listed Companies in SET**

2015 - Present Director and Chief Executive Officer,  
Total Access Communication PLC.

**Position in Other Companies or Organisations**

2015 - Present Director and Chief Executive Officer, dtac TriNet Co., Ltd.

2015 - Present Executive Vice President, Telenor Group

2015 - Present Director, DiGi Telecommunications Sdn Bhd

2015 - Present Director, DiGi.Com Berhad

**Past Experience**

2014 - 2015 Chief Executive Officer,  
DiGi Telecommunications Sdn Bhd

2009 - 2014 Chief Executive Officer, Telenor Sverige AB

2007 - 2009 Chief Technology Officer, Telenor Sverige AB



11

### Mrs. Tone Ripel

Director

Age: 46 years

Year of Service: 9 Months

Number of Shares Held\*: None (0.00 %)

**Academic Background** Master of Law,  
University of Oslo, Norway

#### Positions in Listed Companies in SET

2016 - Present Director, Total Access Communication PLC.

#### Position in Other Companies or Organisations

2015 - Present Board member in Telenor Networks Holding AS

2013 - Present Attorney at Law, Telenor ASA

#### Past Experience

2015 - 2016 Board member in Telenor Business Partner Invest AS

1999 - 2012 Associated attorney and senior attorney,  
Wiersholm Lawfirm

1996 - 1999 Higher executive officer, advisor and senior advisor,  
Norwegian Competition Authority



12

### Mr. Christopher Adam Laska

Director

Age: 46 years

Year of Service: 1 Month

Number of Shares Held\*: None (0.00 %)

**Academic Background** Bachelor of Science with honours in Business Management,  
Bradford University Management Center, Bradford, UK  
Postgraduate Marketing at Chartered Institute of  
Marketing, London

#### Positions in Listed Companies in SET

2016 - Present Director, Total Access Communication PLC.

#### Position in Other Companies or Organisations

2016 - Present Senior Vice President of Board Governance and Partner  
Relations Asia, Telenor ASA

2016 - Present Chairman, Grameenphone Ltd, Bangladesh

2016 - Present Chairman and member of the Audit Committee,  
Telenor Pakistan Ltd

2016 - Present Chairman and member of the Audit Committee,  
Telenor Myanmar Ltd

#### Past Experience

2011 - 2016 Chief Executive Officer, Telenor Hungary Ltd

2009 - 2011 Chief Executive Officer, Telenor Montenegro

2006 - 2009 Chief Corporate Affairs Officer- Telenor Serbia

2005 - 2006 Project Director M&A- Telenor International Mobile,  
Istanbul Turkey

2004 - 2005 Country Manager - Telenor Pakistan Ltd

2003 - 2004 Business Development & Strategy Director -Pannon GSM,  
Hungary

2000 - 2003 Country Manager - Telenor Hungary Ltd

1998 - 2000 Project Director, Sales Central & Eastern Europe-Telenor  
Satellite Broadcast, Norway



## Executive Management



01

### Mr. Lars-Aake Valdemar Norling \*

Chief Executive Officer

Number of Shares Held\*\*: None (0.00%)

Master of Business Administration, Gothenburg School of Economics and Commercial Law

Master of Science in Systems Engineering, Case Western Reserve University, USA

Master of Science in Engineering Physics, Uppsala University

2015 - Present	Director and Chief Executive Officer, Total Access Communication PLC
2015 - Present	Director and Chief Executive Officer, dtac TriNet Co., Ltd
2015 - Present	Executive Vice President, Telenor Group
2015 - Present	Director, DiGi Telecommunications Sdn Bhd
2015 - Present	Director, DiGi.Com Berhad
2014 - 2015	Chief Executive Officer, DiGi Telecommunications Sdn Bhd
2009 - 2014	Chief Executive Officer, Telenor Sverige AB
2007 - 2009	Chief Technology Officer, Telenor Sverige AB

\* Management under definition of SEC

\*\* Including shares held by spouse and minor children



02

## Mr. Sverre Pedersen \*

Chief Financial Officer

Number of Shares Held\*\*: 3,000 NVDR (0.00%)

M.Sc.E.E. Norwegian Institute of Technology (NTNU)

MBA Norwegian School of Management (BI)

2016 - Present	Director, TeleAssets Company Limited
2015 - Present	Chief Financial Officer, Total Access Communication PLC
2015 - Present	Director, DTAC Broadband Co., Ltd
2015 - Present	Director, PaySbuy Co., Ltd
2015	Senior Vice President, Strategic Finance, Total Access Communication PLC
2011 - 2015	Director M&A, Telenor Group
2007 - 2011	Vice President, Telenor Group

\* Management under definition of SEC

\*\* Including shares held by spouse and minor children

03

**Mr. Sitthichoke Nopchinabutr \***

Chief Marketing Officer

Number of Shares Held\*\*: 103,000 (0.00%)

Master of Business Administration, Georgia University, USA

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2016 – Present	Chief Marketing Officer, Total Access Communication PLC
2009 – 2016	Vice President, Telecommunication, Thai Samsung Electronics Co., Ltd.
2006 – 2009	Corporate Strategy Director, Minor Food Group PCL
1996 – 2006	Regional Marketing – Marketing department, Procter & Gamble Manufacturing Thailand Ltd

04

**Mr. Panya Vechbanyongratana \***

Chief Sales Officer

Number of Shares Held\*\*: None (0.00%)

Master of Business Administration, University of Colorado at Boulder

Bachelor of Science in Computer Information Systems, Graduating Honor Summa Cum Laude, Regis University, Denver, CO

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2016 – Present	Chief Sales Officer, Total Access Communication PLC
2011 – 2016	Senior Vice President, Total Access Communication PLC
2008 – 2010	Vice President, Program Management Department, Total Access Communication PLC

05

**Mr. Prathet Tankuranun \***

Chief Technology Officer

Number of Shares Held\*\*: 19,700 (0.00%)

Master of Electrical Engineering, Massachusetts Institute of Technology

Master of Business Administration (Executive Program), Sasin Graduate Institute of Business Administration of Chulalongkorn University

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2015 – Present	Chief Technology Officer, Total Access Communication PLC
2015 – Present	Director, dtac TriNet Co., Ltd
2013 – 2014	Chief Technology Officer, Telenor Myanmar Limited
2011 – 2013	Senior Vice President, Network Operations Division, Total Access Communication PLC
2010 – 2011	Senior Vice President, Engineering Division, Total Access Communication PLC
2009 – 2010	Vice President, Network Design and System Infrastructure Department, Total Access Communication PLC
2005 – 2009	Vice President, Transmission Department, Total Access Communication PLC
2001 – 2005	Head of Engineering, Satellite Engineer, Pacific Century Matrix (Hong Kong)
1996 – 2000	Satellite Engineer, L-Star Program, Asia Broadcasting and Communication Network/Telesat Canada

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\* Management under definition of SEC

\*\* Including shares held by spouse and minor children



06

### Mr. Andrew Tor Oddvar Kvaalseth \*

Chief Digital Officer

Number of Shares Held\*\*: None (0.00%)

Master of Business Administration, University of Oxford

Bachelor of Business Administration, University of Wisconsin-Madison

2016 - Present	Chief Digital Officer, Total Access Communication PLC
2015 - 2016	Chief Strategy Officer, Total Access Communication PLC
2015 - Present	Director, PaySbuy Co., Ltd
2014 - Present	Director, dtac Accelerate Co., Ltd
2013 - 2015	Senior Vice President, Head of Strategy and Innovation, Total Access Communication PLC
2012 - 2013	Chief Strategy Officer, Telenor Digital
2011 - 2012	Director, Telenor Group Strategy, Telenor ASA
2008 - 2011	Management Consultant, Bain & Company

07

### Miss Nardrerdee Arj-Harnwongse \*

Chief People Officer

Number of Shares Held\*\*: None (0.00%)

Master's degree in Human Resources Development, Webster University, Missouri, USA

Bachelor of Arts majoring in English, Chulalongkorn University

2015 - Present	Chief People Officer, Total Access Communication PLC
2009 - 2015	Vice President, Human Resources Thailand, Myanmar, Cambodia & Laos, Unilever Thai Holdings Limited
2007 - 2009	Head of Human Resources, Sub-Region Asia North (Thailand, Bangladesh, Vietnam, Cambodia and Korea), Nokia Siemens Networks (Thailand) Ltd
2004 - 2007	Human Resources Manager for Indochina (Thailand, Vietnam, Cambodia & Laos), Nokia (Thailand) Ltd
1993 - 2004	Assistant Vice President, Human Resources, Retail Operations, Ek-Chai Distribution System Co. Ltd

08

### Mr. Paradai Theerathada \*

Chief Corporate Affairs Officer

Number of Shares Held\*\*: None (0.00%)

Bachelor of Political Science, University of North Carolina at Chapel Hill, USA

2016 - Present	Director, United Communication Industry PLC
2016 - Present	Chief Corporate Affairs Officer, Total Access Communication PLC
2008 - 2016	Executive Vice President Corporate Brand and Communications, TMB Bank PLC

### Company Secretary

#### Mr. Raweepun Pitakchatiwong

Number of Shares Held\*\*: 15,500 shares (0.00%)

Doctorat en Droit (droit public) - mention Très honorable avec félicitations du jury, Strasbourg III University

DEA droit des Communautés européennes, Strasbourg III University

Certificat des études européennes - mention Honorable, Strasbourg III University

Bachelor of Law (first class honors, gold medal), Chulalongkorn University

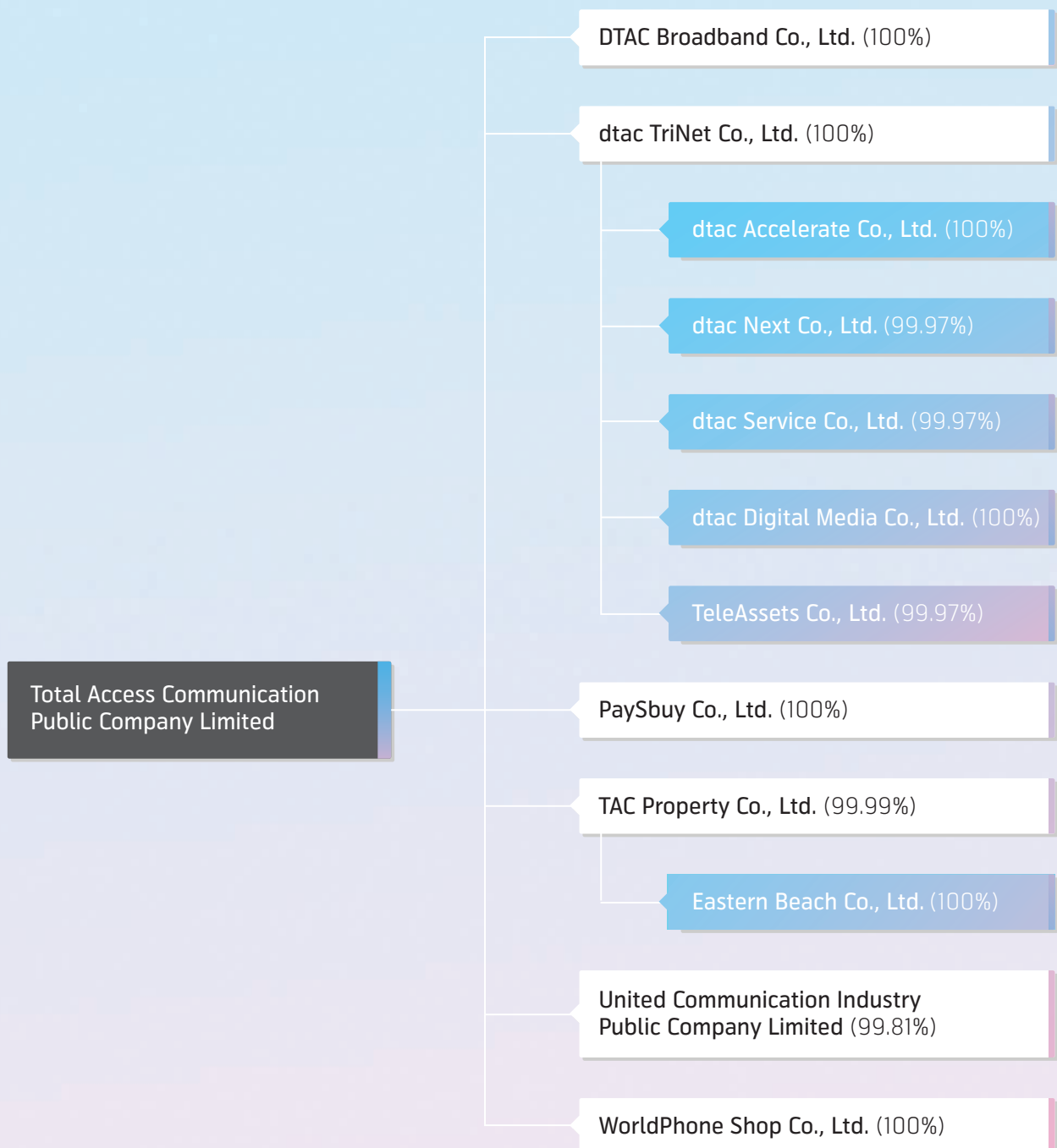
2013 - Present	Company Secretary and Senior Vice President, Legal Division, Total Access Communication PLC
2009	Vice President, Telecom Law, Legal Division, Total Access Communication PLC
2008	Vice President, Legal Division, Total Access Communication PLC
2007	Vice President, Regulatory Division, Total Access Communication PLC

\* Management under definition of SEC

\*\* Including shares held by spouse and minor children



## Group Structure



dtac is one of the largest wireless communication service providers in Thailand. The Company was established in 1989 to provide wireless telecommunication services in 850 MHz and 1800 MHz frequency bands in Thailand under a 27-year Build-Transfer-Operate (BTO) concession granted by CAT Telecom Public Company Limited (formerly known as Communications Authority of Thailand).

In December 2012, dtac TriNet Co., Ltd. (formerly known as DTAC Network Co., Ltd.), a wholly-owned subsidiary of dtac, was granted the 15-year spectrum license for International Mobile Telecommunications (IMT) in the frequency band 2.1 GHz and type III license for providing wireless communication services from the NBTC.

At the end of 2016, dtac had 12 subsidiaries, and 2 associated companies (under definition of the Notification of Office of Securities and Exchange Commission), namely, (1) United Distribution Business Co., Ltd. and (2) Clearing House for Number Portability Co., Ltd.\* dtac has continued our focus on mobile business and to invest in the subsidiaries with the purpose to mainly support its core business and asset management. Furthermore, dtac is committed to invest in businesses that create long term value for our shareholders.

Remark: \* the Company does not have significant influence on this company and hence this company does not qualify as "associate" as presented in the Company's financial statements.

#### Details of Subsidiaries and Associated Companies as of 31 December 2016

Company's Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Shareholding (%)	Total Shares of each Company
DTAC Broadband Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105549034424	Providing telecommunications services (WiFi services) with Internet license type I	175	Ordinary shares	100	1,750,000
dtac Digital Media Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105549034467	Providing telecommunications services and operating the device business	100	Ordinary shares	100 (through dtac TriNet Co., Ltd.)	1,000,000
dtac TriNet Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105549034548	Providing telecommunications services	1,160	Ordinary shares	100	11,600,000
dtac Accelerate Co., Ltd.	319 Chamchuri Square Building, 2 <sup>nd</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105557065767	Investment and support start-up companies to develop applications	15	Ordinary shares	100 (through dtac TriNet Co., Ltd.)	150,000
dtac Next Co., Ltd	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558145985	Asset administration and management	1	Ordinary shares	99.97 (through dtac TriNet Co., Ltd.)	10,000

Company's Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Shareholding (%)	Total Shares of each Company
dtac Service Co., Ltd	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558146019	Asset administration and management	1	Ordinary shares	99.97 (through dtac TriNet Co., Ltd.)	10,000
PaySbuy Co., Ltd.	319 Chamchuri Square Building, 36 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2160 5463-5 Fax: +66 2160 5462 Registered number: 0125547001804	Providing online payment service, cash card, e-payment and payment services	200	Ordinary shares	100	2,000,000
TAC Property Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105539049038	Asset management	1	Ordinary shares	99.99	100,000
Eastern Beach Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105532038740	Asset management	80	Ordinary shares	100 (through TAC Property Co., Ltd.)	800,000
United Communication Industry Public Company Limited	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0107536000871	Sale of voucher cards and sale on right of E-Refill service	313.55	Ordinary shares	99.81	434,668,207
WorldPhone Shop Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105539069969	Under liquidation process	450	Ordinary shares	100	4,500,000
TeleAssets Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105559061246	Lease of telecommunication equipment and device	1	Ordinary shares	99.97 (by dtac and through dtac TriNet Co., Ltd.)	10,000
United Distribution Business Co., Ltd.* (UD)	499 Moo 3, Benchachinda Building, Kamphaeng Phet 6 Rd. Ladyao, Chatuchak, Bangkok 10900 Tel: +66 2953 2222 Fax: +66 2953 1269 Registered number: 0105545040951	Sale of mobile phone, SIM card, voucher card and supplementary equipment	200	Ordinary shares	25	20,000,000

Company's Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Shareholding (%)	Total Shares of each Company
Clearing House for Number Portability Co., Ltd.	98 Sathorn Square Office Tower, Room 403, 4 <sup>th</sup> Fl., North Sathorn Rd., Silom, Bangrak, Bangkok 10500 Tel: +66 2108 1544 Fax: +66 2108 1544 Registered number: 0115553001471	Operating the Information System and the centralized database for the number portability service	2	Ordinary shares	20 (by dtac and through dtac TriNet Co., Ltd.)	20,000

**Remark\*** The remaining 75% of total shares are held by Benchachinda Holding Co., Ltd. Although Benchachida Holding Co., Ltd., who is a related party to the Company, holds 75% of total shares in UD may have a conflict of interest with the Company, the Company believes that the shareholding structure will deliver the greatest benefit to the Company as the Company's main business is not distribution which will create more burden in managing inventory and logistics system. Furthermore, the Company has preventive measure and strict policy governing connected party transactions that may lead to conflict of interests to ensure that they are in compliance with SET's rules and regulations concerning connected party transactions.

As of 23 December 2015, Benchachinda Holding Co., Ltd. has the following shareholders:

Mr. Boonchai Bencharongkul	40.0%
Mr. Vichai Bencharongkul	30.0%
Mrs. Wanna Jirakitti	15.0%
Mr. Somchai Bencharongkul	15.0%



## Business Performance and Outlook

2020

no. 1  
digital brand



dtac best deal



realising digital thailand



dtac BLUE MEMBER



## Operational Highlight

In 2016, we continued to invest heavily in the network, particularly on 4G, in order to secure nationwide coverage and leading 4G position. With CAPEX spending of THB 20,310 million, we increased the total number of 4G base stations to 21.8k, up from 6.3k at the end of 2015, resulting in coverage of 4G services in every district in Thailand. At the same time, campaigns to improve network perception and to port subscribers to the licensed networks were carried out throughout the year. Moreover, we affirmed a strong spectrum portfolio with a total bandwidth of 50MHz currently in use. In densely populated areas with high demand for data services, we deployed 20MHz bandwidth of 1800MHz frequency for “Super 4G” services.



In addition to network development, we implemented a number of marketing campaigns to strengthen network perception, value-for-money position, and digital brand image, including the launch of the new “dtac prepaid” brand. With the ambition to become no. 1 digital brand in Thailand by 2020, we delivered new digital services to customers throughout the year, including “dtac MUSIC INFINITE” and Voice-over-WiFi services.

At the end of FY16, total subscriber base was 24.5 million, decreasing from 25.3 million last year. The decrease was due to lower prepaid subscriber base as we were cautious in providing subsidies on prepaid handsets amid massive amount of such subsidies being poured into the market by competitors.

Meanwhile, the postpaid subscriber base increased strongly to 5 million from 4.3 million last year.

We made further progress in the transition from concession to license regime, with subscribers registered on 2.1GHz licensed network increasing to 95% of total subscriber base, compared to 90% last year. Penetration of smart devices also increased to 68% from 61% last year, thanks to nationwide 4G network expansion, proliferation of streaming services, and more affordable devices.

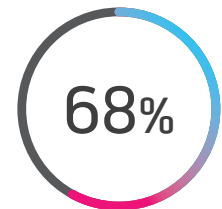
In 2016, we expanded dtac branded retail shops to serve the increasing postpaid customer base. In addition, we expanded into digital distribution channel in addition to the traditional channels for our products and services. For instance, we introduced “dtac app” to assist customers to check usages and promotions and make bill payments on their smartphones. This channel allowed dtac to make personalized offers and upsell relevant services to customers. Furthermore, we opened dtac online shop on Lazada website and advertised our products and services on many digital platforms such as www.dtac.co.th, Line, and Facebook.

## Postpaid segment

Postpaid subscriber base and revenues grew strongly amid intense competition, thanks to value-for-money position, couple with a wide variety of promotions and price plans, catering to the customers’ usage patterns.



Smartphone Penetration



4G users

5 Million



For example, we offered “Super Non-Stop” package for customers who consume both voice and data, “More Voice” package for those who prefer voice usage, and “Tablet Net Non-Stop” package for customers using tablet devices. Postpaid subscribers can buy add-on packages in addition to their main packages. For instance, they can buy “Internet Speed Topping” for additional mobile data allowance or “dtac wifi” for WiFi service. In certain postpaid price plans, we bundled general mobile Internet and voice call usage with digital services, such as “Capture App” for pictures and VDO files stored in cloud storage, or the “dtac MUSIC INFINITE”.

In 2016, we upgraded the new “Super Non-Stop” postpaid price plans to offer more choices of data and voice combination at the same price. We also introduced “Share package” to help customers manage and share voice and data services among up to 4 numbers.

We focused on building postpaid subscriber base whose average revenue per users and subscription lifetime were larger than the prepaid counterpart. Therefore, we offered subsidies to customers buying handsets bundled with postpaid service

packages, or customers upgrading from prepaid to postpaid subscription. The campaigns also supported the transition from 2G to 4G/3G technology which provided better Internet experience. In 2016, we launched several handset campaigns, such as “dtac Best Deal” or “dtac 4G Mega Sales”.

To create long term customer relationships, we continued programs for postpaid segment, such as “Blue Member” for premium postpaid users who have high spending or have been using our services for a long time. Remaining postpaid customers can enjoy “dtac rewards” programs, providing many benefits such as discounts in shops and restaurants.

### Prepaid segment

In 2016, we launched new prepaid brand, namely “dtac prepaid”, in order to strengthen dtac as a leading digital brand. At the same time, we introduced “Super 4G SIM”, targeting digital generation customers who could enjoy “dtac MUSIC INFINITE” service and stream YouTube video with no data charge from midnight to 8 a.m. In addition to “Super 4G SIM”, dtac offered a wide variety of prepaid SIM catering to

customer needs, including “Social Hero SIM”, providing popular free social media usage, and “All Networks SIM” designed to serve heavy voice users. Moreover, we provided special SIM for migrant segment, namely “Prepaid Myanmar SIM” which offered special rates when making calls to Myanmar, and “Happy Tourist SIM” which was very popular among tourists coming to Thailand. Along with the prepaid SIMs, we also offered promotions and add-on packages. For examples, prepaid subscribers could buy add-on packages, such as Non-Stop 4G/3G Internet add-on packages which were available on daily, 7-day and 30-day basis. For prepaid customers, we also offered the same customer relationship programs, namely “Blue Member” and “dtac rewards”.

To respond to market competition, we launched “2G Phone Upgrade to 3G” campaign for prepaid customers in the middle of 2016. This campaign helped to increase the number of 3G handset users and acquire prepaid subscribers. Late 2016, we stimulated prepaid market with “Double Bonus” campaign, offering double amount of data and voice when prepaid customers made more than THB100 refill. We also launched special-priced add-on packages and offered free dtac WiFi service to customers during New Year period.

### Smartphones and devices

Smartphones have been used for customer acquisition and retention during intense competition. The devices are also a key factor to drive the transition from concession to license regime during the past few years. We witnessed an unusually high level of handset subsidies in the market in 2016, particularly in prepaid segment in order to replace the remaining 2G handsets in the market. We were cautious in such activities and geared our handset campaigns towards postpaid segment.



### Financial Highlight

In 2016, total revenues amounted to THB 82,478 million, decreasing 6%YoY due to lower service revenues and handset sales. Postpaid revenues grew 10.5%YoY, while prepaid revenues decreased 9.5%YoY. The prepaid segment experienced many challenges, including widespread handset subsidies, aggressive mobile number portability (MNP) campaigns, and subscribers upgrading to postpaid service. As the growth of postpaid segment could not fully offset the decline in prepaid, service revenues excluding IC decreased 2.3%YoY to THB 64,693 million. Handset and starter kit sales amounted to THB 12,181 million, decreasing by 21%YoY mainly due to lower number of iPhone units sold and higher handset subsidy in response to competition.

In 2016, net profit amounted to THB 2,086 million, decreasing 65%YoY largely due to higher depreciation and amortization following the network expansion, while EBITDA amounted to THB 27,915 million, stable from the last year level as higher handset subsidy and lower service revenues were offset by lower regulatory cost and the ongoing implementation of cost efficiency programs. EBITDA margin for the year reached 33.8%, improving from 31.8% last year mainly due to lower regulatory cost and other operating costs of services.

### Competition & Business Outlook

Thai's mobile industry has been continuously growing, mainly driven by the increase in data revenue. The recent frequency allocation under license regime from National Broadcasting and Telecommunications Commission (NBTC) have prompted mobile service providers to invest in their network coverage and infrastructure to deliver better Internet experiences to their customers. As a result, Thailand can now utilize its telecommunication infrastructure through 4G and 3G technologies for a multitude of national economic and social development projects. The intensified competition between service providers has also helped increase smartphone penetration in Thailand through subsidized smartphone and attractive promotions. Thus, we have witnessed continuous growth in the number of smartphone users in Thailand.

Meanwhile, Thai consumer lifestyle has evolved following the emergence of various forms of social media that enable seamless online communication such as Line and Facebook.



Media consumption has increased dramatically as consumers are spending more time consuming news, music, movies, and videos via online channels such as YouTube. Other sectors such as banks, logistics and commerce businesses have also placed greater importance on digital channels for sales and service. Such advancement in application and technology development have further enhanced consumers' digital lifestyles and improved efficiency in their daily lives. This has in turn promoted innovation and created more economic benefits for the country, in line with the government policy to promote the development of Thailand's digital economy. Mobile operators will undoubtedly play an important role in driving the nation towards a successful digital economy as they search for new value added opportunities based on changing consumer behavior.

Nevertheless, the mobile industry in Thailand is still faced with intensified competition. Mobile operators have to compete heavily in all facets including infrastructure investment for 4G network, marketing activities, and heavy promotions, such as device subsidies to induce customers to switch from 2G to 4G/3G. Apart from that, mobile operators have to build corporate image and confidence towards their brands in various ways in order to differentiate themselves and stand out in the market. The biggest challenge for the industry is to manage a seamless transition from voice-based services to data-driven services as we enter into the digital era.

The Company has recognized the changing industry trends and has therefore been focusing on revenue growth as well as value creation opportunities for the organization. The Company has been focusing on both fundamental telecommunication services as well as on digital arenas. Therefore, we have set out a bold ambition to become the number one digital brand in Thailand by 2020, by being our customers' favorite partner in digital life. Apart from our continuous investments to enhance our network coverage and provide superior customer service, we also set forth to offer a holistic range of digital services for our customers. We have secured several collaborations with various business partners to provide the best digital offerings to match with our customers' lifestyle.

During 2016, the Company made significant investments to develop our wireless telecommunication network nationwide, particularly in 4G. We have allocated more bandwidth to 4G services to support the growing demand for data and internet usage. The Company places great importance in developing



customers' confidence in our services through enriching our network and dtac brand performance both for prepaid and postpaid services.

The Company continues to offer digital services as part of our product offerings. Today we offer several digital services such as "dtac MUSIC INFINITE" application that allow customers to stream music online without paying for internet usage. Another example is our "Voice over WiFi" service, which allows customers to call anywhere using WiFi signal. Moreover, the Company has several projects to support the development of digital services both internally within the organization and externally with third parties and business partners. For instance, our "dtac Accelerate" program currently offers funding and support for startups with leading digital innovations.







Nonetheless, the intense competition as well as the changing consumers' lifestyle, in which traditional voice calls are now replaced by increased use of internet and applications, have led to a slight reduction in our market share. By end of 2016, our revenue market share from service revenue excluding IC was approximately 26% while the total numbers of

subscribers were at 24.5 million. Amidst the high competition in the relatively mature market, we have to operate efficiently as well as find new business models to improve efficiencies and we have to maintain our financial discipline in order to ensure we will be ready for new business opportunities, including the spectrum allocation in the near future.



## Corporate Social Responsibility

Total Access Communication Public Company Limited (dtac) has continued to take account of sustainability and social responsibility. Our sustainable development strategy has been determined and implemented in accordance with the vision “Empower societies” so as to achieve the sustainable growth for all.



EMPOWER  
SOCIETIES



SUSTAINABLE  
GROWTH



SUSTAINABLE  
GOVERNANCE



dtac's sustainable business practices includes the following:

1. Ensure sustainable governance and management based on the concept "Do the right thing" through the collaboration of the employees at all levels. We officially introduced dtac's Code of Conduct in 2003 as the foundation of corporate culture focusing on the compliance of rules and procedures that build on dtac's basic values. At dtac, we encourage everyone to collaborate in creating an appropriate culture. This Code clarifies the core principles and ethical standards for operating the business that have been constantly updated to fit the current context. The latest version was approved by the dtac Board of Directors on February 3rd, 2016. Our ethical foundation, values for driving the right behavior, and leadership attitudes incorporated in this Code cover three main areas including our community, our relationships, and our assets.

2. Empower societies with dtac's cutting-edge technology. We pride ourselves in providing access to information and connectivity and emphasizing digital communication-based activities that contribute to professional development, higher quality of life, better future societies, and business sustainability.

dtac upholds our role in social responsibility through reporting process according to the Global Reporting Initiatives (GRI) G4. The shareholders and investors interested in dtac's sustainability performance can find more information in dtac Sustainability Report 2016.



## Milestones

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

### 1990

#### » NOVEMBER

dtac was granted a concession from CAT to operate wireless services under the term of "Build-Transfer-Operate".

### 1994

#### » FEBRUARY

dtac entered into an Access Charge Agreement with TOT Public Company Limited (formerly known as Telephone Organization of Thailand, "TOT") in order to access their networks.

### 1995

#### » FEBRUARY

dtac was registered as a public company.

#### » OCTOBER

dtac sold 13 percent of its paid-up capital to the public and listed the shares on the Singapore Exchange Trading Limited.

#### » NOVEMBER

dtac issued new 42.8 million shares to TOT and TOT agreed to provide discounts on access charge payments.

### 1996

#### » NOVEMBER

CAT agreed to extend concession period until 2018.

### 1999

#### » JULY

dtac commercially launched prepaid product, so-called "Prompt".

### 2000

#### » MAY

United Communication Industry Public Company Limited ("UCOM") sold 5.5 million outstanding shares of dtac to Telenor Asia Pte ("Telenor").

#### » AUGUST

dtac issued new 48.5 million shares and sold these shares to Telenor, as a result, Telenor held 29.94 percent equity interest in dtac.

### 2001

#### » MARCH

dtac launched new brand "dtac" and adopted a radically different approach of doing business in the Thai market.

#### » APRIL

TOT agreed to amend the basis of calculation of the access charge for prepaid services from THB 200 per month per number to 18 percent of the value of the prepaid vouchers sold.

#### » NOVEMBER

dtac launched GPRS-based data service.



## 2002

### » APRIL

dtac unlocked IMEI (International Mobile Equipment Identity) codes to allow all mobile handsets to use dtac's network.

## 2003

### » JANUARY

Excise Tax was enforced.

### » OCTOBER

dtac received "Disclosure Report Award 2003" from the Securities and Exchange Commission.

## 2004

### » DECEMBER

dtac won "Technology Fast 500 Asia Pacific 2004 Award" from Deloitte.

## 2005

### » JUNE

TOT agreed to cancel 16.4 million of its shares in dtac by way of capital decrease.

## 2006

### » JUNE

dtac received "Mobile Operator of the Year 2006" in Thailand from Asian MobileNews Magazine.

### » AUGUST

The completion of capital reduction in respect of the 16.4 million shares held by TOT.

NTC approved the term of reference on the interconnection charge as a basis for negotiation among operators.

### » SEPTEMBER

dtac implemented 10-digit mobile phone numbers by replacing the prefix 0 with 08.

### » NOVEMBER

dtac signed Interconnection agreement with True Move and AIS.

### » DECEMBER

dtac signed Interconnection agreement with Triple T Broadband

## 2007

### » JUNE

dtac issued 82 new million shares to be listed in Stock Exchange of Thailand and became the first dual listing (SET and SGX) company in Thailand.

dtac won "Mobile Operator of the Year Award" in Thailand organized by Asian MobileNews Magazine.

### » AUGUST

dtac won "Marketing Excellence Awards 2006" from Thailand Corporate Excellent Awards, organized by Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

### » OCTOBER

dtac refreshed brand with an aim to make customers 'feel good'.

## 2008

### » JANUARY

dtac took over "PaySbuy", a company operated online payment system.

dtac together with CAT tested HSDPA technology on 850 MHz in Mahasarakham.

## 2008

### » MARCH

dtac introduced "ATM SIM" with which customers can conduct their financial transactions via mobile phones.

### » NOVEMBER

ATM SIM was awarded the "Best Mobile Service" from Asia Mobile Award 2008, organized by GSMA's Mobile Congress.

## 2009

### » JANUARY

ATM SIM was awarded the "Project of the Year" from Thailand ICT Excellence Awards 2008.

dtac's \*1677 Farmer Information Superhighway project was awarded the "Business Enabler" from Thailand ICT Excellence Awards 2008.

### » JULY

dtac relocated its headquarter from Chai Building to its new house at Chamchuri Square.

### » AUGUST

dtac commenced the trial service "dtac mobile Internet on 3G" based on HSPA technology over dtac's existing 850 MHz frequency, covering the inner Bangkok area.

### » NOVEMBER

dtac's CSR Project "Doing Good Deeds Everyday" won CSR Award from SET awards 2009.

### » DECEMBER

dtac introduced BlackBerry service with the new BlackBerry smart phone, including a special edition white model.

## 2010

### » JULY

dtac signed Interconnection agreement with CAT/Hutch.

### » NOVEMBER

dtac declared special interim dividend.

dtac was awarded the "Brand of the Year" in Mobile Operator category, from Excellent Brand Survey Awards 2010, organized by HWM Thailand magazine.

### » DECEMBER

dtac and other 4 mobile operators soft-launched Mobile Number Portability (MNP) service.

The new Frequency Allocation Act (B.E.2553) was enforced, which preceded the establishment of NBTC.

## 2011

### » AUGUST

dtac launched 3G HSPA service on 850 MHz.

### » SEPTEMBER

dtac officially launched iPad in Thailand.

### » OCTOBER

The National Broadcasting and Telecommunications Commission (NBTC) obtained royal endorsement.

dtac won "Hall of Fame: A Decade of Excellence 2001 -2010" as one of top ten Thai leading business organizations with excellent management for the decade based on data by Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

### » DECEMBER

dtac announced special dividend for its financial restructuring.

dtac's CSR Project "Doing Good Deeds Everyday" won CSR Award from SET awards 2011 for 3 consecutive years.

## 2010

### » MARCH

dtac Internet was awarded "Commart Innovation Awards 2010".

dtac officially launched iPhone in Thailand.

## 2012

### » MARCH

dtac launched WiFi service with "Walk & Play" concept in community malls and on BTS stations.

### » JULY

dtac announced a new dividend policy which would pay at no less than 80% of net profit, depending on its financial position and future business plans, with an aim to pay quarterly.

## 2012

### » AUGUST

dtac received the Taxpayer Recognition Award for the year 2011 arranged by The Revenue Department of Thailand.

### » SEPTEMBER

dtac received the "Best Senior Management IR Support and Most Consistent Dividend Policy" awards from Alpha Southeast Asia, an institutional investment magazine.

### » OCTOBER

dtac Network (currently named as dtac TriNet) participated in the auction for spectrum licensing for International Mobile Telecommunications (IMT) in the frequency band 2.1 GHz conducted by the NBTC and won 2 x 15 MHz of 2.1 GHz spectrum license.

### » DECEMBER

dtac Network (currently named as dtac TriNet) has been granted the 15-year spectrum license for IMT in the frequency band 2.1 GHz and license type III for providing wireless communication services from the NBTC.

dtac completed the entire network modernization and 3G 850 MHz rollout in all major cities nationwide.

## 2013

### » MAY

dtac launched "dtac TriNet" with the concept of 3 combined networks: 1800MHz, 850MHz and 2.1GHz.

### » JUNE

dtac introduced the first generation of dtac phones.

### » JULY

dtac launched 3G HSPA service on 2.1GHz.

### » AUGUST

dtac received the "Best Senior Management IR Support and Most Consistent Dividend Policy" awards from Alpha Southeast Asia, an institutional investment magazine for 2 consecutive years.

### » SEPTEMBER

dtac received Thailand's Corporate Brand Rising Star 2013 Award, based on the research of Department of Marketing, Faculty of Commerce and Accountancy, Chulalongkorn University. A ceremony was held to announce and award the SET listed companies with highest brand value.

## 2014

### » MAY

dtac launched 4G service in inner Bangkok.

### » JUNE

The Board of Directors approved the delisting of the Company from The Singapore Exchange Securities Trading Limited.

### » JULY

dtac released a new commercial "The Power of Love", achieved a phenomenal 12 million views on YouTube in less than one month. The TVC aims at promoting the appropriate usage of technology

### » SEPTEMBER

dtac announced investment plan to build new 6,500 base stations by 31 March 2015 to strengthen its positioning as the leading Internet provider in Thailand

### » OCTOBER

dtac introduced 'Love Buffet' plan for postpaid customers, providing mobile Internet service at maximum speed.

### » DECEMBER

dtac signed an Memorandum of Understanding (MoU) with CAT Telecom to strengthen long term strategic partnership and promote infrastructure sharing model in Thailand.

## 2015

### » MARCH

dtac introduced "Love & Roll" package for postpaid customers. It helps customers transferring remaining Internet usage to the next billing cycle

### » APRIL

dtac expanded 4G network to cover Bangkok and major 40 cities

### » MAY

dtac launched "Eagle X", the first 4G dtac-branded smartphone

### » JUNE

dtac introduced "Happy 4G SIM", a prepaid SIM designed to stimulate 4G usage among prepaid users

## 2015

### » AUGUST

dtac TriNet and AWN mutually agreed on telecom tower sharing totaled 2,000 towers within year of 2015

### » SEPTEMBER

dtac introduced "Blue Member" customer relationship management program for premium customers

dtac launched campaign "Reach Everywhere Understand Every Heart" to strengthen our brand perception and commit to deliver best experience to customers.

### » NOVEMBER

dtac TriNet participated in 1800MHz licence auction, arranged by NBTC.

dtac expanded 4G services on 1800 MHz under CAT concession across Bangkok and Metropolitan Area

dtac received "Top 50 ASEAN Publicly Listed Companies" award from ASEAN Corporate Governance Conference and Awards

### » DECEMBER

dtac TriNet participated in 900MHz licence auction, arranged by NBTC.

dtac increased 4G bandwidth to 15MHz on 1800MHz spectrum with 2,200 base stations around Bangkok and Metropolitan Area.

## 2016

### » JUNE

dtac introduced "dtac prepaid" brand for using in prepaid market.

dtac launched "dtac Super 4G" prepaid SIM focusing on digital generation segment.

### » JULY

dtac implemented ISO 26000, an international standard for social responsibility.

dtac increased bandwidth of 4G-1800MHz to 20MHz in Bangkok Metropolitan Area and completed the expansion of 4G-1800MHz with 15MHz bandwidth in every province throughout Thailand.

### » AUGUST

dtac introduced the new flagship concept store "dInfinite" in order to build digital experience for our customers.

dtac was certified as an anti-corruption organization from Thailand's Private Sector Collective Action Coalition Against Corruption

### » SEPTEMBER

dtac collaborated with Lazada, a leading e-commerce company, to expand online distribution channel.

dtac 4G service covered all districts throughout Thailand.

### » OCTOBER

dtac launched cross-network VoLTE service with AIS

## 2016

### » FEBRUARY

The Company changed dividend policy to "To pay out dividend not less than 50% of the Company's net profits, depending on financial position and future business plans. The Company aims to pay dividend semi-annually"

### » MARCH

dtac introduced WiFi Calling or VoWiFi (Voice over WiFi) service, helping customers to make and receive voice calls over a WiFi network.

### » APRIL

dtac published a whitepaper "REALIZING DIGITAL THAILAND: An Internet not for the few, but for the many" outlining propositions for building digital economy in Thailand. The whitepaper was presented at Asia Pacific Digital Societies Policy Forum 2016, organized by the Ministry of ICT and GSMA.

### » MAY

dtac launched "dtac MUSIC INFINITE", a digital service that customers can play streaming music from leading applications with no data charge.



## Risk and Mitigation

dtac risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising dtac Way. Risk Management supports the business in achieving its objectives by actively identifying and managing potential threats and opportunities to avoid issues arising or a situation where benefits can no longer be realised.

Key risks that may affect the operation of the Company and its subsidiaries are as follows:

### 1. Risks from the concession agreement, changes in laws, regulations and regulator or government policies

#### 1.1. Risk from the termination of the Concession Agreement before its term

The Company's core business is the operation and provision of cellular system radio telecommunications services under the Concession Agreement with CAT Telecom Public Company Limited (CAT), which has a term of 27 years and will expire on 15 September 2018. In addition, the Company is currently in a number of disputes with CAT and it cannot be predicted whether CAT will exercise its rights to terminate the Concession Agreement before its term or not. Therefore, if CAT exercises its right under the Concession Agreement to terminate the Concession Agreement before its term and the Company is not granted an injunction to prevent such action from CAT, such action may result in a material effect on the result of business operations and business opportunity of the Company.

However, dtac TriNet (a subsidiary in which the Company holds 99.99% of its shares) has obtained a licence for international mobile telecommunications in the frequency band 2.1 GHz and a licence for Type III telecommunications from the NBTC on 7 December 2012, which enables dtac TriNet to continue to provide the telecommunications services after the expiration of the Concession Agreement in 2018 or after the termination of the Concession Agreement before its term.

#### 1.2. Risk from the termination of the Concession Agreement without early auction

The term of office of the National Telecommunication Commission ("NTC") will be expired in 2017. It is currently

uncertain that the spectrum auction will be organised by the NTC before the expiration of the Concession Agreement on 15 September 2018. Therefore, if there is no early auction, the Company may have insufficient spectrum. Such action may result in a material effect on the result of business operations and business opportunity of the Company.

Although dtac TriNet is the licensee of international mobile telecommunications in the frequency band 2.1 GHz and licensee of type III Telecommunication service and can provide continuous telecom services after expiration of the Concession Agreement in 2018, the decrease of spectrum may effect on business operations.

#### 1.3. Risks from changes in laws, regulations and regulator or government policies

##### a) Uncertainties on regulation and enforcement of related laws and regulations in the telecommunications industry

The telecommunications business is governed by two main acts, namely the Frequency Act and the Telecommunications Act.

The NBTC is empowered to issue regulations to regulate the telecommunications business, such as fixing service fees and tariff structure and issuing rules and measures for consumer protection, etc. Such regulations might reduce the Company's and its subsidiaries' ability to make profits and/or might increase the cost of operation of the Company and its group companies (as the case may be). On the contrary, despite the fact that the NBTC has issued various notifications to enable the infrastructure sharing or interconnection and network access between the telecommunications operators, the enforcement of such notifications is unclear in practice, or delayed, or denied or may be challenged. If such kind of obstructions happened, the ability of dtac TriNet to roll out the 2.1 GHz network may be affected.



## b) Legal implications concerning the amendments to the Concession Agreement

Under the Act on Private Sector Participation in State Undertaking B.E. 2535 (1992) (the "Private Participation Act"), a governmental agency wishing to engage a private entity to join or undertake a government project with a capital investment of THB 1,000 million or more must comply with the process set out in the Private Participation Act which includes explicit process on contract amendment between the relevant governmental agency and the private entity participating or engaging in the government project.

After the Private Participation Act became effective, the Company entered into three amendment agreements with CAT which amended, among others, the term of the agreement and the rates of the revenue share payable by the Company to CAT.

Subsequently, the Council of State gave its opinion (No. 292/2550) that the three amendment agreements to the Concession Agreement were not proposed to the Coordinating Committee under Section 22 of the Private Participation Act for consideration and were not proposed to the Cabinet for approval. Accordingly, it was considered that the three amendment agreements to the Concession Agreement had not been made in accordance with the process set out under the Private Participation Act. Nevertheless, the Council of State has further opined that the three amendment agreements to the Concession Agreement are still enforceable, provided that the Cabinet is entitled to revoke such amendment agreements taking into consideration the benefits of the state and the public interest.

The above mentioned opinion of the Council of State is merely a legal opinion, which has no binding effect on the Company.

The Coordinating Committee under Section 22 of the Private Participation Act has provided its preliminary opinion to the Minister of Information and Communication Technology that it does not acknowledge the third amendment agreement to the Concession Agreement. On 28 June 2011, the Cabinet resolved to send such matter to the NBTC as supporting information in considering relevant rules and measures.

At present, the Private Participation Act has been revoked and replaced by the Private Investment in State Undertaking Act B.E. 2556 (2013) (the "Private Investment Act"), which has become effective on 4 April 2013. The Private Investment Act specifies that if it appears to the State Enterprise Policy Office that any project is not executed duly in accordance with this Act, the State Enterprise Policy Office must seek factual clarification from the project owner and request that

appropriate procedure be proposed to the Committee on Private Investment in State Undertaking Policy. If such Committee deems that the private investment agreement should be terminated or amended, the Committee must submit its proposal to the Cabinet for approval.

As the Private Investment Act has recently become effective, it is not clear to the Company on the interpretation and enforcement of such Act. In case the Cabinet resolves to revoke the amendment agreement to the Concession Agreement, or requires the Company to pay additional consideration, even if the Company has made an objection to the Cabinet resolution pursuant to the applicable legal process, this could have a material adverse effect on the business, financial condition and results of operations of the Company.

## c) Uncertainty on the dispute relating to payment of the access charge

TOT Public Company Limited (TOT) and the Company entered into the Access Charge Agreements in 1994 and 2001. The Access Charge Agreements require that the Company pay an access charge to TOT at a flat rate per number in respect of a post-paid customer and a fixed percentage of the value of the prepaid vouchers in respect of a pre-paid customer.

However, after the announcement of the Telecommunications Act, the use and interconnection of networks between operators must be in accordance with the Telecommunications Act and the NTC Notification on Interconnection, which require that the interconnection charge be determined on a fair, cost-oriented and non-discriminating basis.

In this regard, on 17 November 2006, the Company informed TOT and CAT that it would pay the access charge pursuant to the criteria and at the rate prescribed by the applicable laws, instead of the access charge prescribed in the Access Charge Agreements. The Company believes that the access charge under the Access Charge Agreements is not in compliance with the Telecommunications Act and the Interconnection Notification of the NTC.

TOT argued that the Company is obliged to pay the access charge at the rate originally specified in the Access Charge Agreements. On 9 May 2011, TOT submitted a claim against the Company before the Administrative Court requesting CAT and the Company to be jointly liable for the access charge payment in the total amount of approximately THB 113,319 million, including VAT and interests, and requesting CAT and the Company to comply with the Access Charge Agreements. The Company was notified on 10 October 2014 that TOT amended the claim on 31 July 2014 related to the claim amount

including the VAT and interest from approximately THB 113,319 million to THB 245,638 million (calculated until 10 July 2014), other issues of the case remain the same. Currently, the case is being considered by the Administrative Court.

Based on the opinion of the legal counsel of the Company, the Company believes that the Company has no obligations to pay the access charge as requested by TOT. This is because the Access Charge Agreements are not in compliance with the Telecommunications Act, and the NTC Notification on Interconnection, and the Company has already submitted a notice to terminate the Access Charge Agreements.

However, if the court issues a final order or judgment requiring the Company to pay the access charge as requested by TOT, this may cause a material adverse effect on the financial condition and results of operations of the Company.

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

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

However, there is currently no guideline relating to the accounting method for recording revenues and expenses accrued in such manner, and there has been no final court judgement on the issue relating to the access charge. If subsequently there is an accounting guideline on this issue, or if the court has rendered a final judgement on the issue relating to the access charge, the Company may have to change its accounting method in relation thereto. The change of the accounting method may have a material effect on the profits and financial condition of the Company. (See further details in "uncertainty on the dispute relating to payment of the access charge" above.)

**e) Risk from unclear enforcement of laws governing foreign ownership**

The principal laws which impose restrictions on foreign shareholding are as follows:

- The Land Code which prohibits a "foreigner" (as defined in the Land Code) from owning land, unless permission is granted in accordance with the law. Any foreigner who possesses the land without permission is required to sell such land within the specified period, which shall not be less than 180 days and not more than one year;
- The Foreign Business Act which prohibits a "foreigner" (as defined in the Foreign Business Act) from engaging in certain types of business, including the provision of telecommunications services, unless prior permission is obtained from the Director-General of the Department of Business Development, the Ministry of Commerce;
- The Telecommunications Act which prohibits a "foreigner" (as defined in the Foreign Business Act) from engaging in Type II and Type III telecommunications businesses;
- In addition, the Concession Agreement requires that the Company maintain its qualifications pursuant to the requirements under the Foreign Business Act.

The violation of foreign shareholding limit may result in the revocation of the telecommunications license or termination of the Concession Agreement. The Company and/or its subsidiaries may not be able to continue the telecommunications business.

The Company believes that the Company is not a "foreigner" under the definitions of the Foreign Business Act, the Land Code and the Telecommunications Act, and has correctly and completely followed the practices applicable in Thailand.

The Company is of the opinion that the Government has no clear policy on the interpretation and enforcement of the Foreign Business Act in relation to foreign shareholding issue, resulting in the Company having to take such risk in undertaking its business. Although the Foreign Business Act has been in force for more than 10 years, there has been no Supreme Court precedent or clear practices of the Ministry of Commerce regarding a "nominee" arrangement under Section 36 of the Foreign Business Act in order for the Company to evaluate or assess the impact of the enforcement or interpretation of such provisions under the Foreign Business Act that may have over the Company and its subsidiaries.

Due to such unclear interpretation and enforcement of the Foreign Business Act, on 14 June 2011, a telecommunications operator submitted an allegation to the Royal Thai Police to take a criminal action against the Company (including its directors, certain shareholders of the Company and their directors) alleging that the Company operated the

telecommunications business in violation of the Foreign Business Act. Furthermore, on 22 September 2011, a minority shareholder of the Company (holding 100 shares in the Company) filed a lawsuit against certain state agencies, including the NBTC, before the Administrative Court, alleging that the Company is a “foreigner” under the Foreign Business Act. Both cases are being considered by the Royal Thai Police and the Supreme Administrative Court.

The Company believes that the Company is not a “foreigner” and has correctly and fully complied with the Foreign Business Act. However, if eventually it is decided (by the final Supreme Court judgment) that the Company is not a Thai company under the Foreign Business Act and the Telecommunications Act and such event is not remedied, it may constitute a ground for CAT to terminate the Concession Agreement or the right of the Company to engage in the telecommunications business under the Concession Agreement may be revoked, or the NBTC may revoke dtac TriNet’s Type III telecommunications licence. As a result, the Company and dtac TriNet may not be able to continue the telecommunications business.

**f) Risk from unclear enforcement of the law governing foreign dominance**

The NBTC has issued the NBTC Notification on Determination of Foreign Dominance Restrictions B.E. 2555 (2012) (the “Foreign Dominance Notification”), which became effective on 24 July 2012. The Foreign Dominance Notification defines “dominance” as the scenario where foreigners have the controlling power or influential power in policy making, management and operation of the telecommunications business of the licensee by way of, among others, holding shares with half or more than half of the total voting rights. In this respect, the Company is of the opinion that the Foreign Dominance Notification cannot be applied with the Company which has been a concessionaire prior to the effectiveness of said Notification and the Company is protected under Section 305(1) of the Constitution of the Kingdom of Thailand B.E. 2550 (2007) and Section 80 of the Telecommunications Act because the Company is not an applicant for a telecommunications license from the NBTC. The legal advisors share the same legal opinion as the Company. In relation to dtac TriNet, dtac TriNet has submitted a letter of undertaking to the NBTC that it will comply with the Foreign Dominance Notification at the time when it submitted the application for the 2.1 GHz license and Type III telecommunications license to the NBTC in 2012.

The NBTC may not agree with the Company’s interpretation mentioned above. As for dtac TriNet, it still has the risk from

unclear enforcement of the law governing foreign dominance. However, based on the NBTC’s explanation to the public at the public hearing regarding the aim and objectives of the Foreign Dominance Notification and, in particular, the definition of “dominance” in 2012, the Company believes that the Company and dtac TriNet would not be regarded as a company under foreign dominance pursuant to the definition of “dominance” of the NBTC. Nevertheless, the risk from unclear enforcement of law governing foreign dominance may have a material effect on the business operation and business opportunities of the Company and dtac TriNet.

**g) Determination of maximum tariffs by the NBTC**

On 28 March 2012, the NBTC issued a Notification on Maximum Tariffs for Domestic Voice Service B.E. 2555 (2012) requiring operators having significant market power in the domestic mobile retail market (namely, AIS and the Company) to charge for service fee of not more than THB 0.99 per minute. The Company disagrees that the NBTC’s Notification applies only to certain operators and has challenged the issue before the Court. Currently, the case is being considered by the Court.

In September 2014, the NBTC issued a notification on the definition of significant market power but did not clearly specify the operators who are considered as having significant market power. It is possible that the NBTC may not specify the operators who will be considered as having significant market power if the NBTC considers the telecommunications industry to be fairly and appropriately competitive.

In addition, the NBTC requires 2.1 GHz telecommunications business licensees, including dtac TriNet, to reduce, on average not less than 15 percent of the average service fees for voice and non-voice services provided in the market on the date of obtaining the license. The Company is of the opinion that the condition to reduce the service fees is unclear. dtac TriNet and other licensees will have to discuss with the NBTC to obtain further clarification on this issue.

**h) Risk from reduction of interconnection charge rate**

On 12 March 2013, the NBTC issued an order No. 34/2556 requiring all 2.1 GHz telecommunications business licensees, including dtac TriNet, to apply a temporary rate for interconnection charge at THB 0.45 per minute.

On 18 June 2013, the NBTC requested the Company’s cooperation to comply with the resolution of the Telecommunications Commission No. 22/2556, which was held on 10 June 2013, by applying the interconnection charge or amending the interconnection agreement in relation to

the interconnection charge for both mobile phone and fixed line services at the same rate of THB 0.45 per minute for call termination and call origination and THB 0.06 per minute for call transit.

On 23 July 2014, the NBTC requested the Company to apply the interconnection charge at the rate of THB 0.34 per minute for call termination and call origination and THB 0.04 per minute for call transit from 23 July 2014 to 31 June 2016. On 22 June 2016, the NBTC granted the extension of such rate to 31 December 2016.

Later, the NBTC had reviewed the interconnection rate and issued the order on 6 December 2016, requesting the operators to apply the interconnection charge at the rate of THB 0.27 per minute for call termination and call origination and THB 0.03 per minute for call transit from 1 January 2017 to 31 December 2017, and at the rate of THB 0.19 per minute for call termination and call origination and THB 0.03 per minute for call transit from 1 January 2018 to 31 December 2018.

It is noticeable that the NBTC has a policy to reduce the interconnection rate continuously. The reduction of Interconnection rate may effect on the revenue of the Company and its subsidiaries from business operation.

**i) Risk from disputes over excise tax and revenue sharing**

The Government policy is still uncertain on the collection of excise tax from telecommunications services. In addition, in relation to the excise tax issue, CAT submitted a dispute to the Thai Arbitration Institute on 11 January 2008, demanding that the Company pays additional revenue sharing for the concessionary years 12 to 16, including penalty and VAT, in the amount of approximately THB 23,164 million. This was because, during said concessionary years, the revenue sharing was deducted by the excise tax paid by the Company to the Excise Department prior to making the revenue sharing payment to CAT in accordance with the Cabinet resolutions and the letter from CAT. On 28 May 2012, the Arbitral Tribunal rendered its decision to dismiss the dispute raised by CAT on the ground that the Company had fully paid the revenue sharing to CAT and all debts had already been settled. Nevertheless, CAT has appealed the Arbitral Tribunal's decision before the Central Administrative Court. The Central Administrative Court issued the verdict in favor of the Company and dismissed CAT's petition. However, CAT has the right to file an appeal with the Supreme Administrative Court.

**j) Risk from potential inaccessibility to telecommunications network to provide 2.1 GHz service**

The NBTC has issued the NBTC Notification on Telecommunications Infrastructure Sharing for Mobile Phone Network B.E. 2556 (2013) (the "Infrastructure Sharing Notification"), which became effective on 30 April 2013. The substance of the Notification is the share of telecommunications infrastructure, including buildings and equipment for transmission and transmission system of the base station.

After the NBTC issued the Infrastructure Sharing Notification, CAT brought an action against the NBTC before the Central Administrative Court requesting a revocation of the Notification in respect of the right to allow telecommunications infrastructure sharing. CAT also submitted a petition for a stay of the enforcement of the Infrastructure Sharing Notification until the Court renders its decision. Nevertheless, the Central Administrative Court rejected CAT's petition for a stay of the enforcement of the Notification.

Furthermore, CAT brought a case against the NBTC before the Central Administrative Court, requesting the Administrative Court to revoke the resolution of the NBTC which approved the reference access offer proposal of the Company pursuant to the NTC Notification on Interconnection. The substance of the NTC Notification is to require the licensees who have telecommunications network to allow other licensees to use their telecommunications network. CAT also submitted a petition for an injunction against the enforcement of the NBTC's resolution. Nevertheless, the Central Administrative Court has rejected such petition. Currently, the case is also being considered by the Central Administrative Court.

On 11 June 2014, dtac TriNet received the claim that CAT filed before the Administrative Court claiming that dtac TriNet committed a wrongful act against CAT by installing its 2.1 GHz devices and equipment on the Company's concessionary assets. CAT required that dtac TriNet uninstall its devices and equipment and prohibited dtac TriNet from installing its devices and equipment on the Company's concessionary assets. CAT also demanded that dtac TriNet compensate for damages in the amount of THB 449,663,091.88 with interest at the rate of 7.5 per cent per year. If such devices and equipment are not uninstalled, CAT requested that dtac TriNet compensate for damages in the amount of THB 44,177,642 per month from the date of filing of the claim until the uninstallment is completed. CAT also submitted a petition for an injunction requesting the Court to prohibit dtac TriNet to install its 2.1 GHz devices and equipment on the Company's concessionary assets. However, the Central Administrative Court rejected such petition. Currently, the case is also being considered by the Central Administrative Court.

On 1 October 2014, CAT filed a dispute to the Thai Arbitration Institute claiming that it has been damaged by the Company's breach of Clause 2.1 and Clause 2.3 of the Concession by providing dtac TriNet access to the concessionary assets, and allowing dtac TriNet to install and connect its 2.1 GHz devices and equipment with the concessionary assets. Therefore, CAT requested for damages in the amount of THB 658,017,180 with interest at the rate of 7.5 per cent per year. If such devices and equipment are not uninstalled, CAT requested that the Company compensate for damages in the amount of THB 44,177,642 per month from the date of filing of the dispute until the uninstallment is completed. CAT also submitted a petition for an injunction requesting the Court to prohibit the Company from allowing dtac TriNet to install and connect its 2.1 GHz devices and equipment with the concessionary assets. The Central Administrative Court has issued an injunction prohibiting telecom equipment under concession to be interconnected with 2.1 GHz telecom equipment by dtac TriNet. The Company filed the Appeal with the Supreme Administrative Court against such injunction.

On 27 November 2015, the Supreme Administrative Court has revoked the Central Administrative Court's injunction due to it may impact the service to public, thus, there is no sufficient ground to hold such injunction and that the Company could use and interconnect concession telecom network with dtac TriNet's and other operators whilst the dispute resolution under the arbitration has not been finalized, and dtac TriNet is able to rapidly expand the network on the 2.1 GHz frequency band to cover all population area at a lower cost, which would enhance service users, especially those living in remote and suburban areas, to have greater opportunity to access the internet at a reasonable price. In addition, the sharing of telecommunications network reduces redundant investment cost and supports the effective use of existing telecommunications infrastructure resources which would be wholly beneficial to the telecommunications industry, service users nationwide and the country.

However, at present, there are filing of claims against the implementation of the Infrastructure Sharing Notification and the abovementioned NBTC resolution. If the Central Administrative Court renders a final judgment revoking such Notification and resolution, the operators who are concessionaires, including the Company, will not be able to share telecommunications infrastructure or telecommunications network with other operators, including dtac TriNet. This could impact revenues and could lead to higher cost on, the expansion of the telecommunications network and the provision of the telecommunications service on the 2.1 GHz frequency band of dtac TriNet.

## 2. Risks from competition

### 2.1. The Thai telecommunications industry is highly competitive and sensitive to price competition

The Thai mobile telecommunications industry is highly competitive and sensitive to price competition due to the fact that the telecommunications market has grown considerably especially data service. There are high competition in terms of price, promotions and other marketing campaigns. If the price competition intensifies and the Company and dtac TriNet are unable to respond to such competition in a timely and cost-efficient manner, such competition may have a material effect on the result of business operations and business opportunity of the Company.

### 2.2. The Company may encounter higher competition with new operators

At present, a person who wishes to operate telecommunications business is entitled to freely apply for a telecommunications license from the NBTC if he or she has the qualifications stipulated by the laws and regulations set out by the NBTC. In addition, the NBTC has issued regulations which support a new operator to compete with the existing operators, e.g. the NBTC Notification on Domestic Mobile Network Roaming B.E. 2556 (2013) and the NBTC Notification on Infrastructure Sharing. Both notifications require existing operators who have the telecommunications network to allow the other operators to have access to their telecommunications network. Furthermore, the NBTC has issued the NBTC Notification on Mobile Virtual Network Service B.E. 2556 (2013), the substance of which is that after receiving approval from the NBTC, the operator who owns the telecommunications network can undertake a wholesale of the mobile service to the mobile virtual network operators, which would further increase business competition.

As such, legal reform and liberalisation of the telecommunications business may further intensify the competition in the market. The Company cannot predict the number of new entrants who will be granted licenses from the NBTC. If the NBTC issues the licenses to new operators, the competition in the market could become even more intense as the new operators, who may have lower operation costs, may adopt an aggressive pricing policy or employ a subsidy approach in order to increase their market share. This may affect the ability of the Company and dtac TriNet to compete in the market and may affect the business operations, and business opportunity of the Company.



### 3. Operational Risks

#### 3.1. Risk from interruption of network service system and other important systems which may have an impact on service users

The Company and dtac TriNet perceive the risks which may occur as a result of a disruption of the network system and other essential systems that could impact the provision of services. Therefore, the Company and dtac TriNet have continuously prepared for and developed plans to support emergency events and disruption of network system as well as other essential systems.

The Company and dtac TriNet have developed a network management system and prescribed maintenance procedures for the network and equipment so that all network and equipment function efficiently in order to provide telecommunications service to customers effectively, especially voice service and data service. The degrees of redundancy in our transmission network have been enhanced through addition of fiber routes and high capacity DWDM (Dense Wavelength Division Multiplexing) network. In addition, the Company and dtac TriNet have also been developing plans to support the disruption of other essential systems, such as information system, billing system and customer services so that the services can be continuously provided to the customers. The Company and dtac TriNet also have a backup plan in case of emergency which covers an additional investment in important equipment and safety system e.g. fire protection system and real-time network and equipment monitoring system. The Company and dtac TriNet regularly conduct trainings for its staff on their responsibilities and relevant procedures, as well as strictly conduct a test run of the backup plans.

Furthermore, the Company and dtac TriNet has procured insurance policies to cover network and equipment damages in order to minimize the impact of such risk against the Company and dtac TriNet.

#### 3.2. The Company has to rely on third parties to maintain telecommunications equipment

The Company provides mobile phone service through complex telecommunications equipment, including mobile telecommunications network and 2G/3G/4G base stations nationwide. Therefore, the success of the Company's and dtac TriNet's businesses (which may share some of the base stations with the Company to provide 2.1 GHz services) depends on the effective maintenance and repair of the network and equipment.

At present, the Company engages third parties to provide maintenance and repair services for some base station equipment and transmission network of the Company. These service providers had gone through thorough selection process and regular performance reviews to ensure that the service levels are in accordance with the standards. If the third parties are unable to perform their duties under the agreement, or unable to perform their duties in a timely and cost-effective manner, which may affect the speed and quality of the services of the Company and dtac TriNet, the Company and dtac TriNet may choose to switch to alternative suppliers, albeit with potentially higher operating costs, to maintain quality of services.

### 4. Risks from exchange rate fluctuation

The Company is exposed to the foreign exchange rate fluctuation risk as the principal revenues of the Company are denominated in Thai Baht currency, while parts of the company's expenditures are denominated in foreign currencies. The majority of expenditures are capital expenditures.

In term of FX risk management, the Company utilizes USD revenue from International Roaming to partially match the USD expense (Natural Hedge). In addition, the company has established an agreement with suppliers to pay part of the capital expenditure in Thai Baht. For the remaining unhedged exposure, the Company will manage such risk by considering the proper of financial instruments.

### 5. Major shareholders may have influence on decisions of the Company

Telenor and Thai Telco Holdings Co., Ltd. are major shareholders of the Company, holding collectively 65.05 per cent of the total issued shares of the Company (information as at 28 July 2016).

Thai Telco Holdings Co., Ltd. underwent a shareholding restructuring in July 2012, whereby Bencharongkul Group, the founder of the Company, now holds shares in the Company through Thai Telco Holdings Co., Ltd. Bencharongkul Group holds 51 per cent of the total issued shares of Thai Telco Holdings Co., Ltd.

As a result, Telenor and Thai Telco Holdings Co., Ltd. (including Bencharongkul Group) may exert influence over corporate decisions of the Company, except for matters which they are not eligible to vote due to any special interest or conflict of interest relating thereto.



## Management

The management structure of the Company comprises the Board of Directors, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Management. Additional committees have been established at the management level to supervise the implementation of internal policies to ensure maximum performance within the organisation.

### Board of Directors

As of 31 December 2016, the Board of Directors of the Company consists of 12 directors:

- 11 directors are non-executive directors, 4 of them are independent directors representing 33.33% of the Board of Directors; and
- 1 director is an executive director, i.e. Chief Executive Officer.

Names of the directors and their share ownership in the Company as of 31 December 2016 are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 15	No. of Shares as of 31 Dec 16	Increase/ Decrease
1	Mr. Boonchai Bencharongkul	Chairman	10	10	-
2	Mr. Morten Karlsen Soerby	Vice Chairman	-	-	-
3	Mr. Chulchit Bunyaketu	Independent Director	-	15,000	15,000
4	Mrs. Kamonwan Wipulakorn	Independent Director	-	-	-
5	Mr. Stephen Woodruff Fordham	Independent Director	10,000 shares 6,000 NVDR	10,000 shares 6,000 NVDR	-
6	Mrs. Chananyarak Phetcharat	Independent Director	-	-	-
7	Mr. Lars-Aake Valdemar Norling	Director and Chief Executive Officer	-	-	-
8	Ms. Tanwadee Wongterarit	Director	-	-	-
9	Mr. Tore Johnsen	Director	-	-	-
10	Mr. Haakon Bruaset Kjoel	Director	-	-	-
11	Mrs. Tone Ripel <sup>(1)</sup>	Director	-	-	-
12	Mr. Christopher Adam Laska <sup>(2)</sup>	Director	-	-	-

Remark: (1) Mrs. Tone Ripel has been appointed as a new director in replacement of Mr. Richard Olav Aa (who retired by rotation from his directorship at the 2016 Annual General Meeting) pursuant to the resolution of the Board of Directors' Meeting No. 1/2016 held on 3 February 2016.

(2) Mr. Christopher Adam Laska has been appointed as a new director in replacement of Mr. Martin Jacob Furuseth (who resigned from his directorship on 8 December 2016) pursuant to the resolution of the Board of Directors' Meeting No. 8/2016 held on 8 December 2016.

Names of the directors who resigned in 2016 and their share ownership in the Company are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 15	No. of Shares as of 31 Dec 16 <sup>(1)</sup>	Increase/ Decrease
1	Mr. Henrik Clausen	Director	-	-	-
2	Mr. Richard Olav Aa	Director	-	-	-
3	Mr. Martin Jacob Furuseth	Director	-	-	-

Remark: (1) There is no change in share ownership/ no share sale and purchase during 2016.

The authorised signatories of the Company are any two of the following six directors can sign jointly with the Company's seal affixed: (1) Mr. Boonchai Bencharongkul, (2) Mr. Morten Karlsen Soerby, (3) Mr. Haakon Bruaset Kjoel, (4) Mrs. Chananyarak Phetcharat, (5) Mr. Lars-Aake Valdemar Norling and (6) Mr. Christopher Adam Laska.

## Management

The Chief Executive Officer is the head of the management team. The Company's organization structure is divided into 7 groups, i.e. Finance Group, Marketing Group, Sales Group, Technology Group, Digital Group, People Group, and Corporate Affairs Group.

Names of the Management and their share ownership in the Company as of 31 December 2016 are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 15	No. of Shares as of 31 Dec 16	Increase/ Decrease
1	Mr. Lars-Aake Valdemar Norling	Chief Executive Officer	-	-	-
2	Mr. Sverre Pedersen	Chief Financial Officer	-	3,000 NVDR	+3,000 NVDR
3	Mr. Sitthichoke Nopchinabutr <sup>(1)</sup>	Chief Marketing Officer	-	103,000 shares	+103,000 shares
4	Mr. Panya Vechbanyongratana <sup>(2)</sup>	Chief Sales Officer	-	-	-
5	Mr. Prathet Tankuranun	Chief Technology Officer	6,900 shares	19,700 shares	+12,800 shares
6	Mr. Andrew Tor Oddvar Kvaalseth	Chief Digital Officer	-	-	-
7	Ms. Nardrerddee Arj-Harnwongse	Chief People Officer	-	-	-
8	Mr. Paradai Theerathada <sup>(3)</sup>	Chief Corporate Affairs Officer	-	-	-

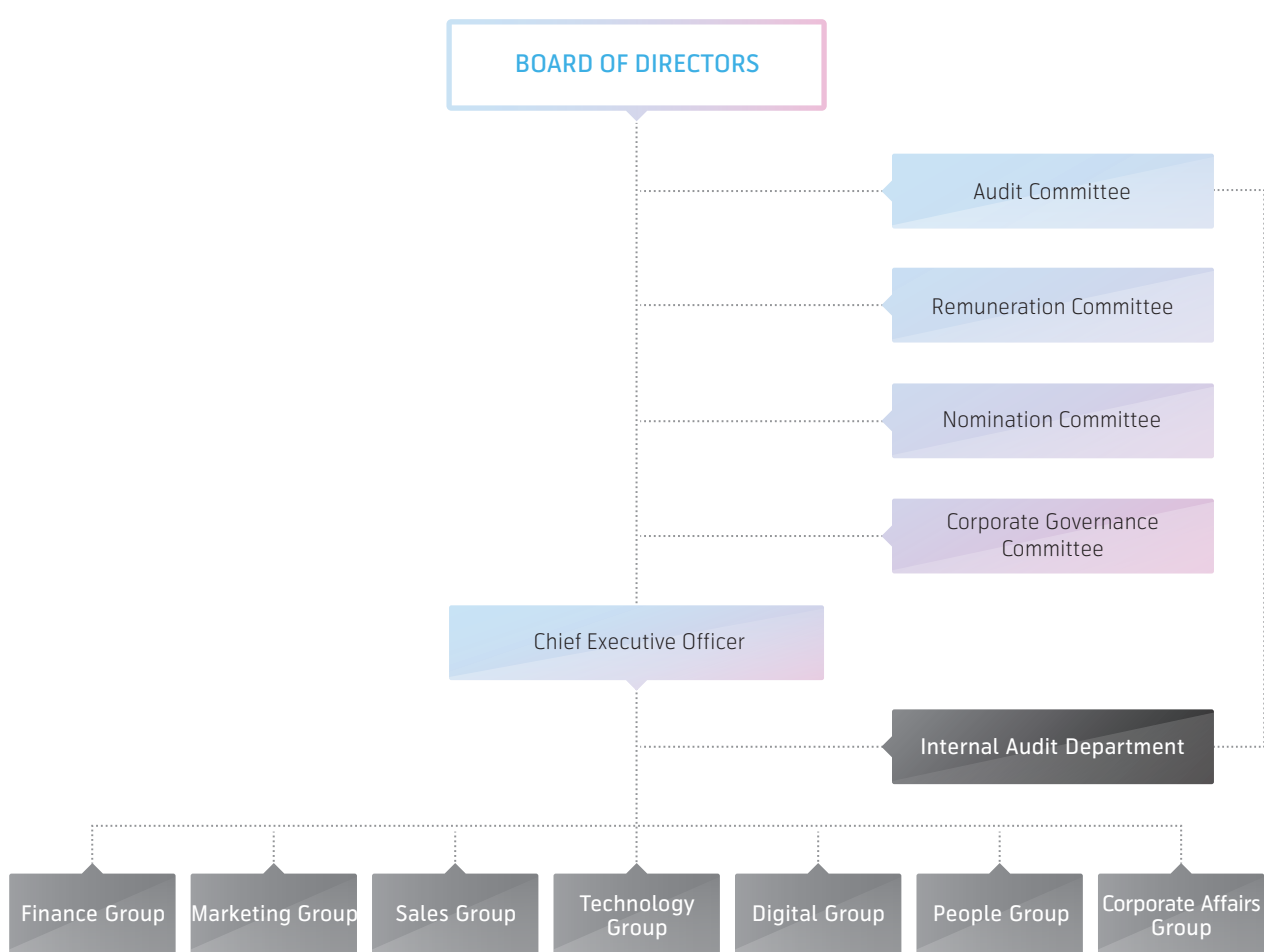
Remark: (1) Mr. Sitthichoke Nopchinabutr has been appointed as a new Chief Marketing Officer in replacement of Mr. Sigvart Voss Eriksen effective from 1 June 2016.

(2) Mr. Panya Vechbanyongratana has been appointed as a new Chief Sales Officer in replacement of Mr. Alan Bonke effective from 1 November 2016.

(3) Mr. Paradai Theerathada has been appointed as a new Chief Corporate Affairs Officer in replacement of Mr. Rajiv Bawa effective from 27 June 2016.

The executives listed above are executives pursuant to the definition specified by the SEC, which includes managers, or persons holding the top four management positions following the managers, and every person holding a position equivalent to the fourth management position, including persons holding management position in accounting and finance at the level of department manager or higher. Each of the executives of the Company has not been an employee or partner of the external audit firm engaged by the Company during the past 2 years.

### The Company's Organization Chart as of 31 December 2016



### Company Secretary

The Board of Directors appointed Mr. Raweepun Pitakchatiwong, Head of Legal Division, as the Company Secretary with the duties and responsibilities as prescribed in the Securities and Exchange Act. Education profile, work experience and training of the Company Secretary can be found under Section "Executive Management".

Further details relating to the power, duties and responsibilities of the Board of Directors, the subcommittees, the Chief Executive Officer and the Company Secretary can be found under Section "Corporate Governance" and from the Company's website at [www.dtac.co.th](http://www.dtac.co.th).

## Remunerations of Directors and Management

### Directors Remuneration

In determining the remuneration of the Board of Directors of the Company and the subcommittees (i.e. the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee), the Remuneration Committee will take into account various factors, including, among others, the Company's business and performance, the market and industry norms, market and industrial standards, the current economic situation and the duties and responsibilities of the Board of Directors and the subcommittees. The Remuneration Committee will consider the remuneration of directors and propose to the Board of Directors' and shareholders' meetings for consideration and

approval on an annual basis. In addition, the Remuneration Committee will review the remuneration structure for the Board of Directors and the subcommittees every 3 years in order to be in line with the market and industry trends.

At present, the remuneration of directors consists of monthly allowance and meeting allowance. The Company does not offer any kind of remuneration payable in the form of equity rewards or in any other forms to its directors. The remuneration structure for the Board of Directors and subcommittees can be found under Section "Corporate Governance".

In 2016, the total remuneration of directors of the Company was THB 9,849,600 with the remuneration of each individual director as follows:

Names	Directors' Remuneration (THB)					
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Total
Mr. Boonchai Bencharongkul	3,340,800	-	-	-	-	3,340,800
Mr. Chulchit Bunyaketu	1,235,200	600,000	43,200	43,200	14,400	1,936,000
Mr. Stephen Woodruff Fordham	1,185,200	345,600	54,000	54,000	-	1,638,800
Mrs. Chananyarak Phetcharat	1,185,200	-	-	-	18,000	1,203,200
Mrs. Kamonwan Wipulakorn	1,185,200	316,800	43,200	43,200	14,400	1,602,800
Mr. Haakon Bruaset Kjoel	-	-	-	-	-	-
Ms. Tanwadee Wongterarit	128,000	-	-	-	-	128,000
Mr. Tore Johnsen	-	-	-	-	-	-
Mr. Richard Alav Aa <sup>(1)</sup>	-	-	-	-	-	-
Mr. Henrik Clausen <sup>(2)</sup>	-	-	-	-	-	-
Mr. Lars-Aake Valdemar Norling	-	-	-	-	-	-
Mr. Morten Karlsen Soerby	-	-	-	-	-	-
Mrs. Tone Ripel <sup>(3)</sup>	-	-	-	-	-	-
Mr. Martin Jacob Furuseth <sup>(4)</sup>	-	-	-	-	-	-
Mr. Christopher Adam Laska <sup>(5)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>8,259,600</b>	<b>1,262,400</b>	<b>140,400</b>	<b>140,400</b>	<b>46,800</b>	<b>9,849,600</b>

Remark: (1) Mr. Richard Alav Aa retired by rotation from his directorship at the 2016 Annual General Meeting.  
(2) Mr. Henrik Clausen resigned from the directorship on 29 March 2016.  
(3) Mrs. Tone Ripel has been appointed as a new director in replacement of Mr. Richard Olav Aa (who retired by rotation from his directorship at the 2016 Annual General Meeting) pursuant to the resolution of the Board of Directors' Meeting No. 1/2016 held on 3 February 2016.  
(4) Mr. Martin Jacob Furuseth resigned from the directorship on 8 December 2016.  
(5) Mr. Christopher Adam Laska has been appointed as a new director in replacement of Mr. Martin Jacob Furuseth (who resigned from his directorship on 8 December 2016) pursuant to the resolution of the Board of Directors' Meeting No. 8/2016 held on 8 December 2016.



## Management Remuneration

The remuneration of the Management consists of monthly salary, bonus and provident fund contribution. At present, the Company does not offer any kind of remuneration payable in the form of equity rewards to its Management. In 2016, the total remuneration of the Management of the Company was THB 100,765,968.58.

## Human Resources

As of 31 December 2016, the Company has 4,301 employees who receive payment on a fixed salary basis. The number of employees in each key function is as follows:

Key Function	Number of Employees (Persons)
Finance Group	264
Marketing Group	1,462
Sales Group	349
Technology Group	1,014
Digital Group	80
People Group	109
Corporate Affairs Group	74
Regional Business	941
Office of CEO	8
<b>Total</b>	<b>4,301</b>

In 2016, the remuneration of the employees comprised salary and bonus totalling THB 4,330,459,342.76. The Company has made contributions to the provident fund in an amount of THB 115,340,478.97.

## People Development

Winning team is one out of four key focus areas, representing the people dimension, in the dtac strategy. Skills, Talents and Culture development are fundamental pillars within the Winning Team area. The Company regards the employees as its valuable resource and fundamental to its success. Therefore, the Company aims to attract and develop the best people and be an "Organization of Development and Learning" by combining all aspects of knowledge, skills, and capabilities. In parallel we aim to transform our organization culture to strongly support the digital transformation, built on a strong and sustainable platform of integrity and ethics. The Company has provided extensive training and development programs well aligned with our strategy and business operation needs, in order to best respond to the development and advancement of telecommunication industry and the customers' demands.

### "dtac Academy" – center of people development

dtac Academy offers a wide range of training programs to ensure that employees can develop their skills, knowledge, capabilities and potential with respect to both employees' ambition and company's business requirements. All employees will have the opportunity to attend training courses in accordance to their individual development plans, job requirements and their own aspiration.

The training programs are ranging from (1) development of professional and core skills, e.g. communication, leadership, customer insight, collaboration and planning skills; (2) cultivation of the company culture to drive the digital transformation and code of conduct; (3) development of functional capabilities in both key specialized expert areas and support functions to ensure our competitive advantage, e.g. IT, network technology, strategic marketing, innovation, sales and services, etc.

In addition to traditional classroom training, the company provides a blended approach including enhanced e-learning options, encourages and provides other forms of development activities, e.g. on-the-job training for certification and coaching, engagement in strategic projects, interactive knowledge sharing sessions by guest speakers from various

industries and relevant topics. The Company deploys new technology in employee development by providing digital and mobile learning platforms that enable a more flexible learning experience for our employees.

### Leadership & Talent Development Programs

Development of new generation of leadership and talents has always been the focus area of the company. dtac provides comprehensive Leadership Development Programs to ensure that leaders at all levels are equipped with essential skills to effectively lead their team and organization to achieve results. The program covers both business and people management, and is delivered in the forms of classroom training, e-learning modules, workshops and 1-on-1 executive coaching on a continuous basis.

The company also provides Talent Development Programs designed to develop full potential of employees with outstanding performance. The program comprises various training courses covering both business management, specialized areas and driving transformation aligned with the company's strategic business direction. These specific training courses are jointly developed and conducted in close collaboration with various institutions both in Thailand and internationally.

In 2016, the dtac has a total budget for people development equal to THB 50 million, covering 60% of all employees spending average 16 hours per employee.

### Internal Control

The internal control system of the Company is monitored by the Board of Directors and the Management so as to provide reasonable assurance that the Company achieves the following objectives:

- Effectiveness and efficiency of operations;
- Assurance of reliability of financial reports; and
- Compliance with the Company's corporate governance policies, applicable laws and regulations.

The Company applies internal control framework in line with the international standard for internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the guidelines under the Sarbanes-Oxley Act Section 404 (SOX) and guidelines under the SEC. The Company has adopted the guidelines under SOX since 2006 to ensure that the activities related to the internal control over financial reporting (ICFR) are integrated into the business operation of the Company.

The internal control system of the Company consists of 5 aspects, which can be described as follows:

#### (1) Organizational environment

The Company has established an organisation structure that effectively supports the Management's administration and improves the employees' performance. The Company has also set up clear and appropriate business goals by taking into consideration the possibility of achieving these goals, and has communicated these goals to its employees as guidance in performing their work at least once a year.

The Company has developed a code of conduct, which imposes restrictions on the Company's directors, Management and employees in engaging in any action which may give rise to a conflict of interest with the Company, conducts towards various stakeholders, both internal and external, including conducts towards employees, customers, business partners, competitors and government agencies, and matters relating to the environment, assets, internal control, accounting, reporting and disclosure, information management and protection of personal data. Employees may consult or report any incidents of violation of the code of conduct directly to the Compliance Manager. The policies and the code of conduct have been prescribed based on the principle of fair treatment towards stakeholders and for the long term benefits of the Company.

The Company has set up an internal control unit to oversee and support activities concerning Internal Control over Financial Reporting (ICFR) and to assist the Company in the development and adoption of its governance policies and manuals. The responsibility of the internal control unit includes monitoring and reporting the status of internal control over financial reporting to the Management, the Audit Committee and the Board of Directors on a regular basis, in order to enhance the accuracy and credibility of the Company's financial reports.

Moreover, the Company has also set up a unit responsible for occupational health, safety, security and environment (HSSE Unit), which follows the ISO14001 & OHSAS18001 international standards as its framework. The Company takes into consideration its responsibility towards the public in terms of environmental protection, particularly the carbon emissions. The Company has developed a plan to reduce the carbon emissions, which are being monitoring on an on-going basis.

## (2) Risk Management

Risk management in the Company aims at identifying, assessing and treating all relevant, foreseeable risks in a way that is effective, proactive and fit-for-purpose. The risk management processes feed in to a holistic and enterprise-wide risk management process, which is a continuous and iterative process, in order to:

- Support the Company in achieving defined ambitions and goals
- Maintain risk exposure of the Company at acceptable levels, managing significant threats and exploiting the significant opportunities
- Enable explicit consideration of risks in decision-making by having risk management as an integral part of the decision-making processes
- Ensure compliance with external risk requirements and standards
- Timely initiate actions to reduce significant threats and to enhance significant opportunities
- Raise awareness on risk management and enhance risk culture in the Company

The Company has put in place its risk management policy and manual with a regular review. The Company risk management is inspired by both the ISO 31000:2009 and COSO II Enterprise Risk Management standards. Risks that may affect ambitions or goals of the Company shall be identified, assessed and responded to.

Each employee is responsible for managing the risks within his/her areas of responsibility. Line managers are responsible for ensuring that risk management is embedded in the day-to-day business processes. Significant risks shall be reported to CEO without undue delay, and actions to manage the threat shall be implemented. In order to manage risks in a responsible and proactive way, the Company management team is an arena where the Company's risk picture is assessed regularly. The Company management team regularly monitors change of the risk level, the progress of the risk mitigation actions, and the occurrence of significance risks. The top risk picture will be reported to Board of Directors on a quarterly basis.

## (3) Management Control Activities

The Company has developed policies and manuals for various management matters, including policies and manuals for entering into financial, procurement and general management

transactions. The Company has set out a clear and appropriate scope of authority and approval limits for the Management at each level pursuant to the Policy on Delegation of Authority, which has been approved by the Board of Directors. The approval function is segregated from the account and information record function and the safeguarding of assets function for check and balance purpose.

The Company has also put in place strict measures for monitoring transactions with major shareholders, directors, executives, and their related persons, in order to ensure that the transactions are entered into in accordance with the prescribed procedures and approval process, so as to prevent any conflict of interests and for the best interest of the Company.

## (4) Information and Communication

The Company places emphasis on information and communication system in order to ensure that accurate and sufficient information is communicated to the Board of Directors, the Management, shareholders and other related persons to make informed decisions. The Company has adopted accounting policies that are in accordance with the generally accepted accounting principles and suitable for the type of business in which the Company engages. All accounting records and supporting documents are being properly kept and maintained for verification at all times. The Company has also prepared meeting notices and supporting documents, including minutes of the Board of Directors' meetings and the shareholders' meetings, and proposed the same to the Board of Directors and shareholders, as the case may be, for consideration in advance of the meetings and in accordance with the law.

## (5) Monitoring

There are clear processes for monitoring the internal control system and reporting any significant control failures or weaknesses together with details of corrective action. These include both on-going monitoring and periodic evaluation by the Management to ensure that a strong internal control system is in place and functioning.

On-going monitoring activities include regular reviews of performance and key financial information, analysis of, and appropriate follow-up on, operation reports or metrics that might identify anomalies indicating a control failure, etc. In addition, the Management is required to immediately report to the Audit Committee and the Board of Directors

cases or suspected cases of fraud, violation of laws, or other misconduct that may have a material adverse effect on the reputation and financial status of the Company.

Key periodic evaluations include the followings:

- (a) The Management testing of key internal control over financial reporting – this test was carried out in 2016 and there was no significant internal control deficiency that may have a material effect to the financial reports. Furthermore, the summary of internal control testing is reported to the Audit Committee on a quarterly basis;
- (b) The activities of the Internal Audit Department, which examines the business operation procedures of the Company through an approved internal audit plan, highlights any internal control weaknesses and proposes recommendations for corrective actions thereon. The Internal Audit Department reports its findings directly to the Audit Committee, follows up on the progress of any corrective actions with the Management and provides a summary report on the results of such actions to the Audit Committee on a monthly basis; and
- (c) Review of internal control matters as identified by the Company's external auditor.

In this regard, EY Office Limited, the Company's external auditor, has reviewed and assessed the accounting control of the Company and its subsidiaries. There are no material findings that may have a material effect on its opinion on the financial statements of the Company and its subsidiaries as of 31 December 2016. The Audit Committee accorded with the opinion of the auditor that the Company's internal control system was sufficient and suitable for the Company's business and capable of safeguarding the Company's assets from undue or unauthorized use by the Management. The Board of Directors' Meeting No. 1/2017, which was held on 30 January 2017, acknowledged the opinion of the Audit Committee on the sufficiency of the Company's internal control system.

## Internal Audit

The Internal Audit Department is obliged to perform its duties on an independent and fair basis and to provide advice in order to add value and improve the Company's operations. The Internal Audit Department is independent from the management and provides report with respect to the internal audit directly to the Audit Committee.

The objectives, authority, duties and responsibilities of the Internal Audit Department towards the Company, including roles and responsibilities of the Head of Internal Audit Department are explicitly defined in the Internal Audit Charter, which is formally reviewed and approved by the Chief Executive Officer and the Audit Committee at least on an annual basis to ensure accordance between responsibilities under the Internal Audit Charter and the operation of the Internal Audit Department. The Head of Internal Audit Department is required to confirm the independence of the internal audit activities to the Audit Committee on an annual basis.

The Company has appointed Mrs. Thitima Srichuntrapun as the Head of Internal Audit Department and acts as the secretary to the Audit Committee supporting their oversight responsibilities and accountability to achieve their authorities and duties effectively.

The appointment, transfer and dismissal of the Head of Internal Audit Department and the heads of other units within the Internal Audit Department shall be approved by the Audit Committee.

The Internal Audit Department adheres to the guidance of the Institute of Internal Auditors (including the definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing) and the Information Systems Audit and Control Association and the internal audit manual of the Company.

The Internal Audit Department has developed a flexible annual internal audit plan by taking into account a business strategic directions and key corporate risk-based methodology, including any matters concerned by senior Management. The annual internal audit plan is reviewed and approved by the Audit Committee. Apart from implementing the approved annual internal audit plan, the Internal Audit Department also performs any special tasks or projects as requested by the Management and the Audit Committee as appropriate.

According to the approved annual internal audit plan, the Internal Audit Department identifies and reviews potential risks, reviews the adequacy and effectiveness of the internal control and reports significant internal control weakness, non-compliance issues and recommendations for business improvements to the Management. An appropriate follow up process is implemented by the Internal Audit Department to

ensure that the Management responds to and takes actions on the recommendations of the Internal Audit Department and external auditors. The audit findings, progress on any corrective actions taken by the Management and the status of the Internal Audit Department's activities are directly reported to the Audit Committee on a monthly basis.

Furthermore, the Internal Audit Department has the responsibility to review the connected party transactions in accordance with the Company's internal procedure to ensure that they are in compliance with the laws and the rules and regulations of the Stock Exchange of Thailand and reports the reviewed results to the Audit Committee on a quarterly basis. The Internal Audit Department also investigates suspected fraudulent activities within the Company and notifies the Management and the Audit Committee of the results. In addition, the Internal Audit Department performs consulting services to assist the Management in meeting its goals and business strategy.

The staffs of the Internal Audit Department are encouraged to continually enhance their knowledge, skills and competencies through participation in various in-house and external training

courses as well as overseas seminars. In addition, the staff members of the Internal Audit Department are provided with opportunities to develop themselves through the participation in the Company's mobility program.

To ensure the Internal Audit Department's conformance to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing (IIA Standards), and internal audit activities as set forth in the Internal Audit Charter and the expectations of the Management, the Internal Audit Department has arranged for an assessment on the effectiveness of internal audit by an external independent assessor every five years. The assessment result is reported to the Company's Board of Directors and the Audit Committee.

In November 2016, dtac internal audit engaged external consulting to conduct a Quality Assessment Review (QAR) of dtac's Internal Audit (IA) organization. The quality assessment result was that the activities of the Internal Audit Department generally conform to the International Standard for the Professional Practice of International Auditing as prescribed by the Institute of Internal Auditors.



*"dtac is firmly opposed to corruption in all forms and that is our standpoint against corruption"*



dtac received a certificate from Thailand's Private Sector Collective Action Coalition against Corruption or CAC after submitting the Self-Evaluation Tool for Countering Bribery for CAC committee's approval. Thailand's Private Sector Collective Action against Corruption (CAC) is an initiative by the Thai private sector to take parts in tackling corruption problem via collective action. The CAC aims to bring effective anti-corruption policy and mechanism into implementation by companies in order to create an ecosystem of clean business community.

dtac had submitted the Self-Evaluation Tool for Countering Bribery on the second quarter of year 2016. Dtac's directors and management had joined meetings and trainings in relation to the action against corruption, and today, dtac has now become a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption. In this regard, Mr. Lars stated that:

*"dtac is firmly opposed to corruption in all forms and that is our standpoint against corruption. Corruption is a threat to business and society in all countries. This is a starting point to lead the telecommunication business to the right path. It is an opportune time for each and every one of us, both social sector and private sectors to raise the ethical standards to the highest level and to commit ourselves to good governance and prudent practices which will lead to the sustainable development."*



## Corporate Governance

### Corporate Governance Policy

**The Board of Directors and the Management of the Company are committed to the principles of good corporate governance pursuant to the Principles of Good Corporate Governance for Listed Companies 2012 of the SET in order to sustain and maximise long term value of the shareholders.**

The Board of Directors has established a corporate governance policy, which sets out the key governing bodies in the Company and process in respect of risk management, strategy, financial reporting and internal control. In addition, the Board of Directors of the Company has established a code of conduct "Corporate Ethics - dtac's Good Governance", which applies to its directors, Management, employees and other persons acting on its behalf. The Company's code of conduct has been in effect since 2006 and has been regularly updated to cover various subjects, such as human rights, labour, occupational health, safety, security, environment, conflicts of interests, use of insider information, internal control, disclosure of information, anti-corruption and etc. in accordance with the international standard.

The corporate governance policy and the code of conduct can be found on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) and its intranet for easy access and reference of the directors, executives and employees of the Company. In addition, the Company has taken actions to raise awareness and understanding of the corporate governance policy and the code of conduct on a regular basis, for instance, providing the code of conduct manuals and arranging an orientation program for new employees and additional trainings on such subjects from time to time. The Company has also developed learning media on the code of conduct in cartoon version which explains various important topics in an easy and simplified way, e.g. conflict of interest, anti-corruption, bribery, gifts and business courtesies, personal information and privacy, information security, sponsorship or donation, external communication as well as other important topics employee should be aware of. Furthermore, interactive e-learning programs are executed to increase awareness of employees over Code of Conduct and Anti-Corruption Policy. To monitor the compliance of the corporate governance policy, the Chief Executive Officer will perform an assessment of the implementation of the governing documents, the level

of compliance and report the results to the Board of Directors at least once a year.

Fully understanding the crucial importance of the principles of good corporate governance, the principles of good corporate governance of the Company have been adopted from the Principles of Good Corporate Governance for Listed Companies 2012 of the SET, which has been revised to be in line with the ASEAN CG Scorecard. From the assessment on corporate governance practices of Thai listed companies assessed by the Thai Institute of Directors Association (IOD), the Company is one of 80 companies that have been awarded a level of "excellent" (90% to 100% of CG scoring) among 601 listed companies that have been assessed. This is to confirm that the Company commits to the Principles of Good Corporate Governance for sustainability development. Details of the Company's practice of the good corporate governance are set out in 5 categories as follows:

### Section 1 - Rights of Shareholders

The Board of Directors realises and places importance on the fundamental rights of the shareholders, namely the rights to trade and transfer shares, receive the Company's profit distribution, independently and equally attend and vote at general meetings of shareholders, decide on the Company's important matters, appoint or remove directors, determine directors' remuneration, appoint auditors, determine auditors' remuneration and receive the Company's information promptly, completely, and sufficiently through an easy-to-access channel. The Company encourages its shareholders to fully exercise their rights through the general meetings of shareholders (The Company has only one type of share that is ordinary share and one share has one voting right) so that the shareholders can participate in any decision-making that affect or relate to their rights and benefits.

The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend the general meetings of shareholders. The Company announced the date of the meeting in advance via channel provided by the Stock Exchange of Thailand on 3 February 2015. The Company fixed the record date on 18 February 2015, and closed its shareholders registrar book to collect the list of shareholders who have the right to attend the meeting on 19 February 2015. In order to facilitate shareholders, the Company selected the meeting venues where the mass transit system are available and sufficient for the shareholders to conveniently commute, as well as, intentionally arranged the meeting in the afternoon in order to have shareholders enough time for preparation to attend the meeting. The Company provides opportunities for the shareholders to submit registration documents for attending the meeting in advance of the meeting date in order to minimise the time for documents verification on the meeting date. The Company also provides registration channels at the meeting venue specifically for individual shareholders, juristic person shareholders, and institutional investors and also arranges for a barcode system for registration and vote counting to expedite the registration and vote computation process. To facilitate the shareholders, the Company also provides stamp duty for the appointment of proxies.

The Company conducts the general meetings of shareholders in a transparent manner with examination mechanisms available. The shareholders are provided with an opportunity to raise questions and express opinions relating to an agenda which then were summarized and recorded in the minutes. The directors, relevant senior Management and the auditor of the Company are encouraged to attend such meetings to provide answers to and acknowledge the opinions of the shareholders.

The Company held the 2016 Annual General Meeting of Shareholders on 30 March 2016 at the Grand Ballroom, 4<sup>th</sup> Floor, InterContinental Bangkok, Thailand. There were 17 directors and senior Management attending the 2016 Annual General Meeting of Shareholders.

The Company engaged Thailand Securities Depository Co., Ltd., its registrar, to send the invitation notice to the meeting, together with the supporting documents, to the shareholders on 8 March 2016 or 22 days prior to the meeting. The invitation notice and supporting documents in both Thai and English version were published on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) on 29 February 2016 or 30 days prior to the

meeting in order to facilitate the shareholders with an easy and prompt access to the information relating to the meeting. The invitation notice included details of each agenda, which clearly stated type of the agenda, be it for the acknowledgement or approval. The invitation notice meanwhile was completed with the Meeting's agenda items, supplementary documents, the Board's opinions on each agenda item. A proxy form, which was stipulated by the Ministry of Commerce, was also included in the invitation notice, while 3 independent directors were provided therein for shareholders to freely choose their proxy.

The Company provided opportunities in advance for the shareholders to submit questions relevant to the meeting agenda, as well as to propose agenda item, and to nominate person to be appointed as the Company's director at the 2016 Annual General Meeting of Shareholders during 1 October-31 December 2015 through channel provided by the Stock Exchange of Thailand and published on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) on 22 September 2015. However, no question, agenda item, or nominated person were submitted.

Before the meeting began, the Company explained to all shareholders the criteria and the procedures for vote casting. Shareholders or proxy holders have voting right equal to number of share they held, and such voting rights could not be split (with exception of the C-type proxy). The Company also provided an independent external legal advisor (inspector) to supervise the meeting and the voting process to ensure that they were conducted in accordance with applicable laws and the Articles of Association of the Company. At the meeting, the Chairman of the meeting provided opportunities for the shareholders to express their opinions and to make inquiries relevant to the Company and the meeting agenda.

On the same day after the conclusion of the meeting, the Company informed the SET, in the form of a newsletter, the resolution of each agenda of the 2016 Annual General Meeting of Shareholders by indicating the votes as "approved", "disapproved" or "abstained from voting".

## Section 2 – Equitable Treatment of Shareholders

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

The Company has a policy to protect the rights of all shareholders. At the 2016 Annual General Meeting of Shareholders, the Chairman of the meeting conducted the meeting in accordance with the agenda as set forth in the invitation notice to the meeting. No agenda was added without prior notification to the shareholders. All shareholders were entitled to vote based on the amount of shares held by each shareholder whereby one share was equal to one vote.

The shareholders who could not attend the meeting in person were entitled to appoint an independent director of the Company or any other person to attend the meeting and vote on their behalf. The Company prepared proxy forms as prescribed by the Ministry of Commerce, whereby the shareholders may give their proxies voting instruction. The proxy forms were delivered to the shareholders together with the invitation notice to the meeting. Additionally, the shareholders could download the proxy forms from the Company's website at [www.dtac.co.th](http://www.dtac.co.th).

The Company appointed Thailand Securities Depository Co., Ltd. to proceed with the registration and vote counting and provided the shareholders with voting ballots for each agenda. As for the agenda regarding election of directors, the Company provided the shareholders with an opportunity to elect each director individually. The vote counting in each agenda was conducted openly and transparently and the voting ballots were collected and maintained for further examination.

The Company prepared the minutes of the 2016 Annual General Meeting of Shareholders and posted the video record of the meeting on the Company's website at [www.dtac.co.th](http://www.dtac.co.th), within 14 days after the meeting.

## Section 3 – Roles of Stakeholders

### (1) Right of Stakeholders

The Company realises the rights of all groups of stakeholders, whether inside or outside the Company, and has undertaken to ensure that such rights are well protected and treated, in order to create good understanding and co-operation between the Company and its stakeholders, which will be advantageous to the operation of the Company, create confidence and stability for the Company and its stakeholders and increase the ability of the Company to compete in the long term.

#### Rights of Shareholders

The Company realises and places importance on the rights of the shareholders as the owners of the Company. The Company

has ensured equal and fair treatment among all shareholders through its accurate, transparent and timely disclosure of information and safeguarding of its assets. The Company aims to operate its business in a manner which is profitable and maintains sustainable growth, so as to increase the long-term value for the shareholders. Further details on rights of shareholders are demonstrated in Section 1 Rights of Shareholders and Section 2 Equitable Treatment of Shareholders.

#### Rights of Employees

The Company has always regarded its employees as valuable resources, whose roles are fundamental to the success of the Company. Accordingly, the Company aspires to increase the potential of its employees throughout their career path by improving skills, knowledge and aptitude of its employees, as well as providing every employee with an opportunity to improve its career path on an equitable basis and offering appropriate remuneration to its employees. The Company has studied and reviewed the organisation structure, role, duty and responsibility of each unit, evaluate the performance and work progress of its employees regularly, in order to build internal potential and organisation readiness for development into the best organisation. The Company also gives importance to the employees' remuneration policy which is needed to align with the Company's performance both short-term and long-term by providing.

The Company places importance on the welfare and safety of its employees. The Company provides fundamental welfare and benefits as required by law, such as working hours, holidays, annual leaves, and any other types of leave, as well as social security, compensation fund and provident fund, and constantly communicates all benefits to its employees.

In addition to those as prescribed by law, the Company also provides other welfare to its employees, such as health insurance, which covers outpatient and inpatient treatment and dental care, life insurance, personal accident insurance, annual health check-up, and in-house medical and nursing treatment with doctors and nurses standing by at the Company's office during working hours, as well as providing healthcare measure, such as communication of preventive measures for epidemics and provision of protective masks and alcohol-based hand gel for its employees and visitors. Furthermore, the Company encourages its employees to exercise for good health by providing facilities, sport equipment and other sport activities, such as yoga and aerobics, etc. The Company also promotes good family

relationship by providing various areas and activities, such as kids' room, library, breastfeeding room and activities during school vacation, to support employees who have the necessity to bring their children to the work place. In 2015, the Company has announced a new policy for a 6-month maternity leave for female employees in order to prepare for and recover from the medical aspects of delivery and to facilitate mother-child bonding. During this maternity leave, the Company will pay wages to female employees for 180 days. This new policy will be implemented from 1 January 2016 onward. In addition, the Company also provides financial aid to its employees in various cases, such as wedding, childbirth, ordination, death of close relatives and natural disasters, etc.

The Company promotes and supports its employees to participate in organisation development by holding an election for the "House of Employee Representatives" to represent the employees and be the mediator for cooperation with the Company, in order to solve and relieve problems of its employees in addition to those welfare and benefits already provided by the Company to its employees, as well as to provide advice to and obtain opinion from its employees.

The Company has a safety and environmental management system which is in line and complies with the international standards on safety and environmental management system. The Company has set up a unit to oversee matters relating to occupational health, safety, security and environment (HSSE Unit) to establish a policy and a code of conduct on health, security, safety and environment by specifying and promoting good health and the provision of safe working environment, as well as security and relevant measures to prevent accidents and illnesses from work in accordance with the internationally accepted standards. The Company has also organised workshops on safety and working environment (HSSE Workshop) in order to promote a culture of safe working environment in the organisation through an electronic self-learning program (HSSE Virtual Learning Program) and organize HSSE activities. The Company has also set up an HSSE Committee for 3 groups in several areas, which consists of representatives from its employees and the Management, working together to report and recommend solutions and improvement for safe working environment, and promote and encourage safe working activities.

Furthermore, the Company's office, i.e. "dtac House" is the only office from Thailand that has been announced as one of the "Top Ten Best Office Spaces in the World in 2015" in "Global Cities: The 2015 Report" made by Knight Frank, a

world's leading residential and commercial property consultancy.

In order to develop and improve the organisation to truly meet the needs of its employees, the Company invites its employees to complete an online questionnaire on employees' opinions towards the organisation (Employee Engagement Survey) on an annual basis. The questionnaire covers employees' opinions towards their line managers, working teams and the Company, as well as guidelines and suggestions that would help develop the Company's potential. For this purpose, employees could freely express their feelings and opinions on the questionnaire; the information obtained from the questionnaire will be kept confidential.

#### **Rights of Community, Society and Environment**

The Company realises that it is a part of the society and community and places importance on responsibility towards community, society and environment. To support this policy, the Company focuses on development of activities through an integration of communication technologies to improve the quality of life of various groups of people (Enable), strengthening safety in telecommunications services (Safe) and doing business with care for the environment (Climate Change), for instance, the Company and Ruam Duay Chuay Kan Sam Nuek Rakbankerd Foundation has implemented "Internet Changes Lives" project and "Farmer Info" application, to support and enhance agricultural sector and community enterprise to be able to easily access to internet so that they can have better opportunities to develop their production activities, product qualities and product distribution.

The Company has a policy to protect the environment which will be implemented to promote responsibility towards the environment, and develop and use more environmental friendly technologies. The Company has continuously taken actions to reduce environmental impact and control activities that may have environmental impact, including management of waste from the Company's operation, such as recycling of used batteries from base stations, campaigning for optimal energy efficiency, particularly the reduction of carbon emissions both from the office building and base stations. The activities included designing the office at Chamchuri Square Building with the aim of energy saving, campaigning for employees to use electricity efficiently and promoting use of communications technology, such as e-conference which will help reduce carbon emissions from energy consumption from travelling.



In addition, the Board of Directors of the Company encourages employee education and training with regard to environmental matters. In this regard, HSSE Unit provides an electronic self-learning program (HSSE Virtual Learning Program). The program covers the Company's policy on environmental protection, energy consumption and emissions of air pollution, waste handling and recycling, as well as working environment. HSSE Unit has completed the environmental training program for all new employees and plans to implement the training program for all business partners.

### Rights of Customers

The Company aspires to enhance its efficiency in providing services, offer products and services which meet customers' demand and undertake relevant actions to ensure that customers will be confident and satisfied with the services of the Company. The Company has a clear policy that every customer will be equitably and fairly treated with respect and good manner on the principle of "customer centricity" or customer focus, in which understanding of customers' needs is a priority and shall be adhered to by all employees in performing their work on any matters. In this regard, the Company has arranged for internal activities throughout the year in order to provide all employees the opportunities to learn and exchange opinions which will be used by the Company to improve and encourage cooperation amongst divisions which will be directly or indirectly beneficial to the customers.

Currently, the Company provides service channels to support customers, namely the Service Center and the Call Center. Customers can visit the Company's Service Centers which are located in prime locations of Bangkok, its vicinities and upcountry, or dial 1687 to the Call Center. The Company also implements digital channels such as website, email and social networks i.e. Facebook, for customer support.

The Company has the policy of protecting personal data of the customers, under which any processing of personal data must be undertaken cautiously and carefully and must be limited to the extent required for the Company to operate, provide relevant services and carry out related commercial activities in accordance with the laws.

### Rights of Business Partners

It is the policy of the Company to treat all business partners equitably and fairly. The Company has established written, easily understandable and standardised procedures for

procurement so as to assure its business partners' confidence in the vendor selection process of the Company at all events. The Company has a clear policy on procurement for competitive bidding process. Negotiation of contracts between the Company and its business partners are undertaken based on general commercial terms.

The Company has the policy of requiring its business partners to comply with the supplier code of conduct in relation to various matters, such as labour, health, safety, security, environment and corruption, which shall be of the same standard as the Company, which is in line with the internationally accepted standards. The Company conducts an onsite visit and sends questionnaires to its business partners on a regular basis in order to follow-up on the business partners' compliance with the supplier code of conduct. This aims to improve the standard of business operation and build sustainable growth of the business partners of the Company.

In addition, the Company also emphasises on respecting intellectual property rights of business partners and other third parties. It is the Company's policy that directors, executives and employees of the Company and other persons acting on behalf of the Company shall avoid infringement of intellectual property rights of business partners and other third parties. At the same time, the directors, executives and employees of the Company and other persons acting on behalf of the Company shall protect and administer the Company's intellectual property in the interest of the Company as prescribed in the code of conduct "Corporate Ethics - dtac's Good Governance".

### Rights of Competitors

The Company encourages and supports fair and transparent competition. The Company will not perform any act which would violate or contradict to any competition law or may cause damages to the reputation of its competitors. The Company competes in the market by offering good products and services at the right price, and will deal with its competitors in an honest and professional manner.

### Rights of Creditors

The Company aspires to maintain sustainable relationship with its creditors. The Company has a policy to treat its creditors equitably and fairly by providing correct, transparent and verifiable information to its creditors, and to strictly honour the terms and conditions of the contracts it has with its creditors whether in relation to the repayment of

principal, interest and fees, maintenance of financial ratio or other conditions, etc. The Company will immediately inform its creditors in case the Company fails to comply with any condition in order to jointly find solutions. In the past year, the Company had no event of default and guarantee obligation.

## **(2) International Human Rights Principles**

The Company supports internationally declared human rights which include declarations and treaties of the United Nations on human rights. Directors, executives and employees of the Company and other persons acting on behalf of the Company shall respect personal dignity, privacy and individual rights of each person they are in contact with in the course of their duties, and shall not take any action which results in or supports the violation of any human rights as prescribed in the code of conduct “Corporate Ethics – dtac’s Good Governance”.

## **(3) Anti-corruption and Bribery Policy**

The Company issued its first Anti-Corruption Policy in 2006 and has reviewed it from time to time. In 2014, the Company has summarized the principles set forth in such Policy in a more readable form of “dtac Anti-Corruption Handbook”, available to all employees. In 2015, the Company announced the No Gift Manual, stating that dtac personnel shall not receive any gifts from external parties, subject to the prescribed terms and conditions. In 2016, the Company conducted several anti-corruption activities, such as, e-learning, cascading trainings, cartoon series, and publication and seminar sponsorship.

The Company also requires its business partners to implement an anti-corruption policy and allow the Company to make site inspection on such matter. In case where there is any finding on corruption, the Company has the right to terminate the business relationship immediately.

In 2012, the Company declared its intention to join the Thailand’s Private Sector Collective Action Coalition against Corruption (CAC), and in 2016, the Company passed Self-Evaluation Tool for Countering Bribery evaluated by KPMG, and then was accepted by CAC as a certified member.

## **(4) Measures on Whistleblowing and Protection for Whistleblowers**

The Company has set up a communication channel through its website at [www.dtac.co.th](http://www.dtac.co.th) to provide opportunities for shareholders and interested persons to opine or complain

directly to the Board of Directors of the Company in case there is an unfair treatment or a trouble arising from the action of the Company. Furthermore, all employees must report an event or a behaviour which is unlawful or suspected to be unlawful or violates the good governance of the Company or any rules or laws to their supervisors. The Company has also provided a channel for employees to consult or report directly to the Ethics and Compliance Manager Officer upon becoming aware of or suspecting any conduct which is unlawful or violates the code of conduct

“Corporate Ethics – dtac’s Good Governance” and has or may have impact on employees, other interested persons and the Company. The ethics and compliance team will examine facts, summarise details of such event and report/recommend to relevant executives. The ethics and compliance team has regularly updated to Audit Committee at least once a quarter for consideration and recommendation for any important issue. to report to the Internal Audit Department and the Audit Committee for consideration and recommendation and take remedial or legal action towards such offence. The information of the whistleblower and other details received by the ethics and compliance team will be kept confidential for the confidence of the whistleblower. The Company provides the Ethics & Compliance Hotline, a confidential web and phone-based intake system. The intake system is operated by Navex Global, an unaffiliated service provider located within the EU.

## **Section 4 – Disclosure of Information and Transparency**

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

The Company realises that the Company's information, whether financial or non-financial information, will influence decision making of its shareholders and other general investors. Therefore, to ensure that significant information is disclosed accurately, promptly and transparently, the Company has established an investor relations department to efficiently and regularly communicate with its shareholders and general investors. Any interested person can obtain the Company's information from the Investor Relations Department at

telephone number +66 2202 8882 or email address IR@dtac.co.th.

In 2016, the Company had disclosed material information through the channel provided by the Stock Exchange of Thailand totaling 26 times, the Company also arranged relevant activities to visit and provide publicly disclosed information to shareholders, analysts, and investors from time to time, which could be summarized as follows;

Stakeholders	Engagement Channel	Frequency	Expectation	Response
Shareholders/ Investors	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Quarterly result announcement-Conference Call</li> <li>Analyst Briefing</li> <li>Roadshow and conference meeting both local and international shareholders/ investors</li> <li>Investor Company Visit / Conference Call</li> <li>Investor Relations website</li> <li>Investor Relations email</li> </ul>	<ul style="list-style-type: none"> <li>Once a year</li> <li>Once a quarter</li> <li>Once a quarter</li> <li>13 times</li> <li>120 times</li> <li>Frequently update information on website</li> <li>Daily</li> </ul>	<ul style="list-style-type: none"> <li>Fair treatment to all shareholders</li> <li>Disclosure with accuracy, punctuality and easy access</li> <li>Growth of business and profit for shareholders</li> <li>Dividend payment</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with guidance and regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand</li> <li>Doing business with corporate governance and social responsibility</li> <li>Making investments to support company's growth</li> <li>Compliance with dividend policy</li> <li>Providing a variety of channels to communicate with shareholders and investors</li> <li>Regularly participating in activities, including roadshow and conference, to meet investors both local and abroad</li> </ul>

The Board of Directors of the Company is responsible for the Company's financial statements and financial information contained in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting principles in Thailand. The Company has chosen an appropriate accounting policy and has applied the same accounting standard for each accounting period. The Board of Directors has appointed the Audit Committee to be responsible for the quality of the financial statements and internal control system of the Company, as well as sufficient disclosure of significant information in the notes to the

financial statements, in order to ensure all accounting records are accurate, complete and adequate for the benefit of the shareholders and general investors. Furthermore, the Board of Directors has prepared the Board of Directors' report in the annual report, providing information on the results of business operation and other important matters occurred within the year for the shareholders' acknowledgement.

In 2016, there has been no action taken against the Company by the relevant regulators on the basis of any non-disclosure of any material information within the requisite timeframe.

## Section 5 – Responsibilities of the Board of Directors

### (1) Composition of the Board of Directors

At present, the Board of Directors of the Company consists of 12 directors. 4 directors are independent directors, 2 of whom are female. 1 director (who is female) is a representative from CAT pursuant to the Concession Agreement. There is one executive director (i.e. the Chief Executive Officer). No director or independent director holding more than 5 directorship positions in publicly listed companies. The company has no policy which allows executive director to hold more than 2 directorship positions in publicly listed companies, excluding subsidiaries, affiliates and joint-venture companies of the Company where supervision is required for the benefit of the Company. More than 1 non-executive directors have work experience in the business of the Company.

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

The Board of Directors of the Company is composed of directors who possess qualifications, knowledge, expertise and experiences in various areas, including finance and accounting, business administration, law and telecommunications business. The independent directors possess higher qualifications than those required by the SEC and the SET, details of which can be found under Section "Corporate Governance – Independent Directors".

The Company does not require that the Chairman of the Board of Directors be an independent director, given that the telecommunications business has unique and complex

nature and is subject to rigorous regulation. The Company believes that its Chairman and the Board of Directors possess knowledge, capacity and good understanding of the nature of the telecommunications business, which are necessary in the decision-making process in order to bring the utmost benefits to the Company and its shareholders as a whole. Despite the fact that the Chairman is not an independent director, the Board of Directors of the Company is still of the opinion that the Company has good internal control system, including mechanisms which can create confidence for its shareholders and all stakeholders that any decision-making of the Board of Directors was made independently, prudently, and without being influenced or directed in any respect.

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

The Board of Directors of the Company approves the vision, missions, strategies, business direction and operational policy, business plan and annual budget of the Company, and directs the Management to perform in compliance with the established policies and business plans in accordance with applicable laws, objectives and Articles of Association of the Company, and resolutions of the Board of Directors' and shareholders' meetings, taking into account the utmost benefits of the Company and the stakeholders, in order to build sustainable growth of the Company and increase long-term value for the shareholders. The Board of Directors will review and approve the vision, missions, strategies, business direction and operational policy on an annual basis in order to adapt to the changing situation and business conditions. Further details on the power, duties and responsibilities of the Board of Directors can be found under Section "Corporate Governance – Board of Directors".

The Board of Directors of the Company ensures compliance with the requirements on actions and disclosure of information concerning transactions which may give rise to conflicts of interests pursuant to the regulations of the SEC, the SET and relevant regulators by assigning the Audit Committee to be responsible for considering, approving and giving recommendations in relation to transactions which may give rise to conflicts of interests. In addition, the Company has introduced the General Mandate for Interested Person Transactions, which sets out the types and approval procedures for transactions which may give rise to conflicts of interests, which are undertaken by the Company in its normal course of business. The Management is required to

seek the Board of Directors' approval for entries into transactions which may give rise to conflicts of interests which are of significant size or important nature to the business operation of the Company. The Company proposes the General Mandate for Interested Person Transactions to the Board of Directors for approval and reports the entries into such transactions to the Board of Directors for acknowledgement on an annual basis.

The Board of Directors holds a Board of Directors' meeting without the presence of the executive director or member of the Management at least once a year. The meeting provides the directors with the opportunity to review the performance of the Board of Directors, the Management and the Company as well as to consider and discuss management issues or other issues which are of the interest of the Board of Directors. The resolutions of the meeting would be notified to the Chief Executive Officer for acknowledgement and consideration for further improvement. In 2016, the Board of Directors held 1 meeting without the presence of the executive director and the Management.

The Board of Directors conducts an evaluation on the performance of the Board of Directors, an individual director self-assessment, and sub-committee self-assessment on an annual basis in order to provide an opportunity for each director to express his or her view on the performance of the Board of Directors and to consider and review the results, problems and obstacles on its performance over the previous year. In 2016, the Board of Directors has conducted the aforementioned evaluations with the results as set out below.

#### The evaluation on the performance of the Board of Directors

The Company arranges for an evaluation on the performance of the Board of Directors on an annual basis so as to assess the performances of the Board of Directors in accordance with the good corporate governance principles. The evaluation procedure can be summarized as follows.

The Company Secretary prepares and reviews the evaluation form for correction and completeness and in compliance with the criteria required by the regulators. The evaluation form will then be proposed to the Board of Directors to complete. The Company Secretary will summarize the result of the evaluation on the performance of the Board of Directors as well as the strength and improvement areas before proposing to the Nomination Committee for its recommendations for

further proposing to the Board of Directors for its consideration. The Board of Directors will review the result of the evaluation in order to improve their performance.

The evaluation form for the evaluation of the performance of the Board of Directors contains six key areas, namely, (1) structures and qualifications of the Board of Directors, (2) roles, duties and responsibilities of the Board of Directors, (3) meetings of the Board of Directors, (4) performance of the Board of Directors, (5) relationship of the Management, and (6) self-improvement of the directors and executives' development. The results of each key area are calculated in percentage, whereby 85 percent or more = excellent, more than 75 percent = very good, more than 65 percent = good, more than 50 percent = average, and less than 50 percent = need improvement. It can be concluded from the evaluation results that the Board of Directors has performed its duties in accordance with the good corporate governance principles and the code of conduct "Corporate Ethics – dtac's Good Governance" of the Company with most of the performance in the level of excellent and having an average score of 93.98 percent.

#### Sub-Committee Self-Assessment

In 2016, the Company has arranged for sub-committee's self-assessment. The evaluation procedure is the same as the evaluation on the performance of the Board of Directors as mentioned above. The evaluation form for sub-committee's self-assessment contains 3 key aspects, which are, (1) committee composition, (2) committee responsibilities, and (3) operating practices. After the evaluation, most of the results were in the level of excellent and having an average score of higher than 80 percent for all sub-committees.

#### Individual director's self-assessment

The Company also arranges for individual director's self-assessment on an annual basis. The evaluation procedure is the same as the evaluation on the performance of the Board of Directors as mentioned above. The evaluation form for individual director's self-assessment contains five key areas, namely, (1) directorship, (2) directors' ethics, (3) directors' responsibilities, (4) directors' meetings, and (5) directors' overall performance. After the evaluation, the average results were 94.04 percent. The results showed that the Company's directors are qualified and have performed their duties excellently and properly in accordance with the principles of good practice for directors.



### (3) Meetings of the Board of Directors

A meeting of the Board of Directors of the Company is held at least once for every quarter. The Company informs the directors of the dates and time of the meetings in advance every year so that the directors can manage their schedule to attend the meetings accordingly. There are clear agenda for each meeting. The Company sends the meeting invitation, together with the supporting documents, to the directors at least seven days in advance to allow the directors sufficient time to study the information prior to the meeting. Each meeting takes at least three hours. The senior Management of the Company will join the meeting in order to clarify and answer the Board of Directors' queries. The Chairman will allow every director to express his/her opinion before proceeding with the vote and concluding a resolution of the meeting in each agenda. Directors having interest, whether directly or indirectly, will not be eligible to vote and will have to leave the meeting during the consideration of the relevant agenda.

The Company record the minutes of the meetings in writing and kept the originals with the meeting invitation notices and the relevant supporting documents. Electronic copies of the documents are also maintained to facilitate the directors and relevant persons for the purpose of examination.

Since the Company has a number of directors who do not reside in Thailand, the Company has arranged facilities for these directors to attend the Board of Directors' meetings via video- or teleconference so the directors could provide opinions or recommendations which are beneficial to the Management and the business operation of the Company. Such attendance does not count as quorum, and those who attend the meetings via video- or tele-conference do not have the right to vote.

In 2016, the Company held 8 Board of Directors' meetings with the rate of attendance of the directors of 79.44 percent. The attendance of each director is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr. Boonchai Bencharongkul	Chairman	29 October 1990	26 March 2015	8/8
Mr. Morten Karlsen Soerby <sup>(1)</sup>	Vice Chairman	28 August 2015	28 August 2015	1/8 <sup>(1)</sup>
Mr. Chulchit Bunyaketu	Independent Director	6 March 2000	26 March 2014	8/8
Mr. Stephen Woodruff Fordham	Independent Director	17 November 2006	26 March 2015	7/8
Mrs. Chananyarak Phetcharat	Independent Director	5 September 2011	26 March 2015	7/8
Mrs. Kamonwan Wipulakorn	Independent Director	8 December 2014	26 March 2015	7/8
Mr. Lars-Aake Valdemar Norling	Director	10 February 2015	30 March 2016	8/8
Mr. Haakon Bruaset Kjoel	Director	5 September 2011	30 March 2016	7/8
Ms. Tanwadee Wongterarit	Director	8 February 2013	26 March 2014	5/8
Mr. Tore Johnsen	Director	19 August 2008	30 March 2016	8/8
Mrs. Tone Ripel <sup>(2)</sup>	Director	30 March 2016	30 March 2016	7/7
Mr. Christopher Adam Laska <sup>(3)</sup>	Director	8 December 2016	8 December 2016	1/1

Remark: (1) Mr. Morten Karlsen Soerby attended the Board of Directors' meetings in person 1 time and via video-conference 5 times.

(2) Mrs. Tone Ripel has been appointed as a new director in replacement of Mr. Richard Olav Aa (who retired by rotation from his directorship at the 2016 Annual General Meeting) pursuant to the resolution of the Board of Directors' Meeting No. 1/2016 held on 3 February 2016.

(3) Mr. Christopher Adam Laska has been appointed as a new director in replacement of Mr. Martin Jacob Furuseth (who resigned from his directorship on 8 December 2016) pursuant to the resolution of the Board of Directors' Meeting No. 8/2016 held on 8 December 2016.

The attendance of the directors who resigned during 2016 is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr. Henrik Clausen	Director	16 September 2014	16 September 2014	1/1
Mr. Richard Olav Aa	Director	29 March 2013	29 March 2013	0/1
Mr. Martin Jacob Furuseth	Director	30 March 2016	30 March 2016	4/6

#### (4) Subcommittees

In 2016, the subcommittees have performed its duties as follows:

##### Audit Committee

The Audit Committee consists of 3 independent directors. A meeting of the Audit Committee is held approximately once a month. In 2016, the Company held 12 Audit Committee meetings, the attendance of which was as follows:

Name list	No. of attendance /No. of meetings in 2016
Mr. Chulchit Bunyaketu	12/12
Mr. Stephen Woodruff Fordham	12/12
Mrs. Kamonwan Wipulakorn	11/12

In 2016, the Audit Committee was responsible for reviewing the financial reporting process of the Company, the internal control system and internal audit system, compliance with laws relating to the business of the Company, considering and selecting (including proposing to terminate) the Company's auditors and reviewing connected transactions, transactions of interested persons or transactions which may give rise to conflicts of interest, etc.

In carrying out its duty on the selection (including proposal to terminate) of the auditors of the Company, the Audit Committee will consider the selection of auditors pursuant to the Company's assessment criteria, which consist of the auditors' experience, performance, understanding of the telecommunications business and expertise on auditing telecommunications companies, as well as their independence in performing their works during the past year, in order to propose the appointment of the auditors to the Board of Directors and the shareholders' meeting for consideration.

At the 2016 Annual General Meeting of Shareholders, which was held on 30 March 2016, Mrs. Gingkarn Atsawarangsali

Certified Public Accountant No. 4496, Ms. Sirirat Sricharoensup Certified Public Accountant No. 5419, Mr. Sophon Permsirivallop, certified public accountant No. 3182, and Ms. Pimjai Manitkajohnkit, certified public accountant No. 4521, all from EY Office Limited were appointed as the auditors of the Company. Mrs. Gingkarn Atsawarangsali was the auditor in charge of auditing the Company, and had expressed opinions on the financial statements of the Company for the year ended 31 December 2016. She was not the auditor in charge of auditing the Company and did not expressed opinions on the financial statements of the Company for the year ended 31 December 2014 and 2015.

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

## Remuneration Committee

The Remuneration Committee of the Company consists of 5 directors, more than half are independent directors (3 persons) and 2 non-executive directors. Chairman of the Remuneration Committee is an independent director.

A meeting of the Remuneration Committee is held at least once a year. In 2016, the Company held 3 Remuneration Committee meetings, the attendance of which was as follows:

Name list	No. of attendance /No. of meetings in 2016
Mr. Stephen Woodruff Fordham	3/3
Mr. Chulchit Bunyaketu	3/3
Mrs. Kamonwan Wipulakorn	3/3
Mr. Tore Johnsen	3/3
Mr. Hakon Bruaset Kjol	3/3

In 2016, the Remuneration Committee was responsible for considering and giving recommendation on remuneration of the Chairman and other directors, reviewing and recommending the remuneration packages and bonus scheme for the Chief Executive Officer and reviewing the local engagement contract of the Chief Executive Officer, promoting and encouraging the Company to develop a Company's remuneration philosophy and policy to be in line with the Company's direction and talent development plan and etc.

At the 2016 Annual General Meeting of Shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees for 2016 in the amount not exceeding THB 11,500,000, an increase from 2015 at THB 11,000,000. The remuneration consisted of monthly allowance and meeting allowance as follows:

Directors' Remuneration Structure (THB)		
	Monthly Allowance	Meeting Allowance
Chairman	278,400	-
Independent director	69,600	50,000
Director (CAT's representative)	-	25,600
Chairman of the Audit Committee	-	50,000
Member of the Audit Committee	-	28,800
Chairman of the Remuneration Committee /	-	18,000
Chairman of the Nomination Committee / Chairman of the Corporate Governance Committee		
Member of the Remuneration Committee / Member of the Nomination Committee / Member of the Corporate Governance Committee	-	14,400

Remark: (1) Directors except Chairman and Independent Directors, not to receive the above remuneration.

In determining the remuneration of the Chief Executive Officer, the Remuneration Committee will consider the performance of the Chief Executive Officer during the previous year pursuant to the specified key performance indicators (KPIs), each of which has different weighted scores.

#### Nomination Committee

The Nomination Committee of the Company consists of 5 directors, being 3 independent directors and 2 non-executive directors. Chairman of the Nomination Committee is an independent director. A meeting of the Nomination Committee is held at least once a year. In 2016, the Company held 3 Nomination Committee meetings, the attendance of which was as follow:

Name list	No. of attendance /No. of meetings in 2016
Mr. Stephen Woodruff Fordham	3/3
Mr. Chulchit Bunyaketu	3/3
Mrs. Kamonwan Wipulakorn	3/3
Mr. Tore Johnsen	3/3
Mr. Hakoon Bruaset Kjoel	3/3

In 2016, the Nomination Committee was responsible for selection of qualified candidates to be nominated for election as directors and executive management of the Company and its subsidiaries. Additionally, the Nomination Committee has considered and made recommendation on the Board of Directors' self-assessment results, and acknowledged the organization restructure and top executives' succession plan, etc.

#### Corporate Governance Committee

The Corporate Governance Committee consists of 4 directors, being 3 independent directors and 1 non-executive director. Chairman of Corporate Governance Committee is an independent director. A meeting of Corporate Governance Committee is held at least once a year. In 2016, the Company held one Corporate Governance Committee meeting and all members of Corporate Governance Committee were present at the meeting.

In 2016, the Corporate Governance Committee was responsible for developing and promoting a good corporate governance so as to be in compliance with the international standard and acceptable to shareholders, investors, regulators, and other stakeholders.

#### (5) Development of Directors and Management

When appointing a new director, the Company will prepare material information with respect to business operation and

the corporate governance policy of the Company as well as arrange for a meeting with the Management, so that the new director can familiarize himself/herself with the business and the corporate governance of the Company. The Company also encourages its directors to attend the trainings relating to duties of directors, which are organized by Thai Institute of Directors Association and other institutes. The Company will inform its directors of relevant trainings which would be useful for the directors in carrying out their duty as the directors of the Company. At present, there are 8 directors of the Company who have attended the courses organised by the Thai Institute of Directors Association. Details of the directors training can be found under Section "Profile of Directors".

The Company regularly reviews the performance and skill sets of its management, and based upon this review, individual development plans have been made and executed. The Company has prepared both internal and external training courses for the development of its executives. Further details on human resources development policy can be found under Section "Management Structure – Human Resources Development Policy".

#### (6) Succession Plan for Senior Executives

The Board of Directors of the Company have appointed People Group to be responsible for setting up the succession plan for the Chief Executive Officer position. People Group will consider persons who have suitable qualifications, knowledge and

ability for managing the Company's business. The Management has proposed top executives' succession plan to the Nomination Committee and the Board of Directors for consideration and recommendations on the appropriateness of such plan.

## Board of Directors and Subcommittee

The structure of the Board of Directors of the Company comprises the Board of Directors and the subcommittees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Corporate Governance Committee.

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

### Board of Directors

The power, duties and responsibilities of the Board of Directors are as set forth in the Public Limited Company Act, the Securities and Exchange Act, the regulations of the SET and the Articles of Association of the Company.

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

- (1) Performing its duties and responsibilities with due care and loyalty, taking into consideration the best interest of the Company and its shareholders;
- (2) Responsible for the administration of the Company, managing the Company's long-term and strategic planning, safeguarding the proper organization of the business, and overseeing the management of day-to-day operations;
- (3) Setting the Company's direction, vision, values and leadership expectations;
- (4) Considering and approving to make decisions to enter into major transactions and other proceedings, and in certain cases grants authority to make decision, in accordance with applicable legislation, the Company's objectives and Articles of Association, decisions made by the shareholders' meetings, as well as the Company's governing documents;
- (5) Ensuring that the Company adheres to generally accepted principles for the governance and effective control of the Company's activities;
- (6) Approving and supervising targets and strategy plans and any deviations therefrom;
- (7) Ensuring the accuracy and completeness of the Company's operational and financial reporting to all shareholders and general investors;
- (8) Having adequate oversight of internal control over financial reporting (ICFR) to ensure that these controls adhere to its objectives, are compliant with legal requirements and the Company's governing documents;
- (9) Evaluating and discussing the Company's optimal capital structure, the dividend policy, the funding strategy and the optimal funding composition on a regular basis;
- (10) Declaring interim dividends to shareholders from time to time when the Board is of the view that the Company has derived sufficient profits to do so;
- (11) Reviewing the management's draft of the annual accounts and ensuring that the accounts are accurately and completely prepared and that they reflect the Company's financial condition and results of operation for the benefits of all shareholders and general investors;
- (12) Together with the management, compiling the annual report;
- (13) Overseeing and determining the overall organization of the Company's and its key subsidiaries' operations;
- (14) Ensuring that risk management activities are in place to pro-actively identify and deal with critical business risks related to the Company. All strategic, operational (financial and non-financial) and legal risks of importance shall be taken into consideration;
- (15) Overseeing that transactions with potential conflicts of interest of management, Board members and shareholders, including their related persons, are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and the Company's minority shareholders;
- (16) Ensuring that the Company has adequate and appropriate internal controls and that an internal audit unit is established and maintained to monitor the Company's internal controls and report any significant failures or weaknesses thereof, together with recommendations of corrective action;
- (17) Preparing issues to be dealt with at shareholders' meetings and providing recommendations thereon;
- (18) Identifying potential candidates with the appropriate knowledge, competencies and expertise to complement the existing skills of the Board and the board of its key subsidiaries;
- (19) Reviewing and making recommendations on remuneration of directors to shareholders for approval;



- (20) Appointing (and dismissing) the Company's Chief Executive Officer, and overseeing and undertaking an annual evaluation of the Chief Executive Officer's execution of his/her duties;
- (21) Overseeing that both safety and security risks are managed proportionally and effectively to ensure

- protection of personnel, information and other assets;
- (22) Ensuring that the Company has adequate procedures in place to prevent the Company from being involved in corruption; and
- (23) Carrying out an evaluation once a year of its work, functions and performance.

## Audit Committee

The Audit Committee consists of 3 independent directors, namely:

### Names of Directors

### Position

Mr. Chulchit Bunyaketu	Chairman of the Audit Committee
Mr. Stephen Woodruff Fordham	Member of the Audit Committee
Mrs. Kamonwan Wipulakorn	Member of the Audit Committee

The members of the Audit Committee have all the qualifications of an "independent director". They are not authorised by the Board of Directors to make decisions on the business operation of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and are not directors of its parent company, subsidiary or affiliate, which is a listed company. Mr. Chulchit Bunyaketu and Mrs. Kamonwan Wipulakorn have the knowledge and experience in the area of accounting, sufficient to review the creditability of financial statements of the Company. The duties and responsibilities of the Audit Committee are as follows:

- (1) To review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the Company's internal control system and internal audit system, which include accounting controls, financial controls, operational and legal controls, risk management policies and other control systems established by the management of the Company, to ensure their suitability and efficiency. Such review should be conducted by an internal auditor and/or an independent auditor at least once a year;
- (3) To review the effectiveness of the Company's internal control unit at least once a year to ensure the adequacy of its resources and the appropriateness of its position within the Company;
- (4) To review the independency of the internal audit unit, as well as approving the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of an internal audit;

- (5) To review the Company's compliance with the Securities and Exchange Act, the rules and regulations of the SEC and SET including any other laws and regulations relevant to the business operation of the Company;
- (6) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration and terms of engagement (including to propose to terminate the auditor who is not qualified), as well as to attend a non-management meeting with such auditor at least once a year;
- (7) To review the independency of the Company's auditor at least once a year;
- (8) To review the scope, performance and cost effectiveness of the Company's auditor, its independency and objectivity;
- (9) To review by which the Company's employees may report, in confidence, incidents on possible improprieties in financial reporting or other matters, including to arrange for investigation and take appropriate follow-up action on such matter;
- (10) To review connected transactions, transactions with interested persons, or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and regulations of the SEC and SET, and are reasonable and for the best interest of the Company;
- (11) To prepare and disclose in the Company's annual report, an Audit Committee's report, which must be signed by the Chairman of the Audit Committee and consists of at least the following information:

- an opinion on the accuracy, completeness and creditability of the Company's financial report;
  - an opinion on the adequacy of the Company's internal control system;
  - an opinion on the compliance with the Securities and Exchange Act, the rules and regulations of the SEC and SET, and any other laws and regulations relevant to the business operation of the Company;
  - an opinion on the suitability of the auditor;
  - an opinion on the transactions that may lead to conflicts of interest;
  - the number of the Audit Committee meetings and the attendance of each members of the Audit Committee;
- an opinion or overview comment of the Audit Committee from its performance in accordance with the charter; and
  - any other matters which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
- (12) To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

## Remuneration Committee

The Remuneration Committee consists of 5 directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Remuneration Committee
Mr. Chulchit Bunyaketu	Member of the Remuneration Committee
Mrs. Kamonwan Wipulakorn	Member of the Remuneration Committee
Mr. Haakon Bruaset Kjoel	Member of the Remuneration Committee
Mr. Tore Johnsen	Member of the Remuneration Committee

The duties and responsibilities of the Remuneration Committee are as follows:

- (1) To review and recommend the remuneration of the Chairman and other directors;
- (2) To review and approve the remuneration of the Chief Executive Officer;
- (3) To review the on-going appropriateness and relevance of the remuneration policy;
- (4) To ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;
- (5) To report to the Board of Directors regarding the remuneration of the Chief Executive Officer (including base pay, incentive payments, equity awards and retirement or severance rights), having regard to the remuneration policy and whether in respect of any elements of remuneration, any shareholder approvals are required;
- (6) To review the contractual rights of the Chief Executive Officer on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances;
- (7) To provide the Board of Directors with minutes of Remuneration Committee meetings and to report the remuneration Committee's actions to the Board of Directors with appropriate recommendations;
- (8) To provide a statement for inclusion in the annual report that describes the Remuneration Committee's composition and how its responsibilities were discharged;
- (9) To review annually and update the Remuneration Committee's charter for approval by the Board; and
- (10) To perform such other functions as may be assigned to it by the Board of Directors.

## Nomination Committee

The Nomination Committee consists of 5 directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Nomination Committee
Mr. Chulchit Bunyaketu	Member of the Nomination Committee
Mrs. Kamonwan Wipulakorn	Member of the Nomination Committee
Mr. Haakon Bruaset Kjoel	Member of the Nomination Committee
Mr. Tore Johnsen	Member of the Nomination Committee

The duties and responsibilities of the Nomination Committee are as follows:

- (1) Making recommendations on qualified candidates for election as directors of the Company and its subsidiaries to be proposed to Board of Directors' meeting for approval;
- (2) Making recommendations on qualified candidates for election as Chief Executive Officer and Chief Financial Officer of the Company and its subsidiaries;
- (3) Reviewing the structure, size and composition of the Board taking into account the current requirements and future development of the Company, and make recommendations to the Board with regard to any adjustments as deemed necessary by take into account beneficial of all shareholders, expertise, capacity, and diversity as needed by the Company;
- (4) Paying attention to the Board self-assessment evaluation and recommends any improvement as it deems necessary;
- (5) Monitoring that steps be taken to ensure that shareholders have the opportunity to propose candidates for the Board;
- (6) When assessing candidates, taking into consideration if the candidates have the necessary experience, qualifications and capacity;
- (7) Considering if a rotation of the members of the Board is necessary;
- (8) Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;
- (9) Ensuring the Company's compliance with relevant laws and regulations regarding nomination and qualifications of directors;
- (10) Satisfying itself with regard to succession planning for the Board and key management appointments;
- (11) Ensuring appropriate disclosure of information on its activities; and
- (12) Carrying out an evaluation once a year of its work, functions, performance.

## Corporate Governance Committee

The Corporate Governance Committee consists of 4 directors, namely:

Names of Directors	Position
Mrs. Chananyarak Phetcharat	Chairman of the Corporate Governance Committee
Mr. Chulchit Bunyaketu	Member of the Corporate Governance Committee
Mrs. Kamonwan Wipulakorn	Member of the Corporate Governance Committee
Mr. Tore Johnsen	Member of the Corporate Governance Committee

The duties and responsibilities of the Corporate Governance Committee are as follows:

- (1) Overseeing that the Company adheres to generally accepted principles for governance and effective control of the Company's activities and maintain a corporate culture that encourages good corporate governance practices;
- (2) Establishing and maintaining an appropriate corporate governance policy and procedures;
- (3) Ensuring the implementation of the governing documents as adopted by the Board and the policy and procedures to secure adequate corporate governance in the Company and in all subsidiaries controlled directly and indirectly by the Company;
- (4) Ensuring that the Chief Executive Officer at least annually perform an assessment of the implementation of the governing documents and the level of compliance, and report to the Board;
- (5) Reviewing and reporting to the Board on material matters, findings and recommendations pertaining to corporate governance;
- (6) Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;
- (7) Ensuring the Company's compliance with relevant laws and regulations regarding good corporate governance;
- (8) Ensuring appropriate disclosure of information on its activities and the Company's corporate governance practices; and
- (9) Carrying out an evaluation once a year of its work, functions, performance.

## Management

The Board of Directors has specified the scope of power, duties and responsibilities of the Board of Directors separately from the Management. In summary, the Board of Directors is responsible for formulating policies and monitoring the performance of the Management. The Management is responsible for implementing such policies and reporting the results of its performance to the Board of Directors.

The Board of Directors has established the policy on delegation of authority in writing, which covers the delegation of authority between the Board of Directors and the Management and clearly sets out the scope of authority and approval limits for the Board of Directors and the Management.

The Chief Executive Officer holds the highest management position in the Management and has the power, duties and responsibilities as follows:

- (1) Responsible for the day-to-day management of the Company's operations. The Chief Executive Officer shall adhere to the guidelines and instructions laid down by the Board, including the Company's governing documents;
- (2) Deciding on all matters where the authority does not come under the authority of the Board pursuant to applicable laws, these Rules or other instructions adopted or decisions made by the Board. The Chief Executive Officer shall act to reasonably ensure that the Company conducts and develops business in accordance with applicable legislation, the Articles of Association, decisions made by the shareholders' meeting and/or the Board;
- (3) Responsible for organizing the Company and corresponding workforce in a manner consistent with the Board's directions;
- (4) Ensuring that the Company adheres to generally accepted principles for governance and effective control of the Company's activities;
- (5) Approving and supervising budgets and business plans and any deviations from these;
- (6) Ensuring that risk management activities are in place within the organization to pro-actively identify and deal with the business risks related to the Company. Strategic, operational and legal risks shall be taken into consideration. The Chief Executive Officer has established a Risk Management Committee consisting of members from the Company's management and which shall support the Chief Executive Officer in fulfilling his/her responsibilities;
- (7) Proposing strategic plans for the Company, including its key subsidiaries, to the Board for approval and suggest resolutions in other matters of strategic importance for the Company.
- (8) Ensuring that transactions with potential conflicts of interest of management, Board members and shareholders, including their related persons, are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders;
- (9) Ensuring that the Company has adequate and appropriate internal controls in place, and that they are included as an integral part of operations and procedures of the Company in order to provide reasonable assurance regarding the achievement of the following objectives: effective and efficient use of resources, safeguarding the Company's assets, reliability of internal and external financial reporting, and compliance with the

Company's governing documents and applicable laws and regulations;

- (10) Establishing an internal audit unit to review the Company's business processes through an approved internal audit plan, report any significant control failures or weaknesses and make recommendations thereon. The internal audit unit reports directly to the Audit Committee;
- (11) Responsible for providing appropriate level of dialogue and cooperation with employees or their representatives, to ensure a responsible business practice taking into account experience and insight of employees;
- (12) Being authorized to request shareholders' meetings and to represent the Company (or appoint a delegate) in the subsidiaries' shareholders' meetings, including voting in accordance with any instructions from the Board. Remaining updated of business development, positions and profit performance of the key subsidiaries;
- (13) Overseeing that both safety and security risks are managed proportionally and effectively to ensure protection of personnel, information and other assets;
- (14) Securing an adequate handling, including sanctions, of employees' non-compliance with the Company's governing documents (if any). The Chief Executive Officer shall also secure that any significant non-compliance issue is reported to the Board; and
- (15) Implementing adequate procedures to prevent the Company from being involved in corruption. The Chief Executive Officer shall conduct a yearly risk-based review of these procedures and ensure that any weaknesses, if discovered, are remediated. The Chief Executive Officer shall present the review to the Board.

### Company Secretary

The duties and responsibilities of the Company Secretary are set out in accordance with the Public Limited Company Act, the Securities and Exchange Act, and the Principles of Good Corporate Governance for Listed Companies 2012 of the SET. The duties and responsibilities of the Company Secretary are as follows:

- (1) Providing legal and regulatory advice pertaining to the duties and responsibilities of the Board of Directors and the business operation of the Company;
- (2) Preparing documentations and supporting information for the Board of Directors' and shareholders' meetings;

- (3) Coordinating and following-up on the implementation of the Board of Directors' and shareholders' resolutions;
- (4) Preparing and safe-keeping the director register, notices and minutes of the Board of Directors' meetings, annual reports, notices and minutes of the shareholders' meetings;
- (5) Safe-keeping the reports of interests of directors and management;
- (6) Preparing information and arranging information sessions on the business of the Company, including other information relevant to the business operation of the Company for new directors; and
- (7) Responsible for the Board of Directors' and shareholders' activities.

### Independent Directors

The Company has set out the criteria and qualifications of an independent director, which are stricter than the requirements of the SEC and the SET, as follows:

- (1) Holding shares not exceeding 0.5 percent of the total voting shares of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including shares held by related persons of the independent director;
- (2) Not being or having been an executive director, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of appointment;
- (3) Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and children, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary;
- (4) Having no business relationship with the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, in a manner which may interfere with his independent judgement, and not being or having been a major shareholder, non-independent director, executive of any person having business relationship with the Company, its parent company, subsidiary, or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of appointment;



- (5) Not being or having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the audit firm in which the auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest is employed, unless such characteristic ceases at least two years prior to the date of appointment;
- (6) Not being or having been any professional advisor, including legal advisor or financial advisor which receives service fee of more than THB two million per year from the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the professional advisor which is a juristic person, unless such characteristic ceases at least two years prior to the date of appointment;
- (7) Not being a director appointed as representative of a director of the Company, its major shareholder, or shareholder which is a related person of the major shareholder of the Company; and
- (8) Not having any characteristics which render him incapable of expressing independent opinion regarding the Company's business operation.

The nomination and appointment of an independent director is as set out under the section "Corporate Governance – Nomination and Appointment Directors" below.

At present, the Company has 4 independent directors which accounted for one-third of the Board of Directors, namely (i) Mr. Chulchit Bunyaketu, (ii) Mr. Stephen Woodruff Fordham, (iii) Mrs. Kamonwan Wipulakorn and (iv) Mrs. Chananyarak Phetcharat, who are independent from any major shareholders and the Management of the Company and are fully qualified pursuant to the criteria specified above. The independent directors did not have any business relationship nor provide any professional services to the Company in the past financial year.

## Nomination and Appointment of Directors and Senior Management

### Nomination and Appointment of Directors

The Company places importance on the nomination and selection of directors by specifying the qualifications of directors and independent directors in accordance with the

laws and relevant regulatory requirements, including the Articles of Association of the Company.

The selection and nomination of directors of the Company is considered by taken into account the educational background, work experience, knowledge and expertise, particularly in the telecommunications industry, and past performance as a director as well as the appropriate mix of skills including, other diversities e.g. gender. This is in order to enable the Board of Directors to perform its duties effectively.

The Nomination Committee is responsible for the selection and nomination of directors of the Company. Since 2011, the Company has engaged professional recruitment firms to assist in the selection of independent directors. The Nomination Committee will select qualified person for the position of director, conclude the selection results and nominating them as candidates for further consideration by the Board of Directors and the shareholders (as the case may be).

Directors of the Company must have the qualifications to act as directors and do not possess any of the prohibited characteristics prescribed by laws and must not simultaneously hold more than 5 board seats in publicly listed companies and executive directors must not hold more than 2 directorship positions in other companies or publicly listed companies, excluding subsidiaries, affiliates and joint-venture companies of the Company in order to ensure their efficiency in performing their duties and responsibilities towards the Company.

Directors are elected to hold office for a period of 3 years and may be re-elected for another term of office. The appointment, removal and retirement of a director from the Board of Directors of the Company must be in compliance with the Articles of Association of the Company as follows:

- (1) The Board of Directors must comprise at least 5 members and at least half of whom must have residence in Thailand;
- (2) The shareholders must appoint members of the Board of Directors in the following manners:
  - a. each shareholder shall have the votes equals to the number of shares held by him/her;
  - b. all votes can be cast for a particular candidate or group of candidates but cannot be split between different candidates; and
  - c. candidates receiving the highest number of votes in descending order will be appointed as directors of the Company. In the event of a tie, the chairman of the meeting will have the casting vote;

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

### Nomination and Appointment of Senior Management

The Board of Directors of the Company has established a policy and criteria for the nomination and appointment of senior management and a policy for succession plan. There is a clear and transparent nomination process in which educational background, work experience, knowledge, capability, ethics and leadership are taken into consideration. The Board of Directors of the Company has appointed the Nomination Committee to consider and recommend qualified candidates for the appointment as Chief Executive Officer and Chief Financial Officer of the Company.

### Monitoring of the Operation of the Company's Subsidiaries and Affiliates

The Company has developed monitoring mechanisms for its subsidiaries and affiliates so as to monitor their administration, management and operation and protect the interests of the Company. The Company has appointed representatives of the Company as directors and senior management of such subsidiaries and affiliates. The Board of Directors of the Company has appointed the Nomination Committee to consider and recommend qualified candidates for the appointment as Director, Chief Executive Officer and Chief Financial Officer of its subsidiaries.

In addition, the Company has taken actions to ensure that the power, duties and responsibilities of the directors and management of its subsidiaries, rules and procedures relating to connected transactions and other key transactions are in line with those of the Company in order to have the same standard of governance. The Company arranges for the

financial and operational performance of its key subsidiaries to be reported to its Board of Directors quarterly.

### Use of Inside Information

The Company is aware of the importance of handling of information of the Company in order to prevent unlawful use of inside information for personal benefits or the benefits of other persons. It is the responsibility of the directors, executives and employees of the Company to prevent access by unauthorised persons to, and disclosure of, non-public information that may affect the market price of the Company's shares and other financial instruments issued by the Company before the Company discloses such information via the stock exchange's disclosure system, or before the information ceases to be price-sensitive. The directors, executives and employees shall not trade in the shares or financial instruments before such information has been made public or ceases to be price-sensitive. Violation of the code of conduct for the handling of information will be subject to investigation, punishment and/or dismissal of employment in accordance with the rules and procedures under applicable laws and regulations.

In addition, the Company has developed a policy for directors and executives on dealing in the Company's securities. The directors and executives of the Company are prohibited from dealing in the Company's securities for the period of one month prior to the announcement of the Company's operating results for each quarter until the day following the date in which the Company's operating results are made public, and from trading on short-term considerations. The Company Secretary will notify the directors, executives and relevant employees of such period prior to the announcement of the Company's operating results. The directors and executives are required to notify the Company of any acquisition or change of their shareholdings in the Company (including the shareholdings of their spouses or minor children) within 24 hours from the date of such acquisition or change. The Company Secretary will compile and report such information to the Board of Directors of the Company.

In addition, the directors and executives of the Company are required to submit a report on their and their related persons' interests, in relation to the administration and management of the Company and its subsidiaries within 15 days from the end of each calendar year, and within 15 days from the date of any changes in their interests. The purpose of the report is for monitoring of and compliance with the requirements on

connected transactions which may be transactions that give rise to conflicts of interest.

The above code of conduct can be found on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) and on the Company's intranet.

### Remuneration for Auditors

The shareholders of the Company, at the 2016 Annual General Meeting of Shareholders, which was held on 30 March 2016, approved the remuneration of the auditors for 2016 in the amount not exceeding THB 5,195,000 (exclusive of VAT). The remuneration consists of the fees for the audit of the annual financial statements and the review of the quarterly financial statements. The approved remuneration amount decreased by 1.16 percent from that of 2015. In 2016, the Company's total non-audit fee, which was not related to the auditing services and booked as the Company's expenses, was THB 2,856,505.

### Compliance with Other Good Corporate Governance Practices

1. The Company has set out relevant policy and procedure for selection of knowledgeable and competent person to serve as the Company's directors. Shareholders have the right to propose candidates for directorship at the Annual General Meeting of Shareholders in accordance with the relevant rules and regulations of the Company. The candidates for Chairmanship and directorship shall possess necessary knowledge and experience in telecommunications business or related businesses which are beneficial to the Company's business. The Company also has a procedure for selection of the independent directors which ensures that the independent directors would function to the best interest of the Company and shareholders.

To this end, given the complicated and lengthy historical backgrounds of the telecommunications business sector, there is need that directors have good understandings on relevant specific matters, including commercial (e.g. business transactions) and complicated technical matters (e.g. spectrum bands, telecommunications network, fibre optic, transmission equipment, mobile device, online business, internet, technological advancement, rules and regulations of the Office of The National Broadcasting and Telecommunications, etc). Lengthy and complexity backgrounds make telecommunication sector very difficult to understand. However, understanding of these matters is quite essential for business analysis and planning. Thus, years of services is a key factor for a director to have in-depth knowledge and to provide valuable recommendations and directions to the Company. The Company's board of directors has well functioned in this respect.

The Company has planned ahead at least 5 Board of Directors' meetings in a year in order to consider regular agenda items. If there is any other important matter, the Chairman of the Board is empowered to call meetings to consider such matter by giving advanced notice to all directors as required by the relevant laws. The number of Board of Directors's meeting in 2016 was 8.

2. The Company has set out remuneration policy for both executives and employees based on knowledge, duty and responsibility. The Company also has the procedure for performance assessment in accordance with the widely accepted standard. The remuneration policy of the Management has been disclosed. Moreover, the Company has urged all executives and employees to adhere to relevant widely accepted principles, for example, employee shall not disclose his/her remuneration to other persons. Also the Company would also treat employees' remuneration as a confidential matter and would respect the employees' right to privacy.



## Audit Committee Report

### To Shareholders of Total Access Communication Public Company Limited

The Audit Committee of Total Access Communication Public Company Limited comprises 3 independent directors, who are knowledgeable as well as experienced in finance, accounting, law, and business management. All members possess adequate qualifications as determined in the Audit Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). In 2016, the committee include:

- |    |                              |                                 |
|----|------------------------------|---------------------------------|
| 1. | Mr. Chulchit Bunyaketu,      | Chairman of the Audit Committee |
| 2. | Mr. Stephen Woodruff Fordham | Member of the Audit Committee   |
| 3. | Ms. Kamonwan Wipulakorn      | Member of the Audit Committee   |

All members of the Audit Committee are not executive directors, employees or advisors of the Company.

The Audit Committee Charter, approved by the Board of Directors, requires that an audit committee meeting be held at least once every quarter. In 2016, the Company held 12 Audit Committee meetings. These meetings were attended by the relevant executive management, Head of Internal Audit, Head of Risk Management and external auditor pertaining to the agenda. Proceedings of all meetings were reported to the Board of Directors.

Activities undertaken by the Audit Committee according to its duties and responsibilities can be summarized as follows:

- Reviewed the quarterly and annual financial statements of the Company for the year 2016 for submission to the Board of Directors for approval. These financial statements were prepared in accordance with generally accepted accounting principles and all information has been sufficiently disclosed;
- Reviewed the adequacy and assessment of the internal control system, risk management and compliance with laws governing the Company's business, as well as conducting meetings with the management and internal audit unit to make recommendations for the benefits of the Company's business operations;
- Approved the annual audit plan, which was developed based on the Risk Based Approach, and considered the audit reports of the internal audit unit. It was concluded that the Company had an effective internal control system and no significant weakness area;
- Reviewed connected transactions, interested person transactions, or transactions which may have conflicts of interests, to ensure that the transactions are in the ordinary course of the Company's business operations and in compliance with the laws governing securities and exchange;

- Reviewed the Company's risks and followed up the progress of risk management as proposed by the Risk Management Unit;
- Performed a self-assessment in accordance with the Audit Committee Charter and the best corporate governance practices. The result was satisfactory; and
- Considered the nomination and appointment of external auditors and annual audit fee for 2017 for consideration by the Board of Directors.

Based on the activities mentioned above, the Audit Committee is of the opinion that the financial statements of the Company were prepared in accordance with the generally accepted accounting principles, with all information sufficiently disclosed. The Company has maintained an effective and adequate internal control system and internal audit system; no material weakness was found. All businesses have been undertaken in compliance with the laws and regulations concerning the business operation of the Company and the connected transactions were reasonable and for the best interest of the Company.

The Audit Committee has considered the nomination and appointment of external auditors pursuant to the Company's assessment criteria, the external auditors' experience, performance and independence in performing their works during the past year. The Audit Committee found the work of the auditors of EY Office Limited to be satisfactory. In addition, EY Office Limited has worldwide recognition.

The Audit Committee therefore recommends the reappointment of the auditors of EY Office Limited as auditors of the Company for the year 2017 and proposes the annual audit fee to the Board of Directors for further approval by the shareholders of the Company.



**Mr. Chulchit Bunyaketu**  
Chairman of Audit Committee  
January 30, 2017





## Nomination Committee Report

### Dear Shareholders,

The Nomination Committee consists of five members appointed by the Board of Directors, three of whom are independent directors. The Nomination Committee consists of Mr. Stephen Woodruff Fordham, the Chairman of the Nomination Committee, Mr. Chulchit Bunyaketu, Mrs. Kamonwan Wipulakorn, Mr. Haakon Bruaset Kjoel, and Mr. Tore Johnsen.

The Nomination Committee is tasked with the responsibilities of considering and nominating persons with proper qualifications and experiences to serve as directors of the Company and its subsidiaries as well as evaluating their performance.

In 2016, the Nomination Committee held three meetings, to consider various issues, including (i) recommendations on the Board of Directors' self-assessment results, (ii) recommendations on the election or re-election of directors of the Company and key subsidiaries, and (iii) review and acknowledgement of the organisational structure.

The Nomination Committee undertook a review of its own performance in the previous year and found it continued to be effective.

Sincerely yours,

Mr. Stephen Woodruff Fordham

Chairman of the Nomination Committee



## Corporate Governance Committee Report

### Dear Shareholders,

The Company has committed to the principles of good corporate governance pursuant to the Principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand (SET) and the Thai Institute of Directors Association (IOD) with a view to sustaining and maximizing the long-term value to shareholders.

As such, the Corporate Governance Committee, which was first established in 2013 by the Company as a sub-committee of the Board of Directors, has conducted several reviews of the corporate governance practices of the Company in 2016 and, based on such reviews, introduced or developed certain practices or measures to raise the level of monitoring and compliance of all corporate governance policies and codes of conduct by all directors, employees and other relevant stakeholders. On 26 October 2016, the Company earned an award "Excellent CG Scoring" of Five Stars with the level Top Quartile by Market Capitalization by the Thai Institute of Directors Association in the 2016 CGR findings which covered 601 listed companies in Thailand. This award genuinely reflects the Company's consistent effort to strive for better corporate governance throughout the past few years.

Looking ahead towards 2017, the Corporate Governance Committee is even more determined to make further progress in this matter so as to enhance the Company's good corporate governance practices for the best interests of the Company.

Sincerely yours,

Mrs. Chanayarak Phetcharat

Chairperson of the Corporate Governance Committee



## Remuneration Committee Report

### Dear Shareholders,

The Company's Remuneration Committee consists of five members appointed by the Board of Directors, three of whom are independent directors. The Remuneration Committee consists of Mr. Stephen Woodruff Fordham, the Chairman of the Remuneration Committee, Mr. Chulchit Bunyaketu, Mrs. Kamonwan Wipulakorn, Mr. Haakon Bruaset Kjoel, and Mr. Tore Johnsen. The Remuneration Committee has the responsibilities of reviewing and recommending the remuneration of directors, as well as reviewing and approving the annual remuneration package of the Chief Executive Officer.

In 2016, the Remuneration Committee held three meetings to consider various issues, including (i) the overall remuneration philosophy and strategy of the Company with a view to attracting talents in accordance with the Company's needs and objectives, (ii) to recommend the remuneration of directors of both the Company and dtac TriNet Co., Ltd.

The Remuneration Committee undertook a review of its performance in the previous year and found that the Committee was working effectively.

Sincerely yours,

**Mr. Stephen Woodruff Fordham**

Chairman of the Remuneration Committee



## Interested & connected person transaction

Any connected party transactions between the Company or its subsidiaries and persons who may have a conflict of interest must be in compliance with the relevant rules and regulations and must be made on reasonable terms or general commercial conditions or in line with the market price. In addition, the transactions shall be transacted at arm's length and the connected party transactions shall be presented to the Audit Committee for review on a quarterly basis

As shown in clause 7 of the notes to consolidated Financial Statements for the year ended 31 December 2016, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and agreed upon between the Company and those related parties.

### 1. Transactions with BB Technology Co., Ltd.

Benchachinda Holding Co., Ltd holds 100% of shares in BB Technology Co., Ltd. Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is holding 40% of shares in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Revenue		
- Revenue from sales of mobile phone set	0.02	-
2. Expenses and other payments		
- Service fees for network maintenance and installation of telecommunications equipment	272.2	275.4
- Service fees of network operation and management	334.1	318.0
- Accounts payable	965.4	663.3

### Rationale for the transactions

- The Company has entered into the agreement with BB Technology Co., Ltd. since the fourth quarter of 2008 to hire BB Technology Co., Ltd. to operate and maintain the Company's entire transmission network. The maintenance fee and contract renewal is similar to what the Company agreed with the previous parties.

## 2. Transactions with I.N.N. Group

Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a director and a shareholder of I.N.N. Group

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Revenue		
- Revenue from sales of mobile phone set	0.1	-
2. Expenses and other payments		
- Marketing expense	54.1	32.5
- Information service fee	16.1	26.0
- Accounts payable	4.4	2.1
- Other payable	8.9	6.0

### Rationale for the transactions

- The Company purchased airtime from I.N.N. Radio Co., Ltd. to advertise company's product via radio. I.N.N. Radio Co., Ltd. is a service provider of the Company providing agricultural information for the Company's customers in several forms through mobile phones. The service rate is of normal commercial terms.
- The Company entered into a content provider access agreement with I.N.N. News (Thailand) Co., Ltd. to provide content service to the Company's customers.

## 3. Transactions with International Cold Storage and Agricultural Co., Ltd.

Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a director of International Cold Storage and Agricultural Co., Ltd. and holds 25% interest.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Rent for Land	1.0	0.2

### Rationale for the transactions

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



#### 4. Transactions with Private Property Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director and a shareholder of Private Property Co., Ltd. with 25% shareholding.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Revenue		
- Mobile service revenue	0.1	-
2. Expenses and other payments		
- Rent for space in Benchachinda Building	1.4	1.0

#### Rationale for the transactions

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

#### 5. Transactions with Telenor Group

Telenor is a major shareholder of the Company with 42.62% shareholding.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Revenue		
- Revenue from international roaming service	67.6	24.2
- Revenue from sales of mobile phone set	0.8	0.2
- Revenue from interconnection	378.3	373.4
- Revenue from management service	2.2	0.2
- Revenue from sales on assets	-	3.0
- Account receivable	339	136.8
- Advance	130	54.6
2. Expenses and other payments		
- Fees to Telenor under a service agreement	501.3	499.4
- Software and system maintenance fee	148.1	177.0
- Other payable	582.3	491.5
- International roaming costs	1.8	31.6
- Interconnection costs	600.1	965.0
- Cost on international signaling	25.7	34.1
- Accounts payable	413.2	227.7
- Borrowings	-	165.0

### Rationale for the transactions

- It is a policy that Telenor provides secondments with appropriate experience and capacity as requested by the Company to jointly manage the business operations for the shareholders best interest by charging an applicable service fee. Internal Audit Department has submitted the report on this matter to the Audit Committee for review and approval.
- Revenue from mobile phone service arises from the mobile phone services charged to Telenor Asia (ROH) Co., Ltd which has the office in Thailand.
- Revenue from international roaming service arises from the usage of Telenor subsidiaries' customers who travel to Thailand and use the roaming service on dtac's network. The fee is charged in accordance with the agreement.
- Revenue and cost from interconnection, including related costs on rental signaling and IP transit service, arise from the interconnection between dtac TriNet and Telenor Global Services.
- The Company purchased computer software and made annual maintenance contract to improve operational efficiency of the Company.

### 6. Transactions with United Distribution Business Co., Ltd. ("UD")

UD is a subsidiary of Benchachinda Holding Co., Ltd with 75% shareholding and an associate of the Company with 25% shareholding. Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a shareholder holding 40% of shares in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Revenue		
- Sales of refill vouchers, SIM cards, SIM card packages, starter kits and other	12,643.62	10,520.5
- Dividend	10.0	5.0
- Account receivable	1,884.15	1,444.9
2. Expenses and other payments		
- Marketing expense	8.3	3.4
- Rental fee	605.18	488.8
- Accounts payable	93.7	64.8
- Other payable	1	0.5

### Rationale for the transactions

- In June 2002, the Company and United Communication Industry PLC transferred their sales and distribution business to UD. UD also has an exclusive right to distribute and sell the Company's telecommunication products. The business relationship is beneficial as it allows the Company to concentrate on core business while controlling the cost of distribution.
- The Company purchases handsets from UD for resale at DTAC shops and services centers.

## 7. Transactions with United Information Highway Co., Ltd. (UIH)

UIH is a subsidiary of Benchachida Holding Co., Ltd with 100% shareholding. Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a shareholder holding 40% of shares in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Revenue		
- Revenue from base station sublease include electricity charge	52.9	50.2
- Account receivable	9.1	8.7
2. Expenses and other payments		
- Rental expense for high speed leased circuit	21.8	56.9
- Cost of Wi-Fi equipment and service	52.2	16.9
- Accounts payable	4.0	5.4
- Other payable	7.9	4.4

### Rationale for the transactions

- UIH provides high-speed data communication service via a nationwide leased optical fiber network to public and private organizations. UIH has one of the most extensive and high quality fiber optic networks in Thailand and has been providing consistent and high quality data communication services to the Company and its subsidiaries for many years.
- It is beneficial to conduct business with UIH as currently the Company does not have such data communication networks. In addition, UIH has one of the most extensive and high quality fiber optic network coverage throughout Thailand.
- Procurement team will obtain quotations from at least 3 service providers as part of the review of pricing arrangements. The Company will continue to rent the high speed leased circuits from UIH if the pricing arrangements continue to be more favorable to the Company than those extended by other service providers, taking into consideration various factors i.e. reputation, the size and quality of the leased circuit, the switching cost and strategic purposes of the transaction.
- dtac Broadband Co., Ltd, the Company's subsidiary, has entered an agreement for high speed circuit at a rate comparable with market rate and an agreement for equipment and service of Wi-Fi with normal commercial terms.

## 8. Transactions with Bang-san Townhouse Co., Ltd.

Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a director of Bang-san Townhouse and holds 25% shareholding.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Rent for Land	0.6	0.6

### Rationale for the transactions

- The Company leased a plot of land to build switching center with 3-year term at a rate comparable with market rate.
- The Company leased land and building to store our asset and equipment with 3-year term at a rate comparable with market rate.

## 9. Transactions with King Power Suvarnabhumi Co., Ltd.

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

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Rental and service expense	1.5	1.1
- Other payable	0.1	-

### Rationale for the transactions

- The Company was granted the right from King Power Suvarnabhumi Co., Ltd. to provide mobile rental service for dtac customers who will bring mobile phone to use in other countries, and also provide other services including sale of SIM card, payment transactions, and other mobile phone services. The right was charged at one-time payment and monthly revenue shares from services provided at the airport. The agreement term is 5-year starting from the open of the airport.
- The Company leased the space for service hall in order to provide service for dtac customers at the airport. The agreement term is 7-year and it was charged on annual basis at the rate comparable to market rate.

## 10. Transactions with Top Up 4U Co., Ltd.

Benchachida Holding Co., Ltd. holds 100% interest. Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a shareholder holding 40% of shares in Benchachida Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Revenue		
- Revenue from sales of top-up service	357.8	296.0
- Account receivable	30.5	24.0
2. Expenses and other payments		
- Expenses and commission	15.9	13
- Accounts payable	1.5	1.2

### Rationale for the transactions

- The Company hired Top Up 4U Co., Ltd. to be an E-refill distributor at a contract rate in order to expand our top-up channels. This is in order to enhance channel for E-refill service for the Company.

## 11. Transactions with BB Content & Multimedia Co., Ltd.

Benchachida Holding Co., Ltd. holds 100% interest. Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a shareholder holding 40% of share in Benchachida Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Information service fee	0.2	4.8
- Accounts payable	0.1	0.4

### Rationale for the transactions

- The Company signed a content provider access agreement with BB Content & Multimedia to provide content service to dtac customers.

## 12. Principal Transactions with Rakbankerd Co., Ltd.

Benchachida Holding Co., Ltd. holds 100% interest in Rakbankerd Co., Ltd. Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a shareholder holding 40% of share in Benchachida Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Information service fee	-	16.5
- Purchase goods	-	6.1
- Other payable	-	5.3

### Rationale for the transactions

- The Company entered into contract with Rakbankerd Co., Ltd. to provide agricultural information content service to farmers who are dtac customers via SMS and Farmer Info application. This is in order to support the Company's business.



### 13. Principal Transactions with Y & Associate Co., Ltd.

Mr. Boonchai Bencharongkul, Chairman of the Board of the Company, is a director of Y & Associate Co., Ltd. and holds 25% shareholding.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Service expense	86.1	127.5
- Accounts payable	9.2	-

#### Rationale for the transactions

- The Company leased warehouse space and logistics management service from Y & Associate to store the Company's equipment. The transaction is considered as normal business or supporting normal business with general term and condition.

### 14. Principal Transactions with BTS Group

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Marketing expense	1.9	7.4
- Other payable	0.5	0.8

#### Rationale for the transactions

- The Company entered into contract with BTS Holdings Plc. to lease part of the building area to set up telecommunication equipments. The transaction is considered as normal business or supporting normal business with general term and condition comparable to what the Company could agree with any third party.
- The Company offered marketing campaign (dtac reward) to company within BTS Group Holdings. The transaction is considered as normal business or supporting normal business with general term and condition comparable to what the Company could agree with any third party.

## 15. Principal Transactions with entities within The Erawan Group PLC.

Mrs. Kamonwan Wipulakorn, a director of the Company, is a director and president of The Erawan Group PLC.

Principal Transactions	Total amount (THB million)	
	2015	2016
1. Expenses and other payments		
- Rental and service expenses	1.2	1.1

### Rationale for the transactions

- The Company entered into contract with company within the Erawan Group to lease part of the building area to set up telecommunication equipments, and to use other services. The transaction is considered as normal business or supporting normal business with general term and condition comparable to what the Company could agree with any third party.

Other than the connected party transactions set out above, there was no material contract involving the interests of any of the Chief Executive Officer, Directors and controlling shareholders, still subsisting at the end of the financial year ending 31 December 2016.

### Measure and Procedures for Approving Connected Party Transactions

The Company has set policy and procedures for entering into connected party transactions with transparency and for the best interest of the Company. The Company has internal guideline regarding connected party transactions between the Company or its subsidiaries and connected persons which is in accordance with relevant SEC and SET rules and regulations on connected party transactions.

In addition, the Board of Directors of the Company has approved-in-principal the entry into connected party transactions which are ordinary course of business or related supporting business. The key summary is as follows:

- the sales and purchases of products, including, inter alia, the sales and purchases of telecommunication products (including phone kits, refill vouchers, SIM cards, SIM card packages and starter kits); and the sales of e-refill products;
- the obtaining of services, including, inter alia,;
  - the obtaining of maintenance services (including installation services) of base stations and cell site equipment;

- the obtaining of services for Content Provider Access;
  - the obtaining of international roaming services;
  - the obtaining of business service cost and management services;
  - the obtaining of point(s) of interconnection and cost sharing for International Telecommunication Services; and
  - the obtaining of Outsource Bill-Collection Service.
- the rental of properties and circuits, including, inter alia,;
    - the rental of high speed leased circuit; and
    - the rental of land, office space or warehouses.
  - the payment of commission to Connected Persons for distribution services or other services rendered (e.g. the distribution of e-refill products of the Company);
  - the provision and maintenance of telecommunications services including, inter alia, point(s) of interconnection and cost sharing for International Telecommunication Services;
  - the procurement of products, services and/or contracts which are necessary and/or expedient to support the business operations of the Company (including, inter alia, insurance protection); and
  - the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in paragraphs (1) to (6) above.

The Company has also implemented the following procedures for approving connected party transaction which may occur during the year in accordance with scopes of transactions that have been approved by the Board of Directors:

- (1) where the value of a transaction is equal to or exceeds THB 500,000, but is less than THB 10 million the connected party transaction will be reviewed and approved by the senior management of the Company;
- (2) where the value of a Transaction is equal to or exceeds THB 10 million, but is less than THB 100 million the transaction will be reviewed and approved by the senior management of the Company. In addition, Internal Audit Department will verify that whether the pricing and other commercial terms of the transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Internal Audit Department will issue a report (the "Review Report") and will submit thereport to the Audit Committee on a quarterly basis;
- (3) where the value of a transaction (either one transaction or several transactions entered into within 6 months with the same connected person) is equal to or exceeds THB 100 million, the transaction(s) will be reviewed and approved by the Audit Committee before the entry into of such contract or transaction. The Audit Committee will evaluate the terms of the transaction(s) in accordance with the prevailing industry norms.



## Shareholder structure

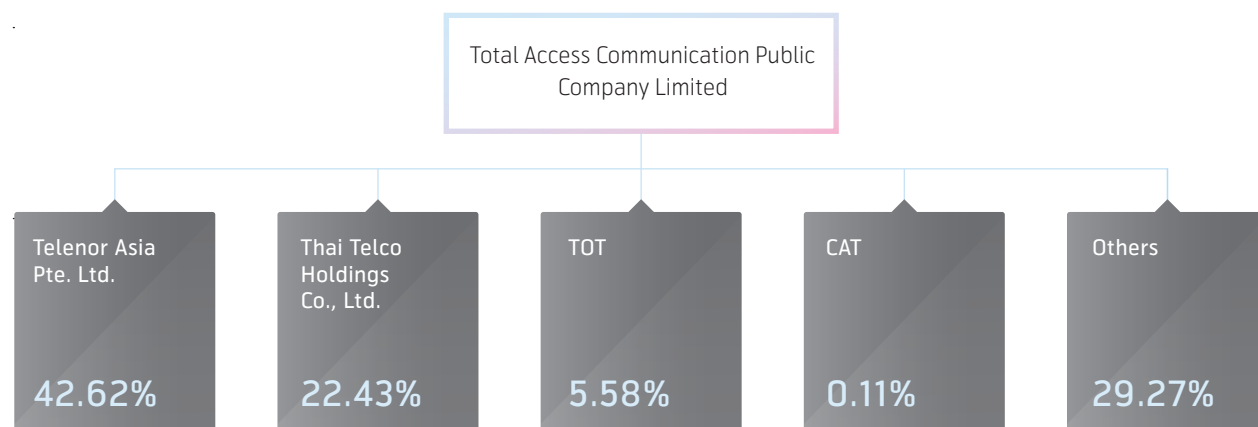
### Total Access Communication Public Company Limited

#### Information on Share Capital and Shareholding

As at 28 July 2016

#### Share Capital

Authorized Share Capital : THB 4,744,161,260  
Issued Share Capital : THB 4,735,622,000  
Class of Share : Ordinary Shares 2,367,811,000 of THB 2 each  
Voting Rights : One vote per share



## Top 10 Largest Shareholders

(from the shareholder registered book as of 28 July 2016)

Ranking	Name	Amount of share	Percentage
1	TELENOR ASIA PTE LTD	1,009,172,497	42.62
2	Thai Telco Holdings Limited	531,001,300	22.43
3	Thai NVDR Company Limited	151,194,605	6.39
4	TOT Public Company Limited	132,145,250	5.58
5	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES DEPARTMENT	43,964,300	1.86
6	Social Security Office	42,665,800	1.80
7	K Master Pooled Registered Provident Fund	11,946,800	0.50
8	BTS Group Holdings Public Company Limited	11,686,100	0.49
9	CHASE NOMINEES LIMITED	11,320,900	0.48
10	Bangkok Life Assurance Public Company Limited	9,557,800	0.40

Remark: (1) Telenor Asia Pte. Ltd. is a holding company and a subsidiary of Telenor ASA.

(2) Thai Telco Holdings Co., Ltd is a holding company. Shareholder's list and shareholding structure of Thai Telco Holdings Co., Ltd as of 22 April 2016 are as follows:

BCTN Holding Co., Ltd.	51.00%
Telenor South East Asia Investment Pte. Ltd.	49.00%
Telenor	0.00%

(3) BCTN Holding Co., Ltd. is a holding company. Shareholder's list and shareholding structure of BCTN Holding Co., Ltd. as of 22 April 2016 are as follows:

BCTN Innovation Co., Ltd.	51.00%
Telenor South East Asia Investment Pte. Ltd.	49.00%
Telenor	0.00%

(4) BCTN Innovation Co., Ltd. is a holding company. Shareholder's list and shareholding structure of BCTN Innovation Co., Ltd. as of 22 April 2016 are as follows:

BCH Holding Co., Ltd.	51.00%
Telenor South East Asia Investment Pte. Ltd.	49.00%
Telenor	0.00%

(5) BCH Holding Co., Ltd. is a holding company. Shareholder's list and shareholding structure of BCH Holding Co., Ltd. as of 29 April 2016 are as follows:

Mr. Vichai Bencharongkul	64.88%
Mr. Boonchai Bencharongkul	20.12%
Mr. Somchai Bencharongkul	15.00%



## Dividend Policy

"To pay out dividend not less than 50% of the Company's net profit, depending on financial position and future business plans. The Company aims to pay dividend semi-annually"









## Management Discussion and Analysis

### Executive Summary

FY16, Thai mobile industry continued to grow, driven by mobile Internet services. dtac expanded 4G networks nationwide to secure the leading 4G position, improved network perception and continued transferring subscribers to licensed networks. However, competition in the industry remained intense, particularly on handset subsidies to attract and retain subscribers. Moreover, data monetization was still an industry challenge as strong growth in data consumption outpaced data revenue development.

dtac affirmed a strong spectrum portfolio with bandwidth of 50MHz currently in use. With CAPEX spending of THB 20 billion in FY16, we increased the total number of 4G base stations to 21.8k, up from 6.3k last year, resulting in coverage of 4G services in every district throughout Thailand. Furthermore, in highly populated areas, we deployed 20MHz bandwidth of 1800MHz frequency for 4G services, called "Super 4G", to enhance customer experience. In addition to network development, we implemented many campaigns to strengthen network perception, value-for-money position, and digital brand image, including the launch of the new "dtac prepaid" brand. With the ambition to become no. 1 digital brand in Thailand by 2020, we delivered new digital experiences to customers throughout the year, including the "dtac MUSIC INFINITE" service and Voice-over-WiFi technology.

In FY16, our postpaid revenues grew 10.5%YoY while prepaid revenues decreased 9.5%YoY. The prepaid segment faced many challenges, including widespread handset subsidies, aggressive MNP campaigns, and subscribers upgrading to postpaid. As the postpaid growth could fully not offset the prepaid contraction, service revenues excluding IC decreased 2.3%YoY to THB 64,693 million. Data services continued to be the growth driver, thanks to 4G network expansion, attractive smartphone deals, and popularity of social media and streaming services.

Despite lower service revenues and higher handset subsidies, FY16 EBITDA (before other income and other expenses) amounted to THB 27,915 million, relatively stable from last year, mainly supported by lower regulatory cost and implementation of operation excellence programs, such as IP Transit and IDD cost optimization. Our financial position remains flexible for future investment, with net debt to EBITDA of 1.1x, compared to 1.4x last year. However, net profit of FY16 decreased 65% to THB 2,086 million mainly due to an increase of depreciation and amortization (D&A) following the network expansion.

Aiming to be the no. 1 digital brand by 2020, dtac will strengthen its digital brand perception, deliver more digital services and build consumers' confidence in our mobile network. We plan to spend FY17 CAPEX in a range of THB 17-20 billion to densify network and enhance Internet experiences. As industry competition is likely to continue, our FY17 service revenue is expected to be about the same level as in FY16 supported by improving network perception and value-for-money offers. We expect FY17 EBITDA to be at least the same amount as in FY16, supported by financial discipline and operation efficiency initiatives.

### Significant Event

#### Impairment of assets on the separate financial statements

In Q416, dtac performed impairment test of the deferred right to use of equipment and the equipment for supporting cellular telephone services (Concession Agreement) by comparing the carrying amount of the cash generating unit to its recoverable amount. As a result, we recognized non-cash loss from the asset impairment totaling THB 5,185 million in the separate financial statements. There was no impact on the consolidated financial statements. (Please see notes in FY16 financial statement for more details)

## Operational Summary

At the end of FY16, total subscriber base was 24.5 million, decreasing from 25.3 million last year. The decrease was due to lower prepaid subscriber base as dtac was cautious in providing subsidies on prepaid handset amid massive amount of such subsidies being poured into the market by competitors. Meanwhile, postpaid subscriber base increased to 5.0 million from 4.3 million last year underpinned by successful prepaid-to-postpaid campaigns and value-for-money offers. In Q416, the total subscriber base decreased by 340k from Q316 as postpaid net addition of 207k was not sufficient to offset prepaid subscriber decrease of 548k.

During 2016, transition from concession to license regime continued. Subscribers registered on 2.1GHz licensed network increased to 95% of total subscriber base, compared to 90% last year. Nationwide 4G network expansion, proliferation of streaming services, and more affordable devices drove smartphone penetration to 68%, compared to 61% last year. In addition, penetration of 4G users increased to 20% (5 million), while penetration of data users increased to 62% (15.2 million).

Due to the higher proportion of relatively higher-ARPU postpaid subs, blended Average Revenue per User excluding IC (ARPU) increased 5.9% to THB 216 in FY16. In Q416, blended ARPU was THB 220, increasing 0.6%QoQ, and stable YoY. Blended Minutes of Use excluding IC (MOU) continued to decrease due to substitution effect from voice to data, including Voice over IP.

Active subscribers (in thousand)	Q415	Q316	Q416	%QoQ	%YoY	FY15	FY16	%YoY
Postpaid (under concession from CAT)	561	456	412	-9.6%	-27%	561	412	-27%
Prepaid (under concession from CAT)	2,089	1,074	815	-24%	-61%	2,089	815	-61%
Postpaid (under 2.1GHz license )	3,763	4,362	4,613	5.8%	23%	3,763	4,613	23%
Prepaid (under 2.1GHz license )	18,840	18,928	18,640	-1.5%	-1.1%	18,840	18,640	-1.1%
<b>Total</b>	<b>25,252</b>	<b>24,820</b>	<b>24,480</b>	<b>-1.4%</b>	<b>-3.1%</b>	<b>25,252</b>	<b>24,480</b>	<b>-3.1%</b>
Net additional subscribers (in thousand)	Q415	Q316	Q416	%QoQ	%YoY	FY15	FY16	%YoY
Postpaid	208	195	207	6.0%	-0.4%	474	702	48%
Prepaid	192	-328	-548	-67%	-385%	-3,231	-1,473	54%
<b>Total</b>	<b>400</b>	<b>-132</b>	<b>-340</b>	<b>-158%</b>	<b>-185%</b>	<b>-2,756</b>	<b>-772</b>	<b>72%</b>
MOU (minutes/sub/month)	Q415	Q316	Q416	%QoQ	%YoY	FY15	FY16	%YoY
Postpaid	318	285	276	-3.0%	-13%	332	287	-14%
Prepaid	192	146	138	-5.1%	-28%	190	154	-19%
<b>Blended</b>	<b>213</b>	<b>171</b>	<b>165</b>	<b>-3.7%</b>	<b>-23%</b>	<b>211</b>	<b>177</b>	<b>-16%</b>
Postpaid excluding IC	231	201	194	-3.4%	-16%	240	203	-15%
Prepaid excluding IC	157	114	107	-6.1%	-32%	156	122	-22%
<b>Blended excluding IC</b>	<b>169</b>	<b>130</b>	<b>124</b>	<b>-4.7%</b>	<b>-27%</b>	<b>168</b>	<b>136</b>	<b>-19%</b>
ARPU (THB/sub/month)	Q415	Q316	Q416	%QoQ	%YoY	FY15	FY16	%YoY
Postpaid	542	556	556	-0.1%	2.6%	556	551	-0.9%
Prepaid	178	162	159	-1.9%	-11%	166	162	-2.2%
<b>Blended</b>	<b>238</b>	<b>234</b>	<b>235</b>	<b>0.5%</b>	<b>-1.2%</b>	<b>222</b>	<b>231</b>	<b>4.0%</b>
Postpaid excluding IC	519	524	524	0.1%	1.0%	530	519	-2.2%
Prepaid excluding IC	162	151	148	-1.9%	-8.7%	149	151	1.4%
<b>Blended excluding IC</b>	<b>220</b>	<b>218</b>	<b>220</b>	<b>0.6%</b>	<b>-0.1%</b>	<b>204</b>	<b>216</b>	<b>5.9%</b>

## Financial Summary

### Revenues

In FY16, total revenues amounted to THB 82,478 million, decreasing 6%YoY due to lower service revenues and handset sales. Service revenues excluding IC amounted to THB 64,693 million, decreasing 2.3%YoY, mainly driven by the decline in voice revenue, partly offset by the growth in data revenue. In Q416, service revenue excluding IC amounted to THB 16,023 million, a decrease of 3.6%YoY and 1.1%QoQ, due in part to subdued macro environment and challenges in prepaid segment.

Voice revenues amounted to THB 22,953 million, decreasing by 22%YoY due to continuing voice to data substitution effect after subscribers adopting smartphones.

Data revenues amounted to THB 35,744 million, an increase of 16%YoY, driven by increasing data users and average data usage per subscriber following improvement in networks and growth of streaming services. However, data monetization challenge still remained due to intense market competition. Contribution of data revenues increased to 55.3% of service revenues excluding IC, up from 46.4% in FY15.

International Roaming (IR) revenues amounted to THB 1,168 million, decreasing by 13%YoY due to competition, alternative services, and one-time adjustment of inbound revenues.

Other service revenues amounted to THB 4,829 million and decreased 1.2%YoY. In Q416, other service revenues were stable QoQ but decreased 7%YoY due to lower IDD revenues.

Handset and starter kit sales amounted to THB 12,181 million, decreasing by 21%YoY mainly due to lower number of iPhone units sold and higher handset subsidy in response to industry competition. As a result, the net loss in handset and starter kits sales of FY16 was THB 2,505 million, increasing from the net loss of THB 1,961 million in FY15. In Q416, handset and starter kit sales decreased 23%YoY to THB 4,064 million due to the lower number of iPhone units sold and campaigns supporting prepaid-to-postpaid upgrade. However, handset and starter kit sales in Q416 increased 108%QoQ due to the launch of new iPhone models. The net loss in handset and starter kits in Q416 was THB 835 million, increasing from a net loss of THB 629 million in Q316 and a net loss of THB 54 million in Q415 due to handset campaigns such as iPhone offers and the "dtac best deal".

### Cost of Services

Cost of services excluding IC amounted to THB 41,850 million and increased 6.5%YoY, driven by higher depreciation & amortization and network operating expenses, partly offset by lower regulatory cost.

Regulatory costs amounted to THB 10,472 million and decreased 14%YoY due to larger proportion of 2.1GHz subscribers in the total base, higher 2.1GHz handset penetration, and DR rate adjustment. As a result, regulatory cost to service revenues excluding IC decreased to 16.2% from 18.3% last year. In Q416, regulatory cost amounted to THB 2,574 million, increasing 1.8%QoQ due to higher data usage roaming on concession networks.

Network OPEX amounted to THB 5,900 million, an increase of 12%YoY, mainly due to 4G network expansion. The total number of 4G nodes (both 1800MHz and 2.1GHz) increased by 244%YoY to 21.8k by end of FY16. As a result, our 4G services were available in every district throughout Thailand. In Q416, network OPEX was stable QoQ and increased 12%YoY.

Other operating costs of services amounted to THB 3,333 million, decreasing 23%YoY mainly due to lower IP transit cost and IDD cost.

Depreciation and Amortization (D&A) of costs of services amounted to THB 22,145 million, increasing 26%YoY due to network expansion on both the 2.1GHz licensed network and the 1800MHz/850MHz concession networks.

### Selling, General and Administrative Expenses (SG&A)

SG&A expenses amounted to THB 17,796 million, increasing 5.5%YoY mainly driven by restructuring cost and higher S&M expenses to respond to market competition.

Selling and Marketing (S&M) expenses amounted to THB 7,192 million, increasing 4.2%YoY to support selling activities, strengthen brand perception and customer relationship programs, including "Blue Member" and "dtac rewards". As a result, S&M expenses, as a percentage of total revenues, increased to 8.7%, compared to 7.9% last year. In Q416, S&M expenses decreased 14%YoY mainly due to lower media spending, but increased 5.5%QoQ due to seasonality.

General administrative expenses amounted to THB 8,887 million, increasing 14%YoY. Normalized, the general administrative expenses excluding restructuring costs increased 7.7%YoY due to channel expansion, IT expenses and impairment of assets.

Provision for bad debt amounted to THB 725 million, decreasing 25%YoY mainly due to provision made following the expiration of prepaid registration in last year.

### EBITDA and Net Profit

EBITDA (before other income and other expenses) amounted to THB 27,915 million, being stable from FY15 level as higher handset subsidy and lower service revenues were offset by lower regulatory cost and cost efficiency programs. EBITDA margin was 33.8%, improving from 31.8% last year. The increase in EBITDA margin was mainly driven by lower regulatory cost and other operating costs of services. Excluding handsets and starter kits, the EBITDA margin was 43.3%, improving from 41.3% last year.

Net profit amounted to THB 2,086 million, decreasing 65%YoY largely due to higher depreciation and amortization and restructuring cost, partly offset by the stable EBITDA. In Q416, we reported a net profit of THB 30 million, a decrease of 97%YoY and 95%QoQ, mainly due to the higher depreciation and amortization and handset subsidy. We also recorded restructuring cost of THB 146 million in Q416.

### Balance Sheet and Key Financial Information

At the end of FY16, total assets amounted to THB 115,369 million and increased from THB 111,044 million last year due to higher cash and PPE. Cash and cash equivalent amounted to THB 18,293 million and increased from THB 10,121 million last year mainly due to lower amount of dividend payment. Interest-bearing debt amounted to THB 49,165 million and increased from THB 48,000 million last year. Net debt to EBITDA was lower to 1.1x from 1.4x last year due to higher cash on hand.

Operating cash flow (defined as EBITDA - CAPEX) amounted to THB 7,605 million, decreasing by 1.5%YoY. We spent CAPEX of THB 20,310 million, in line with FY16 guidance.

Statement of financial position (THB million)	End of FY2015	End of FY2016
Cash and cash equivalent	10,121	18,293
Other current assets	16,153	13,608
Non-current assets	84,771	83,467
<b>Total assets</b>	<b>111,044</b>	<b>115,369</b>
Current liabilities	49,922	38,222
Non-current liabilities	33,899	50,002
<b>Total liabilities</b>	<b>83,821</b>	<b>88,224</b>
<b>Total shareholders' equity</b>	<b>27,224</b>	<b>27,145</b>
<b>Total liabilities and shareholders' equity</b>	<b>111,044</b>	<b>115,369</b>

Cash flows statement (THB million)	FY 2015	FY 2016
Cash flows from operating activities	28,100	30,706
Cash paid for interest expenses and tax	(3,324)	(4,080)
<b>Net cash flows from operating activities</b>	<b>24,776</b>	<b>26,626</b>
<b>Net cash flows from investing activities</b>	<b>(23,572)</b>	<b>(17,392)</b>
Net cash receipt/(Repayment) - loan & debenture	14,336	1,165
Dividend paid	(11,242)	(2,226)
<b>Net cash flows from financing activities</b>	<b>3,094</b>	<b>(1,061)</b>
<b>Net change in cash &amp; cash equivalent Increase/(decrease)</b>	<b>4,297</b>	<b>8,173</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>5,823</b>	<b>10,121</b>
<b>Ending cash &amp; cash equivalent</b>	<b>10,121</b>	<b>18,293</b>



Income statement (THB million)	Q415	Q316	Q416	%QoQ	%YoY	FY15	FY16	%YoY
Voice	7,084	5,463	5,046	-7.6%	-29%	29,252	22,953	-22%
Data	7,899	9,340	9,502	1.7%	20%	30,746	35,744	16%
IR	347	184	270	47%	-22%	1,336	1,168	-13%
Others	1,296	1,208	1,205	-0.3%	-7.0%	4,887	4,829	-1.2%
<b>Service revenues ex. IC</b>	<b>16,627</b>	<b>16,196</b>	<b>16,023</b>	<b>-1.1%</b>	<b>-3.6%</b>	<b>66,222</b>	<b>64,693</b>	<b>-2.3%</b>
IC revenue	1,206	1,124	1,093	-2.7%	-9.4%	5,637	4,559	-19%
<b>Service revenues</b>	<b>17,834</b>	<b>17,320</b>	<b>17,116</b>	<b>-1.2%</b>	<b>-4.0%</b>	<b>71,858</b>	<b>69,252</b>	<b>-3.6%</b>
Handsets and starter kits sales	5,280	1,949	4,064	108%	-23%	15,411	12,181	-21%
Other operating income	134	268	285	6.2%	112%	483	1,044	116%
<b>Total revenues</b>	<b>23,249</b>	<b>19,537</b>	<b>21,465</b>	<b>9.9%</b>	<b>-7.7%</b>	<b>87,753</b>	<b>82,478</b>	<b>-6.0%</b>
Cost of services	(11,475)	(11,671)	(11,922)	2.1%	3.9%	(44,692)	(46,160)	3.3%
Regulatory	(2,897)	(2,527)	(2,574)	1.8%	-11%	(12,112)	(10,472)	-14%
Network	(1,391)	(1,556)	(1,556)	0.0%	12%	(5,277)	(5,900)	12%
IC	(1,170)	(1,055)	(1,041)	-1.3%	-11%	(5,386)	(4,310)	-20%
Others	(1,157)	(774)	(751)	-3.0%	-35%	(4,312)	(3,333)	-23%
Depreciation and Amortization	(4,861)	(5,759)	(6,001)	4.2%	23%	(17,605)	(22,145)	26%
Cost of handsets and starter kits	(5,335)	(2,579)	(4,898)	90%	-8.2%	(17,372)	(14,686)	-15%
<b>Total cost</b>	<b>(16,810)</b>	<b>(14,249)</b>	<b>(16,820)</b>	<b>18%</b>	<b>0.1%</b>	<b>(62,063)</b>	<b>(60,846)</b>	<b>-2.0%</b>
<b>Gross profit</b>	<b>6,439</b>	<b>5,288</b>	<b>4,645</b>	<b>-12%</b>	<b>-28%</b>	<b>25,689</b>	<b>21,632</b>	<b>-16%</b>
SG&A	(4,926)	(4,114)	(4,368)	6.2%	-11%	(16,866)	(17,796)	5.5%
Selling & Marketing expenses	(2,072)	(1,680)	(1,773)	5.5%	-14%	(6,905)	(7,192)	4.2%
General administrative expenses	(2,274)	(1,986)	(2,234)	12%	-1.8%	(7,825)	(8,887)	14%
Provision for bad debt	(303)	(206)	(130)	-37%	-57%	(968)	(725)	-25%
Depreciation and Amortization	(276)	(242)	(232)	-4.1%	-16%	(1,169)	(992)	-15%
Gain/(Loss) on foreign exchange	58	7	7	7.0%	-87%	(295)	84	128%
Interest income	55	45	53	18%	-3.1%	136	170	25%
Other income & share of profit from investment in associated company	26	16	19	19%	-28%	165	68	-59%
<b>EBIT</b>	<b>1,653</b>	<b>1,241</b>	<b>356</b>	<b>-71%</b>	<b>-78%</b>	<b>8,829</b>	<b>4,158</b>	<b>-53%</b>
Finance cost	(372)	(383)	(376)	-1.9%	1.2%	(1,384)	(1,567)	13%
Income tax expenses	(283)	(199)	50	-125%	-118%	(1,557)	(506)	-68%
<b>Net profit attributable to equity holder</b>	<b>998</b>	<b>659</b>	<b>30</b>	<b>-95%</b>	<b>-97%</b>	<b>5,893</b>	<b>2,086</b>	<b>-65%</b>

EBITDA (THB million)	Q415	Q316	Q416	%QoQ	%YoY	FY15	FY16	%YoY
<b>Net profit for the period</b>	<b>998</b>	<b>659</b>	<b>30</b>	<b>-95%</b>	<b>-97%</b>	<b>5,888</b>	<b>2,086</b>	<b>-65%</b>
Finance costs	372	383	376	-1.9%	1.2%	1,384	1,567	13%
Income tax expenses	283	199	(50)	-125%	-118%	1,557	506	-68%
Depreciation & Amortization	5,137	6,000	6,232	3.9%	21%	18,774	23,137	23%
Other items	(50)	(16)	168	-1,160%	-437%	339	620	83%
<b>EBITDA</b>	<b>6,740</b>	<b>7,226</b>	<b>6,757</b>	<b>-6.5%</b>	<b>0.3%</b>	<b>27,941</b>	<b>27,915</b>	<b>-0.1%</b>
<b>EBITDA margin</b>	<b>29.0%</b>	<b>37.0%</b>	<b>31.5%</b>			<b>31.8%</b>	<b>33.8%</b>	
<b>EBITDA margin-excluding handsets and starter kits</b>	<b>37.8%</b>	<b>44.7%</b>	<b>43.6%</b>			<b>41.3%</b>	<b>43.3%</b>	

EBITDA herein is EBITDA before other incomes and other expenses. Please see more details in the note of the financial statement.

Long-term debt repayment schedule (THB million) at end of FY16			Key Financial Ratio		FY15	FY16
	Loan	Debenture				
In 2018	-	2,000	Return on Equity (%)		20%	8%
In 2019	12,600	1,500	Return on Asset (%)		5%	2%
In 2020	12,600	4,000	Interest coverage Ratio (times)		7x	3x
In 2021 - 2027	3,800	12,500	Net debt to EBITDA (times)		1.4x	1.1x
			CAPEX to Total Revenue (%)		23%	25%

## Outlook 2017

The growth of mobile industry is expected to continue, driven by Internet services. Subscribers are expected to increase data usage on of social media and streaming services, while businesses have placed greater importance on digital channels for their sales and marketing activities. Number of smartphone and data users is expected to further increase through device campaigns and attractive price plans. In addition, the revised Mobile Number Portability (MNP) process, commenced in January 2017, is expected to impact competitive dynamic in the industry.

With an aim to become the no. 1 digital brand in Thailand by 2020, dtac will strengthen its digital brand perception by delivering more and better digital experiences and build consumers' confidence in our mobile network. After massive 4G network rollout in the past few years, we plan to spend CAPEX in a range of THB 17-20 billion in FY17 to densify the network and enhance customer Internet experience. Furthermore, as competition in the market is likely to continue at a high level, we expect FY17 service revenues (excluding IC) to be at the same level as the previous year, underpinned by improving network perception and value-for-money offers. We expect handset subsidies to continue for postpaid segment to support acquisition and prepaid-to-postpaid upgrade.

In FY17, EBITDA is anticipated to be at least the same amount as in FY16, supported by financial discipline and operation efficiency initiatives. Amidst the high competition, continuously improving our operation efficiency will be key. Moreover, we have to maintain our financial discipline in order to ensure that we will be ready for new business opportunities, including future spectrum allocations.

### 2017 Guidance:

- Service revenues excluding IC: same level as the previous year.
- EBITDA: at least same level as the previous year.
- CAPEX: THB 17-20 billion.

We maintain our dividend policy which is to pay out dividend not less than 50% of the Company's net profits, depending on financial position and future business plans, and aims to pay dividend semi-annually.

### 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.



## Report of the Board of Directors' Responsibility for the Financial Reports

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of 31 December 2016 have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorised auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

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

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

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of 31 December 2016.

On behalf of the Board of Directors

Total Access Communication Public Company Limited

30 January 2017

**Mr. Haakon Bruaset Kjoel**  
Director

**Mr. Lars-Aake Valdemar Norling**  
Director and the Chief Executive Officer



## Independent Auditor's Report

### To the Shareholders of Total Access Communication Public Company Limited

#### Opinion

I have audited the accompanying consolidated financial statements of Total Access Communication Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Total Access Communication Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Total Access Communication Public Company Limited and its subsidiaries and of Total Access Communication Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

#### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

My opinion is not modified in respect of these matters.

I draw attention to the following Notes to consolidated the financial statements.

#### 1. Significant legal cases and commercial disputes

- a) As discussed in Note 33 to the consolidated financial statements, the Company is involved in proceedings and commercial disputes with TOT Public Company Limited ("TOT") in relation to the access charge payment. For the period from 18 November 2006 to 7 November 2007, the Company accrued the access charge in the financial statements at the interconnection charge rate payable, and this amounted to Baht 1,973 million. On 8 November 2007, the Company sent TOT a notice to terminate the two Access Charge Agreements, and so from 8 November 2007 to 31 December 2016 the Company did not accrue the access charge in its financial statements because the Company's management believes that its obligation to pay access charges under the Access Charge Agreements is ended. To date, TOT has not entered into an interconnection charge agreement with the Company. In addition, on 9 May 2011, TOT had filed a plaint with the Central Administrative Court, and a petition to amend the plaint on 7 September 2011, demanding that CAT Telecom Public Company Limited ("CAT") and the Company jointly pay damages resulting from the access charge up to 9 May 2011 (the filing date of the plaint) which, including VAT and default interest, amounted to Baht 113,319 million. Subsequently, on 31 July 2014, TOT additionally filed a petition to amend the plaint to adjust the amount of damages claimed up to 10 July 2014, including VAT and default interest, to Baht 245,638 million. Based on advice from the Company's legal

counsel, the Company's management is confident that the Company is not obliged to make payment of access charge under the agreements because the Company's management believes that such agreements do not comply with current legal principles (NTC notification) and the Company has already terminated the Access Charge Agreements. Currently, the commercial dispute is in the legal process, and litigation is under court proceedings. The outcome of the dispute cannot be determined and depends on the results of the future proceedings as part of the legal and judicial processes.

- b) As discussed in Note 34 to the consolidated financial statements, the Company and one subsidiary have significant outstanding commercial disputes with CAT in relation to revenue sharing from services provided under the agreements to operate cellular telephone services of the Company. At present, such disputes are under legal and formal arbitration proceedings. Their outcomes cannot be determined and depend on the future judicial processes.
- c) As discussed in Note 35 to the consolidated financial statements, the Company is involved in a dispute with CAT regarding the concessionary equipment because the Company installed and connected the 2.1 GHz devices and equipment of a subsidiary on the concessionary equipment. At present, such dispute is under formal arbitration proceeding. The outcome cannot be determined and depend on future judicial proceeding.

## 2. The regulatory risk concerning the telecommunications business.

- a) As discussed in Note 36 to the consolidated financial statements regarding the regulatory risk concerning the telecommunications business, the Company and its subsidiaries exposed to those risks including that the Concession Agreement with CAT for operating cellular telephone services in 800 MHz and 1800 MHz frequency bands will expire on 15 September 2018 and the spectrum license for operating telecommunication business for International Mobile Telecommunication in the Frequency Band 2.1 GHz of a subsidiary will expire on 6 December 2027. Therefore, the process of obtaining sufficient spectrum licenses for use in the mobile telecommunication business operations at an appropriate cost is critical to the Company and its subsidiary's operations.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### Contingent liabilities arising from significant litigation and commercial disputes

As discussed in emphasis of matters regarding significant litigation and commercial disputes, and as described in Note 33, 34 and 35 to the consolidated financial statements, the Company and one subsidiary are involved in court proceedings and commercial disputes.

Currently, the commercial disputes are in legal processes, and litigation is the subject of court proceedings, which mean that their outcomes cannot be determined and depend on the results of future legal and judicial proceedings. In addition, the timing and amount of any impact is uncertain. The management needs to exercise significant judgement and take into account related laws and regulations to assess the outcomes of the litigation and commercial disputes in order to determine the corresponding liabilities. Due to the inherent uncertainty and complexity of these cases, this is a key audit matter.

I inquired with the Company's and subsidiary's management about the procedures relevant to the collation, monitoring and assessment of pending significant legal cases and commercial disputes, and assessed the judgement exercised by the management in evaluating the legal cases and commercial disputes. The audit procedures included, among others, the following:

- a) I enquired with the management of the Company and its subsidiary and obtained related information from them in relation to these significant legal cases and commercial disputes.
- b) I reviewed the letters of confirmation relevant to the lawsuits or disputes received from the external legal counsels who have been retained by the Company and its subsidiary, and evaluated their responses. I also discussed the matters with the internal legal counsels and enquired with management with respect to details and the progress of these cases and disputes, and the methods applied by the management in assessing and estimating the liabilities arising from these legal cases and commercial disputes. I have also reviewed the legal opinions provided by the external legal counsels of the Company and its subsidiary that were used to support management's evaluations.
- c) I assessed the disclosure of information relating to significant legal cases and commercial disputes in the notes to the consolidated financial statements.

#### **Impairment evaluation of deferred right to use of equipment and equipment for supporting cellular telephone services**

As discussed in Note 13 and 14 to the consolidated financial statements, in evaluating impairment for the deferred right to use of equipment and equipment for supporting cellular telephone services of the Company and its subsidiaries, management had to exercise judgement with respect to its projections of future operating performance, plans for management and use of those assets, future maintenance and investment, and determination of an appropriate discount rate and key assumptions. There is considerable uncertainty related to projections of future cash flows for the impairment loss assessment on deferred right to use of equipment and equipment for supporting cellular telephone services.

In order to assess the management's evaluation of impairment on deferred right to use of equipment and equipment for supporting cellular telephone services, I evaluated the management's identification of the cash generating units and the selection of a financial model, by gaining an understanding of management's decision-making process and ascertaining whether it is consistent with how assets are expected to be utilised. In addition, I gained an understanding and assessed the following:

- a) The assumptions applied in preparing cash flow projections for the Company and its subsidiaries, based on the understanding I gained of the process by which the estimated future cashflows were determined; comparison of the assumptions with external and internal sources of information where available, and management's approved forecasts and business plan, taking into account the accuracy of past cash flow projections in comparison to actual operating results.
- b) The discount rate, based on comparison of the average cost of capital of the Company to that of comparable organisations in the industry.
- c) The assumptions and approaches used by management in calculating the recoverable amount of assets.

In addition, I assessed the information disclosed by the Company's and subsidiaries' management with respect to impairment evaluation of deferred right to use of equipment and equipment and equipment for supporting cellular telephone services.

#### **Revenue recognition from provision of mobile telecommunication services**

As described in Note 4.1 to the consolidated financial statements, Accounting policies of revenue recognition, the Company and its subsidiaries have variety of mobile telephone service tariff structures, charging conditions offered in response to subscriber needs and the significant number of service transactions. In addition, there is more intense competition in the mobile telecommunication industry. I have therefore determined as a key audit matter by focusing on the amount and timing of the recognition of revenue from the provision of mobile telecommunication services.



The audit procedures included, among others, an assessment of the Company and its subsidiaries' accounting policies, an assessment of the effectiveness of the Company and its subsidiaries' general controls over their IT systems and their internal controls with respect to the processing and timing of recognition for mobile telecommunication service charges. On a sampling basis, I examined supporting documents for actual revenue transactions occurring during the year and near the end of accounting period. I also performed analytical review procedures on disaggregated revenue data and examined the related accounting entries made through journal vouchers.

## Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Gingkarn Atsawarangsalit.



Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 30 January 2017



Total Access Communication Public Company Limited and its subsidiaries

## Statement of Financial Position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	5, 32.3.1	18,293,445,738	10,120,533,381	7,862,508,882	2,799,729,296
Trade and other receivables	6	8,973,449,154	9,722,020,688	8,837,445,598	10,103,027,697
Inventories	8	2,063,288,325	2,825,771,627	1,984,474,131	2,711,770,919
Deferred cost of unearned revenue					
from telephone services		102,074,359	101,128,232	102,074,359	101,128,232
Other current assets	9	2,469,302,161	3,504,030,886	1,195,872,149	1,805,818,374
<b>Total current assets</b>		<b>31,901,559,737</b>	<b>26,273,484,814</b>	<b>19,982,375,119</b>	<b>17,521,474,518</b>
Non-current assets					
Restricted bank deposits	32.3.2	198,059	198,059	-	-
Investment in associated company	10	287,826,846	282,771,509	50,000,000	50,000,000
Investments in subsidiaries	11	-	-	1,953,917,315	1,979,667,315
Other investments	12	17,082,443	22,270,041	1,800,000	16,620,000
Amount due from related parties	7	196,295	430,738	216,767,275	361,908,965
Loans to subsidiary	7	-	-	15,500,000,000	15,500,000,000
Property, plant and equipment	13	37,623,229,798	28,494,702,371	4,159,581,195	4,024,489,286
Deferred right to use of equipment	14	28,489,398,331	38,056,753,561	17,643,165,091	28,227,317,156
Cost of spectrum license		9,818,794,592	10,719,021,902	-	-
Concessionary equipment					
under installation		678,266,848	2,163,060,195	679,216,496	2,164,009,843
Deposits and prepayment for purchase					
and installation of equipment		368,789,987	473,843,167	40,185,541	170,900,260
Other intangible assets	15	1,189,932,773	1,500,463,807	274,646,067	493,133,626
Deferred tax assets	25	2,050,369,832	1,088,793,020	4,013,551,281	2,842,994,599
Goodwill		-	19,171,700	-	-
Other non-current assets	16	2,943,073,252	1,949,241,062	2,675,445,160	1,659,795,617
<b>Total non-current assets</b>		<b>83,467,159,056</b>	<b>84,770,721,132</b>	<b>47,208,275,421</b>	<b>57,490,836,667</b>
<b>Total assets</b>		<b>115,368,718,793</b>	<b>111,044,205,946</b>	<b>67,190,650,540</b>	<b>75,012,311,185</b>

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



Total Access Communication Public Company Limited and its subsidiaries

## Statement of Financial Position (continued)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	32,919,650,123	29,867,882,622	20,289,035,435	19,784,776,545
Short-term loan from related party	7	165,000,000	-	-	-
Current portion of long-term loans	18	-	10,000,000,000	-	10,000,000,000
Current portion of debentures	19	-	5,000,000,000	-	5,000,000,000
Unearned revenue from telephone service		3,561,742,682	3,108,992,652	377,094,275	450,016,896
Income tax payable		575,076,813	884,839,168	-	-
Other current liabilities		1,000,542,554	1,060,176,231	594,195,932	610,000,531
Total current liabilities		38,222,012,172	49,921,890,673	21,260,325,642	35,844,793,972
Non-current liabilities					
Loans from subsidiary	7	-	-	28,000,000,000	18,000,000,000
Long-term loans - net of current portion	18	29,000,000,000	18,000,000,000	-	-
Debentures - net of current portion	19	20,000,000,000	15,000,000,000	-	-
Provision for long-term employee benefits	20	438,375,554	452,415,750	438,375,554	452,415,750
Deposit guarantee on domestic roaming agreement	7	-	-	3,750,763,651	3,750,763,651
Other non-current liabilities		563,143,411	446,320,059	430,637,040	438,540,211
Total non-current liabilities		50,001,518,965	33,898,735,809	32,619,776,245	22,641,719,612
Total liabilities		88,223,531,137	83,820,626,482	53,880,101,887	58,486,513,584

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



Total Access Communication Public Company Limited and its subsidiaries

## Statement of Financial Position (continued)

As at 31 December 2016

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Shareholders' equity</b>				
Share capital				
Registered				
2,372,080,630 ordinary shares of Baht 2 each	4,744,161,260	4,744,161,260	4,744,161,260	4,744,161,260
Issued and fully paid				
2,367,811,000 ordinary shares of Baht 2 each	4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000
Premium on ordinary shares	8,116,352,711	8,116,352,711	8,116,352,711	8,116,352,711
Retained earnings				
Appropriated – statutory reserve	22	474,416,126	474,416,126	474,416,126
Unappropriated (deficits)		(3,816,230,650)	(3,739,227,681)	(1,662,979,545)
		(3,341,814,524)	(1,188,563,419)	1,552,269,403
Other components of shareholders' equity		17,634,288,769	17,634,288,769	2,026,685,529
		1,647,137,361	1,647,137,361	
<b>Equity attributable to owners of the Company</b>	<b>27,144,448,956</b>	<b>27,221,451,925</b>	<b>13,310,548,653</b>	<b>16,525,797,601</b>
Non-controlling interest of the subsidiaries	738,700	2,127,539	-	-
<b>Total shareholders' equity</b>	<b>27,145,187,656</b>	<b>27,223,579,464</b>	<b>13,310,548,653</b>	<b>16,525,797,601</b>
<b>Total liabilities and shareholders' equity</b>	<b>115,368,718,793</b>	<b>111,044,205,946</b>	<b>67,190,650,540</b>	<b>75,012,311,185</b>

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



Total Access Communication Public Company Limited and its subsidiaries

## Income Statement

For the year ended 31 December 2016

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Revenues from sales and services</b>				
Revenue from telephone services	69,252,450,291	71,858,443,385	18,031,917,452	25,085,126,695
Revenue from sales of telephone sets and starter kits	12,180,744,934	15,411,054,916	12,659,239,080	14,947,137,596
Other operating income	1,044,409,935	483,257,908	18,090,201,881	16,055,015,038
<b>Total revenues from sales and services</b>	<b>82,477,605,160</b>	<b>87,752,756,209</b>	<b>48,781,358,413</b>	<b>56,087,279,329</b>
<b>Cost of sales and services</b>				
Cost of telephone services	46,159,687,389	44,691,535,415	24,144,252,118	24,009,117,222
Cost of sales of telephone sets and starter kits	14,686,119,247	17,371,917,702	11,259,495,510	15,341,176,593
<b>Total cost of sales and services</b>	<b>60,845,806,636</b>	<b>62,063,453,117</b>	<b>35,403,747,628</b>	<b>39,350,293,815</b>
<b>Gross profit</b>	<b>21,631,798,524</b>	<b>25,689,303,092</b>	<b>13,377,610,785</b>	<b>16,736,985,514</b>
Interest income	170,342,461	136,066,500	553,454,571	726,033,978
Gain (loss) on foreign exchange	83,836,928	(294,871,197)	58,526,751	(171,078,469)
Other income	58,295,379	161,032,616	3,944,953,576	4,436,401,188
<b>Income before expenses</b>	<b>21,944,273,292</b>	<b>25,691,531,011</b>	<b>17,934,545,683</b>	<b>21,728,342,211</b>
Selling and service expenses	(7,191,923,804)	(6,904,579,758)	(5,461,506,530)	(4,694,188,376)
Administrative expenses	(10,604,172,567)	(9,961,590,194)	(8,444,047,121)	(7,993,515,482)
Loss from assets impairment	13,14	-	(5,184,824,918)	-
<b>Total expenses</b>	<b>(17,796,096,371)</b>	<b>(16,866,169,952)</b>	<b>(19,090,378,569)</b>	<b>(12,687,703,858)</b>
<b>Profit (loss) before share of profit from investment in associate, finance cost and income tax expenses</b>	<b>4,148,176,921</b>	<b>8,825,361,059</b>	<b>(1,155,832,886)</b>	<b>9,040,638,353</b>
Share of profit from investment in associated company	10	10,055,337	3,708,239	-
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>4,158,232,258</b>	<b>8,829,069,298</b>	<b>(1,155,832,886)</b>	<b>9,040,638,353</b>
Finance cost	24	(1,566,647,373)	(1,384,314,112)	(1,067,139,679)
<b>Profit (loss) before income tax expenses</b>	<b>2,591,584,885</b>	<b>7,444,755,186</b>	<b>(2,222,972,565)</b>	<b>7,994,792,530</b>
Income tax expenses	25	(505,721,770)	(1,556,614,392)	(739,984,131)
<b>Profit (loss) for the year</b>	<b>2,085,863,115</b>	<b>5,888,140,794</b>	<b>(1,052,415,883)</b>	<b>7,254,808,399</b>
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	2,085,830,096	5,893,114,098	(1,052,415,883)	7,254,808,399
Non-controlling interests of the subsidiaries	33,019	(4,973,304)	-	-
	<b>2,085,863,115</b>	<b>5,888,140,794</b>		
<b>Earnings per share</b>	<b>26</b>			
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the Company		<b>0.88</b>	<b>2.49</b>	<b>(0.44)</b>
			<b>(0.44)</b>	<b>3.06</b>

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





Total Access Communication Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Profit (loss) for the year</b>	<b>2,085,863,115</b>	<b>5,888,140,794</b>	<b>(1,052,415,883)</b>	<b>7,254,808,399</b>
<b>Other comprehensive income</b>				
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</i>				
Actuarial gains and losses	62,731,707	(21,245,919)	62,731,707	(21,245,919)
Less: income tax effect	-	-	-	-
<b>Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of income tax</b>	<b>62,731,707</b>	<b>(21,245,919)</b>	<b>62,731,707</b>	<b>(21,245,919)</b>
<b>Other comprehensive income for the year</b>	<b>62,731,707</b>	<b>(21,245,919)</b>	<b>62,731,707</b>	<b>(21,245,919)</b>
<b>Total comprehensive income for the year</b>	<b>2,148,594,822</b>	<b>5,866,894,875</b>	<b>(989,684,176)</b>	<b>7,233,562,480</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,148,561,803	5,871,868,179	<b>(989,684,176)</b>	<b>7,233,562,480</b>
Non-controlling interests of the subsidiaries	33,019	(4,973,304)		
	<b>2,148,594,822</b>	<b>5,866,894,875</b>		

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



Total Access Communication Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - statutory reserve	Retained earnings	Unappropriated (deficits)	Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date	Other components of equity				
							Adjustment resulting from reduction of legal reserve and premium on ordinary share to offset the parent company's deficits	Total other components of equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
<b>Balance as at 1 January 2015</b>	4,735,622,000	8,116,352,711	474,416,126	1,630,643,302	1,647,137,361	15,987,151,408	17,634,288,769	32,591,322,908	7,107,406	32,598,430,314	
Profit for the year	-	-	-	5,893,114,098	-	-	-	5,893,114,098	(4,973,304)	5,888,140,794	
Other comprehensive income for the year	-	-	-	(21,245,919)	-	-	-	(21,245,919)	-	(21,245,919)	
Total comprehensive income for the year	-	-	-	5,871,868,179	-	-	-	5,871,868,179	(4,973,304)	5,866,894,875	
Dividend paid (Note 21)	-	-	-	(11,241,739,162)	-	-	-	(11,241,739,162)	(6,563)	(11,241,745,725)	
<b>Balance as at 31 December 2015</b>	<b>4,735,622,000</b>	<b>8,116,352,711</b>	<b>474,416,126</b>	<b>(3,739,227,681)</b>	<b>1,647,137,361</b>	<b>15,987,151,408</b>	<b>17,634,288,769</b>	<b>27,221,451,925</b>	<b>2,127,539</b>	<b>27,223,579,464</b>	
<b>Balance as at 1 January 2016</b>	4,735,622,000	8,116,352,711	474,416,126	(3,739,227,681)	1,647,137,361	15,987,151,408	17,634,288,769	27,221,451,925	2,127,539	27,223,579,464	
Profit for the year	-	-	-	2,085,830,096	-	-	-	2,085,830,096	33,019	2,085,863,115	
Other comprehensive income for the year	-	-	-	62,731,707	-	-	-	62,731,707	-	62,731,707	
Total comprehensive income for the year	-	-	-	2,148,561,803	-	-	-	2,148,561,803	33,019	2,148,594,822	
Dividend paid (Note 21)	-	-	-	(2,225,564,772)	-	-	-	(2,225,564,772)	(6,048)	(2,225,570,820)	
Distribution to non-controlling interests from subsidiary's liquidation (Note 11)	-	-	-	-	-	-	-	-	(1,415,810)	(1,415,810)	
<b>Balance as at 31 December 2016</b>	<b>4,735,622,000</b>	<b>8,116,352,711</b>	<b>474,416,126</b>	<b>(3,816,230,650)</b>	<b>1,647,137,361</b>	<b>15,987,151,408</b>	<b>17,634,288,769</b>	<b>27,144,448,956</b>	<b>738,700</b>	<b>27,145,187,656</b>	

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

Total Access Communication Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements						
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated (deficits)	Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date	
Balance as at 1 January 2015	4,735,622,000	8,116,352,711	474,416,126	5,560,446,085	1,647,137,361	20,533,974,283
Profit for the year	-	-	-	7,254,808,399	-	7,254,808,399
Other comprehensive income for the year	-	-	-	(21,245,919)	-	(21,245,919)
Total comprehensive income for the year	-	-	-	7,233,562,480	-	7,233,562,480
Dividend paid (Note 21)	-	-	-	(11,241,739,162)	-	(11,241,739,162)
Balance as at 31 December 2015	4,735,622,000	8,116,352,711	474,416,126	1,552,269,403	1,647,137,361	16,525,797,601
Balance as at 1 January 2016	4,735,622,000	8,116,352,711	474,416,126	1,552,269,403	1,647,137,361	16,525,797,601
Loss for the year	-	-	-	(1,052,415,883)	-	(1,052,415,883)
Other comprehensive income for the year	-	-	-	62,731,707	-	62,731,707
Total comprehensive income for the year	-	-	-	(989,684,176)	-	(989,684,176)
Dividend paid (Note 21)	-	-	-	(2,225,564,772)	-	(2,225,564,772)
Balance as at 31 December 2016	4,735,622,000	8,116,352,711	474,416,126	(1,662,979,545)	1,647,137,361	13,310,548,653

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



Total Access Communication Public Company Limited and its subsidiaries

## Statement of cash flows

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	2,591,584,885	7,444,755,186	(2,222,972,565)	7,994,792,530
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (used in) operating activities:				
Share of profit from investment in associated company	(10,055,337)	(3,708,239)	-	-
Dividend received from subsidiaries	-	-	(3,915,393,952)	(4,371,918,437)
Dividend received from associated company	-	-	(5,000,000)	(10,000,000)
Dividend received from other investments	(375,000)	(40,325,000)	(375,000)	(20,325,000)
Allowance for inventory obsolescence (reversal)	(140,700,814)	112,174,712	(153,128,386)	108,673,663
Allowance for doubtful accounts - trade and other receivables (reversal)	110,669,496	272,041,775	(46,586,534)	(18,464,768)
Impairment of investments in subsidiary	-	-	-	39,230,000
Impairment of investment in other investment	14,820,000	-	14,820,000	-
Provision for impairment of equipment for supporting cellular telephone services	-	-	489,489,333	-
Provision for impairment of deferred right to use of equipment	-	-	4,695,335,585	-
Depreciation and amortisation (Note 27)	23,201,537,913	18,795,810,708	13,052,555,581	10,067,931,844
Fixed assets written-off	119,873,940	128,373,436	36,730,543	128,373,436
Other intangible assets written-off	103,215,636	877,583	-	305,631
Goodwill written-off	19,171,700	-	-	-
Loss (gain) from sales of equipment	52,539,724	(9,347,518)	28,822,339	(9,296,756)
Provision for long-term employee benefits	59,461,637	51,092,389	59,461,637	51,092,389
Interest expenses	1,502,190,676	1,362,090,941	1,056,763,292	1,031,352,456
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>27,623,934,456</b>	<b>28,113,835,973</b>	<b>13,090,521,873</b>	<b>14,991,746,988</b>
Decrease (increase) in operating assets				
Trade and other receivables	637,902,038	454,844,172	1,312,168,633	3,184,568,186
Inventories	903,184,116	953,213,876	880,425,174	835,777,023
Other current assets	1,033,782,598	1,349,536	609,000,098	393,597,859
Other non-current assets	(83,747,926)	(201,182,992)	(46,612,383)	(29,594,853)
Increase (decrease) in operating liabilities				
Trade and other payables	91,759,259	(722,850,359)	1,746,864,500	(3,760,578,407)
Other current liabilities	393,116,353	(397,306,105)	(88,727,219)	(524,909,070)
Deposit guarantee on domestic roaming agreement	-	-	-	(1,589,010,215)
Other non-current liabilities	106,053,226	(101,598,939)	(18,673,297)	(102,111,850)
Cash flows from operating activities	30,705,984,120	28,100,305,162	17,484,967,379	13,399,485,661
Cash paid for interest expenses	(1,308,732,373)	(1,211,602,641)	(1,089,121,812)	(1,014,796,606)
Cash paid for income tax	(2,938,246,903)	(2,205,014,614)	(1,166,149,502)	(1,172,221,700)
Tax refund	166,860,944	92,155,557	166,860,944	-
<b>Net cash flows from operating activities</b>	<b>26,625,865,788</b>	<b>24,775,843,464</b>	<b>15,396,557,009</b>	<b>11,212,467,355</b>

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



Total Access Communication Public Company Limited and its subsidiaries

## Statement of cash flows (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Increase in other long-term investments	(9,632,402)	(1,949,975)	-	-
Proceeds from sales of investments in subsidiary	-	-	25,750,000	-
Dividend received from subsidiaries	-	-	3,915,393,952	5,338,251,933
Dividend received from associated company	5,000,000	10,000,000	5,000,000	10,000,000
Dividend received from other investments	375,000	40,325,000	375,000	20,325,000
Distribution to non-controlling interests from subsidiary's liquidation	(1,415,810)	-	-	-
Decrease in amounts due from related parties	-	-	145,141,690	18,566,500
Decrease in loans to subsidiary	-	-	-	6,500,000,000
Acquisition of plant and equipment	(11,401,376,435)	(12,303,829,446)	(1,714,004,958)	(1,807,608,902)
Proceeds from sales of plant and equipment	36,742,689	23,820,906	35,861,078	23,458,526
Decrease (increase) in equipment under installation	1,463,855,517	(809,760,854)	1,484,793,347	(810,710,503)
Acquisition of deferred right to use of equipment	(6,899,543,160)	(6,789,209,532)	(7,043,077,610)	(6,789,190,532)
Decrease in deposits and prepayment for purchase and installation of concessionary equipment	128,631,913	140,873,968	129,172,859	140,873,968
Decrease (increase) in deposits and prepayment for purchase and installation of equipment	(25,661,539)	543,875,246	-	-
Increase in other intangible assets	(689,358,384)	(1,051,509,660)	(92,618,009)	(203,575,356)
Cash paid for cost of spectrum license	-	(3,375,000,000)	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(17,392,382,611)</b>	<b>(23,572,364,347)</b>	<b>(3,108,212,651)</b>	<b>2,440,390,634</b>
<b>Cash flows from financing activities</b>				
Cash receipt from short-term loan from related party	165,000,000	-	-	-
Cash receipt from short-term loan	-	4,500,000,000	-	4,500,000,000
Repayment of short-term loan	-	(6,000,000,000)	-	(6,000,000,000)
Cash receipt from long-term loans	11,000,000,000	21,000,000,000	-	3,000,000,000
Repayment of long-term loans	(10,000,000,000)	(20,164,399,998)	(10,000,000,000)	(20,164,399,998)
Cash receipt from loans from subsidiary	-	-	10,000,000,000	18,000,000,000
Issuance of debentures	5,000,000,000	15,000,000,000	-	-
Repayment of debentures	(5,000,000,000)	-	(5,000,000,000)	-
Dividend paid	(2,225,570,820)	(11,241,745,725)	(2,225,564,772)	(11,241,739,162)
<b>Net cash flows from (used in) financing activities</b>	<b>(1,060,570,820)</b>	<b>3,093,854,277</b>	<b>(7,225,564,772)</b>	<b>(11,906,139,160)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,172,912,357</b>	<b>4,297,333,394</b>	<b>5,062,779,586</b>	<b>1,746,718,829</b>
Cash and cash equivalents at beginning of year	10,120,533,381	5,823,199,987	2,799,729,296	1,053,010,467
<b>Cash and cash equivalents at end of year</b>	<b>18,293,445,738</b>	<b>10,120,533,381</b>	<b>7,862,508,882</b>	<b>2,799,729,296</b>

### Supplemental cash flow information:

Non-cash items:

Accounts payable for purchase of deferred right to use of equipment and concessionary equipment under installation	2,512,050,086	3,722,297,177	2,512,050,086	3,722,297,177
Accounts payable for purchase of equipment	6,986,250,917	3,009,453,887	-	-

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



Total Access Communication Public Company Limited and its subsidiaries

## Notes to consolidated financial statements

For the year ended 31 December 2016

### 1. General information

#### 1.1 Corporate information

Total Access Communication Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Thailand in 2007.

The Company has two major shareholders who are Telenor Asia Pte Ltd., a company incorporated in Singapore, and Thai Telco Holding Co., Ltd., a company incorporated in Thailand. The Company is principally engaged in the provision of wireless telecommunications services and the sale of handsets and accessories.

The Company's registered address is 319 Chamchuri Square Building, 41<sup>st</sup> Fl., Phayathai Road, Pathumwan, Bangkok.

#### 1.2 Agreements to operate cellular telephone services or Concession Agreement

On 14 November 1990, the Company entered into an agreement with the Communications Authority of Thailand (CAT), (currently, CAT has been corporatised under the State Corporation Act B.E. 2542 (1999) to become CAT Telecom Public Company Limited), to provide cellular telephone services in 800 MHz and 1800 MHz frequency bands. Under the Concession Agreement, the Company has an obligation to transfer certain operating assets to CAT free of charge. The value added tax imposed on the transfer of these assets has been charged to CAT and recorded as "Value added tax refundable from CAT" in the statements of financial position.

The Concession Agreement originally covered a 15-year period, but the Concession Agreement was amended on 23 July 1993 and 22 November 1996, and the concession period extended to 22 years and then 27 years, respectively. The service rates and fees charged to subscribers are subject to approval by CAT (now have to comply with relevant regulations issued by the National Broadcasting and Telecommunications Commission ("NBTC") (formerly the National Telecommunications Commission ("NTC"))). The Company is obliged to comply with various conditions (without contrary to the Telecommunications law and relevant laws) and pay fees in accordance with the Concession Agreement.

The fee, which is the annual revenue sharing, is calculated based on a percentage of revenues from services provided under the Concession Agreement and must not be less than a stipulated minimum amount each year. However, the agreement does not specify a minimum cumulative amount over the full term of the agreement. The percentages of revenues from services for each year and minimum annual revenue sharing payments are as follows:

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

The Company commenced commercial operations on 16 September 1991 and is to provide service under the concession for a period of 27 years, ending on 15 September 2018. Presently, it is the 26<sup>th</sup> concession year (i.e. from September 2016 to September 2017) and the Company is obliged to pay revenue sharing to CAT at the rate of 30% of its revenue per annum.

The Company has entered into a discussion with CAT to promote the infrastructure sharing business accompanied with exploring the possibility to set an overall solution to the disputes between them. Currently, it is still uncertain whether a solution could be reached at all.

### 1.3 General information of dtac TriNet Company Limited

dtac TriNet Company Limited ("dtac TriNet") is a subsidiary of the Company and is incorporated and domiciled in Thailand. dtac TriNet has the following licenses to provide its services.

- a) A type three telecommunication business license (for providing an international call services (International Direct Dialing)) by NTC for duration of 20 years. dtac TriNet started rendering international call services since 2 August 2007, and therefore committed to comply with conditions stipulated under the license. Moreover, dtac TriNet is required to comply with rules and pay license fee and fee for Universal Basic Telecommunications and Social Services (USO) as specified by law.
- b) A type one telecommunication business license for Internet Service Provider by NTC for a period of 1 year. Subsequently, in 2009, NTC further extended the license for a period of 5 years. dtac TriNet therefore has to pay the license fee on a yearly basis and to renew the license in every 5 years.
- c) Spectrum Licensing and a type three telecommunication business license (authorization to use the spectrum license) by NBTC for the validity period of 15 years (starting from 7 December 2012 and expiry on 6 December 2027) for operating telecommunication business for International Mobile Telecommunication in the Frequency Band 2.1GHz covered the range of 1920 – 1935 MHz paired with 2110 – 2125 MHz under the scope of the license throughout the Kingdom of Thailand.

dtac TriNet is required to pay fees as specified by the NBTC. It is expected that dtac TriNet should gain revenue from telecommunication business operation exceeding Baht 1,000 million, thus it is required to pay the license fee at the rate of 1.5% per annum and USO fee at the rate of 3.75% per annum. Therefore, the total fee amount is 5.25% per annum.

- d) A type two telecommunication business license by NBTC for International Internet Gateway (IIG) service and National Internet Exchange (NIE) service. dtac TriNet has to pay the license fee on a yearly basis and to renew the license in every 5 years.
- e) A type three telecommunication business license by NBTC for fixed line service for period of 12 years (starting from 2 September 2015 and expiry on 5 February 2027). Currently, dtac TriNet has not commenced the operation on this license.
- f) A type three telecommunication business license by NBTC for International Private Leased Circuit (IPLC) for period of 11 years (starting from 12 July 2016 and expiry on 5 February 2027). The Company commenced the operation on 1 November 2016.

### 1.4 Interconnection charge

In December 2013, the NBTC issued the Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2556 (2013) (the "Interconnection Notification 2556") to replace the NTC's Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2549 (the "Interconnection Notification 2549") in order to be consistent with the current situation and the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010). The Interconnection Notification 2556 determines that operators who have telecommunication networks are required to grant other operators effective access to their networks. The Company has to submit the Reference of Interconnect Offering (RIO) to the NBTC within ninety days after the effective date of the Notification. However, the RIO approved under the Interconnection Notification 2549 shall be deemed as the RIO under the "Interconnection Notification 2556" for the time being.



The Company received an approval from NTC for RIO on 29 August 2006. The Company has entered into interconnection charge agreements with other operators and the effective periods of the agreements are listed below.

Operators	Effective period
a) True Move Co., Ltd.	17 November 2006 onwards
b) Advance Info Service Plc.	1 February 2007 onwards
c) Triple T Broadband Plc.	22 December 2006 onwards
d) dtac TriNet Co., Ltd.	16 July 2007 onwards
e) Digital Phone Co., Ltd.	1 September 2007 onwards
f) CAT Telecom Plc.	6 July 2010 onwards
g) True Universal Convergence Co., Ltd.	1 September 2011 onwards
h) True Move H Universal Communication Co., Ltd.	1 July 2013 onwards
i) Advanced Wireless Network Co. Ltd.	1 July 2013 onwards
j) True International Communication Co., Ltd.	1 January 2014 onwards

Pursuant to the Concession Agreement, the Company shall pay revenue sharing to CAT every year based on a percentage of revenues from services provided under the Concession Agreement but not less than a minimum annual revenue sharing payment as specified in it. However, the entry into the interconnection charge agreements has caused an uncertainty on the revenue share calculation payable to CAT under the Concession Agreement. Therefore, from the 17<sup>th</sup> concession year onward, the Company has decided to calculate revenue sharing payable to CAT on the basis of service revenue, excluding interconnection charges, until a conclusion can be reached with CAT. Nevertheless, CAT has challenged the Company's revenue share calculation in this matter by submitting a statement of claim requesting the Company to pay additional revenue share on interconnection charge (please refer to Note 34 (d) for more details).

In addition, dtac TriNet has also entered into the interconnection charge agreements with other operators, which are listed below:

Operators	Effective period
a) Total Access Communication Plc.	1 July 2013 onwards
b) True Move Co., Ltd.	1 July 2013 onwards
c) True Move H Universal Communication Co., Ltd.	1 July 2013 onwards
d) True Universal Convergence Co., Ltd.	1 July 2013 onwards
e) Advance Info Service Plc.	1 July 2013 onwards
f) Advanced Wireless Network Co. Ltd.	1 July 2013 onwards
g) CAT Telecom Plc.	1 July 2013 onwards
h) Triple T Broadband Plc.	1 July 2013 onwards
i) True International Communication Co., Ltd.	1 January 2014 onwards

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			Percent	Percent
Subsidiaries directly held by the Company				
WorldPhone Shop Company Limited	Under liquidation process	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
dtac TriNet Company Limited	Telecommunications services	Thailand	100	100
DTAC Broadband Company Limited	Established for providing telecommunications services (WiFi services) with license granted by NBTC	Thailand	100	100
dtac Digital Media Company Limited	Advertising service for goods and services via digital media	Thailand	-	100
United Communication Industry Public Company Limited	Ceased its operations since August 2013	Thailand	99.81	99.81
PaySbuy Company Limited	Incorporate to provide an online payment service, cash card services, e-payment service and paying agent service	Thailand	100	100
Crie Company Limited	Dissolution and liquidation	Thailand	-	51
Subsidiaries held through TAC Property Company Limited				
Eastern Beach Company Limited	Asset management	Thailand	100	100
Subsidiary held through dtac TriNet Company Limited				
dtac Accelerate Company Limited	Support the development of internet application	Thailand	100	100
dtac Service Company Limited	Asset management	Thailand	100	100
dtac Next Company Limited	Asset management	Thailand	100	100
dtac Digital Media Company Limited	Advertising service for goods and services via digital media	Thailand	100	-
TeleAssets Company Limited	Asset management	Thailand	100	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements. Book value of investments and shareholder's equity of its subsidiaries have also been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries and associates presented under the cost method.

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 Company and its subsidiaries' financial statements.

#### (b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

#### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

### 4. Significant accounting policies

#### 4.1 Revenue recognition

##### Unearned revenue from telephone service of prepaid system (Prepaid)

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

##### Unearned revenue from postpaid service (Postpaid)

Unearned revenue from telephone service of postpaid system represents the unused portion of monthly airtime fee that subscribers can carry forward to the next period.

##### **Revenue from telephone services**

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

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

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

#### **Interconnection charge revenues and costs**

Interconnection charge revenues derived from the other licensed operators for incoming calls from these operators' networks is recognised on an accrual basis at the rates stipulated in the agreements.

Costs of interconnection charges paid to the other licensed operators for outgoing calls to these operators' networks are recognised on an accrual basis at the rates stipulated in the agreements.

#### **Revenue from sales of telephone sets and starter kits**

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

Revenue arrangements with multiple deliverables are allocated between the element based on objective and reliable evidence of the fair value of delivered items. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

#### **Revenue from providing an international call services (International Direct Dialing)**

Revenue from providing an international call services (International Direct Dialing) is recognised when the services have been rendered. Revenue is the invoiced value, excluding value added tax, of services rendered after deducting discounts and allowances.

#### **Revenue from international data transit and internet service**

Revenue from international data transit and internet service are recognized on an accrual basis over the service period and the rates agreed by counterparties.

#### **Revenue from Reference Access Offer**

Revenue from Reference Access Offer derived from other operators in compensation of the utilisation of the Company's network elements is recognised on an accrual basis at the rates stipulated in the agreements.

#### **Revenue from Reference Infrastructure Sharing**

Revenue from Reference Infrastructure Sharing derived from other mobile operators in compensation of the utilisation of the Company's telecommunication infrastructure is recognised on an accrual basis at the rates stipulated in the agreements.

#### **Other operating income**

Other operating income are recognised when the economic benefit flows to the entity and the earnings process is complete. Revenues are shown excluding of value added tax.

#### **Interest income**

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

#### **Dividends**

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

## 4.2 Cash and cash equivalents

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

## 4.3 Trade receivables and allowance for doubtful accounts

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

## 4.4 Inventories

Inventories are finished goods valued at the lower of cost (under the weighted average method) and net realisable value.

## 4.5 Investments

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for, in the separate financial statements, using the cost method net of allowance for impairment loss (if any).
- c) Other long-term investments in non-marketable equity securities are stated at cost net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

## 4.6 Property, plant and equipment/depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to profit or loss.

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

Buildings	20 – 30 years
Building and leasehold improvements	3 – 20 years
Equipment for supporting Cellular Telephone Services	5 years, 7 years, and the remaining life of the Concession period
Telephone transmission station improvements	20 years
Furniture, fixtures and office equipment	5 years
Machinery and equipment	3 years
Advertising and communication equipment	5 years
Others	3 years and 5 years

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

## 4.7 Borrowing costs

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

## 4.8 Intangible assets, cost of spectrum license and amortisation

Intangible assets acquired through business combinations are initially recognised at their fair value on the date of business acquisition. Intangible assets acquired in other cases are recognised at cost, and for the cost of spectrum license for International Mobile Telecommunication in the Frequency Band 2.1 GHz was capitalised as an intangible asset, 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 recognised as a finance cost over the license fee payment period, with the cost being amortised from the time the Company is ready to provide commercial service.

Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

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

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

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

Cost of spectrum license is amortised over the term of the license.

## 4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.10 Related party transactions

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

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

#### 4.11 Long-term lease

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### 4.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.



### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.14 Employee benefits**

### **Short-term employee benefits**

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

### **Post-employment benefits**

#### ***Defined contribution plans***

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

#### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

## **4.15 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company and subsidiaries' functional currency.

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

## 4.16 Derivative instrument

### Forward exchange contracts

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

### Interest rate swap contracts

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

## 4.17 Provisions

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

## 4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 4.19 Significant accounting judgments and estimates

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

### Recognition and derecognition of assets and liabilities

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

### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration the terms and conditions of the arrangement.

#### **Allowance for doubtful accounts**

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

#### **Property, plant and equipment and depreciation, deferred right to use of equipment, and intangible assets**

In determining depreciation of plant and equipment and amortization of deferred right to use of equipment and intangible assets, the management is required to make estimates of the useful lives and residual values of plant and equipment and to review useful lives and residual values when there are any changes.

In addition, the property, plant and equipment, deferred right to use of equipment and intangibles assets are subject to impairment if there is an indication they may be impaired, and impairment losses are recorded in the period when it is determined that their recoverable amount is lower than the carrying amount.

Indications include significant falls in the market value of assets or the future economic benefits of assets, significant changes in the overall business strategy impacting to the future utilization of assets, significant negative industry or economic trends, significant loss of market share, and significant unfavourable regulatory and court decisions that impact the business.

The impairment analysis of property, plant and equipment and deferred right to use of equipment, and intangible assets requires management to make subjective judgments concerning estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to determine the present value of those cash flows. The cash flow estimates are based on currently available information about the operations and require management to make judgments regarding future market conditions and future revenues and expenses relevant to the assets or the cash generating units subject to the review. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

#### **Deferred tax assets**

Deferred tax assets are recognised for temporary difference arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the end of reporting period when it is highly probable that the Company and subsidiaries will generate sufficient taxable profits from their future operations to utilise these deferred tax assets. If management need to estimate the amounts of the deferred tax assets that the Company and its subsidiaries should recognise, they take into account the amount of taxable profit expected in each future period.

#### **Post-employment benefits under defined benefit plans**

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

#### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

**Assets retirement obligation**

Provision for expenses to be incurred with respect to the retirement of networks located on lease area is set by using estimates of the present value of such expenses, based on the average of actual retirement expenses incurred in the past. Such provision is recorded as part of assets and amortised over the estimated useful lives. However, the actual amounts incurred may differ from the estimated amounts.

**Commercial disputes, litigation, conformity with rules/regulations in telecommunication industry and uncertainty in tax interpretation**

The Company and its subsidiaries have contingent liabilities as a result of commercial disputes, litigations, claims arising from non-compliance with rules/regulations in the telecommunication industry, and uncertainty in tax interpretation.

The management used judgment to assess the effect of these matters and this involves evaluating the degree of probability that a loss will be incurred and the management's ability to make a reasonable estimate of the amount of that loss. Changes in the factors used in management's evaluation and unanticipated events may result in actual results differing from the estimates. However, if management believes that no significant loss will result, no related contingent liabilities are recorded as at the end of reporting period.

**5. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	4,557	3,958	4,442	3,893
Bank deposits	18,288,889	10,116,575	7,858,067	2,795,836
Total	18,293,446	10,120,533	7,862,509	2,799,729

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.05 percent per annum and 1.25 percent per annum (2015: between 0.125 percent per annum and 1.60 percent per annum).

**6. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade receivables - related parties</b>				
Trade receivables - related parties	1,617,606	2,265,862	3,972,248	5,096,998
Less: Allowance for doubtful accounts	(2,830)	(2,830)	(2,830)	(2,830)
Total trade receivables - related parties, net	1,614,776	2,263,032	3,969,418	5,094,168

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade receivables - unrelated parties</b>				
Trade receivables - telephone services	4,123,315	3,659,394	223,261	372,096
Trade receivables - international telephone roaming services	1,383,120	843,433	394,510	387,232
Trade receivables - sales of E-Refill telephone sets and starter kits	1,167,002	2,066,406	284,555	1,012,486
Trade receivables - others	1,107,961	1,112,631	653,585	630,702
Total	7,781,398	7,681,864	1,555,911	2,402,516
Less: Allowance for doubtful accounts	(1,009,827)	(899,158)	(222,256)	(268,842)
Total trade receivables - unrelated parties, net	6,771,571	6,782,706	1,333,655	2,133,674
Total trade receivables - net	8,386,347	9,045,738	5,303,073	7,227,842
<b>Other receivables</b>				
Other receivables - related parties	60,560	135,863	3,034,276	2,570,356
Others	534,460	548,338	506,041	310,774
Total	595,020	684,201	3,540,317	2,881,130
Less: Allowance for doubtful debts	(7,918)	(7,918)	(5,944)	(5,944)
Total other receivables, net	587,102	676,283	3,534,373	2,875,186
Total trade and other receivables - net	8,973,449	9,722,021	8,837,446	10,103,028

The aging of the outstanding balances of trade receivables - related parties as at 31 December 2016 and 2015, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Aged on the basis of due dates</b>				
Not yet due	1,432,159	1,752,618	2,664,272	5,058,243
Past due				
Up to 1 month	177,132	449,128	1,243,986	17,550
1 - 3 months	59	58,963	24,037	17,112
3 - 6 months	3,150	-	37,123	1,186
Over 6 months	5,106	5,153	2,830	2,907
Total	1,617,606	2,265,862	3,972,248	5,096,998
Less: Allowance for doubtful accounts	(2,830)	(2,830)	(2,830)	(2,830)
Total trade receivables - related parties, net	1,614,776	2,263,032	3,969,418	5,094,168

The aging of the outstanding balances of trade receivables - telephone services as at 31 December 2016 and 2015, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Aged on the basis of due dates				
Not yet due	2,547,743	2,253,322	96,906	175,023
Past due				
Up to 1 month	682,994	562,943	38,636	55,883
1 - 3 months	284,324	177,124	29,045	31,680
3 - 6 months	214,058	133,300	13,680	14,132
Over 6 months	394,196	532,705	44,994	95,378
Total	4,123,315	3,659,394	223,261	372,096
Less: Allowance for doubtful accounts	(742,052)	(696,065)	(58,445)	(133,233)
Trade receivables - telephone services, net	3,381,263	2,963,329	164,816	238,863

The Company and its subsidiaries have set up allowance for doubtful accounts based on collection experience. The Company and its subsidiaries establishes the allowance for doubtful accounts at the period-end at a certain percentage of all accounts receivable - telephone services in each aging period on a progressive basis.

The aging of the outstanding balances of trade receivables - international telephone roaming services as at 31 December 2016 and 2015, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Aged on the basis of due dates				
Not yet due	1,084,202	682,524	95,592	226,323
Past due				
Up to 1 month	15,522	51,793	15,522	51,793
1 - 3 months	26,269	66,225	26,269	66,225
3 - 6 months	93,325	14,524	93,325	14,524
Over 6 months	163,802	28,367	163,802	28,367
Total	1,383,120	843,433	394,510	387,232
Less: Allowance for doubtful accounts	(25,357)	(25,812)	(25,357)	(25,812)
Trade receivables - international telephone roaming services, net	1,357,763	817,621	369,153	361,420

The aging of the outstanding balances of trade receivables - sales of E-Refill, sales of telephone sets and starter kits as at 31 December 2016 and 2015, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Aged on the basis of due dates				
Not yet due	936,790	1,846,564	133,494	875,817
Past due				
Up to 1 month	48,327	61,547	26,305	32,174
1 - 3 months	7,834	9,338	1,978	7,911
3 - 6 months	51,294	22,207	50,402	1,037
Over 6 months	122,757	126,750	72,376	95,547
Total	1,167,002	2,066,406	284,555	1,012,486
Less: Allowance for doubtful accounts	(134,718)	(104,705)	(118,039)	(89,547)
Trade receivables - sales of E-Refill, telephone sets and starter kits, net	1,032,284	1,961,701	166,516	922,939

The aging of the outstanding balances of trade receivables - others as at 31 December 2016 and 2015, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Aged on the basis of due dates				
Not yet due	380,335	300,512	120,049	99,368
Past due				
Up to 1 month	14,871	15,829	12,628	7,674
1 - 3 months	5,265	25,459	-	-
3 - 6 months	7,183	13,126	-	7,609
Over 6 months	700,307	757,705	520,908	516,051
Total	1,107,961	1,112,631	653,585	630,702
Less: Allowance for doubtful accounts	(107,700)	(72,576)	(20,415)	(20,250)
Trade receivables - others, net	1,000,261	1,040,055	633,170	610,452



## 7. Related party transactions

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

### Transactions with associated company, subsidiaries and related companies

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2016	2015	2016	2015	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods and equipment	-	-	930	294	at cost
Service income	-	-	34,808	34,096	as per agreement
Rental and service expenses	-	-	1,977	2,572	as per agreement
Interest income	-	-	471	695	as per agreement
Interest expense	-	-	840	14	as per agreement
Dividend income	-	-	3,915	4,372	as declared
Purchase of goods	-	-	573	35	as agreed price
Purchase of assets	-	-	222	-	as agreed price
Transactions with associated company: United Distribution Business Co., Ltd.*					
Sales of goods	10,521	12,644	23	66	selling price less a certain margin, as per agreement
Dividend income	5	10	5	10	as declared
Rental and service expense	489	605	4	4	as per agreement
Transactions with other related companies					
International roaming service income	24	68	7	46	as per agreement
Service income	424	433	50	56	market price
Sale on right of online refill service	296	358	-	-	as per agreement
Sales of goods	-	1	-	1	market price
Service expenses	1,657	1,241	534	425	as per agreement
Service fees for installation of cell site equipment	275	272	275	272	as per agreement
Management fee	677	651	677	651	as per agreement
Sales of Assets	3	-	3	-	as agreed price

\* The Company paid marketing support expense for year ended 31 December 2016 at Baht 3 million (2015: Baht 8 million) to dealers through United Distribution Business Co., Ltd.

The Company entered into an Agreement with its subsidiary on an annual basis in that the Company agreed to sell the selected devices at the agreed prices to the customers subscribing for the applicable bundle service packages offered by the subsidiary and the subsidiary has to pay the fees to the Company as stipulated in the agreement. The fees are included in the disclosure of transaction with subsidiary above.

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade and other receivables - related parties (Note 6)</b>				
<b>Trade receivables - related parties</b>				
Subsidiaries	-	-	3,960,649	5,054,670
Associated company (Note 7.1)	1,444,946	1,884,153	56	26,451
Related companies <sup>(1)</sup>	172,660	381,709	11,543	15,877
Total	1,617,606	2,265,862	3,972,248	5,096,998
Less: Allowance for doubtful accounts	(2,830)	(2,830)	(2,830)	(2,830)
Total trade receivables - related parties, net	1,614,776	2,263,032	3,969,418	5,094,168
<b>Other receivables - related parties</b>				
Subsidiaries	-	-	2,973,716	2,434,493
Related companies <sup>(1), (2)</sup>	60,560	135,863	60,560	135,863
Total	60,560	135,863	3,034,276	2,570,356
Less: Allowance for doubtful accounts	(5,944)	(5,944)	(5,944)	(5,944)
Total other receivables - related parties, net	54,616	129,919	3,028,332	2,564,412
Total trade and other receivables - related parties, net	1,669,392	2,392,951	6,997,750	7,658,580
<b>Amounts due from related parties</b>				
Subsidiary (Note 7.2)	-	-	216,767	361,909
Related companies <sup>(1), (2)</sup>	26,539	26,774	-	-
Total	26,539	26,774	216,767	361,909
Less: Allowance for doubtful accounts	(26,343)	(26,343)	-	-
Total amounts due from related companies - net	196	431	216,767	361,909
<b>Loans to subsidiary</b>				
Subsidiary (Note 7.3)	-	-	15,500,000	15,500,000
Total loans to subsidiary	-	-	15,500,000	15,500,000
<b>Trade and other payables - related parties (Note 17)</b>				
<b>Trade payables - related parties</b>				
Subsidiaries	-	-	220,955	384,839
Associated company	64,848	93,705	-	-
Related companies <sup>(1), (2)</sup>	950,071	1,388,735	130,617	257,432
Total trade payables - related parties	1,014,919	1,482,440	351,572	642,271

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Other payables - related parties</b>				
Subsidiaries	-	-	988,695	83,955
Associated company	459	1,317	459	1,317
Related companies <sup>(1), (2)</sup>	510,333	602,119	507,416	599,202
Total other payables - related parties	510,792	603,436	1,496,570	684,474
Total trade and other payables - related parties	1,525,711	2,085,876	1,848,142	1,326,745
<b>Short-term loan from related party</b>				
Related company <sup>(1)</sup> (Note 7.4)	165,000	-	-	-
Total short-term loan from related party	165,000	-	-	-
<b>Loans from subsidiary</b>				
Subsidiary (Note 7.5)	-	-	28,000,000	18,000,000
Total loans from subsidiary	-	-	28,000,000	18,000,000
<b>Deposit guarantee on domestic roaming agreement</b>				
Subsidiary	-	-	3,750,764	3,750,764

Relationship with the related companies

<sup>(1)</sup> Common ultimate shareholder<sup>(2)</sup> Common directors

- 7.1 The aging of trade receivables - associated company as at 31 December 2016 and 2015 based on due date, is as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Age of receivables				
Not yet due	1,289,868	1,471,304	52	18,803
Past due less than 1 month	155,078	412,849	4	7,648
Trade account receivable - associated company	1,444,946	1,884,153	56	26,451

- 7.2 The amount due from TAC Property Co., Ltd. (a subsidiary) mostly comprises receivables arising from sales of equipment to support cellular telephone services. There is no fixed term for repayment and no interest is charged.
- 7.3 The loan of Baht 15,500 million (2015: Baht 15,500 million) to dtac TriNet (a subsidiary) is to be used in making an application for a spectrum license and using for operation under such license which carries interest at a rate of BIBOR plus certain margin. Payment of the loans is due at call. However, the Company has no plan to call the loans within one year, and therefore classified them as non-current assets in the financial statements.

As at 31 December 2016 and 2015, the balance of loans between the Company and its subsidiary and the movement are as follows:

(Unit: Thousand Baht)

Loan to	Separate financial statements			
	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<b>Subsidiary</b>				
dtac TriNet Co., Ltd.	15,500,000	-	-	15,500,000
	15,500,000	-	-	15,500,000

7.4 The short-term loan of Baht 165 million (31 December 2015: Nil) is the loan which a subsidiary borrows from a related party for operations and carries interest at a rate of THBFX plus certain margin. Payment of the loans is due in accordance with the conditions specified in the loan agreement and related agreement. The subsidiary expected that the loan would be repaid within one year.

7.5 The loan of Baht 28,000 million (31 December 2015: Baht 18,000 million) from dtac TriNet (a subsidiary) is to be used for operations which carries interest at a rate of BIBOR plus certain margin. Payment of the loans is due at call. However, the Company expected that the loan would not be called by a subsidiary within one year, and therefore classified them as non-current liabilities in the financial statements.

As at 31 December 2016 and 2015, the balance of loans between the Company and its subsidiary and the movement are as follows:

(Unit: Thousand Baht)

Loan from	Separate financial statements			
	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<b>Subsidiary</b>				
dtac TriNet Co., Ltd.	18,000,000	10,000,000	-	28,000,000
	18,000,000	10,000,000	-	28,000,000

7.6 Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2016	2015
Short-term employee benefits	109,783	83,140
Post-employment benefits and other long-terms benefits	2,467	2,315
Total	112,250	85,455

## 8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	2,162,660	3,065,844	(99,372)	(240,072)	2,063,288	2,825,772
Total	2,162,660	3,065,844	(99,372)	(240,072)	2,063,288	2,825,772

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	2,067,432	2,947,857	(82,958)	(236,086)	1,984,474	2,711,771
Total	2,067,432	2,947,857	(82,958)	(236,086)	1,984,474	2,711,771

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 497 million (2015: Baht 495 million) (The Company only: Baht 473 million and 2015: Baht 492 million), to reflect the net realisable value. This was presented as cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 638 million (2015: Baht 383 million) (The Company only: Baht 626 million and 2015: Baht 383 million), and reduced the amount of inventories recognised as expenses during the year.

## 9. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Value added tax suspension	1,377,880	1,951,228	873,154	1,315,251
Prepaid expenses and deferred expenses	216,117	290,126	167,568	216,377
Prepaid rental - land for cell sites	886,525	629,397	155,150	274,190
Deposit for bidding of the frequency band 900 MHz	-	644,500	-	-
Total	2,480,522	3,515,251	1,195,872	1,805,818
Less: Provision for impairment of assets	(11,220)	(11,220)	-	-
Total other current assets - net	2,469,302	3,504,031	1,195,872	1,805,818

## 10. Investments in associated company

### 10.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements			
					Cost		Carrying amounts based on equity method	
					2016	2015	2016	2015
					Percent	Percent		
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	287,827	282,772

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements					
					Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
					2016	2015	2016	2015	2016	2015
					Percent	Percent				
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	-	-	50,000	50,000

### 10.2 Share of profit and dividend received

During the years, the Company has recognised its share of profit from investment in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investments in associate during the year		Dividend received during the year	
	2016	2015	2016	2015
United Distribution Business Co., Ltd.	10,055	3,708	5,000	10,000

### 10.3 Summarised financial information of associate

Financial information of the associated company is summarised below. (2015: Audited financial statements, 2016: Management's accounts)

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit for the years ended 31 December	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
United Distribution Business Co., Ltd.	200	200	2,691	3,140	1,540	2,009	1,261	1,644	40	30

## 11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

	Separate financial statements									
	Paid-up share capital		Percentage of shareholding		Investments at cost		Impairment loss on investments		Net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Subsidiaries directly held by the Company</b>										
WorldPhone Shop Co., Ltd.	450	450	100	100	450,000	450,000	(450,000)	(450,000)	-	-
TAC Property Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
dtac TriNet Co., Ltd.	1,160	1,160	100	100	1,270,000	1,270,000	-	-	1,270,000	1,270,000
DTAC Broadband Co., Ltd.	175	175	100	100	175,000	175,000	-	-	175,000	175,000
United Communication Industry Plc. (UCOM)	272	272	99.81	99.81	271,161	271,161	-	-	271,161	271,161
dtac Digital Media Co., Ltd.	-	26	-	100	-	25,750	-	-	-	25,750
Paysbuy Co., Ltd.	200	200	100	100	236,756	236,756	-	-	236,756	236,756
Crie Co., Ltd.	-	0.2	-	51	-	39,230	-	(39,230)	-	-
<b>Subsidiaries held through TAC Property Co., Ltd.</b>										
Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
<b>Subsidiary held through dtac TriNet Co., Ltd.</b>										
dtac Accelerate Co., Ltd.	15	15	100	100	-	-	-	-	-	-
dtac Digital Media Co., Ltd.	26	-	100	-	-	-	-	-	-	-
dtac Service Co., Ltd.	0.25	0.25	100	100	-	-	-	-	-	-
dtac Next Co., Ltd.	0.25	0.25	100	100	-	-	-	-	-	-
TeleAssets Co., Ltd.	0.25	-	100	-	-	-	-	-	-	-
Total investments in subsidiaries, net					2,403,917	2,468,897	(450,000)	(489,230)	1,953,917	1,979,667



- a) During the year 2016, dtac TriNet Co., Ltd., and DTAC Broadband Co., Ltd. which are the subsidiaries of the Company, announced their dividends to the Company amounting to Baht 2,830 million and Baht 1,085 million, respectively (2015: Baht 3,138 million and Baht 1,056 million, respectively).
- b) In April 2016, dtac TriNet, the Company's subsidiary, invested in 9,997 shares of TeleAssets Co., Ltd. ("TeleAssets"), representing 100 percent of the issued shares, at a price equal to the par value of Baht 100 per share, of which 25 percent or a total of Baht 250,000, was called up. On 12 April 2016, TeleAssets registered as a legal entity in accordance with the Civil and Commercial Code in order to provide the asset management service.
- c) In June 2016, the Company transferred 999,993 shares with a par value of Baht 100 per share of dtac Digital Media Co., Ltd to dtac Trinet, representing 100 percent of the issued shares of that company. The agreed price of the shares was Baht 26 million, which is equivalent to 25 percent of the called-up capital.
- d) On 20 July 2015, the extraordinary general meeting of Shareholders No. 3/2015 of Crie Company Limited ("Crie") passed a resolution to approve the dissolution of the company. Crie has already registered its dissolution with the Ministry of Commerce on 20 July 2015. At present, Crie is dissolved and liquidated.
- e) In 2015, dtac TriNet, the Company's subsidiary, invested in 9,997 shares of dtac Service Co., Ltd. ("dtac Service"), representing 100 percent of the issued shares, at a price equal to the par value of Baht 100 per share, of which 25 percent or a total of Baht 250,000, was called up. On 9 September 2015, dtac Service registered as a legal entity in accordance with the Civil and Commercial Code in order to provide the asset management service.
- f) In 2015, dtac TriNet, the Company's subsidiary, invested in 9,997 shares of dtac Next Co., Ltd. ("dtac Next"), representing 100 percent of the issued shares, at a price equal to the par value of Baht 100 per share, of which 25 percent or a total of Baht 250,000, was called up. On 9 September 2015, dtac Next registered as a legal entity in accordance with the Civil and Commercial Code in order to provide the asset management service.
- g) As stipulated under the Master Sale and Purchase Agreement dated 26 February 2006, UCOM has the right to claim any amount to which UCOM becomes liable in respect of the former operations from the purchaser company. All contingent liabilities (if any) are thus transferred to the purchaser company. The purchaser company's responsibility for such liabilities is subjected to those to be actually incurred and paid by UCOM, with no limit on their amount, within two years from the asset transfer date, or until UCOM's obligations and responsibilities end.

## 12. Other investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Digital Phone Co., Ltd.	49,400	49,400	49,400	49,400
Other companies	47,415	37,783	32,133	32,133
Total	96,815	87,183	81,533	81,533
Less: Allowance for impairment loss	(79,733)	(64,913)	(79,733)	(64,913)
Total other investments - net	17,082	22,270	1,800	16,620

During 2016, the Company additionally recognised loss from impairment of the investment in Digital Phone Co., Ltd. of Baht 15 million.

### 13. Property, plant and equipment

## Consolidated financial statement

[illegible]

## Consolidated financial statement

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
<b>Cost</b>											
1 January 2016	1,006,221	1,702,693	1,285,801	31,771,720	213,011	675,793	6,868,115	121,879	2,519,885	351,976	46,517,094
Purchases	-	-	20,121	3,166,076	-	1,108	2,923	53,401	12,140,601	680	15,384,910
Disposals/written-off	(2,405)	(7,378)	(118,663)	(312,804)	-	(26,825)	(112,317)	(39,318)	(3,190)	(45,425)	(668,325)
Transferred in (out)	-	7,219	163,407	12,324,346	-	60,168	390,118	722	(13,063,610)	782	(116,848)
31 December 2016	1,003,816	1,702,534	1,350,666	46,949,338	213,011	710,244	7,148,839	136,684	1,593,686	308,013	61,116,831
<b>Accumulated depreciation</b>											
1 January 2016	-	1,276,162	686,276	8,762,536	177,437	642,382	6,089,698	79,200	-	211,261	17,924,952
Depreciation for the year	-	67,526	159,362	5,277,612	10,536	36,006	394,326	37,830	-	24,629	6,007,827
Depreciation - disposal/written-off	-	(7,378)	(88,073)	(228,035)	-	(26,049)	(53,136)	(36,944)	-	(42,583)	(482,198)
Transferred in	-	-	-	(54,420)	-	-	-	-	-	-	(54,420)
31 December 2016	-	1,336,310	757,565	13,757,693	187,973	652,339	6,430,888	80,086	-	193,307	23,396,161
<b>Allowance for impairment loss</b>											
1 January 2016	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
31 December 2016	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
<b>Net book value</b>											
31 December 2015	1,003,221	426,531	599,525	23,009,184	35,574	33,411	766,952	42,679	2,519,885	57,740	28,494,702
31 December 2016	1,000,816	366,224	593,101	33,191,645	25,038	57,905	706,486	56,598	1,593,686	31,731	37,623,230
<b>Depreciation included in the income statements for the years</b>											
2015										4,593,710	
2016										6,007,827	

As at 31 December 2016, certain equipment items of the Company and its subsidiaries have been fully depreciated. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 7,707 million (2015: Baht 7,037 million).

As at 31 December 2016, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 11 million (2015: Baht 23 million).

## Separate financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
Cost											
1 January 2015	732,768	1,696,985	1,194,019	2,468,871	86,942	638,620	5,890,247	98,819	107,542	243,559	13,158,372
Purchases	-	10,636	172,359	175	-	47,281	456,038	39,022	748,978	12,500	1,486,989
Disposals/written-off	(7,323)	(5,381)	(121,842)	(6,933)	-	(44,746)	(159,179)	(17,397)	-	(35,551)	(398,352)
Transferred in (out)	-	-	-	943,649	-	-	-	-	(654,252)	-	289,397
31 December 2015	725,445	1,702,240	1,244,536	3,405,762	86,942	641,155	6,187,106	120,444	202,268	220,508	14,536,406
Accumulated depreciation											
1 January 2015	-	1,184,502	579,031	1,456,421	58,693	593,744	5,520,088	64,404	-	113,031	9,569,914
Depreciation for the year	-	96,590	143,363	203,855	4,220	64,576	318,570	29,756	-	19,508	880,438
Depreciation – disposals/	-	(5,383)	(65,499)	(5,486)	-	(44,089)	(159,112)	(16,200)	-	(33,429)	(329,198)
written-off	-	-	-	40,830	-	-	-	-	-	-	40,830
Transferred in	-	-	-	-	-	-	-	-	-	-	-
31 December 2015	-	1,275,709	656,895	1,695,620	62,913	614,231	5,679,546	77,960	-	99,110	10,161,984
Allowance for impairment loss											
1 January 2015	3,000	-	-	263,958	-	-	-	-	-	82,975	349,933
31 December 2015	3,000	-	-	263,958	-	-	-	-	-	82,975	349,933
Net book value											
31 December 2014	729,768	512,483	614,988	748,492	28,249	44,876	370,159	34,415	107,542	47,553	3,238,525
31 December 2015	722,445	426,531	587,641	1,446,184	24,029	26,924	507,560	42,484	202,268	38,423	4,024,489
Depreciation included in the income statements for the years											
2014											980,183
2015											880,438

## Separate financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
<b>Cost</b>											
1 January 2016	725,445	1,702,240	1,244,536	3,405,762	86,942	641,155	6,187,106	120,444	202,268	220,508	14,536,406
Purchases	-	-	19,110	72,406	7,037	797	1,527	53,401	1,559,046	680	1,714,004
Disposals/written-off	(2,405)	(7,378)	(117,312)	(170,192)	-	(26,825)	(27,509)	(39,312)	-	(32,568)	(423,501)
Transferred in (out)	-	7,219	154,709	1,265,420	-	58,253	188,930	722	(1,675,253)	-	-
31 December 2016	723,040	1,702,081	1,301,043	4,573,396	93,979	673,380	6,350,054	135,255	86,061	188,620	15,826,909
<b>Accumulated depreciation</b>											
1 January 2016	-	1,275,709	656,895	1,695,620	62,913	614,231	5,679,546	77,960	-	99,110	10,161,984
Depreciation for the year	-	67,526	155,590	393,915	6,028	34,152	279,689	37,656	-	15,002	989,558
Depreciation - disposals/written-off	-	(7,378)	(87,430)	(108,888)	-	(26,049)	(27,226)	(36,939)	-	(29,726)	(323,636)
31 December 2016	-	1,335,857	725,055	1,980,647	68,941	622,334	5,932,009	78,677	-	84,386	10,827,906
<b>Allowance for impairment loss</b>											
1 January 2016	3,000	-	-	263,958	-	-	-	-	-	82,975	349,933
Impairment loss for the year	-	-	-	489,489	-	-	-	-	-	-	489,489
31 December 2016	3,000	-	-	753,447	-	-	-	-	-	82,975	839,422
<b>Net book value</b>											
31 December 2015	722,445	426,531	587,641	1,446,184	24,029	26,924	507,560	42,484	202,268	38,423	4,024,489
31 December 2016	720,040	366,224	575,988	1,839,302	25,038	51,046	418,045	56,578	86,061	21,259	4,159,581
<b>Depreciation included in the income statements for the years</b>											
2015											880,438
2016											989,558

As at 31 December 2016, certain equipment items of the Company have been fully depreciated. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 7,412 million (2015: Baht 6,888 million).

As at 31 December 2016, the Company had vehicles under finance lease agreements with net book values amounting to Baht 11 million (2015: Baht 23 million).

In 2015 and 2016, the Company reviewed the value of equipment for supporting cellular telephone services which the carrying amount of the equipment is grouped in the same cash generating unit as deferred right to use of equipment as described in Note 14 to the consolidated financial statements.

## 14. Deferred right to use of equipment

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

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

Deferred right to use of equipment consists of the following:

(Unit: Thousand Baht)

	Consolidated financial statement		
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 1 January 2015	146,386,043	971,620	147,357,663
Acquisition	8,454,411	-	8,454,411
Transfer out	(372,363)	-	(372,363)
<b>At 31 December 2015</b>	<b>154,468,091</b>	<b>971,620</b>	<b>155,439,711</b>
Acquisition	5,689,295	-	5,689,295
Transfer in	143,535	-	143,535
<b>At 31 December 2016</b>	<b>160,300,921</b>	<b>971,620</b>	<b>161,272,541</b>
<b>Amortisation:</b>			
At 1 January 2015	(104,383,401)	(710,284)	(105,093,685)
Amortisation	(12,310,183)	(52,762)	(12,362,945)
Transfer out	73,673	-	73,673
<b>At 31 December 2015</b>	<b>(116,619,911)</b>	<b>(763,046)</b>	<b>(117,382,957)</b>
Amortisation	(15,254,000)	(77,187)	(15,331,187)
Transfer in	(68,999)	-	(68,999)
<b>At 31 December 2016</b>	<b>(131,942,910)</b>	<b>(840,233)</b>	<b>(132,783,143)</b>
<b>Net book value:</b>			
At 31 December 2015	37,848,180	208,574	38,056,754
At 31 December 2016	28,358,011	131,387	28,489,398
<b>Amortisation included in income statements</b>			
2015	12,310,183	52,762	12,362,945
2016	15,254,000	77,187	15,331,187

(Unit: Thousand Baht)

	Separate financial statement		
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 1 January 2015	146,385,463	971,620	147,357,083
Acquisition	8,454,409	-	8,454,409
Transfer out	(372,363)	-	(372,363)
<b>At 31 December 2015</b>	<b>154,467,509</b>	<b>971,620</b>	<b>155,439,129</b>
Acquisition	5,832,831	-	5,832,831
<b>At 31 December 2016</b>	<b>160,300,340</b>	<b>971,620</b>	<b>161,271,960</b>
<b>Amortisation:</b>			
At 1 January 2015	(100,484,998)	(710,284)	(101,195,282)
Amortisation	(8,678,676)	(52,762)	(8,731,438)
Transfer out	73,673	-	73,673
<b>At 31 December 2015</b>	<b>(109,090,001)</b>	<b>(763,046)</b>	<b>(109,853,047)</b>
Amortisation	(11,644,460)	(77,187)	(11,721,647)
<b>At 31 December 2016</b>	<b>(120,734,461)</b>	<b>(840,233)</b>	<b>(121,574,694)</b>
<b>Allowance for impairment</b>			
At 1 January 2015	(17,358,765)	-	(17,358,765)
Increase	-	-	-
<b>At 31 December 2015</b>	<b>(17,358,765)</b>	<b>-</b>	<b>(17,358,765)</b>
Increase	(4,695,336)	-	(4,695,336)
<b>At 31 December 2016</b>	<b>(22,054,101)</b>	<b>-</b>	<b>(22,054,101)</b>
<b>Net book value:</b>			
<b>At 31 December 2015</b>	<b>28,018,743</b>	<b>208,574</b>	<b>28,227,317</b>
<b>At 31 December 2016</b>	<b>17,511,778</b>	<b>131,387</b>	<b>17,643,165</b>
<b>Amortisation included in income statements</b>			
2015	8,678,676	52,762	8,731,438
2016	11,644,460	77,187	11,721,647

The Company evaluated impairment of deferred right to use of equipment and equipment for supporting cellular telephone services (Concession Agreement) by comparing the carrying amount of the cash generating unit to its recoverable amount. The recoverable amount is its value in use which is determined by estimating future cash flows discounted to their present value based on the assumption that the Concession Agreement will be terminated in September 2018.

As a result of its impairment assessment of the assets referred above in 2016, the Company recognised losses from impairment totaling Baht 5,185 million in profit or loss in the separate financial statement for the year ended 31 December 2016. The impairment losses are comprised of impairment of the deferred right to use of equipment amounting to Baht 4,695 million and impairment of equipment for supporting cellular telephone services amounting to Baht 490 million, as described in Note 13 to the consolidated financial statements.



## 15. Other intangible assets

The net book value of other intangible assets as at 31 December 2016 and 2015 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	software under development	Total	Computer software	software under development	Total
As at 31 December 2016:						
Cost	12,124,828	86,709	12,211,537	9,927,719	20,173	9,947,892
Less: Accumulated amortisation	(11,021,604)	-	(11,021,604)	(9,673,246)	-	(9,673,246)
Net book value	1,103,224	86,709	1,189,933	254,473	20,173	274,646
As at 31 December 2015:						
Cost	11,463,250	263,001	11,726,251	9,775,405	80,101	9,855,506
Less: Accumulated amortisation	(10,225,787)	-	(10,225,787)	(9,362,372)	-	(9,362,372)
Net book value	1,237,463	263,001	1,500,464	413,033	80,101	493,134

A reconciliation of the net book value of other intangible assets for the years 2016 and 2015 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	1,500,464	1,622,971	493,134	710,276
Acquisition of computer software	682,623	703,355	92,618	155,086
Amortisation	(877,822)	(875,107)	(311,099)	(422,046)
Transferred in (out)	(12,109)	50,123	-	50,123
Loss from intangible assets written-off	(103,223)	(878)	(7)	(305)
Net book value at end of year	1,189,933	1,500,464	274,646	493,134

## 16. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred underwriting fees / arrangement fees				
for loans and debentures - net	102,190	155,647	-	10,376
Deposits	374,116	313,161	302,541	265,578
Leasehold rights	20,210	23,601	18,921	22,169
Withholding tax deducted at source	2,362,406	1,365,195	2,338,673	1,338,877
Others	84,151	91,637	15,310	22,796
Total other non-current assets	2,943,073	1,949,241	2,675,445	1,659,796

As at 31 December 2016, the Company was in the process of requesting the refund of withholding tax deducted at source amounting to Baht 1,171 million (2015: Baht 167 million) from the Revenue Department. The recoverability of the amount depended upon the results of a tax audit.

## 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables for the purchase				
of equipment for providing telephone				
services, telephone sets and starter kits	10,013,007	6,756,803	3,601,538	4,491,330
Trade payables - related parties (Note 7)	1,014,919	1,482,440	351,572	642,271
Trade payable - CAT	8,193,682	7,377,323	8,172,310	7,267,861
Trade payable - TOT	1,256,215	1,259,861	1,249,419	1,249,592
Accrued license fees	2,558,887	4,188,358	-	-
Trade payables - interconnection charge	65,421	52,670	118	21
Trade payables - international				
telephone roaming services	1,285,239	1,439,521	1,174,692	1,353,604
Other trade payables	1,726,366	2,052,101	485,859	676,046
Other payables - related parties (Note 7)	510,792	603,436	1,496,570	684,474
Other payables	1,417,137	1,415,033	781,879	880,788
Accrued expenses	4,548,762	3,149,758	2,975,078	2,448,210
Interest payables	329,223	90,579	-	90,580
Total trade and other payables	32,919,650	29,867,883	20,289,035	19,784,777

## 18. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
18.1 The Company's loan facility from Thailand branch of foreign financial institution	-	10,000,000	-	10,000,000
18.2 The subsidiary's loan facilities from local financial institutions	29,000,000	18,000,000	-	-
Total	29,000,000	28,000,000	-	10,000,000
Less: Current portion	-	(10,000,000)	-	(10,000,000)
Long-term loans - net of current portion	29,000,000	18,000,000	-	-

### The Company's long-term loan

- On 3 October 2012, the Company entered into a Facility Agreement with the Thailand branch of foreign financial institutions. The principal terms of this facility are:

Facility	: Baht 10,000 million (fully drawn down)
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every one month, three months, or six months depending on selection period
Principal repayment schedule	: 4 equal semi-annual installments, commencing in June 2016

The Company fully repaid the loan before the normal repayment schedule in 2016.

### Subsidiary's long-term loans

- In November 2015, one subsidiary entered into Facility Agreements with the financial institutions. The principal terms of these facilities are:

Facilities	: Baht 69,000 million
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every month, every three months or every six months depending on selection period
Principal repayment schedules	: As per conditions specified in the agreements

- In January 2016, a subsidiary entered into an additional Facility Agreement with a financial institution. The principal terms of this facility are:

Facilities	: Baht 3,000 million
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every one month, three months, or six months depending on certain conditions
Principal repayment schedule	: 5 equal annual installments, commencing in January 2019

During the period, the subsidiary had fully drawn down such facility.

As at 31 December 2016, the long-term credit facilities of a subsidiary which have not yet been drawn down amounted to Baht 43,000 million (2015: Baht 51,000 million).

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

## 19. Debentures

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht debentures	20,000	20,000	-	5,000
Less: Current portion	-	(5,000)	-	(5,000)
Thai Baht debentures - net of current portion	20,000	15,000	-	-

The movements of debentures for the year ended 31 December 2016 are as follows:

(Unit: Million Baht)

		Balance as at 1 January 2016	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2016
Tenor					
<b>The Company</b>					
Debentures of Baht 5,000 million					
(issued on 25 July 2013)	3 years	5,000	-	(5,000)	-
		5,000	-	(5,000)	-
<b>Subsidiary</b>					
Debentures of Baht 2,000 million					
(issued on 29 July 2015)	3 years	2,000	-	-	2,000
Debentures of Baht 4,000 million					
(issued on 29 July 2015)	5 years	4,000	-	-	4,000
Debentures of Baht 3,000 million					
(issued on 29 July 2015)	7 years	3,000	-	-	3,000
Debentures of Baht 6,000 million					
(issued on 29 July 2015)	10 years	6,000	-	-	6,000
Debentures of Baht 1,500 million					
(issued on 22 July 2016)	3 years	-	1,500	-	1,500
Debentures of Baht 1,000 million					
(issued on 22 July 2016)	5 years	-	1,000	-	1,000
Debentures of Baht 1,500 million					
(issued on 22 July 2016)	7 years	-	1,500	-	1,500
Debentures of Baht 1,000 million					
(issued on 22 July 2016)	10 years	-	1,000	-	1,000
		15,000	5,000	-	20,000
Total		20,000	5,000	(5,000)	20,000

### The Company's debenture

On 25 July 2013, the Company issued the Baht 5,000 million of registered, unsubordinated, and unsecured debentures with a debentureholders' representative (5,000,000 debentures of Baht 1,000 each). The debentures bear interest at 3.72 percent per annum and were redeemable in full in July 2016.

### Subsidiary's debentures

On 17 June 2015, the Board of Director Meeting of dtac TriNet (the subsidiary) approved to issue new debentures. On 29 July 2015, the subsidiary issued 4 tranches of the registered, unsubordinated, and unsecured debentures with a debentureholders' representative to institutional and/or high net worth investors at the total amount of Baht 15,000 million (15,000,000 debentures of Baht 1,000 each). The debentures bear interest at 2.16%, 2.92%, 3.52% and 3.98% per annum and are redeemable in full in 2018, 2020, 2022, and 2025, respectively.

In addition, on 17 May 2016, the Board of Director Meeting of the subsidiary approved to issue new debentures. On 22 July 2016, the subsidiary issued 4 tranches of registered, unsubordinated, and unsecured debentures with a debentureholders' representative, to be issued with total amount not exceeding Baht 5,000 million (5,000,000 debentures, Baht 1,000 each). The debentures bear interest at 1.98%, 2.44%, 3.01% and 3.19% per annum and are redeemable in full in 2019, 2021, 2023, and 2026.

The subsidiary entered into interest rate swap agreements with financial institutions, to swap the debentures issued, totaling in notional amount of Baht 16,500 million or 82.5% of debentures issued, to swap fixed Baht interest rates for floating Baht interest rates plus margins as specified in agreements.

Such debentures contain covenants relating to various matters such as restrictions on creating or permitting the creation of security interest on property and assets, and a prohibition on making loans or granting guarantees except under certain conditions.

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	Consolidated/ Separate financial statements	
	2016	2015
<b>Provision for long-term employee benefits at beginning of year</b>	452,416	380,077
Included in profit or loss:		
Current service cost	45,522	38,147
Interest cost	13,940	12,946
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Financial assumptions changes	(12,966)	19,963
Experience adjustments	(49,766)	1,283
Benefits paid during the year	(10,770)	-
<b>Provision for long-term employee benefits at end of year</b>	<b>438,376</b>	<b>452,416</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised entirely in administrative expenses.

The Company expect to pay Baht 5 million of long-term employee benefits during the next year (Separate financial statements: Baht 5 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 15 years (Separate financial statements: 15 years) (2015: 15 years, separate financial statements: 15 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated/Separate financial statements	
	2016	2015
Discount rate	3.2	3.1
Salary increase rate	5.5	5.6
Turnover rate	0 - 25	0 - 25

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

(Unit: Million Baht)

	Consolidated/Separate financial statements	
	Increase 0.5%	Decrease 0.5%
Discount rate	(31)	34
Salary increase rate	33	(30)
	Increase 10%	Decrease 10%
Voluntary turnover rate of employees	(27)	30

## 21. Dividends

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend announced from operating result for the period as from 1 October 2014 to 31 December 2014 and from the retained earnings	Annual General Meeting of the shareholders on 26 March 2015	5,537	2.34
Interim dividend announced from operating result for the period as from 1 January 2015 to 31 March 2015	Meeting of the Board of Directors on 24 April 2015	2,107	0.89
Interim dividend announced from operating result for the period as from 1 April 2015 to 30 June 2015	Meeting of the Board of Directors on 20 July 2015	1,893	0.80
Interim dividend announced from operating result for the period as from 1 July 2015 to 30 September 2015	Meeting of the Board of Directors on 19 October 2015	1,705	0.72
Total dividends for 2015		11,242	

Dividends	Approved by	Total dividend	Dividend per share
		(Million Baht)	(Baht)
Dividend announced from operating result for the period as from 1 October 2015 to 31 December 2015	Annual General Meeting of the shareholders on 30 March 2016	1,231	0.52
Interim dividend announced from operating result for the period as from 1 January 2016 to 30 June 2016	Board of Directors' Meeting on 12 July 2016	994	0.42
Total dividends for 2016		2,225	

## 22. Statutory reserve

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

## 23. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	4,683,683	4,197,106	4,693,682	4,281,345
Depreciation	6,007,827	4,593,710	989,558	880,438
Amortisation	17,193,711	14,202,101	12,062,997	9,187,494
Rental expenses from operating lease agreements	2,627,720	2,467,930	1,575,304	1,868,411
Purchases in inventories	13,923,636	16,306,515	10,532,199	14,396,711
Changes in inventories of finished goods	903,184	953,214	880,425	835,777

## 24. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Interest expense	1,405,348	1,311,508	1,046,735	999,751
Amortisation on deferred financial cost	64,456	22,223	10,377	14,493
Other finance cost	96,843	50,583	10,028	31,602
Total finance cost	1,566,647	1,384,314	1,067,140	1,045,846



## 25. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	1,495,477	1,761,135	-	-
Adjustment in respect of income tax of previous year	(28,178)	(22,041)	(43,327)	48,686
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(961,577)	(182,480)	(1,127,230)	691,298
<b>Income tax expense reported in the income statement</b>	<b>505,722</b>	<b>1,556,614</b>	<b>(1,170,557)</b>	<b>739,984</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)		
	2016	2015
Deferred tax relating to the actuarial gains or losses	-	-

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit (loss) before tax	2,591,585	7,444,755	(2,222,973)	7,994,793
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	518,317	1,488,951	(444,595)	1,598,959
Deficits	(721)	(1,857)	-	-
Adjustment in respect of current income tax of previous year	(28,178)	(22,041)	(43,327)	48,686
Effects of:				
Tax exempted revenue	(1,282)	(10,540)	(784,154)	(960,449)
Non-deductible expenses	128,743	29,998	106,735	21,682
Additional capital expenditure deductions allowed	(187,160)	-	(37,916)	-
Write-down of deferred tax assets	16,620	6,170	16,620	6,170
Effects of adjustment deferred tax	54,740	62,364	16,080	24,936
Others	4,643	3,569	-	-
<b>Income tax expenses reported in the income statement</b>	<b>505,722</b>	<b>1,556,614</b>	<b>(1,170,557)</b>	<b>739,984</b>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Allowance for doubtful accounts - trade receivables	189,945	167,641	44,451	53,768
Allowance for diminution in value of investment/loss on the subsidiary	90,000	90,000	90,000	90,000
Allowance for diminution in value of inventories	19,875	47,217	16,592	47,217
Accrued expenses	344,774	322,160	330,189	322,160
Amortisation of intangible assets	39,528	70,906	20,997	52,391
Unrealised gain on derivative instruments for long-term loans	(7,117)	-	-	-
Sales of prepaid voucher cards	229,146	201,151	39,450	54,524
Allowance for impairment of assets	-	-	2,292,734	1,992,812
License on mobile money business (premium from subsidiary acquisition)	(13,768)	(13,768)	-	-
Tax losses carried forward	1,130,114	-	1,130,114	-
Others	27,873	203,486	49,024	230,123
Total	2,050,370	1,088,793	4,013,551	2,842,995

The above tax losses carried forward will gradually expire by 2021.

As at 31 December 2016 the Company has deductible temporary differences of Baht 1,392 million (2015: Baht 1,309 million). No deferred tax assets have been recognised on these amount as the Company believes that future taxable profits may not sufficient to allow utilisation of temporary differences.

## 26. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	2,085,830	5,893,114	(1,052,416)	7,254,808
Weighted average number of ordinary shares (Thousand shares)	2,367,811	2,367,811	2,367,811	2,367,811
Basic earnings (loss) per share (Baht/share)	0.88	2.49	(0.44)	3.06

## 27. Depreciation and amortisation

Depreciation and amortisation for the years ended 31 December 2016 and 2015 comprised:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Depreciation</b>				
Building and equipment	6,007,827	4,593,710	989,558	880,438
<b>Amortisation</b>				
Deferred right to use of equipment	15,331,187	12,362,945	11,721,647	8,731,438
Cost of spectrum license	900,227	897,052	-	-
Other intangible assets and other non-current assets				
- group as selling and administration expenses	897,841	919,881	330,973	441,563
- group as finance cost	64,456	22,223	10,377	14,493
Total depreciation and amortisation	23,201,538	18,795,811	13,052,555	10,067,932

## 28. Operating income before interest, taxes, depreciation, amortisation, other incomes and other expenses (EBITDA before other incomes and other expenses)

(Unit: Thousand Baht)

		Consolidated financial statements	
		2016	2015
	Note		
Profit for the year		2,085,863	5,888,141
Add	:		
Finance cost	24	1,566,647	1,384,314
Income tax expenses	25	505,722	1,556,614
Depreciation	27	6,007,827	4,593,710
Amortisation	27	17,129,255	14,179,878
EBITDA		27,295,314	27,602,657
Add (less)	:		
Interest income		(170,342)	(136,066)
Loss (gain) on foreign exchange		(83,837)	294,871
Other expenses related to employees		578,956	108,026
Dividend received from other investments		(375)	(40,325)
Share of profit from investment in associated company		(10,055)	(3,708)
Loss from disposal/write-off of equipment and intangible assets		294,801	119,904
Allowance for diminution in value of other investment		14,820	-
Other incomes		(3,831)	(4,136)
Operating income before interest, taxes, depreciation, amortisation, other incomes and other expenses (EBITDA before other incomes and other expenses)		27,915,451	27,941,223

## 29. Financial instruments

### 29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

### 29.2 Interest rate risk

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

The significant financial assets and liabilities (part of these are under derivative instruments as described in Notes 19 to the consolidated financial statements) are classified by type of interest rate as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2016					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<b>Financial assets</b>					
Cash and cash equivalents	5	13,483	4,738	72	18,293
Trade and other receivables	6	-	-	8,973	8,973
<b>Financial liabilities</b>					
Trade and other payables	17	-	-	32,920	32,920
Short-term loan from related party	7	165	-	-	165
Long-term loans	18	29,000	-	-	29,000
Debentures	19	-	20,000	-	20,000

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<b>Financial assets</b>					
Cash and cash equivalents	5	9,066	650	404	10,120
Trade and other receivables	6	-	-	9,722	9,722
<b>Financial liabilities</b>					
Trade and other payables	17	-	-	29,868	29,868
Long-term loans	18	28,000	-	-	28,000
Debentures	19	-	20,000	-	20,000

Financial assets and liabilities that carried fixed interest rates can be classified based on the maturity date or the repricing date (if this occurs before the maturity date) from the statements of financial position date as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2016					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<b>Financial assets</b>					
Cash and cash equivalents		4,738	-	4,738	0.05% - 1.25%
<b>Financial liabilities</b>					
Debentures	19	-	20,000	20,000	1.98% - 3.98%

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<b>Financial assets</b>					
Cash and cash equivalents		650	-	650	0.125% - 1.60%
<b>Financial liabilities</b>					
Debentures	19	5,000	15,000	20,000	2.16% - 3.98%

### 29.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arised mainly from trade receivables - international telephone roaming services, and purchasing of equipment transactions that are denominated in foreign currencies. The Company and its subsidiaries primarily utilise forward exchange contracts to manage the exchange rate risk arising from these instruments.

As at 31 December 2016 and 2015 the Company and its subsidiaries had the following assets and liabilities denominated in foreign currencies:

	Consolidated financial statements as at 31 December			Exchange rate as at 31 December	
	2016	2015	Foreign currency	2016	2015
	(Million)	(Million)		Baht per foreign currency	
Assets					
Deposits at banks	12.57	7.91	USD	35.5660	35.8295
Trade receivables - other companies	28.72	16.81	SDRs	48.1540	50.1643
	4.96	8.78	USD	35.5660	35.8295
	0.07	0.25	EUR	37.2769	38.9721
Trade receivables - related companies	0.17	0.11	SDRs	48.1540	50.1643
	3.44	9.29	USD	35.5660	35.8295
Liabilities					
Trade payables	35.02	105.56	USD	36.0025	36.2538
	0.29	0.26	EUR	38.1362	39.7995
	-	0.03	SGD	25.0755	25.7905
	0.48	0.03	NOK	4.2031	4.1796
	0.01	-	MYR	8.0925	8.5661
	26.03	28.69	SDRs	48.1540	50.1643
Related parties payables	85.61	88.35	NOK	4.2031	4.1796
	0.35	0.04	EUR	38.1362	39.7995
	0.97	1.13	SDRs	48.1540	50.1643
	2.13	-	MYR	8.0925	8.5661
	8.93	9.32	USD	36.0025	36.2538
Accrued expenses	-	0.09	NOK	4.2031	4.1796
Total net assets (liabilities)	(22.98)	(88.90)	USD		
	(0.57)	(0.05)	EUR		
	1.89	(12.90)	SDRs		
	-	(0.03)	SGD		
	(86.09)	(88.47)	NOK		
	(2.14)	-	MYR		

As at 31 December 2015, the Company entered into buying forward exchange contract amounting to USD 9 million to reduce foreign currency risk arises mainly from accounts payable from purchasing of devices. Generally, the forward contracts mature within a year (2016: Nil).

## 29.4 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables. The management manage the risk by adopting credit control policies and procedures. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. Therefore, the Company and its subsidiaries do not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the statements of financial position.

## 29.5 Fair value of financial instruments

Given that all financial assets are short-term, parts of financial liabilities are short-term and loans denominated in Thai Baht bearing the market interest rates, the Company's management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying value.

The carrying value and fair value of long-term financial liabilities and the fair value of derivative instruments as at 31 December 2016 and 2015 are presented below.

(Unit: Million Baht)				
	Consolidated financial statements as at 31 December			
	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
<b>Hedged</b>				
Thai Baht debentures	16,500	17,235	13,500	14,079
<b>Unhedged</b>				
Thai Baht debentures	3,500	3,608	6,500	6,642
<b>Derivative instruments</b>				
Interest rate swaps	-	(108)	-	28
(Unit: Million Baht)				
	Separate financial statements as at 31 December			
	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
<b>Unhedged</b>				
Thai Baht debentures	-	-	5,000	5,052

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- The fair value of debentures are presented based on the discounted cash flow method. The discount rate is based on the prevailing rates of return as of the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of derivative instruments has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate yield curves, the Company and a subsidiary have considered to counter party credit risk when determining the fair value of derivatives.

During the year, there were no transfers within the fair value hierarchy.



### 30. Fair value hierarchy

As at 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements as at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	20,843	-	20,843
Interest rate swaps (unfavourable)	-	108	-	108

(Unit: Million Baht)

	Separate Financial Statements as at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	-	-	-

(Unit: Million Baht)

	Consolidated Financial Statements as at 31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	20,721	-	20,721
Interest rate swaps (favourable)	-	(28)	-	(28)

(Unit: Million Baht)

	Separate Financial Statements as at 31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	5,052	-	5,052

## 31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company and its subsidiaries manage their capital position with reference to Net Interest-Bearing Debt to EBITDA ratio in order to comply with a condition in long-term loan agreements with financial institutions. As at 31 December 2016, the aforementioned ratio in the consolidated financial statements is 1.17:1 (2015: 1.42:1).

The Group's capital structure consist of debts that includes long-term loans and debentures disclosed in Note 18 and 19 to the consolidated financial statements, cash and cash equivalents disclosed in Note 5 to the consolidated financial statements and equity attributable to the shareholders as presented in the consolidated statement of changes in shareholders' equity.

No changes were made in the objectives, policies or processes during the years end 31 December 2016 and 2015.

## 32. Commitments

### 32.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements for office buildings, land and building for base stations. The terms of the agreements are generally between 1 - 3 years and 12 years.

As at 31 December 2016 and 2015, future minimum lease payments under these operating leases contracts were as follows.

(Unit: Million Baht)		
	As of 31 December	
	2016	2015
Payable within:		
In up to 1 year	957	798
In over 1 and up to 5 years	2,051	2,366
In over 5 years	20	210

During the year 2016, the Company and its subsidiaries recognised rental expenses of Baht 2,628 million (2015: Baht 2,468 million).

## 32.2 Capital commitments

As at 31 December 2016, the Company and its subsidiaries had capital commitments of Baht 3,354 million and USD 24 million (2015: Baht 2,079 million and USD 44 million) mainly in respect of the purchase of tools and equipment for providing telecommunication services and Baht 43 million, USD 3 million and EUR 1 million (2015: Baht 48 million, and USD 6 million) relating to the construction of cell sites and acquisition of software for the Company and its subsidiaries' operations.

## 32.3 Restricted bank deposits

### 32.3.1 Maintenance of minimum levels of bank deposits for deposits from customers

In accordance with the announcement of the Bank of Thailand regarding "Stipulation of Guidelines, Procedures and Conditions for Operating Electronic Card Business", PaySbuy Co., Ltd. (subsidiary) is required at all times to maintain bank deposits in an amount not less than the amount of deposits received from customers. As at 31 December 2016, cash and cash equivalents of PaySbuy Co., Ltd. include minimum requirement bank deposits amounting to Baht 1,780 million (2015: Baht 1,896 million).

### 32.3.2 Restricted bank deposits

As at 31 December 2016, deposits at banks of a subsidiary amounting to Baht 0.2 million (2015: Baht 0.2 million) are pledged with the bank to secure facilities granted by the bank.

## 32.4 Bank guarantees

As at 31 December 2016, there were outstanding bank guarantees of Baht 4,022 million (2015: Baht 3,986 million) issued by banks on behalf of the Company and subsidiaries in respect of certain performance bonds required in the normal course of business of the Company and its subsidiaries. Bank guarantees are primarily issued to CAT to guarantee the revenue sharing to be paid under the Concession Agreement.

## 32.5 Agreement to install cell site equipment and maintain transmission networks

As at 31 December 2016, the Company had a commitment to BB Technology Co., Ltd., a related company, relating to the installation of cell site equipment and maintenance of transmission networks. This related company will provide transmission engineering network design and configuration, installation and maintenance services for transmission networks. The Company is committed to pay service fees at the rate specified in the agreement.

## 32.6 Long-term agreement commitment

- a. The Company entered into a purchase and resale agreement with a company that granted the Company the right to distribute products, equipment and support services in Thailand related to that company's mobile phones and tablet computer. The Company is committed to terms indicated in the agreement and to future minimum purchase orders and minimum merchandising and marketing spend stipulated under the agreement.
- b. The Company and its subsidiaries entered into frame contracts with two companies who will supply network infrastructure and services for the telecommunication network of the Company and its subsidiary. Goods and service prices are set in accordance with the terms and conditions stipulated in the agreements.
- c. The Company entered into a Management Service Frame Agreement with a company who will provide the management services to operate, examine, solve, and prepare for data expansion in the future including rectify relevant problems of computer system. The service fees are set in accordance with the term and conditions stipulated in the agreement.

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

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

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

On 2 October 2006, the Company issued a letter to TOT requesting TOT to enter into negotiation with the Company regarding an interconnection agreement between the Company's network and TOT's network. On 17 November 2006, the Company sent a notice to TOT and CAT informing them that the Company would change the rates for calculating the access charge under the Access Charge Agreements entered into with TOT on the ground that the rate and the collection of access charge under the Access Charge Agreements were contrary to the law in a number of respects and the Company also informed TOT and CAT that it would pay the interconnection charge to TOT at the rate which was in compliance with the law.

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

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

- 2) On 18 June 2007, according to the Award No. 1/2550 rendered by NTC on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate with the Company within 7 days and enter into an interconnection agreement with the Company within 30 days from the date of the commencement of the negotiation. NTC Secretary General ordered TOT to negotiate an interconnection agreement with the Company in line with NTC's Award but TOT appealed such order to NTC Secretary General. In addition, on 9 October 2007, NTC unanimously resolved to confirm NTC Secretary General's order requiring TOT to negotiate an interconnection agreement with the Company. TOT had filed a lawsuit with the Central Administrative Court under black case no. 1523/2550, petition for the cancellation of such NTC and NTC Secretary General's orders. On 15 September 2010, the Central Administrative Court dismissed the TOT's plaint. TOT appealed against the Central Administrative Court's verdict to the Supreme Administrative Court. Currently, the case is under the consideration of the Supreme Administrative Court.
- 3) As TOT still refused to enter into an interconnection agreement with the Company, on 8 November 2007, the Company sent TOT a notice regarding the interconnection charges informing TOT that it would like to cancel its previous offer in which it agreed to pay TOT the interconnection charges at a rate to be agreed between the parties in good faith and its offer to pay TOT the interconnection charges at a rate specified in TOT's Reference of Interconnect Offer (RIO) which had already been approved by NTC. In addition, the Company also cancelled the two Access Charge Agreements. The Company accrued in its financial statements the access charge at the interconnection charge rate for the period from 18 November 2006 to 7 November 2007, amounting to Baht 1,973 million. The Company stopped accruing the access charge from 8 November 2007 in its financial statements following the termination of the Access Charge Agreements.

- 4) On 9 May 2011, TOT filed a complaint (black case no. 1097/2554) with the Central Administrative Court and a petition to amend the complaint dated 7 June 2011 demanding CAT and the Company to jointly pay for damages from the access charge, i.e. (1) damages from access charge in connection with Postpaid and Prepaid Access Charge Agreements calculating from 18 November 2006 to 9 May 2011 (the filing date of the complaint) including VAT and default interest at the rate of 1.25 percent per month; and (2) damages from access charge under Postpaid and Prepaid Access Charge Agreements amounting to half of revenue sharing which CAT received from the Company calculating from 16 September 2006 to 9 May 2011 (the filing date of the complaint) including VAT and default interest at the rate of 7.5 percent per annum. As a result, TOT has claimed against the Company to be liable for the damages at Baht 113,319 million. The Company was informed on 10 October 2014 that on 31 July 2014 TOT additionally filed a petition to amend the complaint to adjust the amount of damages claimed up to 10 July 2014 from Baht 113,319 million to Baht 245,638 million. The other disputed issues remain the same. Presently, this case is under consideration of the Central Administrative Court.
- 5) Even though NTC has rendered the Award No. 1/2550 on the Dispute on Interconnection of Telecommunications Networks which ordered TOT to negotiate an interconnection agreement with the Company and the Secretary General of the NTC also issued an administrative sanction (requiring TOT to pay fine in the amount of Baht 20,000 until completion) enforcing TOT to enter into an interconnection agreement with the Company but TOT has refused to enter into such agreement. TOT has filed a complaint with the Central Administrative Court requesting the court to revoke the NTC's Award and the administrative sanction. On 16 July 2012, the Central Administrative Court rendered a judgment (Black Case No. 1033/2553 and Red Case No. 1178/2555) which dismissed TOT's complaint as the court opined that such order was lawful. As TOT disagreed with the Central Administrative Court's judgment, TOT then submitted an appeal to the Supreme Administrative Court. Presently, this case is under consideration of the Supreme Administrative Court.

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

The net effect, after revenue sharing deduction (before income tax), in ceasing to recognise the access charge under the Access Charge Agreements as from 18 November 2006 to 31 December 2016 has resulted in a reduction of the Company's expenses amounting to approximately Baht 68,872 million.

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

### 34. Significant revenue sharing from services provided under commercial disputes in relation to the agreements to operate cellular telephone services (Concession Agreement)

The Company and a subsidiary is subject to disputes arising out of its businesses under Concession Agreements as follows:

- (a) Dispute between the Company and CAT regarding additional revenue sharing calculation from revenue received from Digital Phone Co., Ltd ("DPC") from mobile telecommunications network domestic roaming agreement provided by the Company.

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

On 31 August 2004, CAT submitted the dispute to the Arbitration Institute demanding that the Company pay additional revenue sharing from domestic roaming revenue together with the penalty (calculated up to the date of the submission of the dispute) in the total amount of Baht 692 million, and demanding that the Company pay the penalty until it gets full benefits.

On 22 August 2015, the Company received an arbitral award dismissing CAT's claim in its entirety. On 18 January 2016, the Company was informed that CAT challenged the arbitral award before the Central Administrative Court. The Company was informed that the Central Administrative Court dismissed CAT's lawsuit due to statute of limitation. However, CAT has the right to appeal the Central Administrative Court within 30 days from the date of the passing of the decision. Currently the Company has not been informed whether CAT appeal the case or not. The Company's management still therefore determined to make a provision for certain revenue sharing in its financial statement.

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

On 18 May 2005 and 19 July 2005, CAT submitted a letter to the Company informing that the Company's calculation methodology for the revenue sharing from the date of its receipt of approval from TOT for the reduction of the access charge fee was incorrect, resulting in Baht 448 million (calculated from 16 September 1996 to 15 September 2004) of the revenue sharing not paid by the Company to CAT. However, the Company considers that it has adopted the methodology previously notified to it by CAT. As a result, the Company has not accrued such amount in its financial statements as the Company opines that the payment was made correctly.

In 2007, CAT submitted the dispute to the Arbitration Institute, demanding for the payment of the additional revenue sharing and penalty in the total amount of Baht 749 million from the Company. The dispute is currently under arbitration proceedings. However, the Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

In 2011, CAT also submitted another dispute requesting the Company to pay additional revenue sharing for the 16<sup>th</sup> concession year with regard to this matter in the amount of Baht 16 million together with penalty. On 14 August 2014, the arbitral tribunal, by majority vote, decided to dismiss CAT's claim for the revenue sharing in relation to the reduction of the access charge fees for the 16<sup>th</sup> concession year. The Company was informed that CAT filed a lawsuit on 3 December 2014 requesting the Central Administrative Court to revoke the arbitration award. The Company's management believes that the Central Administrative Court's judgement will not have a material adverse effect on the financial position of the Company.

- (c) Dispute between the Company and CAT regarding additional revenue sharing payment (Excise Tax) under the Concession Agreement

On 11 January 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to make additional revenue sharing payments in the 12<sup>th</sup> - 16<sup>th</sup> concession years in the aggregate amount of Baht 16,887 million, together with penalties, or an approximate total claim amount of Baht 23,164 million. The statement of claim made by CAT did not mention the reason why the Company did not make the payments in full (the Company expects that such claim amount would be the amount which the Company had paid to the Excise Department and had deducted from its revenue payable to CAT in accordance with the cabinet resolution and CAT's letters).

Nevertheless, the Arbitral Tribunal has rendered an award dated 28 May 2013 in favor of the Company and dismissed CAT's claim. On 31 August 2013, CAT filed a motion with the Central Administrative Court in order to revoke the arbitration award. On 29 January 2016, the Central Administrative Court issued the verdict in favor of the Company and dismissed CAT's petition. However, CAT have the right to file an appeal with the Supreme Administrative Court.

- (d) Dispute between the Company and CAT regarding revenue share calculation in relation to Interconnection Charge ("IC") revenue both before and after the enforcement of the IC Notification

In 2006, CAT submitted a statement of claim to the Arbitration Institute requesting for the revenue sharing payment shortfall for the 11<sup>th</sup> - 14<sup>th</sup> concession years from revenue sharing on IC that the Company had received from other telecom operators in consideration for allowing them to use the network at the time before the enforcement of the IC Notification in the amount of Baht 14 million. On 11 May 2016, dtac received an arbitral award. The arbitral award, rendered at a majority vote, entirely dismissed all CAT's claim. Later, the Company was informed that CAT challenged the arbitral award before the Central Administrative Court on 1 August 2016.

In 2010, CAT also filed another claim requesting for additional revenue sharing for the 15<sup>th</sup> concession year in the same matter in the amount of Baht 4 million. In 2011, CAT submitted several statements of claim to the Arbitration Institute requesting for the revenue share payment shortfall in respect of the 16<sup>th</sup> concession year (16 September 2006-15 September 2007), in the approximate amount of Baht 4,026 million for all cases, together with interest at the rate of 1.25 percent per month. The reason is that the Company calculated the revenue share payable to CAT by offsetting the IC expenses it paid to other operators against IC income it received from other operators, however, CAT claimed that the Company had to pay CAT the revenue sharing on the IC income the Company received from other operators, without deduction of the IC expenses it paid to other operators.

In 2012, CAT also filed a statement of claim to the Arbitration Institution requesting for additional revenue sharing for the 17<sup>th</sup> concession year in the amount of Baht 3,860 million together with penalty. In 2013, CAT also submitted a dispute to the Arbitration Institution requesting for additional revenue sharing on IC for the 18<sup>th</sup> concession year in the amount of Baht 3,340 million together with penalty.

However, on 14 August 2014, the arbitral tribunal, by majority vote, decide to dismiss CAT's claim for the revenue sharing on IC, only for black dispute No. 90/2554 (red dispute No. 75/2557), for the 16<sup>th</sup> Concession year in the amount of Baht 4 million. The Company was informed that CAT filed a lawsuit on 3 December 2014 requesting the Central Administrative Court to cancel the arbitration award.

In addition, in 2015, CAT filed a statement of claim to the Arbitration Institution requesting for additional revenue sharing on IC for the 19<sup>th</sup> concession year in the amount of Baht 3,667 million together with penalty and for additional revenue sharing on IC for the 20<sup>th</sup> concession year in the amount of Baht 3,914 million together with penalty.

As at 31 December 2016, the Company has not accrued the said additional revenue sharing requested by CAT because, based on the Company's legal counsels' opinion, the Company's management believes that the Company has no duty to pay such revenue sharing to CAT. Presently, this case is under the arbitration proceedings. The Company's management believes that the arbitral award would not have a material adverse effect on the financial position of the Company.

- (e) Dispute between the Company and CAT regarding the transfer of towers and its equipment which has already been installed and operated under the Concession Agreement

On 19 February 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to deliver and transfer ownership of 121 towers to CAT, then, in 2009 CAT increased the amount of towers from 121 towers to 3,873 towers. Recently in 2013, CAT submitted an additional statement of claim and increased the amount of towers from 3,873 towers to 4,968 towers. If the Company failed to do so, CAT further requested that the Company shall be liable for damages in the approximate amount of Baht 2,392 million. In addition, on 3 January 2013, CAT filed a complaint with the Central Administrative Court requesting the Company to deliver and transfer ownership of another 696 towers to CAT or amounting to total damages of Baht 351 million (including interest).

On 1 September 2015, the Company was informed that CAT amended the plaint related to the number of tower. CAT added in the claim for additional 48 towers amounting compensation of Baht 20 million. The other disputed issues remain the same.

The Company's view that the disputed towers and their equipment are not devices and equipment under the Concession Agreement but that they rather are buildings under the Building Control Act B.E. 2522 (1979) and are the Company's ownership. Therefore, the Company does not have any obligation to transfer the towers and their equipment to CAT. Currently, the dispute is under arbitration and court proceedings. The Company's management believes that the arbitral award and the Central Administrative Court's judgment would not have a material adverse effect on the financial position of the Company.

- (f) Dispute between the Company and CAT regarding additional revenue sharing from content providers' expenses deduction

In 2007, CAT filed a statement of claim with the Arbitration Institute requesting the Company to pay additional revenue sharing in the approximate amount of Baht 24 million with penalty. CAT argued that the Company failed to pay the revenue sharing to CAT for the 13<sup>th</sup> and 14<sup>th</sup> concession year (16 September 2003 to 15 September 2005) in full because the Company had deduct expenses concerning content providers from the revenue sharing payable to CAT without approval from CAT. Under the Concession Agreement, it does not allow the Company to deduct any expenses from the revenue sharing payable to CAT. Nevertheless, on 15 March 2012, the majority of the arbitral tribunal rendered an award deciding that the Company has to pay approximately Baht 24 million with interest at 7.5 percent per annum from the principal amount from the date of which the statement of claim was filed (28 December 2007) until payments are made in full. The Company has filed an objection petition before the Central Administrative Court to revoke the arbitration award. However, on 31 March 2015, the Central Administrative Court issued a verdict dismissing the Company's petition.

The Company's external legal counsels have thoroughly reviewed the award and the verdict and have opined on the confidences of the factual and legal argument that the Company should not be responsible for the said additional revenue sharing from content providers' expenses deduction in 13<sup>th</sup> and 14<sup>th</sup> concession year.

Based on these legal opinions of the external legal counsels, the Company's management is confident in the rationale and arguments of the appeal and filed the petition with the Supreme Administrative Court to revoke the verdict and the arbitration award on 30 April 2015.



In 2010 to 2013, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 15<sup>th</sup>-18<sup>th</sup> concession year in total amount of Baht 338 million together with penalty. In 2015, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 19<sup>th</sup> and 20<sup>th</sup> concession year in total amount of Baht 153 million. In total, CAT claimed the additional revenue sharing for the 15<sup>th</sup> - 20<sup>th</sup> in the amount of 491 million. These cases have the same nature of claim as the claim for the 13<sup>th</sup> and 14<sup>th</sup> concession year. Currently, this case is under arbitration proceedings (except the dispute regarding the 16<sup>th</sup> concession year).

However, on 14 August 2014, the arbitral tribunal, by majority votes, rendered an award for black dispute No. 90/2554 (red dispute No. 75/2557) deciding that the Company has to pay the addition revenue sharing for the 16<sup>th</sup> concession year approximately Baht 96 million with interest at 7.5 percent per annum from the principal amount from 14 December 2007 until payments are made in full.

Based on the Company's legal counsel opinion, the Company's management deems that it is inconsistent with the principles of Administrative Law and the relevant regulations of NBTC. Therefore, on 4 December 2014, the Company submitted a petition to the Central Administrative Court to seek the revocation of the Arbitration's verdict for additional consideration of the 16<sup>th</sup> concession year. In addition, such verdict only has legal effect for specific dispute. It does not have any legal and binding effect to the other relevant disputes.

As at 31 December 2016, the Company has not accrued the additional revenue sharing from content providers' expenses deduction such revenue sharing claimed by CAT in total of Baht 491 million (excluding interest) in its financial statements. The Company's management believes that such all of the requested amount should not be deemed as part of the service revenue which is the ground for CAT's revenue sharing calculation. In addition, the Company's management believes that the final result on disputes would not have a material adverse effect on the financial position of the Company.

g) Dispute between the Company and CAT regarding addition revenue sharing from prepaid service revenue (SOS/Jaidee Packet)

In 2010, CAT filed a statement of claim with the Arbitration Institute requesting the Company to pay the additional revenue sharing for the 15<sup>th</sup> concession year in the approximate amount of Baht 23 million with penalty. CAT argued that the revenue sharing from prepaid service on SOS/Jaidee Packet paid by the Company to CAT was not in line with the criteria which had been accepted and practiced by CAT and the Company since the beginning of the Concession Agreement.

In 2011 to 2013, CAT filed statements of claim with the Arbitration Institute requesting the Company to pay the additional revenue sharing for the 16<sup>th</sup> - 18<sup>th</sup> concession year in the total amount of Baht 295 million together with penalty. In 2015, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 19<sup>th</sup> and 20<sup>th</sup> concession year in total amount of Baht 58 million. In total, CAT claimed the additional revenue sharing for the 16<sup>th</sup> - 20<sup>th</sup> in the amount of Baht 353 million. These cases have the same nature of claim as the claim for the 15<sup>th</sup> concession year. Currently, these cases are under arbitration proceedings (except the dispute regarding the 16<sup>th</sup> concession year).

However, on 14 August 2014, the arbitral tribunal, by majority vote, rendered an award for black dispute No. 90/2554 (red dispute No. 57/2557) deciding that the Company has to pay addition revenue sharing for the 16<sup>th</sup> concession year approximately Baht 51 million with interest at 7.5 percent per annum from the principal amount from 14 December 2007 until payments are made in full.

Based on the Company's legal counsel opinion, the Company's management deems that it is inconsistent with the principles of Administrative Law and the relevant regulations of NBTC. Therefore, on 4 December 2014, the Company submitted a petition to the Central Administrative Court to seek the revocation of the Arbitration's verdict for additional consideration of the 16<sup>th</sup> concession year. In addition, such verdict only has legal effect for specific dispute. It does not have any legal and binding effect to other relevant disputes.

As at 31 December 2016, the Company has not accrued such revenue sharing claimed by CAT in total of Baht 353 million in its financial statements. The Company's management believes that such requested amount should not be deemed as part of the service revenue which CAT's revenue sharing calculation is based. In addition, the Company's management believes that the final result on disputes would not have a material adverse effect on the financial position of the Company.

- (h) Dispute between the Company and CAT regarding additional revenue sharing from uncollectible service fees from customers who submitted fraudulent documents (domestic call)

In 2006 to 2013, CAT submitted several disputes to the Arbitration Institute requesting for additional revenue sharing in total amount of Baht 52 million together with penalty. CAT argued that the Company did not make the revenue sharing payment for the 11<sup>th</sup>-18<sup>th</sup> concession year to CAT correctly because the Company had deducted loss incurred by uncollectible receivables from customers who submitted fraudulent documents from revenue before calculating revenue sharing payable to CAT. Currently, the dispute is under arbitration proceedings. On 11 May 2016, dtac received an arbitral award on the 11<sup>th</sup>-14<sup>th</sup> concession year. The arbitral award, rendered at a majority vote, entirely dismissed all CAT's claim. Later, the Company was informed that CAT challenged the arbitral award before the Central Administrative Court on 1 August 2016.

As at 31 December 2016, the Company has not accrued the additional revenue sharing requested by CAT in total amount of Baht 52 million in its financial statements because the Company's management believes that the additional revenue sharing do not constitute the revenue which forms the basis for the calculation of the revenue sharing payables to CAT and CAT has formerly waived the payment of the revenue sharing from fraudulent service revenues. Nevertheless, the Company's management believes that the result of these disputes would not have a material adverse effect on the financial position of the Company.

- (i) Other disputes in relation to revenue sharing from services provided under Concession Agreement

In addition to the above cases, during the years 2009 to 2013, CAT has filed several cases against the Company with the Arbitration Institute demanding the Company to pay additional revenue sharing to CAT in total amount of Baht 263 million. The disputes are currently in the arbitration process and court proceedings.

As at 31 December 2016, the Company has not accrued the additional revenue sharing requested by CAT in total amount of Baht 263 million in its financial statements because the Company's management believes that the additional revenue sharing do not constitute the revenue which forms the basis for the calculation of the revenue sharing payables to CAT. The Company's management believes that the result of these disputes would not have a material adverse effect on the financial position of the Company.

- (j) Letter from CAT asking the Company to comply with Clause 14.8, Clause 2.1 and other clauses of the Concession Agreement

On 12 February 2013, the Company received the letter from CAT notifying that the Company did not comply with a non-competition provision specified in Clause 14.8 of the Concession Agreement (Letter 14.8) and at the same time asking the Company to rectify the non-compliance. Later, CAT sent monthly letters to the Company requesting the Company to discontinue the Company's subscribers porting to dtac TriNet, and claiming for Baht 16,468 million of damages calculated for the period between September 2013 and May 2015. In addition, CAT claimed in the letter dated 10 January 2014 that the Company breached Clause 14.8 and Clause 2.1 of the Concession Agreement, the Company failed to pay the revenue share in full (please see more details in Note 34 (d) to consolidated financial statements) and the Company breached some other provisions under the Concession Agreement. If all of these non-compliances are not rectified by the Company within 90 days from the receiving date of the letter dated 10 January 2014, CAT will exercise the right to terminate the Concession Agreement, and reserve the right to claim for compensation.

Later, CAT submitted the letters dated 25 July 2014, 9 September 2014 and 23 September 2014 to notify that the Company was in breach of a non-competition provision specified in Clause 14.8 and other clauses of the Concession Agreement, including causing damage to CAT by providing financial support to dtac TriNet, holding shares in dtac TriNet and supporting the migration of customers to dtac TriNet. CAT also informed the Company that it would file the claim against the Company through the arbitration. However, the Company confirmed CAT by letters dated 11 April 2014, 21 August 2014 and 3 October 2014 that the Company did not commit any breach of the Concession Agreement and CAT has no right to terminate the Concession Agreement. The Company's operation in every step was in accordance with the Concession Agreement and the law. For CAT's claims that the Company breached some other provisions under the Concession Agreement, most of the claims are the disputes which are not final but are under the arbitration proceedings or the Administrative Court proceeding, which CAT should wait for the final decisions. The Company reserved all rights that the Company supposed to have according to the Concession Agreement and the law, and the letter shall not be considered as a waiver of any right or time clause which the Company supposed to have in the Concession Agreement and the law.

As at 31 December 2016, the Company has not accrued the damage claimed by CAT. Based on the Company's external legal counsel opinion, the Company's management believes that the Company's operation in every step was in full compliance with the Concession Agreement and the law. Further, the Company is of the view that CAT could not legitimately terminate the Concession Agreement based on ground alleged in the letters and that the Company shall have the right to continue operating its telecommunication business pursuant to the law and the Concession Agreement.

- (k) Court proceedings between dtac TriNet and CAT regarding BTO Assets

On 11 June 2014, dtac TriNet received the claim that CAT filed before the Administrative Court claiming that dtac TriNet committed a wrongful act against CAT by installing its devices and equipment for 2.1 GHz (2100 MHz) on the Company's concessionary asset. CAT required that dtac TriNet remove its 2.1 GHz equipment and claims the damages at Baht 42 million per month (subsequently the plaint was amended to Baht 44 million per month) from the filing date until dtac TriNet uninstalls its device and equipment from the Company's concessionary asset.

In addition, CAT petitioned the Court for granting an injunctive order to prohibit dtac TriNet to install devices and equipment using for the 2.1 GHz spectrum with the Company concessionary asset. On 5 August 2014, the Central Administrative Court dismissed CAT's petition.

Based on legal advice from a subsidiary's legal counsel, the subsidiary is of the opinion that the installation of the dtac TriNet's devices and equipment on the Company's devices and equipment was done by means of the Infrastructure sharing Agreement and the Network Access Agreement, which was fully in compliance with the right and duties under the current law and relevant NBTC regulations. As a result, dtac TriNet did not commit any wrongful act against CAT.

## 35. Dispute between the Company and CAT regarding BTO Assets

Reference to the dispute between the Company and CAT in 2013 regarding the non-compliance in Clause 2.1 of the Concession Agreement (as described in Note 34 (j) to consolidated financial statements) given the fact that the Company installed the 2.1 GHz devices and equipment of dtac TriNet on the concessionary equipment. CAT demanded the Company to remove the 2.1 GHz device and equipment within 15 days, or otherwise CAT would file the claim against the Company through the arbitration.

On 1 October 2014, CAT submitted the dispute to the Arbitration Institute claiming that it has been damaged by the Company's breach of clause 2.1 and clause 2.3 of the Concession Agreement by providing an access to the concessionary devices and equipment with dtac TriNet, allowing dtac TriNet to have its 2.1 GHz devices and equipment installed on and connected with the concessionary devices and equipment. Therefore, CAT requested that the Company remove those 2.1 GHz equipment and devices of dtac TriNet or other mobile telephone service operators (if any) from the concessionary devices and equipment, and compensate for damages in the amount of Baht 658 million with interest at the rate of 7.5 per annum. If such devices and equipment are not removed, CAT requested that the Company compensate for damages in the amount of Baht 44 million per month starting from the date the dispute was submitted onwards until the concessionary devices and equipment are removed. Furthermore, CAT prohibits the Company from providing an access to the concessionary devices and equipment by allowing dtac TriNet or other mobile telephone service operators (if any) to have their 2.1 GHz devices and equipment installed on or connected with the concessionary device and equipment unless a written permission has been obtained from CAT. Currently, this case is under arbitration proceedings.

The Company received the order of the Central Administrative court demanding the Company to attend the hearing on 24 October 2014 to consider CAT's petition for the injunction during the arbitration proceeding. CAT petitioned the court for granting an injunctive order to prohibit the Company to have the concessionary devices and equipment installed or connected by the 2.1 GHz equipment and devices or allow dtac TriNet or other mobile telephone service operators use the concessionary devices and equipment during the arbitration proceeding. The Company submitted the objection against CAT's petition on 24 October 2014 and 7 November 2014, respectively. On 20 May 2015, the Company received the Order from the Central Administrative Court ("the Court"). The Court granted the injunctive relief order as requested by CAT "prohibiting the Company from installing or connecting the telecommunication assets and equipment under the Concession with the telecommunication assets and equipment for the 2.1 GHz frequency band, or from allowing dtac TriNet or other telecommunication operators to share the telecommunication assets and equipment under the Concession by installing or connecting their telecommunication assets and equipment for the 2.1 GHz frequency band with such assets in all circumstances until the arbitral tribunal renders its decision or until further instruction from the Court". Because of the immediate effect of the Order, the Company has to comply by avoiding further installation and connection on the towers with 2.1 GHz equipment.

Based on the opinion of the Company's legal advisors, the Company believes that the installation by dtac TriNet and other licensees of communications devices and equipment with the devices and equipment of the Company were actions performed in accordance with the methods under the Infrastructure Sharing Agreement and the Network Access Agreement, and fully consistent with existing rights and obligations under the law and relevant NBTC regulations. The Company considers that the Court's order may damage the Company and other operators who are party of the Infrastructure Sharing Agreement with the Company. The Company appealed the injunctive order with the Supreme Administrative Court to revoke the order of the Central Administrative Court on 18 June 2015. However, on 21 August 2015, the Company and CAT entered into a mutual agreement which required the Company and CAT to comply with certain conditions and jointly filed a petition before the Central Administrative Court to cancel the injunctive order. Subsequently, on 27 November 2015, the Supreme Administrative Court revoked the injunctive order.

As at 31 December 2016, the Company has not accrued the damage claimed by CAT. Based on the Company's external legal counsel opinion, the Company's management believes that the Company's operation in every step was in full compliance with the Concession Agreement and the law, and the Company has the right to open up such Telecommunication Network and Telecommunication Infrastructure to be used by other license holders in conformity with the law and the Concession.

## 36. Regulatory risk concerning the telecommunications business

### 36.1 Reform of telecommunication regulatory regime

The National Broadcasting and Telecommunications Commission (hereinafter referred to as the “NBTC”), which was established by the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010), is the organisation having an authority to regulate the radio and television broadcasting and telecommunications business including to allocate and administer the use of spectrum. The NBTC was appointed on 7 October 2011.

Nevertheless, NBTC has authority to issue relevant regulations in accordance with telecommunications business operation, for instance, price regulations on service fee and its structure, consumer protections etc. Such regulations would have negative impact to the Company in several aspects, both in implementing its business strategies and adjustment to any changes in market conditions.

However, the Concession Agreement with CAT for operating cellular telephone services in 800 MHz and 1800 MHz frequency bands will expire on 15 September 2018 and the spectrum license for operating telecommunication business for International Mobile Telecommunication in the Frequency Band 2.1 GHz of a subsidiary will expire on 6 December 2027. Therefore, the process of obtaining sufficient spectrum licenses for use in the mobile telecommunication business operations at an appropriate cost is critical to the Company and its subsidiary's current operations and will impact their business strategy, including the amount of additional investment required to enable them to derive maximize benefit from their utilisation of existing spectrums.

### 36.2 Operational costs of interconnection between the Company and certain operators are unclear

Pursuant to the Telecommunications Act, an operator who wishes to interconnect with the network of another operator must enter into an interconnection agreement. At present, certain operators have refused to enter into interconnection agreements with the Company, in particular, TOT, who had entered into an Access Charge Agreements with the Company in 1994 and 2001. Pursuant to the Access Charge Agreements, the Company was required to pay an access charge to TOT at a fixed rate per number per each month or at a percentage of the face value of the prepaid vouchers. However, at present, the interconnection between operators is subject to the Telecommunications Act and the Interconnection Notification. The Company believes that the access charge that TOT fixed under the old regulatory regime is no longer valid as it is not in compliance with the Telecommunications Act and the Interconnection Notification.

### 36.3 Revenue sharing arrangement under the Concession Agreement.

Under the Concession Agreement, the Company has an obligation to pay revenue sharing from the service income to CAT. At present, CAT, which is a party to the Concession Agreement, has become an operator in direct competition with the Company in the telecommunications business. Concessions of other operators expired before the Company's and continued their businesses in the form of license operators. It is possible that the operational costs of other operators would be lower than the revenue share rate that the Company currently pays to CAT pursuant to the Concession Agreement and the Company could be placed at a competitive disadvantage which may result in a negative impact on the business operations of the Company.

### 36.4 The 3<sup>rd</sup> Amendment to the Concession Agreement

The legal opinion of the Council of State (Ruling Number 292/2550) states that all three amendments to the Concession Agreement do not comply with the Act on Private Sector Undertaking of State Businesses, B.E. 2535 (1992) (“PUS Act”). However, the Council of State further opines that the three amendments are still effective but CAT is required to proceed in accordance with the PUS Act (i.e. CAT must bring this issue to Section 22 Committee under the PUS Act (“Section 22 Committee”), and Section 22 Committee would then consider and propose their opinion for the Cabinet's consideration) and to report to the Cabinet who are to consider the relevant effects, taking into account state interest as well as public interest.

Section 22 Committee has already given its preliminary opinion to the Ministry of Information and Communication Technology ("MICT"), disapproving the 3<sup>rd</sup> amendment to the Company's concession agreement in relation to the part of reduction of revenue sharing.

On 1 February 2011, the Cabinet passed a resolution acknowledging the process of amending the Concession Agreement to comply with the PUS Act, as proposed by the MICT. In addition, the MICT proposed the appointment of the Negotiating Committee on Compensation for Concession Amendment ("the Committee") to review compensation relevance to the 3<sup>rd</sup> Concession Amendment.

On 28 June 2011, the Cabinet acknowledged the results of the negotiations of the Committee, which were that the Committee was unable to consider the operators' proposals as these proposals were beyond the Committee's authority. However, the Committee opined that at the initial stage, this matter should be reported to the NBTC for consideration in order to issue relevant criteria and measures.

Currently, the PUS Act was repealed and was replaced by Public Private Partnership Act B.E. 2556 (2013) ("PPP Act"). However, at the present time, there is no updating progress of this matter and it is unknown to the Company to what extent the PPP Act would affect this matter. Further, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Company. The Company is not, therefore, in a position to evaluate the potential impacts from this matter.

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

### 36.5 Risk from legal or contractual restrictions on foreign ownership

The Company's business is subject to the foreign shareholding restrictions pursuant to the Foreign Business Act, B.E. 2542 (1999) (the "FBA").

Violation of foreign shareholding structure would cause the Company and/or its subsidiary companies to be revoked their telecommunications business licenses or to be terminated the Concession Agreement or could not operate telecommunications businesses.

Section 4 of the FBA provides to the effect that a company is considered a Thai company if less than 50 percent of its shares are held by non-Thai nationals.

From the register of shareholders of the Company, less than 50 percent of the total issued shares of the Company are held by non-Thai nationals. The Company is therefore considered a Thai company for the purpose of Section 4 of the FBA. In September 2012, the Company obtained a written confirmation from the Ministry of Commerce, in charge of the FBA, confirming that the Company is a Thai company under Section 4 of the FBA.

Nevertheless, the Company views that it does not have clear policy in the interpretation and enforcement of the FBA in respect of the foreign investment shareholding. This cause the Company might face this risk in business operation as the FBA has been enforced for more than 10 years but there has been no Supreme Court's precedent or clear guideline issued by the Ministry of Commerce relating to the nominee arrangement under Section 36 of the FBA so that the Company can apply to evaluate or assess the impact of the enforcement or interpretation of such provisions of the FBA that may have on the Company and its subsidiary companies.

As a result of the unclear in interpretation and enforcement of the FBA, on 14 June 2011, a company submitted a criminal allegation to the Royal Thai Police against the Company (including directors and some shareholders of the Company and directors of the said shareholders) claiming that the Company operated telecommunication business in violation of the FBA which is under proceedings of the Royal Thai Police. On 22 September 2011, one of the Company's minority shareholders (holding 100 shares) filed a complaint against state agency, including NBTC with the Central Administrative Court citing that the Company is a "foreigner" under the FBA.

On 26 November 2015, the Central Administrative Court ruled that the court cannot revoke the Company's right to operate. However, the court has ordered NBTC to perform its duty by investigating whether the Company is in breach of the Foreign Dominance Notification and whether such task shall be accomplished within 90 days from the date the verdict of this Court becomes final. The NBTC and the Company have filed an appeal to the Supreme Administrative Court. Currently these two cases are under proceedings of the Royal Thai Police and the Supreme Administrative Court.

Based on the Company's external legal counsel opinion, the Company's management believes that the Company is not in breach of the NBTC Notification on Foreign dominance B.E. 2554 that could lead to revocation of the right to operate telecom business.

The Company believes that the Company is not a "foreigner" and has fully complied with the FBA. However, if, finally, the Company is ordered (by the Supreme Court's judgment) not being a Thai entity under the FBA and the Telecommunications Business Act, and such event is not remedied, it would cause CAT to terminate the Concession Agreement or cause NBTC to revoke the subsidiary's right to operate telecom business.

### 36.6 The NBTC Notification on Foreign dominance, B.E. 2555 (2013)

NBTC has issued the NBTC Notification on Foreign Dominance, B.E. 2555 (2012) ("FD Notification") which became effective on 24 July 2012. Under the FD Notification, the term "foreign dominance" is defined as "foreigners having controlling power or influential power, either directly or indirectly, by foreigner in policy making, management, operations, appointment of directors, or appointment of senior executives, that may affect the management or the business operation of a holder of a license or an applicant for a license by way of (a) holding shares with voting rights a half or more of the total voting rights, (b) having the authority to control the majority votes at a shareholders' meeting or (c) the appointment or removal of a half or more of the total directors".

The Company is of the view that:

- (a) at the date NBTC issued the FD Notification, it would not be applicable to the Company who has rights to operate mobile services under the Concession Agreement and the Company's rights are protected by Section 305 (1) of the Constitution of the Kingdom of Thailand B.E. 2550 (2007) and the first paragraph of Section 80 of the TBA and that the Company is not an applicant for license from NBTC; the Company's legal advisor also has the opinion in line with the Company's view, however, the FD Notification was enacted, therefore, the Company has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification and
- (b) in case of the Company's subsidiary (namely dtac TriNet), since dtac TriNet is an IMT 2.1GHz spectrum and type three telecommunications business licensee, it has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification.

Nevertheless, NBTC may not agree with the Company's view mentioned above. However, based on NBTC's explanation during the public hearing of the FD Notification, in particular, on the definition of "foreign dominance" in 2012, the Company is of the view that the Company and dtac TriNet should not fall within the definition of the "foreign dominance" under the FD Notification. However, this still has a risk on uncertainty of the enforcement of the FD Notification and could cause adverse impact to the business of the Company and its subsidiary.

### 37. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiaries' have two reportable segments as follows:

- (1) Mobile telephone service and related services, and
- (2) Sales of handsets and starter kits.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is considered on the group operating profit or loss and total assets, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Below is the revenue, gross profit (loss) and total assets of the Company and its subsidiaries' segments for the years ended 31 December 2016 and 2015 by segments.

(Unit: Thousand Baht)			
For the year ended 31 December 2016			
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
<b>Revenues</b>			
External customers	69,252,450	12,180,745	81,433,195
<b>Total revenue</b>	<b>69,252,450</b>	<b>12,180,745</b>	<b>81,433,195</b>
<b>Operating result</b>			
<b>Gross profit (loss) of segments</b>	<b>23,092,763</b>	<b>(2,505,374)</b>	<b>20,587,389</b>
Other incomes			1,366,940
Selling and service expenses			(7,191,924)
Administrative expenses			(10,604,173)
Finance cost			(1,566,647)
<b>Profit before income tax expenses</b>			<b>2,591,585</b>
Income tax expenses			(505,722)
<b>Profit for the year</b>			<b>2,085,863</b>
<b>Segment total assets</b>			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	25,961,330	-	25,961,330



(Unit: Thousand Baht)

	For the year ended 31 December 2015		
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
<b>Revenues</b>			
External customers	71,858,443	15,411,055	87,269,498
<b>Total revenue</b>	<b>71,858,443</b>	<b>15,411,055</b>	<b>87,269,498</b>
<b>Operating result</b>			
<b>Gross profit (loss) of segments</b>	<b>27,166,908</b>	<b>(1,960,863)</b>	<b>25,206,045</b>
Other incomes			784,065
Selling and service expenses			(6,904,580)
Administrative expenses			(10,256,461)
Finance cost			(1,384,314)
<b>Profit before income tax expenses</b>			<b>7,444,755</b>
Income tax expenses			(1,556,614)
<b>Profit for the year</b>			<b>5,888,141</b>
<b>Segment total assets</b>			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	28,618,616	-	28,618,616

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 December 2016 and 2015:

(Unit: Thousand Baht)

Segment assets	Mobile telephone service	Sales of handsets and starter kits	Total segments	Unallocated assets	Consolidated
At 31 December 2016	83,568,148	2,425,900	85,994,048	29,374,671	115,368,719
At 31 December 2015	86,774,072	3,976,180	90,750,252	20,293,954	110,044,206

## Geographic information

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

## Major customers' information

For the year 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

### 38. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to the employees at a rate of 3 or 4 or 5 percent and the Company at a rate of 5 percent of their employees' salaries. The accumulated contributions of the employee and the Company and the fund earnings from the contributions will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by TMB Asset Management Company Limited. For the year ended 31 December 2016, Baht 110 million (2015: Baht 104 million) has been contributed to the fund by the Company.

### 39. Event after the reporting period

#### Reduction of legal reserve and premium on ordinary shares to offset the deficits

On 30 January 2017, the Board of Directors' Meeting passed a resolution to approve the reduction of legal reserve amounting to Baht 474 million and premium on ordinary shares amounting to Baht 1,189 million so as to reduce the deficits in the Company's separate financial statements and propose for approval to the Annual General Shareholders' Meeting of 2017.

### 40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 30 January 2017.



Total Access Communication Public Company Limited and its subsidiaries

## glossary

For the year ended 31 December 2016

<b>3G Technology</b>	Third generation mobile phone technology
<b>4G Technology</b>	Fourth generation mobile phone technology
<b>Access Charge (AC)</b>	The charge paid to TOT for an access to TOT's telecommunications network
<b>AIS</b>	Advanced Info Service Public Company Limited
<b>AWN</b>	Advanced Wireless Network Company Limited
<b>ARPU</b>	Average revenue per user per month
<b>Bandwidth</b>	The width of frequency band
<b>BMA</b>	Bangkok Metropolitan Area
<b>BTO</b>	Build-Transfer-Operate
<b>CAT</b>	CAT Telecom Public Company Limited (formerly the Communication Authority of Thailand)
<b>CAPEX</b>	Capital expenditure
<b>CDR</b>	Call Detail Record
<b>CDP</b>	The Central Depository (Pte) Limited
<b>Concession Agreement</b>	Agreement to Operate and Provide Cellular System Radio Telecommunication Service between CAT and the Company (as amended)
<b>DPC</b>	Digital Phone Company Limited
<b>DTN, dtac TriNet</b>	dtac TriNet Company Limited
<b>EDGE</b>	Enhanced Data-Rates for GSM Evolution
<b>Foreign Business Act</b>	Foreign Business Act B.E. 2542 (1999)
<b>Free cash flow</b>	EBITDA-CAPEX
<b>FY</b>	Fiscal year
<b>GB</b>	Giga byte, which is a measurement of data volume
<b>GPRS</b>	General Packet Radio Service
<b>GSM</b>	Global System for Mobile Communications
<b>GHz</b>	Giga Hertz, which is a measurement of frequency
<b>HSPA</b>	High Speed Package Access, a 3G technology
<b>IMEI</b>	International Mobile Equipment Identity
<b>Interconnection Charge (IC)</b>	The cost-based charge paid to other operators for connecting into their networks
<b>IMT</b>	International Mobile Telecommunications
<b>IVR</b>	Interactive Voice Response System
<b>LTE</b>	Long-Term Evolution, a 4G technology
<b>MB</b>	Mega Byte, which is a measurement of data volume

<b>MHz</b>	Mega Hertz, which is a measurement of frequency
<b>MMS</b>	Multimedia Messaging Service
<b>MNP</b>	Mobile Number Portability
<b>MOU</b>	Minute of use per user per month
<b>MVNO</b>	Mobile Virtual Network Operator
<b>NBTC</b>	National Broadcasting and Telecommunications Commission
<b>Net addition</b>	The number of new subscribers acquired less the number of subscriber leaving during the period
<b>Net debt</b>	Interest bearing debt less cash and cash equivalents.
<b>Net debt to Equity</b>	Net debt divided by equity
<b>Net debt to EBITDA</b>	Net debt divided by EBITDA
<b>OPEX</b>	Operating expenses, primarily consisting of network operating expenses, sell & marketing expenses and general administrative expenses
<b>PCN 1800</b>	Digital GSM wireless telecommunications service under the 1800 MHz frequency band
<b>Penetration Rate</b>	The number of SIM cards divided by the number of population
<b>QoQ</b>	Quarter on Quarter
<b>Refill card</b>	Refill card for prepaid service
<b>SEC</b>	Securities and Exchange Commission
<b>SET</b>	The Stock Exchange of Thailand
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>SIM card</b>	Subscriber identity module card
<b>Smartphone</b>	Mobile phone offering advanced capabilities, often with PC-like functionality
<b>SMS</b>	Short Message Service
<b>Spectrum</b>	The radio frequency bands used for telecommunication service
<b>Telecommunications Act</b>	Telecommunication Business Operation Act B.E. 2544 (2001) (as amended)
<b>TOT</b>	TOT Public Company Limited (formerly Telephone Organisation of Thailand)
<b>True Move</b>	True Move Co., Ltd.
<b>TSD</b>	The Thailand Securities Depository Co., Ltd.
<b>UCOM</b>	United Communication Industry Public Company Limited
<b>USO</b>	Universal Service Obligation
<b>VAS</b>	Value Added Services
<b>VoIP</b>	Voice over Internet Protocol
<b>WiFi</b>	Wireless Fidelity, a type of wireless networking protocol
<b>YoY</b>	Year on Year







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