

# A HEART OF DETERMINATION







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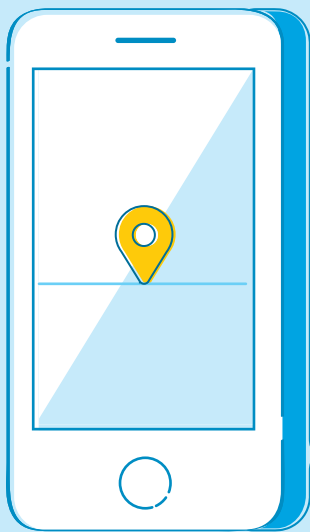
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## Vision, Mission and Strategies



VISION:

CONNECTING  
YOU TO WHAT  
MATTERS MOST

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.

We bring vital infrastructure, new services and products that stimulate progress, change and improvement.





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.



## STRATEGIES:

## Growth

We are building strong and lasting relationships with our customers by satisfying each customer's digital needs and a great network experience for data users. We

provide easy-to-use, worry-free and best value postpaid and prepaid personalized offers coupled with a range of relevant products and services developed both by dtac and our partners. We will continue to enhance our digital channels and digital journeys as well as invest in our network assets and necessary spectrum to keep up with growing data needs.



## Efficiency and Simplification

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 advanced analytics and new operating models to significantly reduce costs and prioritize investments based on value creation.



## Winning Team

The shift from a traditional to digital telco requires a significant change in culture and capabilities. We need to engage and enable our employees

through enhancing collaboration and standardization across functions. We will become a more expertise-driven company, move towards a project-based way of work and be an attractive employer for people with digital mindsets and competencies. We will continue to upskill our people and offer more ways to grow with both soft and hard digital skills.



## Responsible Business Conduct

We aspire to be a trusted company, recognized for strong business ethics and for creating long-term value for both shareholders and

societies. We will contribute to the economic, environmental and social development of Thailand, acting with accountability and transparency and reducing inequalities through our presence and services.





## Financial Highlights

	2015	2016	2017
<b>Operating Results (in THB million)</b>			
Revenue from telephone services	71,858	69,252	68,083
Total revenues from sales and services	87,753	82,478	78,275
EBITDA*	27,941	27,915	30,446
Net Profit to Equity holders	5,893	2,086	2,115
<b>Balance Sheet (in THB million)</b>			
Total Asset	111,044	115,379	114,501
Total Liabilities	83,821	88,234	85,266
Total Shareholders' Equity	27,224	27,145	29,235
<b>Ratio</b>			
EBITDA margin	31.8%	33.8%	38.9%
Return on Equity	20%	8%	8%
Net Debt : EBITDA	1.4	1.1	0.8
<b>Shares</b>			
No. of Share (million)	2,368	2,368	2,368
Earnings per Share (THB)	2.49	0.88	0.89
Share Price (THB)**	30.25	37.75	49.00

\*EBITDA herein is EBITDA before other items.

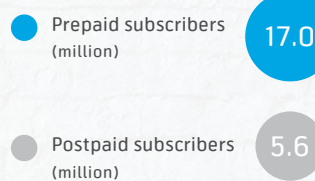
\*\*As of the last trading day of each calendar year

## Operational Highlights

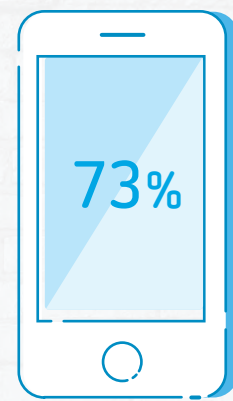


NUMBER OF  
SUBSCRIBERS

22.7M



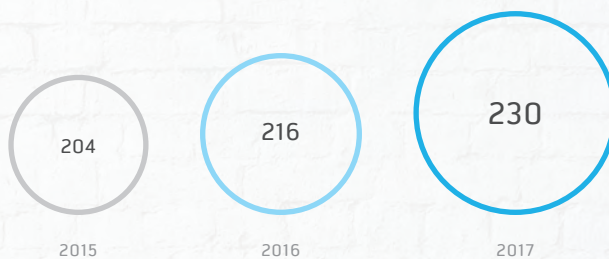
SMARTPHONE  
PENETRATION



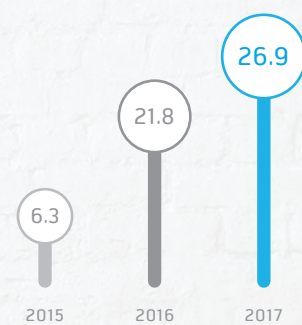
AVERAGE REVENUE  
Per User (ARPU)

230 THB  
month

\*(ARPU excludes interconnection charge)



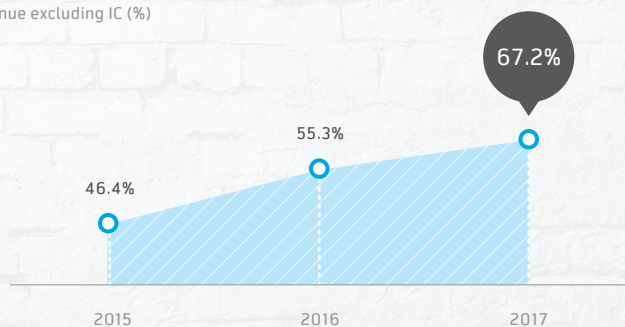
Total 4G BASE STATIONS  
(unit: thousand)



DATA  
REVENUE

43.6 THB  
billion

Data Revenue to Service  
Revenue excluding IC (%)



Total 3G BASE STATIONS  
(unit: thousand)

33.5







Determination to

accelerate  
your success



Supporting you towards success  
at faster pace and with confidence  
in your style



24 hours of  
connectivity



High speed  
internet



Business  
acceleration



Determination to

# simplify your life



Making your life easier and better  
in every aspect, anywhere, anytime  
as the way you are



Innovative  
idea



Mobile  
application



Startups  
support







Determination to

# ignite your imagination



Unleashing all your creativity

Sparkling your dreams

Letting your imagination run wild



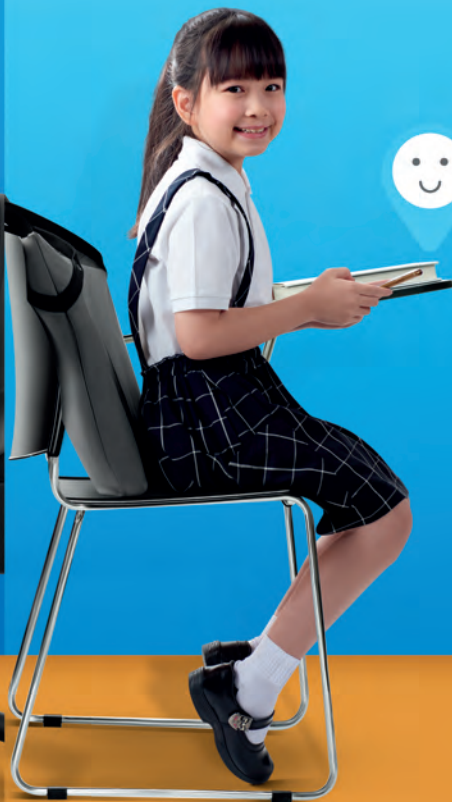
Open Educational  
Resources (OER)



Expanding  
the world



Cloud  
learning





Determination to

# connect your family



Bringing you and your family closer  
Sharing feelings anytime



dtac Family  
Care applicaiton



GPS tracking  
device



Phone  
security



## Corporate Information

### Corporate Information

Name	Total Access Communication Public Company Limited
Symbol	DTAC
Registered Number	0107538000037
Type of Business	Operates mobile business on 850 MHz, 1800 MHz, and 2.1 GHz frequency bands
Registered Capital	THB 4,744,161,260 (2,372,080,630 ordinary shares of THB 2 per share)
Paid-up Capital	THB 4,735,622,000 (2,367,811,000 ordinary shares of THB 2 per share)
Address	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) 202 8296 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 Chairman and CEO

### Dear Shareholders,

The year of 2018 is another crucial year for dtac as it has been apparent that mobile connectivity and mobile phones have played a significant role in the daily life of all of us and contributed to the change in the society as a whole. The mobile connectivity has entered the digital era. Consequently, this digital shift is one of the major factors conducive to speedy transmission of data to, and among, the public and subscribers, thereby enabling dramatic changes to the economy and society as well as enlightening and creating new opportunities and ideas for the new generation. These changes are not for the future, nor will they occur gradually. In fact, digital evolution is happening now and gaining momentum more rapidly.

As a result, dtac has chosen to undergo a corporate reorganization to anticipate this digital era and to drive digitalization proactively so that our business can adapt to changes and new environments. In 2017, we vastly increased the use of our digital channels, both for our customers and distributors. We also embedded the use of "Machine Learning" in our marketing solutions and introduced such innovative products as "dtac call" application, "Go No Limit" package and LINE Mobile to our subscribers.

In 2018, in addition to our aim to be the leader in this digital era, we also have a mission to transform ourselves to be a leaner organization through cost reductions. This leaner organizational structure will not only enhance our capacity to invest for growth but will also represent an organizational shift towards digital skills and talents. This will in turn make our personnel more efficient and create added value to our products for the eventual benefit of our customers and shareholders.

Our improved financial performance reflects the value of such digitalization and transformation in a positive manner. In 2017, our total service revenue (excluding interconnection charges) amounted to THB 64,800 million, increasing by 0.2 percent from the year earlier, mainly driven by revenue from data services. Moreover, EBITDA amounted to THB 30,400 million, an increase of 9 percent. In addition, we were also able to maintain our cash flow at high levels thanks to our effective cost control.

In addition to creating added value, empowering the society through our internet connectivity services remains at the core of our objective and purpose. In this respect, what will happen in the coming months will be the most critical juncture for dtac. In September 2018, dtac's concession contract with CAT with respect to the mobile communication services on 1800 MHz and 850 MHz spectrums will expire. In preparation for this, dtac has put in place several measures to accommodate such expiration so that we can continue providing good services to our customers. In this regard, we have also expanded our 2100 MHz network grid by doubling our cell sites' roll-out speed in comparison with that of 2016. In 2017 alone, we built over 4,000 new cell sites. In February 2017, we were selected by TOT Public Company Limited to engage in a negotiation of agreements in relation to mobile communication services on 2300 MHz network. This transaction is still in the process of negotiation and awaiting approval from the relevant governmental agencies. In the event that such approval is granted and that the relevant agreements are entered into, dtac will be able to provide 4G on 2300 MHz network as an additional way to serve the growing demand of subscribers for mobile data services. These high-quality wireless broadband services will underpin the development of digital economy in line with the government's Thailand 4.0 policy.

For those spectrums used by dtac in delivering the services under the concession agreement with CAT, NBTC has the policy of putting them on auctions. In this regard, dtac has expressed its opinion to NBTC and the public sector on the level of spectrums suitable to the growing public needs and

the criteria in appropriately setting the starting bid prices for such auctions. These elements of spectrum auctions are of considerable significance in the development of digital economy and the drive of Thailand towards Thailand 4.0 goal.

In addition to dtac's participation in the development of digital telecommunication infrastructure in Thailand, dtac is determined to provide wireless internet services for the maximum benefit of the public at large. In 2017, we arranged trainings on anti-cyberbullying for over 50,000 students with a view to educating them to stay safe and secure online. Presently, "Smart Farmer" application has achieved more than 100,000 downloads and there are over 30 agricultural pilot projects being supported by dtac through the application of "Internet of Things" technology in order to maximize the use of land by those farmers. Moreover, we continue focusing on data privacy and security standards and our prediction is that our subscribers would be more aware of these issues in this coming year of 2018.

Furthermore, as part of our support for the government's Thailand 4.0 policy, in 2017 we worked hand-in-hand with the Ministry of Digital Economy and Society (MDES) on two key projects to strengthen the society through digital means. The first project was to collaborate with the Ministry of Education to train and educate one million people so that they could be equipped with digital literacy skills to make the most use of digital tools, devices and technologies for the purpose of communication, operation, work or development of work process. We have also signed a memorandum of understanding with the MDES, the Ministry of Commerce, and the Ministry of Agriculture and Cooperatives to educate more than 10,000 rural households on the proper skill set necessary to enable them to launch online shops.

This year will be a very special year for us and, notwithstanding the great challenges that lie ahead, we are fully confident that dtac will manage to go through such challenges and emerge even stronger than ever.

Our commitments for 2018 are fivefold:

- We will grow our digital channels even more quickly.
- We will cement our brand's unique value proposition.
- We will develop our employees' digital skills so that they can be the best in this area.
- We will be well prepared for the expiration of our concession agreement and deliver a superlative digital service experience for our customers.
- We will continue to grow our revenue and increase our efficiency in business operations through cost control.

Without valued and continuous support from our customers, subscribers, shareholders and employees, we would not have been able to accomplish this long journey thus far. On this occasion and on behalf of our Board of Directors, dtac management team and employees, I would like to take this opportunity to thank our customers and shareholders, all of whom help support dtac and are critical to dtac's success. We will be side by side together to reach our common goals of creating innovations and reinforcing the strength of the Thai society as a whole.

Mr. Boonchai Bencharongkul  
Chairman of the Board of Directors

Mr. Lars-Aake Valdemar Norling  
Chief Executive Officer



## Board of Directors



01

### Mr. Boonchai Bencharongkul

Positions: Chairman of the Board of Directors

Age: 63 years

Year of Service: 27 Years 2 Months

Number of Shares Held: 10 shares (0.00%)

Number of Shares Held by spouse and minor children: None (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 Committee,  
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. Petter-Boerre Furberg

Positions: Vice Chairman of the Board of Directors

Age: 50 years

Year of Service: 5 Months

Number of Shares Held: None (0.00 %)

Number of Shares Held by spouse and minor children: None (0.00%)

#### Academic Background

Certified European Financial Analyst,  
Norwegian School of Economics (NHH) AFA / CEFA, Norway  
Siviløkonom 4 year program in Economics and Business  
Administration, Norwegian School of Economics (NHH)

#### Positions in Listed Companies in SET

2017 – Present Vice Chairman of the Board of Directors,  
Total Access Communication PLC.

#### Position in Other Companies or Organisations

2017 – Present Head of Emerging Asia Cluster, Telenor ASA  
2017 – Present Chairman of the Board of Directors, Grameenphone Ltd.  
2017 – Present Chairman of the Board of Directors, Telenor Myanmar Ltd.  
2017 – Present Chairman of the Board of Directors, Telenor Pakistan Ltd.  
2017 – Present Chairman of the Board of Directors, Telenor Microfinance  
Bank, Pakistan  
2017 – Present Director, Telenor Health  
2015 – Present Chairman of the Board of Directors,  
Digital Money Myanmar Limited, Myanmar

#### Past Experience

2016 – 2017 Chief Executive Officer, Grameenphone Ltd.  
2016 – 2016 Head of Digital Services Division, Telenor ASA  
2016 – 2016 Senior Vice President, Digital Business Telenor  
2013 – 2016 Chief Executive Officer, Telenor Myanmar Ltd.  
2012 – 2013 Chief Financial Officer, Total Access Communication PLC.  
2010 – 2012 Chief Commercial Officer, Total Access Communication PLC.





03

### Mr. Chulchit Bunyaketu

Positions: Independent Director,  
Chairman of the Remuneration Committee,  
Member of the Audit Committee,  
and Member of the Nomination Committee

Age: 74 years

Year of Service: 17 Years 10 Months

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: 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

2017 - Present Chairman of the Remuneration Committee, Member of the  
Audit Committee, Total Access Communication PLC.  
2015 - Present Director, BTS Group Holdings PLC.  
2014 - Present Chairman of the Board of Directors, WP Energy PLC.  
2013 - 2017 Member of the Corporate Governance Committee,  
Total Access Communication PLC.  
2006 - Present Member of the Nomination Committee,  
Total Access Communication PLC.  
2006 - 2017 Chairman of the Audit 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 Suvarnabhumi 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.



04

### Mr. Stephen Woodruff Fordham

Positions: Independent Director,  
Chairman of the Nomination Committee,  
Member of the Audit Committee,  
and Member of the Corporate Governance Committee

Age: 66 years

Year of Service: 11 Years 2 Months

Number of Shares Held: 10,000 shares and 6,000 NVDRs (0.00%)

Number of Shares Held by spouse and minor children: None (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

2017 - Present Member of the Corporate Governance Committee,  
Total Access Communication PLC.  
2012 - Present Chairman of the Nomination Committee,  
Total Access Communication PLC.  
2007 - Present Independent Director 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 - 2017 Chairman of the Remuneration Committee,  
Total Access Communication PLC.  
2007 - 2012 Independent Director and Chairman of the Nomination and  
Remuneration Committee, Thoresen Thai Agencies PLC.



05

**Mrs. Kamonwan Wipulakorn**

Positions: Independent Director,  
Chair of the Audit Committee,  
Member of the Remuneration Committee  
and Member of the Corporate Governance Committee  
Age: 55 years  
Year of Service: 3 Years 1 Months  
Number of Shares Held\*: None (0.00 %)  
Number of Shares Held by spouse and minor children: 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  
Certificate Stanford Executive Program, Stanford Center for  
Professional Development, Stanford University, USA

**Training Program** Strategic Board Master Class Retreat (SBM) (2/2017)  
by Thai Institute of Directors Association (IOD)  
CMA-Capital Market Academy Alumni 19  
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**

2017 - Present Chair of the Audit Committee,  
Total Access Communication PLC.  
2014 - Present Member of the Corporate Governance Committee and  
Member of the Remuneration Committee,  
Total Access Communication PLC.  
2014 - 2017 Member of the Audit Committee and Member of the  
Nomination Committee, Total Access Communication PLC.  
2014 - Present Independent Director, 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**

Positions: Independent Director, Chair of the Corporate Governance  
Committee, Member of the Nomination Committee and Member of the  
Remuneration Committee  
Age: 54 years  
Year of Service: 6 Years 4 Months  
Number of Shares Held: None (0.00 %)  
Number of Shares Held by spouse and minor children: None (0.00%)

**Academic Background** Master Degree in MIS, 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)  
IMD Switzerland

**Positions in Listed Companies in SET**

2017 - Present Member of the Nomination Committee and Member of the  
Remuneration Committee

**Total Access Access Communication PLC**

2013 - Present Chair 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.  
1998 - 2002 Country Sales Director, Oracle Cooperation (Thailand)



07

### Ms. Tanwadee Wongterarit

Positions: Director  
Age: 56 years  
Year of Service: 4 Years 11 Months  
Number of Shares Held: None (0.00 %)  
Number of Shares Held by spouse and minor children: 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

2017 - Present Director, Neutral Gateway & Data Center Company Limited  
2017 - Present Senior Executive Vice President (NGDC&NBN Business) CAT Telecom PLC.

#### Past Experience

2015 - 2017 Senior Executive Vice President (Information Technology) CAT Telecom PLC.  
2013 - 2015 Senior Executive Vice President (Corporate Strategy), CAT Telecom PLC.  
2009 - 2012 Senior Executive Vice President (Telephone Business), CAT Telecom PLC.

08

### Mr. Tore Johnsen

Positions: Director  
Age: 69 years  
Year of Service: 7 Years 3 Months  
Number of Shares Held: None (0.00 %)  
Number of Shares Held by spouse and minor children: 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.

Remark: Mr. Gunnar Johan Bertelsen has been appointed as a new director in replacement of Mr. Tore Johnsen pursuant to the resolution of the Board of Directors' Meeting No. 1/2018 held on 30<sup>th</sup> January 2018 with effect from 1<sup>st</sup> February 2018



09

**Mr. Haakon Bruaset Kjoel**

Positions: Director, Member of the Corporate Governance Committee, Member of the Remuneration Committee and Member of the Nomination Committee

Age: 46 years

Year of Service: 6 Years 4 Months

Number of Shares Held: None (0.00 %)

Number of Shares Held by spouse and minor children: None (0.00%)

**Academic Background**

Executive Master of Business Administration, BI Norwegian Business School, Oslo  
Marketing and Communication, Norges Markeds Høyskole (BI Norwegian Business School)

**Positions in Listed Companies in SET**

2017 - Present Member of the Corporate Governance Committee, Total Access Communication PLC.  
2014 - Present Director, Member of the Remuneration Committee and Member of the Nomination Committee, Total Access Communication PLC.

**Position in Other Companies or Organisations**

2017 - Present Director, DiGi Telecommunications Sdn Bhd  
2017 - Present Director, Member of Nomination Committee, DiGi.Com Berhad  
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

10

**Mr. Lars-Aake Valdemar Norling**

Positions: Director and Chief Executive Officer

Age: 49 years

Year of Service: 2 Years 11 Months

Number of Shares Held: None (0.00 %)

Number of Shares Held by spouse and minor children: 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



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### Mrs. Tone Ripel

Positions: Director

Age: 47 years

Year of Service: 1 Year 9 Months

Number of Shares Held: None (0.00 %)

Number of Shares Held by spouse and minor children: 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

2018 - Present Director, DiGi.com Berhad and DiGi Telecommunications Sdn Bhd

2017 - Present Director, Telenor Norge AS

2015 - Present Director, Telenor Networks Holding AS

2013 - Present Attorney at Law, Telenor ASA

#### Past Experience

2015 - 2016 Director, 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

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### Mr. Sverre Pedersen

Position: Director

Age: 52 years

Year of Service: 1 Month

Number of Shares Held : None (0.00%)

Number of Shares Held by spouse and minor children: None (0.00%)

**Academic Background** M.Sc.E.E. Norwegian Institute of Technology (NTNU)  
MBA Norwegian School of Management (BI)

#### Positions in Listed Companies in SET

2017 - Present Director, Total Access Communication PLC.

#### Position in Other Companies or Organisations

2017 - Present Senior Vice President, Head of Strategy, Telenor Group

#### Past Experience

2016 - 2017 Director, TeleAssets Company Limited

2015 - 2017 Chief Financial Officer, Total Access Communication PLC.

2015 - 2017 Director, DTAC Broadband Co., Ltd.

2015 - 2017 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



## Executive Management



01



02



03



04



05



06



07



08



## 01

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

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: 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

## 02

**Mr. Prathet Tankuranun \***  
Chief Technology Officer

Number of Shares Held: 10,000 shares (0.00%)

Number of Shares Held by spouse and minor children: 7,100 shares (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

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/ Teles at Canada

## 03

**Mr. Dilip Pal\***  
Chief Financial Officer

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: None (0.00%)

Master's degree in Commerce, Calcutta University, India

Bachelor of Commerce (Hons), Goenka College of Commerce, India

Chartered Accountant, Institute of Chartered Accountants of India

Cost Accountant, Institute of Cost and Works Accountants of India

2017 - Present	Chief Financial Officer, Total Access Communication PLC.
2014 - 2017	Chief Financial Officer, Grameenphone Ltd.
2012 - 2014	Executive Vice President, Finance, Vodafone
2008 - 2010	Senior Vice President, Finance and Accounts, Vodafone
2006 - 2008	Assistant Vice President, Finance, Vodafone
2004 - 2006	General Manager, Finance, Hutchison Essar
1999 - 2004	Senior Finance Manager, Hindustan Coca-Cola Beverages
1993 - 1999	Finance Manager, TATA Tinplate

\* Management under definition of SEC

## 04

**Mr. Andrew Tor Oddvar Kvalseth \***  
Chief Strategy and Digital Officer

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: None (0.00%)

Master of Business Administration, University of Oxford

Bachelor of Business Administration, University of Wisconsin-Madison

2016 - Present	Chief Strategy and Digital Officer, Total Access Communication PLC.
2013 - 2016	Chief Strategy Officer, Total Access Communication PLC.
2015 - Present	Director, PaySbuy Co., Ltd.
2014 - Present	Director, dtac Accelerate Co., Ltd.
2012 - 2013	Chief Strategy Officer, Telenor Digital
2011 - 2012	Director, Telenor Group Strategy, Telenor ASA
2008 - 2011	Management Consultant, Bain & Company
2005 - 2007	Manager, Capgemini
2002 - 2005	Consultant, Fair Isaac Corporation

## 05

**Mr. Rajiv Bawa \***  
Chief Corporate Affairs  
and Business Development Officer

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: None (0.00%)

Masters in Computer Science, University of Maryland, USA

Bachelor of Technology, Computer Engineering, Manipal Institute of Technology, India

Certificate in Management, Wharton School of Business, University of Pennsylvania, USA

2017 - Present	Chief Corporate Affairs and Business Development Officer, Total Access Communication PLC.
2016 - 2017	Head of Public & Regulatory Affairs, Telenor Group, Asia
2015 - 2016	Acting Chief Corporate Affairs Officer, Total Access Communication PLC.
2011 - 2015	Chief Representative Officer, Telenor Group, India
2008 - 2011	Unitech Wireless Pvt Ltd, India, Chief Corporate Affairs Officer

## 06

**Mr. Sitthichoke Nopchinabutr \***  
Chief Marketing Officer

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: None (0.00%)

Academic Background

Master of Business Administration, Georgia State University, USA

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 Co., Ltd.

## 07

**Mr. Panya Vechbanyongratana \***  
Chief Sales Officer

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: 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

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.

\* Management under definition of SEC

## 08

### Miss Nardrerdee Arj-Harnwongse \*

Chief People Officer

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: 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.

### Mr. Raweepun Pitakchatiwong

Company Secretary

Number of Shares Held: None (0.00%)

Number of Shares Held by spouse and minor children: 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, Head of General Counsel 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.

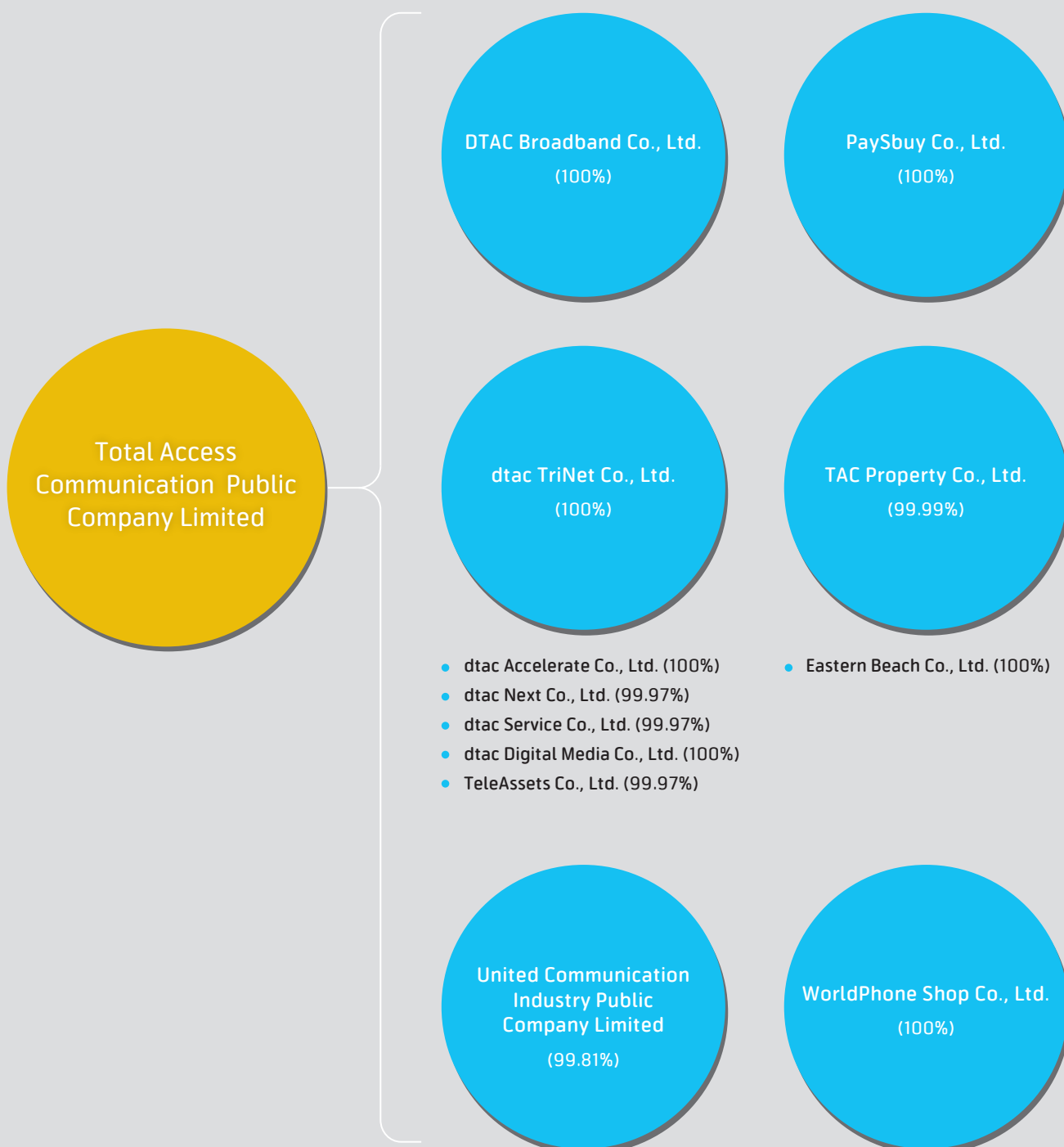
\* Management under definition of SEC

Remark: 1) Mr. Sitthichoke Nopchinabutr resigned from the Company effective from 31<sup>st</sup> January 2018. The Digital Group has been merged into the Marketing Group with Mr. Andrew Tor Oddvar Kvalseth assuming the position of Chief Marketing Officer effective from 1<sup>st</sup> February 2018.

2) For efficiency enhancement, the Sales Group has been restructured to be the Commercial Group with Mr. Panya Vechbanyongratana assuming the position of Chief Commercial Officer effective from 1<sup>st</sup> February 2018.



## 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 1800MHz 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 2017, 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 2017

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, 41 <sup>st</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, 41 <sup>st</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, 41 <sup>st</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

Company's Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Shareholding (%)	Total Shares of Each Company
dtac Next Co., Ltd.	319 Chamchuri Square Building, 41 <sup>st</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
dtac Service Co., Ltd.	319 Chamchuri Square Building, 41 <sup>st</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, 41 <sup>st</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, 41 <sup>st</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, 41 <sup>st</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, 41 <sup>st</sup> Fl., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0107536000871	Under liquidation process	313.55	Ordinary shares	99.81	434,668,207

Company's Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Shareholding (%)	Total Shares of Each Company
WorldPhone Shop Co., Ltd.	319 Chamchuri Square Building, 41 <sup>st</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, 41 <sup>st</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 (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
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 25 April 2017, 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



▲ dtac Super 4G



▲ Go No Limit



◀ FLIP IT campaign



▲ dtac Reward



▲ dtac Accelerate

## Operational Highlights

In 2017, dtac paved the way to become the no. 1 digital brand in Thailand in 2020 with digital initiatives, including “Line Mobile”, the purely digital mobile service, “dtac App” for consumers, and “dtac One” app for retailers. The initiatives resulted in improved efficiency and simplified processes in delivering services to customers. Moreover, we have been digitizing our core operation, allow us to be more efficient and provide more customized and relevant offers to our customers.

dtac strengthened the network perception with the “Smoothest” campaign and affirmed our value-for-money position with the launch of “Go No Limit”, an unlimited data offer with a variety of Internet speeds for customers to choose. Moreover, the dtac Reward program has been revamped to build loyalty among our customer base.

In preparation for the end of concession, densification of the 2.1GHz network has been progressing throughout the year. The number of 2.1GHz base stations increased from 30.5k at the end of FY16 to 40.4k in this year.

At the end of FY17, total subscriber base was 22.7 million, decreasing from 24.5 million last year due to challenges in prepaid segment partly offset by growing postpaid subscriber base. Postpaid subscriber increased to 5.6 million driven by prepaid-to-postpaid conversion and value-for-money offers. However, prepaid subscriber base decreased to 17.0 million due to market competition and the prepaid-to-postpaid migration. Average Revenue per User excluding IC (ARPU) of FY17 was THB 230 per month, increasing 6.4% YoY driven by larger postpaid subscriber mix.

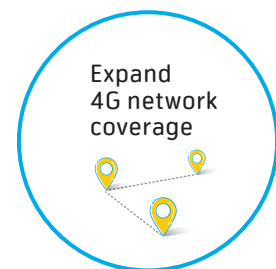
By end of 2017, our revenue market share from service revenue excluding IC was approximately 25% while our subscriber market share was around 24%.

## Overall Market Environment

In 2017, dtac introduced the “FLIP IT” philosophy as a brand promise to drive what we do, how we compete, and how we set ourselves to meet and exceed customers’ expectation and became the favorite partner in their digital life. We have a passion to create the most enjoyable customers’ experience. We flip from complexity and complication of telecommunication practices to be simple, worry-free, and more consumer-centric so that customers can discover and get the most of digital experience everyday. Driving competitive market position, dtac focus in 3 strategic areas: 1) improve network perception, 2) strengthen dtac branding, and 3) disrupt market with best-value offering.

### 1) Improve Network Perception

dtac continues to provide easy access to digital experience wherever our customers are. We expand the 4G network with growing numbers of base stations to enhance customer experience on the bandwidth of 20MHz on the 1800 MHz frequency band. We expand our 4G network coverage, focusing on customers’ needs and their journey such as roads and express ways, residential areas, hospitals, work places and also continuously improve the service quality delivering a smooth digital experience on top popular applications to meet all mobile lifestyle needs. In the meantime, we continue to regain customers’ confidence in our dtac’s network through the holistic communication, reinforcing “dtac Super 4G: Smoothest and Widest” experience, in key media channels throughout the year.



## 2) Strengthen dtac Branding

To drive emotional bonding and differentiation with Thais as the brand they love and root for, dtac has revamped the brand to stay true to our brand DNA, while being more relevant and consistent. “Empathy, playful, and creative” is the likeable brand personality for dtac to reflect in what we do and what we say. We also create a relatable storytelling to drive customers’ strong identification with dtac through “always on and relevant” media strategy.

## 3) Disrupt Market with Best Value Offering

With the “FLIP IT” philosophy, dtac commits to constantly create the simple and worry-free products and services to our customers while increase our competitiveness to meet customers’ needs in dtac digital services. We introduce “Go No Limit” package for both prepaid and postpaid and “Go Plern” SIM for prepaid segment, offering the worry-free unlimited data, no speed drop, and unlimited calls within the network. Customers can enjoy digital experiences with no boundaries and worry.

We also expand dtac reward benefits to engage broader groups of customers both postpaid and prepaid with the introduction of Silver, Gold, and Blue Member. With partnership expansion, customers will enjoy the privileges and joyful experiences everyday, available at more than 25,000 partner outlets nationwide through both traditional

and dtac app channel, driving the unique reward redeemers to be tripled than Year 2016.

## Postpaid Segment

The postpaid subscriber base and revenue growth momentum continues, mainly driven by Super Non-Stop and the worry-free Go No Limit which capture distinct customer segments with different needs. These price plans successfully put device subsidy under control as value is given with price plan, not just device bundling. The “Go No Limit” price plan offer unlimited mobile data at chosen speed with no throttling and unlimited free on-net call to ensure the unlimited worry-free experience. Customers can choose the plan that fits with their lifestyles and needs.

In 2017, dtac introduced the lower entry package price with mass communication targeting prepaid customers to migrate to postpaid. In addition, many postpaid marketing campaigns were launched such as lucky number campaigns, relevant package offers, and “dtac call” application to facilitate multiple numbers on a single device with no physical SIM required. We increased revenue base from upselling through package upgrade for existing customers, using dtac app to drive more engagement and topping purchase.

## Prepaid Segment

dtac prepaid segment is in decline due to aggressive competitive environment and prepaid to postpaid migration. We focus on driving quality subscriber acquisition through introduction of the simple and worry-free portfolio i.e. Go No Limit package and Go Plern SIM, instead of subsidy investment like the competition. Such offers assured customers to enjoy unlimited digital experience while guaranteed not to worry about internet speed drop and internet excess charge leakage, common problems faced by prepaid customers. We continue to strengthen current distribution channels and introduce “dtac ONE” application to transform traditional sales into digital journey. At the same time, we develop alternative channels to ensure that we effectively reach our customers.

In addition, dtac prepaid focus on two special segments, namely, Migrant and Tourist. We provide special international calling rates and internet packages through special segment SIMs i.e. dtac Myanmar SIM, dtac Cambodian SIM, Happy Tourist SIM. We are the first to make end-to-end customer journey available in their native languages.

► Happy Tourist Sim

▼ Golden Dog Sim



In late 2017, we drove topping penetration and revenue up-lift among existing customers with “Double Speed” No Limit promotion – enjoy unlimited internet with double speed at the original price, reinforcing value for money and worry-free proposition, mainly through digital platform.

### Financial Highlight

In 2017, service revenue (excluding IC) grew marginally 0.2%YoY. Growth of data service and postpaid segment were offset by challenges in voice service and prepaid segment. Annual service revenue from postpaid segment exceeded prepaid as strong momentum on postpaid continued. However, prepaid segment remained under challenging environment partly due to handset subsidies being available in the market. Total revenues decreased 5.1%YoY to THB 78,275 million due to lower IC revenues and handset sales.

EBITDA (before other items) amounted to THB 30,446 million and grew 9.1%YoY on the back of lower regulatory cost, improvement in operational efficiency and lower subsidy level. As a result, EBITDA margin improved to 38.9% compared to 33.8% last year.

Net profit amounted to THB 2,115 million, increasing 1.4%YoY and driven by EBITDA growth and tax benefit from investment incentives, partly offset by higher costs associated with network expansion.

We maintain financial flexibility and focus on cash flow from operation in order to ensure that we are ready for new business opportunities. Net debt to EBITDA decreased to 0.8x from 1.1x last year, while operating cash flow (defined by EBITDA-CAPEX) amounted to THB 13,912 million, increasing 83%YoY due to higher EBITDA and lower CAPEX. We spent CAPEX of THB 16,534 million, compared to CAPEX of THB 20,310 million in FY16.

### Competition & Business Outlook

Thailand’s telecom industry continues to grow, fueled by the increase in data usage. However, the industry is also highly competitive as the market witnessed saturation. Lower revenue for voice and messaging services and overpriced spectrum licenses have put pressure on profits. Nevertheless, the industry remains a growing, profitable market and several revenue opportunities can be seized.

Service revenue grew faster compared to previous year’s growth. This was mainly driven by the strong double digits

growth in the postpaid market while the prepaid market declined. Industry growth during 2017-2020 is expected to be in line with the country’s GDP, supported by continuous growth in data usage, despite intense competition. The postpaid segment has been driving industry growth, with historical growth rates of 10-15% per annum and expected to continue to grow at similar rate in the next three years. Concurrently, prepaid has been and is expected to continue to decline, driven by the on-going large scale pre-to-post conversion.

Mobile industry in Thailand is still faced with intensified competition. Mobile operators have to compete heavily in all facets including infrastructure investment for network, marketing activities, and heavy promotions. Competition’s marketing campaigns were heavily focused on handset subsidies, including the offer of free handsets and aggressive device bundle offers across all levels of smartphones. New packages were launched with various marketing, promotional and communication campaigns both to retain existing and acquire new customers.

Despite such challenges, dtac made significant investments to develop our wireless telecommunication network nationwide, particularly in 4G base stations and towers. We have allocated more bandwidth to 4G services to support the growing demand for data and internet usage. dtac has also launched several aggressive plans to get back to growth in 2017 with positive results both for revenue and EBITDA growth. We were able to attain high free cash flows due to strong cost control. dtac will continue to focus on efficiency and financial discipline in order to ensure we will be ready for new business opportunities. We will seek to become the number one digital brand in Thailand to differentiate ourselves from competition.

Looking at 2018, some key challenges and opportunities may have a large impact on dtac performance:

- Customers increasing adoption of digital services and channels, which gives us an opportunity to be a leader online. This can bring both new revenue from online sales, and also cost savings from reduced physical sales and support
- Digitization of our core, which would allow dtac to be much more efficient and provide more customized and relevant sales, marketing and care services to our customers

- Plan to minimize the impact of end of concession in September 2018. dtac has been working on several mitigation initiatives including the deployment of additional towers on the 2100 MHz spectrum and the potential partnership with TOT on 2300 MHz spectrum.

dtac remains optimistic and we believe we can continue to deliver strong cash flows and improved performance by capturing unexploited market opportunities in the digital arena. In 2017, we have already demonstrated strong growth in our digital sales and distribution channels and we will continue to push to deliver superior digital experience to our customers through our offers and services.

### Long-term Objectives over the Next 3-5 years

All around the world, the telco industry is under significant pressure from intense competition and slowing revenue expectations. At the same time, customers are increasingly using mobile and digital services in their everyday lives. Our ecosystem is in constant change. New technologies shape customer behaviors and enable new types of competitors.

dtac's overarching ambition is to become the number one digital brand in Thailand and continue to empower society by connecting people to information, content and services that matter to them and in turn, helping to improve their lives and securing a better future for all. We will empower society by building business sustainability, while enabling our communities through the power of the internet.

To meet its strategic objectives, dtac is transforming into a digital company by focusing on growth from strong and lasting relationships with our customers, pushing efficiency and simplification in our operations, consisting of a winning team with a digital mind-set, leading with responsible business conduct

Our digital transformation is one of the most critical levers for dtac to re-position ourselves and create more value to our customers, our employees and our shareholders in a more digitalized, data-driven and global future.

The key focus areas for dtac towards 2020 and beyond are:

#### 1. Growth

The company will continue to build strong and engaging customer relationships to satisfy each customer's digital need. We will continue to enhance our digital channels and

deliver the best online journey to our Thai customers. We are also expanding our network aggressively to provide the best digital experience to our customers.

- Build engaging and value for money products with personalized offers
  - Our ambition is to maximize the benefits given to our customers and be the clear leader in "value for money" offerings for both prepaid and postpaid.
  - We believe that communicating personalized, real-time offers to the customer create a superior customer experience, improve the effectiveness of our market campaigns and increase data monetization
  - Our dtac app and web platform is powered by our contextual engine which allows us to enhance customer acquisition, increase up-selling and cross-selling revenue through highly targeted campaigns and personalized, real-time offers to customers.
  - We leverage state-of-the art direct marketing capabilities to execute online marketing campaigns and continue to enhance our employee competencies and advanced analytics capability
- Continuous enhancement of digital channels and digital journey
  - We will strengthen our online sales capabilities in order to ensure the best online journey for our customers, from purchase and payment to customer care and service, through our dtac app or our web portal. We also steer our customers, retailers and partners towards user-friendly digital self-care solutions in order to create an integrated digital experience for them.
  - We will significantly increase our customer interactions, transactions and payments through digital channels, through our user-friendly dtac app and website.
  - We will be digitizing our partners and retailers to allow seamless and real time interactions through our sales and service platform app to help enhance performance.
- Committed investment in our network to deliver fast and seamless customer experience
  - We continue to invest in additional spectrum, and densify and expand our network capacity and coverage to ensure our customers have the best experience.



- We will use the latest technologies and prepare our infrastructure to ensure dtac will be ready to deploy 5G when commercially available.

## 2. Efficiency and Simplification

Our ambition is to be the most efficient operator in Thailand by 2020. We will continue to make improvements to strengthen our operational excellence so that we can free up funds to support our journey. We will also continue to simplify our products, processes, and customer journeys, as well as rationalize our business portfolio to focus on what matters. dtac 2020 will be an even more agile and lean organization ready to compete and maximize the value offered to our customers.

Profitability and strong cash flows will be a key focus and our digital transformation offers new opportunities for creating value through becoming simpler and more efficient.

- We are developing chatbots and artificial intelligence for use in our self-service channels, social media and call centers to transform how we care for our customers.
- We will shift from mass-marketing to targeted marketing with more personalized and context-based offers.
- We will drive company-wide business model simplification and back office automation.

## 3. Winning Team

People are key to drive our aspiration to become the most preferred digital brand. We will strive to win the position of being ranked as the employer of choice within the digital arena in Thailand and support the organization with the right talent, skills and structure to unleash the potential of our people. In addition, we will drive a cultural change program towards our target culture, in which 'we dare to think differently and act fast, all based on a winning team spirit and a strong foundation of integrity and ethics'. We will become a more expertise driven company, move towards a project-based way of work and be an attractive employer for people with digital mindset and competence. We will continue to upskill our people and offer more ways to grow with both soft and hard digital skills.

## 4. Responsible Business Conduct

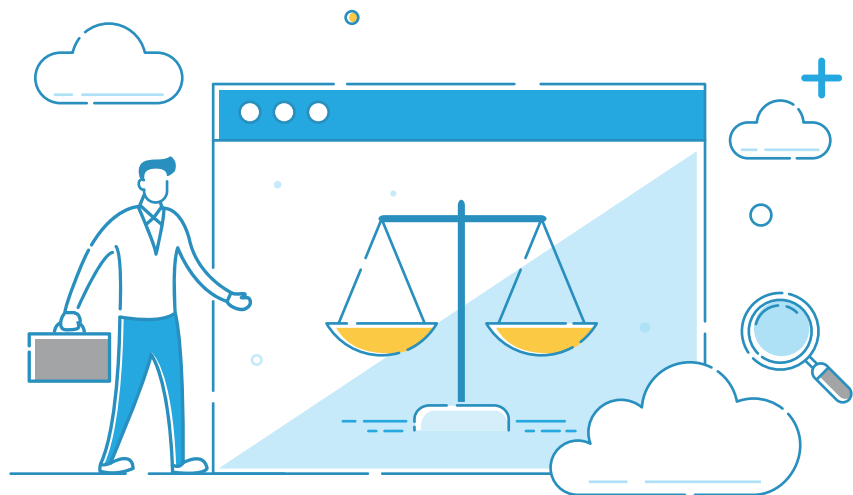
dtac's ambition is to responsibly contribute to economic, environmental and social development in Thailand, acting with accountability and transparency. Our company has high standards within anti-corruption, labor rights, human rights and environment as defined in law, international conventions and best practices, and these will be further strengthened. This also applies to the standards within supply-chain sustainability, anti-trust and our role in contributing to the society.

dtac will continue to strengthen accountability, including compliance and control. We will also continue to build internal awareness and competence for data privacy and anti-corruption training to our employees to equip them with the right mindset and business ethics.



## Sustainability

As a leader in the information technology and telecommunication industry, dtac continuously takes account of sustainability and responsibility into its business practice to reflect its 'Empower Societies' vision. Along with the vision, dtac has put 'Reduce Inequalities' as a main strategy to drive both our business and social initiatives. In dtac's standpoint, inequality reduction focuses on providing opportunities to all groups of populations equally with an internet access to useful information as well as connecting them with what matters most. This is to help them increase their quality of life and be a part of social development process as a whole.



## Good GOVERNANCE

Good governance is the foundation on which rests these efforts. It is what drives sustainability in business, society and every stakeholder group. The dtac Code of Conduct, launched in 2003, provides employees with the rules and guidelines to conduct business responsibly and fairly. dtac regularly updates this code to meet with local and international good governance standards, to avoid emerging risks and to continuously cultivate a transparent business culture within the organization.

In particular, dtac has pledged to prevent all forms of corruption in its business practice. Our ongoing 'Zero Tolerance to Corruption' program educates employees about the No Gift Policy and Fair Competition, for instance. This reflects dtac's strong standpoint on its values regarding responsible business practices. Our high standards have not gone unnoticed. In 2017, dtac was recognized as one of 110 listed companies with 'Excellence in Good Governance', by the Institute of Directors (IOD), out of 620 listed companies in Thailand.



# Empower SOCIETIES

In our bid to empower societies and reduce inequalities, dtac will continue to develop services that advance Thai society, while keeping a close eye on how our business can have a positive social and environmental impact. dtac always engages key stakeholders to share their aspirations and concerns not only about use of internet, but also about how dtac can improve their quality of life, build safe environment, increase income and create a better access to social services. In 2017, we conducted 562 audits of our supplier chain to ensure fair and safe labor practices are enforced with our vendors, too. In 2018, we will increase those inspections to 850. We provided

Online Marketing training to 30,000 Smart Farmers, equipping 30 farms with real-time rates for their crops. And our anti-cyber-bullying programs reached over 25,000 schoolchildren.

dtac believes good corporate governance involves openness, trustful disclosure and engagement between all internal and external stakeholders. As such, and to ensure that dtac's sustainability efforts are conducted in an internationally recognize framework, dtac upholds the Global Reporting Initiatives (GRI) G4 standard. For further details on our sustainability performance, consult the 2017 Sustainability Report.





## 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".

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.

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.

1999

JULY

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

1995

FEBRUARY

dtac was registered as a public company.

2000

MAY

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

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.

## 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

## MARCH

dtac Internet was awarded "Commart Innovation Awards 2010".

dtac officially launched iPhone in Thailand.

## 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.

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.

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: 1800 MHz, 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.

## 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.

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".

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.

## AUGUST

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

## 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.

## 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.

## JUNE

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

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



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## 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.

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## 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.

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## SEPTEMBER

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

dtac 4G service covered all districts throughout Thailand.

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## OCTOBER

dtac launched cross-network VoLTE service with AIS.

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2017

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## FEBRUARY

dtac announced new brand platform “FLIP IT” and introduced “Go No Limit”, an unlimited data offer with a variety of Internet speeds for customers to choose.

dtac received the Thailand Sustainability Investment 2016 Award as a recognition for its outstanding performance in sustainability development from the Stock Exchange of Thailand.

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## MARCH

dtac Launched “dtac WiFi Calling App” for customers to enjoy the Wifi Calling feature on any smartphone.

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## APRIL

New dtac-branded 4G smartphones launched - S3, T3 and X3 models.

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## MAY

dtac has been ranked as one of the best companies in Corporate Social Responsibility while Lars Norling has been recognized as the best CEO and Sverre Pedersen, as the best CFO in the Asia’s Best Companies 2017 Polled by FinanceAsia Magazine.

Company’s subsidiaries enter into contract negotiation with TOT for the provision of wireless service on 2300 MHz.

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## JUNE

The Frequency Allocation Act (No. 2) B.E.2560 was enforced.

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## JULY

Merging Paysbuy with Omise was announced.

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## SEPTEMBER

“LINE MOBILE” was launched.

dtac launched “SIM GO! Inter” for customers travelling abroad.

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## NOVEMBER

dtac launched “dtac call”, an application that combines 5 telephone numbers in one smartphone.

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## Risk Factors

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 spectrum acquisition

The term of office of the National Telecommunication Commission ("NTC") is expired on 7 October 2017. The NTC is currently acting of the National Broadcasting and Telecommunications Commission ("NBTC") in accordance with the Frequency Allocation Act (n.2) 2017, which is in the process of selection. It is currently uncertain regarding the terms and timing of the auction. Therefore, it is unlikely that the auction will take place before the expiration of the Concession Agreement. In this case, the NBTC notification on remedial measures for customers ("Remedial Measures Notification") requires the Company to continue the mobile services until the end of remedial period but not over one year after the concession ended. During such period, the Company shall pay its revenue to NBTC in the amount not less than the percentage of revenue sharing paid to CAT at the end of Concession Agreement.

If dtac TriNet cannot obtain sufficient spectrum in the future, it may result in a material effect on the result of business operations and business opportunity of the Company.

#### 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 organizing the spectrum auction, 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. 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.

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) had not been made in accordance with the process set out under the Private Participation Act. The above mentioned opinion of the Council of State is merely a legal opinion, which has no binding effect on the Company.

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.

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.

TOT argued that the Company is obliged to pay the access charge at the rate originally specified in the Access Charge Agreements and submitted a claim against the Company requesting CAT and the Company to be jointly liable for the access charge payment in the total amount of approximately 245,638 million (calculated until 10 July 2014). 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 current law, 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**

Several laws have restricted foreign shareholding, such as (i) the Land Code (ii) the Foreign Business Act and (iii) the Telecommunications Act. Also the Concession Agreement requires that the Company maintain its qualifications pursuant to the requirements under the Foreign Business Act.

The violation of such 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 above law, 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 factors, 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 is in breach 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 the NBTC, alleging that the Company is in breach of the above law. 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 or dtac TriNet to engage in the telecommunications business may be revoked. 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"). 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 enactment of the said Notification. The legal advisors share the same legal opinion as the Company. However, the NBTC may not agree with the Company's interpretation.

For 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. 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) Risk from reduction of interconnection charge rate

The NBTC issued three orders dated 12 March 2013, 23 July 2014 and 6 December 2016 in objective to reduce the interconnection charge rate. 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.

#### h) 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 may file an appeal with the Supreme Administrative Court.

#### i) 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"). The substance of the Notification is the share of telecommunications infrastructure, including buildings and equipment for transmission and transmission system of the base station.

CAT brought a lawsuit to seek revocation of the Notification and also the NBTC resolution which approved the reference access offer proposed by the Company. In addition, CAT filed a claim and required dtac TriNet to uninstall its 2.1 GHz devices and equipment from the Company's concessionary assets. CAT also demanded that dtac TriNet compensate for damages.

Also, on 1 October 2014, CAT filed a dispute to the Thai Arbitration Institute claiming that the Company is in breach of Clause 2.1 and Clause 2.3 of the Concession and requested for compensation of damages.

If the Courts render a final judgment prohibiting the sharing of telecommunications infrastructure or telecommunications network, 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.

In addition, the Company has an obligation to deliver certain equipment to CAT at the expiration of concession. It could create inaccessibility to certain equipment for dtac TriNet, except dtac TriNet negotiate for the use of equipment with CAT or other telecommunication operators. Otherwise, dtac TriNet has the right to procure its own telecommunication equipment but this could impact revenues and could lead to higher cost.

## 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, either as operator or MVNO. 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 organization.

### Board of Directors

As of 31 December 2017, 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 2017 are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 16	No. of Shares as of 31 Dec 17	Increase/ Decrease
1	Mr. Boonchai Bencharongkul	Chairman	10	10	-
	Spouse		-	-	-
	Minor Child		-	-	-
2	Mr Petter Boerre Furberg <sup>(1)</sup>	Vice Chairman	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
3	Mr. Chulchit Bunyaketu	Independent Director	-	-	-
	Spouse		15,000	15,000	-
	Minor Child		-	-	-
4	Mrs. Kamonwan Wipulakorn	Independent Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
5	Mr. Stephen Woodruff Fordham	Independent Director	10,000 shares 6,000 NVDR	10,000 shares 6,000 NVDR	-
	Spouse		-	-	-
	Minor Child		-	-	-
6	Mrs. Chananyarak Phetcharat	Independent Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
7	Mr. Lars-Aake Valdemar Norling	Director and Chief Executive Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-

No.	Name	Position	No. of Shares as of 31 Dec 16	No. of Shares as of 31 Dec 17	Increase/ Decrease
8	Ms. Tanwadee Wongterarit	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
9	Mr. Tore Johnsen	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
10	Mr. Haakon Bruaset Kjoel	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
11	Mrs. Tone Ripel	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
12	Mr. Sverre Pedersen <sup>(2)</sup>	Director	3,000 NVDR	-	-3,000 NVDR
	Spouse		-	-	-
	Minor Child		-	-	-

Remark: (1) Mr. Petter Boerre Furberg has been appointed as a new director and Vice Chairman in replacement of Mr. Morten Karlsen Soerby (who resigned from his directorship on 13 July 2017) pursuant to the resolution of the Board of Directors' Meeting No. 4/2017 held on 13 July 2017.

(2) Mr. Sverre Pedersen has been appointed as a new director in replacement of Mr. Morten Loeken Edvardsen (who resigned from his directorship on 16 December 2017) pursuant to the resolution of the Board of Directors' Meeting No. 6/2017 held on 8 December 2017. Whereas Mr. Morten Loeken Edvardsen has been appointed during year 2017 as a new director in replacement of Mr. Christopher Adam Laska pursuant to the resolution of the Board of Directors' Meeting No. 4/2017 held on 13 July 2017.

Names of the directors who resigned in 2017 and their share ownership in the Company are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 16	No. of Shares as of 31 Dec 17 <sup>(1)</sup>	Increase/ Decrease
1	Mr. Morten Karlsen Soerby	Vice Chairman	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
2	Mr. Christopher Adam Laska	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
3	Mr. Morten Loeken Edvardsen	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-

Remark: (1) There is no change in share ownership / no share sale and purchase during 2017.

The authorized signatories of the Company are any two of the following five directors can sign jointly with the Company's seal affixed: (1) Mr. Boonchai Bencharongkul, (2) Mr. Petter Boerre Furberg, (3) Mr. Haakon Bruaset Kjoel, (4) Mrs. Chananyarak Phetcharat, and (5) Mr. Lars-Aake Valdemar Norling.

## Management

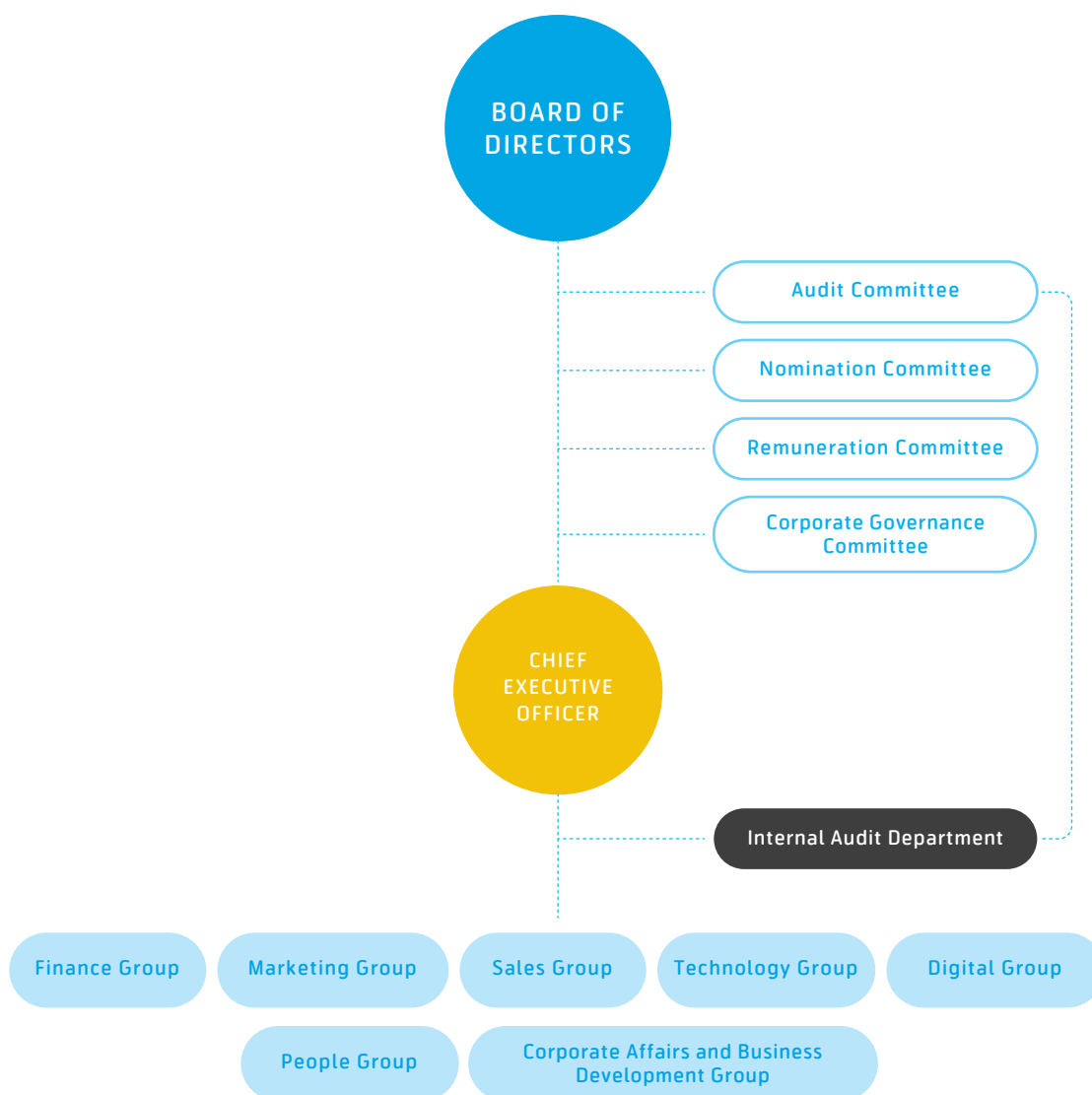
The Chief Executive Officer is the head of the management team. The Company's organization structure is divided into 7 groups, i.e. Finance Group, Marketing Group, Sales Group, Technology Group, Digital Group, People Group, and Corporate Affairs and Business Development Group. Names of the Management and their share ownership in the Company as of 31 December 2017 are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 16	No. of Shares as of 31 Dec 17	Increase/ Decrease
1	Mr. Lars-Aake Valdemar Norling	Chief Executive Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
2	Mr. Dilip Pal <sup>(1)</sup>	Chief Financial Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
3	Mr. Sitthichoke Nopchinabutr	Chief Marketing Officer	103,000 shares	-	-103,000 shares
	Spouse		-	-	-
	Minor Child		-	-	-
4	Mr. Panya Vechbanyongratana	Chief Sales Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
5	Mr. Prathet Tankuranun	Chief Technology Officer	10,000 shares	10,000 shares	-
	Spouse		9,700 shares	7,100 shares	-2,600 shares
	Minor Child		-	-	-
6	Mr. Andrew Tor Oddvar Kvaalseth	Chief Digital Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
7	Ms. Nardrerdee Arj-Harnwongse	Chief People Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
8	Mr. Rajiv Bawa <sup>(2)</sup>	Chief Corporate Affairs and Business Development Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-

Remark: (1) Mr. Dilip Pal has been appointed as a new Chief Financial Officer in replacement of Mr. Sverre Pedersen effective from 1 September 2017.  
(2) Mr. Rajiv Bawa has been appointed as a new Chief Corporate Affairs and Business Development Officer in replacement of Mr. Paradai Theerathada effective from 15 September 2017.

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 2017



## Company Secretary

The Board of Directors appointed Mr. Rawee Pun Pitakchatiwong, Head of General Counsel 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. 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 2017, the total remuneration of directors of the Company was THB 13,802,400 with the remuneration of each individual director as follows:

Directors’ Remuneration (THB)*						
Names	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance	Total
Mr. Boonchai Bencharongkul	3,840,000.00	-	-	-	-	3,840,000.00
Mr. Chulchit Bunyaketu	1,320,000.00	662,333.33	345,666.67	204,000.00	62,333.33	2,594,333.33
Mr. Stephen Woodruff Fordham	1,320,000.00	600,000.00	124,666.67	408,000.00	141,666.67	2,594,333.34
Mrs. Chananyarak Phetcharat	1,320,000.00	-	141,666.66	141,666.67	408,000.00	2,011,333.33
Mrs. Kamonwan Wipulakorn	1,320,000.00	741,666.67	204,000.00	62,333.33	204,000.00	2,532,000.00
Mr. Haakon Bruaset Kjoel	-	-	-	-	-	-
Ms. Tanwadee Wongterarit	230,400.00	-	-	-	-	230,400.00
Mr. Tore Johnsen	-	-	-	-	-	-
Mr. Lars-Aake Valdemar Norling	-	-	-	-	-	-
Mr. Morten Karlsen Soerby <sup>(1)</sup>	-	-	-	-	-	-
Mrs. Tone Ripel	-	-	-	-	-	-
Mr. Christopher Adam Laska <sup>(2)</sup>	-	-	-	-	-	-
Mr. Morten Loeken Edvardsen <sup>(3)</sup>	-	-	-	-	-	-
Mr. Petter Boerre Furberg <sup>(4)</sup>	-	-	-	-	-	-
Mr. Sverre Pedersen <sup>(5)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>9,350,400.00</b>	<b>2,004,000.00</b>	<b>816,000.00</b>	<b>816,000.00</b>	<b>816,000.00</b>	<b>13,802,400.00</b>

\* The table shows the director’s remuneration with 2 decimal places.



Remark: (1) Mr. Morten Karlsen Soerby resigned from the directorship on 13 July 2017.  
 (2) Mr. Christopher Adam Laska resigned from the directorship on 13 July 2017.  
 (3) Mr. Morten Loeken Edvardsen resigned from the directorship on 16 December 2017.  
 (4) Mr. Petter Boerre Furberg has been appointed as a new director and Vice Chairman in replacement of Mr. Morten Karlsen Soerby (who resigned from his directorship on 13 July 2017) pursuant to the resolution of the Board of Directors' Meeting No. 4/2017 held on 13 July 2017  
 (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 provided to CEO and Executives consists of the following components:

Element	Key purpose
Base salary	Provide a basis for competitive remuneration overall
Short-term incentive	Enhance leadership and deliver business result to achieve the Company's strategy.
Long-term incentive	Align the interests of the CEO, Executives with the interests of the shareholders for a long-term value creation.
Other Benefits	Offer insurance plans and other benefit to support in various life situations in light of economic conditions and standard of living.

### 1. Base salary

The level base compensation is reviewed annually based on the scope of the role, business environment, market position and performance. Key performance criterions are:

- Delivery according to business priorities
- Demonstrated leadership in accordance with the Company's values
- Building organization capabilities

### 2. Short-term incentive

The short-term incentive (STI) plan is designed to help drive the leadership behaviors and deliver the expected results. It is a cash-based variable pay plan based on following key performance indicators.

The key performance indicators below applied for all members:

- Financial KPIs to drive profitable growth and generation of cash flow; gross profit, opex and net cash flow;
- Operational KPIs to drive progress on the digital transformation objective; and
- Responsible Business Conduct – this is to drive the ethical and sustainable business operations

### 3. Long-term incentive

The long-term incentive plan reflects the long-term value

creation of the Company. The participants receive a grant of long-term incentive which is subject to four years lock-in period. If the participants leave the Company during the lock-in period, the LTI will be forfeited. In case of retirement, disability or death of the participant, the LTI will be unlocked.

### 4. Other Benefits

The purpose of these benefits is to establish a level of security. The provident fund, pension, insurance plan and other welfare provisions are in line with the market standards.

In 2017, the total remuneration of the Management of the Company was THB 94,262,932.82.

## Human Resources

### Reward Management in dtac

The objective of reward management in dtac is to attract, engage and retain the right employees to deliver sustainable value for shareholders in accordance with the Company's values. With this objective, reward philosophy in dtac has been designed to offer total reward packages that are fair, consistent and competitive both within and outside the organization.

Total reward packages are the sum of remuneration, employee recognition, benefits and development & career opportunities.

## Remuneration

Remuneration is monetary compensation including fixed compensation and variable pay. Fixed compensation is linked to job value that reflects impact and contribution of that job to the Company. Jobs with similar values are structured together in the same pay scale of Company's pay structure which enable the Company to maintain internal equity and fairness of employees' pay in similar job values. In terms of external equity and competitiveness, compensation is regularly reviewed against other companies in the market through data obtaining from third-party survey, as well as taken into account macro-economic indicators and Company's business result.

Variable pay is based on pay for performance principle, connecting both individual performance and Company strategic targets which are set and communicated on an annual basis. This is to award achievement of employees on the short-term basis in relation to company achievement.

## Employee recognition and benefits

Employee recognition is the timely, informal or formal acknowledgement of a person's or team's behavior, effort or business result that supports the Company's goals and values,

and which has clearly been beyond normal expectations. Recognition program enable strong culture and building collaboration across all functions in the Company.

Benefits scheme are provided in the Company in alignment with prevalence practice in the market, which are regularly reviewed to ensure competitiveness of the scheme. Benefits scheme in the Company comprise of multiple elements and dimensions:

- Monetary as fixed allowance AND non-monetary as well-being program, flexible office facility providing fitness center
- Work-related as travel expenses, uniforms AND personal-related benefits as emergency loan, paternity and maternity leave which allows employees to apply for long leave days to take good care of new born baby
- Short-term basis as health care insurance, medical check-up AND long-term basis as provident fund which is provided as a saving scheme for employee after retirement

As of 31 December 2017, the Company has 4,185 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 – Permanent – Expat (Persons)
Finance Group	198
Marketing Group	1,101
Sales Group	1,521
Technology Group	993
Digital Group	66
People Group	94
Corporate Affairs & Business Development Group	205
Office of CEO	7
Total	4,185

In 2017, the remuneration of the employees comprised of salary and bonus totaling THB 3,853,314,586.79. The Company has made contributions to the provident fund in an amount of THB 112,282,446.03.

## Development & Career Opportunities

To enable the employee retention and engage employees to strive for delivering the best performance, career development is one of the critical enabler. 'Career by Me'

program has been initiated and deployed in dtac to facilitate employee partnering with line manager to manage their own career regarding career aspiration aligned with business needs. In dtac, we provide opportunities for employees to grow career in various roles e.g. professional or management, vertical advancement to higher-responsibility role, horizontal career move to other job functions or in different job scopes. Enlarge or enrich the responsibility and accountability in current position, across-BU/regional

or global roles are also other career opportunities which employees can explore. The 4D-step of 'Career by Me' with essential facilities and tools are in place for employees in their career management.

1. **Discover:** Career conversation with Line Manager helps employees to understand their self-insight on career aspiration and realize their competency gaps needs to be developed regarding Competency Framework.
2. **Design:** PMS (People Dialogue and Performance with Impact) are provided for employees to design their own performance goals and Individual Development Plan (IDP) for both short-term in current role and future expected role as career aspiration.
3. **Develop:** The 3E+1 Development Approach is deployed in dtac for continuous learning and development which are Education (10%), Exposure (20%), Experience (70%), and Ecosystem for learning.
4. **Deploy:** On-boarding and Induction programs will be provided for employees in new role or enlarged or enriched roles.

As business perspective, the Development and Career Management programs will also strengthen organization capability towards high performing organization with effective talent pipeline continuity aligned with business needs in order to drive business goals and ambition achievement.

#### **"dtac Academy" - center of people development**

dtac Academy provides learning opportunities and 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 explore their learning many ways including blended learning, online, training course, project based learning and etc. 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, learning can happen anytime, anywhere with no fixed times and schedules.

#### **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 blended learning 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 2017, the dtac has a total budget for people development equal to THB 40 million, covering 73% of all employees spending average 16 hours per employee.

#### **Awards & Recognitions**

- Ranking No.5: JobsDB.com - Top 10 Most Aspired Companies in 2017
- Ranking No.1 in Telecom Industry: "Thailand Top Graduate Employers 2017"

#### **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 organization 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 Ethics and Compliance Officer. 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 also set up Policy Governance Culture Department 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 (HSE 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 and goals of the Company shall be identified, assessed and responded to.

Line managers are responsible for ensuring that risk management is embedded into the strategic and day-to-day business processes. Each employee is responsible for

managing the risks within his/her areas of responsibility. Company management team is an arena where the Company's risk picture is assessed regularly. Top risks in the Company are owned and managed by Company management team. 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 2017 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 at least twice a year;
- (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 2017. 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. 1/2018, which was held on 30 January 2018, 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.

The Internal Audit Department is assessed through external consulting for conducting a Quality Assessment Review (QAR) every 5 years. The latest external assessment was reviewed in November 2016. 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.





## Corporate Governance

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 2017 of the SEC and SET in order to sustain and maximize 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, conflict of interest, 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 2017 of the SEC and 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 110 companies that have been awarded a level of "excellent" (90% to 100% of CG scoring) among 620 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 realizes 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 28 February 2017. The Company fixed the record date on 16 February 2017, and closed its shareholders registrar book to collect the list of shareholders who have the right to attend the meeting on 17 February 2017. 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 minimize 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 2017 Annual General Meeting of Shareholders on 31 March 2017 at the Athenee Crystal Hall, 3<sup>rd</sup> Floor, Plaza Athenee Bangkok, Thailand. There were directors and senior Management attending the 2017 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 9 March 2017 or 21 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 28 February 2017 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 2017 Annual General Meeting of Shareholders during 1 October – 31 December 2016 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 29 September 2016. Consequently, a shareholder had submitted a question prior to the meeting about the Company's investment plan, which was answered by the Company during the 2017 Annual General Meeting of Shareholders. Nevertheless, neither agenda item nor nominated person were proposed.

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 2017 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 2017 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 2017 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 realizes 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 realizes 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 organization 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 organization readiness for development into the best organization. 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. 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 organization 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 and Environment “HSE 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 organized workshops on safety and working environment (HSE Workshop) in order to promote a culture of safe working environment in the organization through an electronic self-learning program (HSE Virtual Learning Program) and organize HSE activities. The Company has also set up an HSE 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 organization to truly meet the needs of its employees, the Company invites its employees to complete an online questionnaire on employees’ opinions towards the organization (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 realizes 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 has initiated “dtac Smart

Farmer” project to empower farmers with technology by developing a new generation of Thai farmers (Young Smart Farmer), dtac held “Commercial Agriculture” training course to provide knowledge on production optimization, agricultural management and agriculture marketing. The course focuses on knowledge sharing through internet and online channels, network building, farmland management, and smartphone e-commerce, partnered with NECTEC, Thailand’s National Electronics and Computer Technology Center and developed an IoT agriculture solution. The device, a sensor based that having the capability to monitor 7 parameters (including light, soil humidity, temperature and water), is linked to a router with dtac’s SIM card relaying the information to the cloud. This in turn will enable the system to send targeted advisory information to farmers’ mobile device based on the acquired farm level granular data.

dtac together with Ruam Duay Chuay Kan Sam Nuek Rak Ban Kerd Foundation have continuously conducted this program. FARMER INFO is the key application incorporating communication technology and agricultural knowledge with the aim to bring the benefits of technology to farmers. Thai farmers can gain and share knowledge through the application, e.g. produce prices, weather conditions, prevention and control of epidemics, tools and techniques for the improvement of the quality and quantity of products, and marketing. The application also adds more opportunities and markets for farmers through e-Commerce.

Safe Internet project - dtac has a strong commitment to be a responsible internet provider so we pay high attention to safe internet usage. Realizing that every coin has two sides, dtac attempts to prevent the adverse side of internet by educating and fostering awareness of internet safety among people, especially youths and children.

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.

Furthermore, the Board of Directors of the Company promotes organization of workshops on environment, which has been organized by the HSE unit through an electronic self-learning program (HSE Virtual Learning Program). The content of the workshop consist of environment protection policies, energy consumption and air pollution emissions, waste management and recycling, and safe working environment. Therefore, all new employees has undergone the workshops. Moreover, HSE unit has plan to implement this policy with the Company's contract parties.

#### 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 standardized 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 emphasizes 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 honor 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 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 2017, number of anti-corruption activities both internally and externally have been conducted throughout the year in order to raise awareness and enhance the Company in empowering society to strengthen the ethical culture in order for employees and society to understand and support the Company as a good corporate governance company. All possible communication channels have been utilized internally and externally, including internal radio interview, radio quiz, internal radio short message, internal TV, EMC meeting, COC Cartoon the series, cartoon folder, leaflets, posters, standees, compliance card, desktop communication, newsletters to employees, suppliers and stakeholders, and message on website. In 2016, dtac obtained certificate from the Institutes of Thai Directors (IOD) under the program “Private Sector Collective Action Coalition Against Corruption”. In 2017, dtac arranged the major event called “Shift Happens” in order to raise Thai society’s awareness of the impact of corruption and the importance of good governance and transparency in doing business where dtac’s CEO, as a speaker represented the topic “Good Enough” is not Good Enough’ which reflected our business strategy to empower society to “do the right thing” and dtac’s zero tolerance to corruption in Thai business environment. In addition, communication is the significant activity and dtac keeps communicating tone from the top to its employees to ensure that they are fully committed to dtac’s ethical corporate culture for sustainable development. Currently, dtac continues to implement strict sponsorship and donation policies to ensure the company contribute to Thailand in the responsible way.

## (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.

It is mandatory of the Company to all employees that he or she is required to report any act that is likely to constitute a breach of the Code of Conduct to the Ethics and Compliance Hotline (<http://dtac.ethicspoint.com>). Employees can consult Ethics and Compliance Officer or his/her leader in case advice concerning the reporting breaches is necessary. The Ethics & Compliance Hotline is a confidential web. The Hotline is operated by the independent third party. The information of the whistleblower and other details received by Ethics and Compliance Officer will be kept confidential for the confidence of the whistleblower.

Furthermore, Ethics and Compliance Officer has regularly updated to Audit Committee at least once a quarter for updating compliance program and take consideration and recommendation from the Audit Committee, if there is any concern.

## 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 realizes 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 2017, the Company had disclosed material information through the channel provided by the Stock Exchange of Thailand totaling 33 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	• Annual General Meeting (AGM)	• Once a year	• Fair treatment to all shareholders	• Compliance with guidance and regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand
	• Quarterly result announcement – Conference Call	• Once a quarter	• Disclosure with accuracy, punctuality and easy access	• Doing business with corporate governance and social responsibility
	• Analyst Briefing	• Once a quarter	• Growth of business and profit for shareholders	• Making investments to support company's growth
	• Roadshow and conference meeting both local and international shareholders/ investors	• 10 times in 2017	• Consistent dividend payment	• Compliance with dividend policy
	• Investor Company Visit / Conference Call	• 82 times in 2017	• Conduct business with governance, accountability and transparency	• Providing a variety of channels to communicate with shareholders and investors
	• Investor Relations website	• Frequently update information on website		• Regularly participating in activities, including roadshow and conference, to meet investors both local and abroad
	• Investor Relations email	• Daily		
	• Investor Relations telephone line	• Daily		

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 2017, 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. Currently, none of any director of the Company hold more than three (3) directorships in publicly listed companies. The companies has no policy which allow

executive director to hold more than 2 directorship positions in 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. 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 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 quarterly 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 2017, the Board of Directors held

1 meeting without the presence of the executive director and the Management. Moreover, the Board of Directors holds a Board of Directors' meeting with the External Auditor without the presence of the executive director or member of the Management at least once a year. In 2017, the Board of Directors held 1 meeting with the External Auditor 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 2017, 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 97.27 percent.

#### Sub-Committee Self-Assessment

In 2017, 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 85 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 94.49 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 2017, the Company held 6 Board of Directors' meetings with the rate of attendance of the directors of 93.33 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	6/6
Mr. Petter Boerre Furburg <sup>(1)</sup>	Vice Chairman	13 July 2017	13 July 2017	2/3
Mr. Chulchit Bunyaketu	Independent Director	6 March 2000	31 March 2017	5/6
Mr. Stephen Woodruff Fordham	Independent Director	17 November 2006	26 March 2015	6/6
Mrs. Chananyarak Phetcharat	Independent Director	5 September 2011	26 March 2015	6/6
Mrs. Kamonwan Wipulakorn	Independent Director	8 December 2014	26 March 2015	6/6
Mr. Lars-Aake Valdemar Norling	Director	10 February 2015	30 March 2016	6/6
Mr. Haakon Bruaset Kjoel	Director	5 September 2011	30 March 2016	5/6
Ms. Tanwadee Wongterarit	Director	8 February 2013	31 March 2017	5/6
Mr. Tore Johnsen	Director	19 August 2008	30 March 2016	5/6
Mrs. Tone Ripel <sup>(2)</sup>	Director	30 March 2016	30 March 2016	5/6
Mr. Sverre Pedersen <sup>(3)</sup>	Director	8 December 2017	8 December 2017	0/0

Remark: (1) Mr. Petter Boerre Furberg has been appointed as a new director in replacement of Mr. Morten Karlsen Soerby pursuant to the resolution of the Board of Directors' Meeting No. 4/2016 held on 13 July 2017.

(2) Mrs. Tone Ripel attended the Board of Directors' meetings in person 6 times and via video-conference 1 time.

(3) Mr. Sverre Pedersen has been appointed as a new director in replacement of Mr. Morten Loeken Edvarsen pursuant to the resolution of the Board of Directors' Meeting No. 6/2017 held on 8 December 2017.

The attendance of the directors who resigned during 2017 is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr. Morten Karlsen Soerby <sup>(1)</sup>	Director	28 August 2015	31 March 2017	3/3
Mr. Christopher Adam Laska	Director	8 December 2016	31 March 2017	3/3
Mr. Morten Loeken Edvarsen	Director	13 July 2017	13 July 2017	3/3

Remark: (1) Mr. Morten Karlsen Soerby did not attend the Board of Directors' meetings in person but attend via video-conference 3 times

#### (4) Subcommittees

In 2017, the subcommittees have performed its duties as follows:

#### Audit Committee

The Audit Committee consists of 3 independent directors. The qualification of the Chair of the Audit Committee of dtac, she has had experiences and professional qualifications i.e. accounting and financial skills. Prior to her presidential role,

she was a Chief Financial Officer of a leading company including the listed companies in Thailand and financial executive with several financial institutions. Her expertise is also valuable and support in the telecommunication

industries. A meeting of the Audit Committee is held approximately once a month. In 2017, the Company held 11 Audit Committee meetings, the attendance of which was as follows:

Name List	No. of Attendance /No. of Meetings in 2017
Mrs. Kamonwan Wipulakorn	12/12
Mr. Chulchit Bunyaketu	11/12
Mr. Stephen Woodruff Fordham	12/12

In 2017, 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 in 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 2017 Annual General Meeting of Shareholders, which was held on 30 March 2017, Mrs. Gingkarn Atsawarangsarit 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

Atsawarangsarit 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 2017. 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 4 directors, more than half are independent directors (3 persons) and 1 non-executive director. Chairman of the Remuneration Committee is an independent director. A meeting of the Remuneration Committee is held at least once a year. In 2017, the Company held 2 Remuneration Committee meetings, the attendance of which was as follows:

Name List	No. of Attendance /No. of Meetings in 2017
Mr. Chulchit Bunyaketu	2/2
Mrs. Kamonwan Wipulakorn	2/2
Mr. Haakon Bruaset Kjol	2/2
Mrs. Chananyarak Phetcharat <sup>(4)</sup>	1/2
Mr. Stephen Woodruff Fordham <sup>(1)</sup>	1/2
Mr. Christopher Adam Laska <sup>(2)</sup>	1/2
Mr. Morten Loeken Edvarsen <sup>(3)</sup>	0/0

Remarks: Due to the rotation of members of the sub committees according to the Board of Directors' approval no. 3/2017 dated 20 April 2017

- (1) Mr. Stephen Woodruff Fordham had resigned from chairmanship of Remuneration Committee according to the Board of Directors' approval no. 3/2017 and Mr. Chulchit Bunyaketu was appointed as the Chair of Remuneration Committee
- (2) Mr. Christopher Adam Laska had resigned from directorship and members of the sub-committees i.e. Remuneration Committee, Nomination Committee and Corporate Governance Committee according to the Board of Directors' approval no. 4/2017 dated 13 July 2017.
- (3) Mr. Morten Loeken Edvarsen was appointed as a new director and member of the sub-committees i.e. Remuneration Committee, Nomination Committee and Corporate Governance Committee in place of Mr. Christopher Adam Laska according to the Board of Directors' approval no. 4/2017 dated 13 July 2017.
- (4) Mrs. Chananyarak Phetcharat was appointed as member of sub-committees i.e. Remuneration Committee and Nomination Committee according to the Board of Directors' approval no. 3/2017 dated 20 April 2017.

In 2017, the Remuneration Committee was responsible for considering and giving recommendation on remuneration of the Chairman and other directors, reviewing and recommending the remuneration packages for 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 2017 Annual General Meeting of Shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees for 2017 in the amount not exceeding THB 13,802,400, an increase from 2016 at THB 11,500,000. The Company does not have any other form of remuneration for directors, details are as follows:

**Directors' Remuneration Structure (THB)**  
**Monthly Allowance**

Chairman	320,000
Independent director	110,000
Director (CAT's representative)	19,200
Chairman of the Audit Committee	67,000
Member of the Audit Committee	50,000
Chairman of the Remuneration Committee /	34,000
Chairman of the Nomination Committee / Chairman of the	
Corporate Governance Committee	
Member of the Remuneration Committee / Member of the	17,000
Nomination Committee / Member of the	
Corporate Governance Committee	

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 4 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 2017, the Company held 5 Nomination Committee meetings, the attendance of which was as follow:

Name List	No. of Attendance /No. of Meetings in 2017
Mr. Stephen Woodruff Fordham	5/5
Mr. Chulchit Bunyaketu	5/5
Mr. Haakon Bruaset Kjoel	4/5
Mrs. Chananyarak Phetcharat <sup>(1)</sup>	3/3
Mr. Christopher Adam Laska <sup>(2)</sup>	2/3
Mr. Morten Loeken Edvarsen <sup>(3)</sup>	2/2



Remarks: Due to the rotation of members of sub-committees according to the Board of Directors' approval no. 3/2017 dated 20 April 2017

- (1) Mrs. Chananyarak Phetcharat was appointed as the member of Nomination Committee according to the Board of Directors' approval no. 3/2017
- (2) Mr. Christopher Adam Laska had resigned from directorship and membership of sub-committees i.e. Remuneration Committee, Nomination Committee and Corporate Governance Committee according to the Board of Directors' approval no. 4/2017 dated 13 July 2017
- (3) Mr. Morten Loeken Edvarsen was appointed as a new director and member of the sub-committees i.e. Remuneration Committee, Nomination Committee and Corporate Governance Committee in place of Mr. Christopher Adam Laska according to the Board of Directors' approval no. 4/2017 dated 13 July 2017. He had resigned from directorship according to the Board of Directors' approval no. 6/2017 dated 8 December 2017

In 2017, 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 2017, the Company held 5 Corporate Governance Committee meetings and all members of Corporate Governance Committee were present at the meetings as follows.

Name List	No. of Attendance /No. of Meetings in 2017
Mrs. Chananyarak Phetcharat	5/5
Mr. Stephen Woodruff Fordham <sup>(1)</sup>	3/3
Mrs. Kamonwan Wipulakorn	5/5
Mr. Haakon Bruaset Kjoel	5/5
Mr. Christopher Adam Laska <sup>(2)</sup>	1/3
Mr. Morten Loeken Edvarsen <sup>(3)</sup>	2/2
Mr. Chulchit Bunyaketu	1/2

Remarks: Due to the rotation of members of sub-committees according to the Board of Directors' approval no. 3/2017 dated 20 April 2017

- 1) Mr. Stephen Woodruff Fordham was appointed as the member of Corporate Governance Committee and Mr. Chulchit Bunyaketu had resigned from Corporate Governance Committee according to the Board of Directors' approval no. 3/2017
- 2) Mr. Christopher Adam Laska had resigned from directorship and membership of sub-committees i.e. Remuneration Committee, Nomination Committee and Corporate Governance Committee according to the Board of Directors' approval no. 4/2017 dated 13 July 2017
- 3) Mr. Morten Loeken Edvarsen was appointed as a new director and member of the sub-committees i.e. Remuneration Committee, Nomination Committee and Corporate Governance Committee in place of Mr. Christopher Adam Laska according to the Board of Directors' approval no. 4/2017 dated 13 July 2017. He had resigned from directorship according to the Board of Directors' approval no. 6/2017 dated 8 December 2017

In 2017, 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 7 directors of the Company who have attended the courses organized 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.

#### Reserved key matters for the Board's approval

- (1) Strategy, business plan, key performance indicators
- (2) Capital expenditure and expenses exceeding certain material limits
- (3) Strategic investments in new business and divestments
- (4) Organizational structure and the appointment of the CEO and senior executives
- (5) CEO succession plan
- (6) CEO's compensation
- (7) Appointment of directors , CEO and CFO of all subsidiaries of the Company
- (8) Important transactions and any other extraordinary matters having significant importance
- (9) Litigation having significant impacts
- (10) Significant policies
- (11) Loan commitments and lines of credit from banks and other financial institutions
- (12) Dividend policy, declaration of interim dividends and proposal of annual dividend for the annual general meeting of shareholders' approval.

#### Audit Committee

The Audit Committee consists of 3 independent directors, namely:

Names of Directors	Position
Mrs. Kamonwan Wipulakorn	Chair of the Audit Committee
Mr. Chulchit Bunyaketu	Member of the Audit Committee
Mr. Stephen Woodruff Fordham	Member of the Audit Committee

The members of the Audit Committee have all the qualifications of an "independent director". They are not authorized 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 4 directors, namely:

Names of Directors	Position
Mr. Chulchit Bunyaketu	Chairman of the Remuneration Committee
Mrs. Chananyarak Phetcharat	Member of the Remuneration Committee
Mrs. Kamonwan Wipulakorn	Member of the Remuneration Committee
Mr. Haakon Bruaset Kjoel	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 4 directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Nomination Committee
Mr. Chulchit Bunyaketu	Member of the Nomination Committee
Mrs. Chananyarak Phetcharat	Member of the Nomination Committee
Mr. Haakon Bruaset Kjoel	Member of the Nomination Committee

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

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>(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;</li> <li>(2) Making recommendations on qualified candidates for election as Chief Executive Officer and Chief Financial Officer of the Company and its subsidiaries;</li> <li>(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;</li> <li>(4) Paying attention to the Board self-assessment evaluation and recommends any improvement as it deems necessary;</li> </ul> | <ul style="list-style-type: none"> <li>(5) Monitoring that steps be taken to ensure that shareholders have the opportunity to propose candidates for the Board;</li> <li>(6) When assessing candidates, taking into consideration if the candidates have the necessary experience, qualifications and capacity;</li> <li>(7) Considering if a rotation of the members of the Board is necessary;</li> <li>(8) Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;</li> <li>(9) Ensuring the Company's compliance with relevant laws and regulations regarding nomination and qualifications of directors;</li> <li>(10) Satisfying itself with regard to succession planning for the Board and key management appointments;</li> <li>(11) Ensuring appropriate disclosure of information on its activities; and</li> <li>(12) Carrying out an evaluation once a year of its work, functions, performance.</li> </ul> |
|--|---|

**Corporate Governance Committee**

The Corporate Governance Committee consists of 4 directors, namely:

Names of Directors	Position
Mrs. Chananyarak Phetcharat	Chair of the Corporate Governance Committee
Mrs. Kamonwan Wipulakorn	Member of the Corporate Governance Committee
Mr. Stephen Woodruff Fordham	Member of the Corporate Governance Committee
Mr. Haakon Bruaset Kjoel	Member of the Corporate Governance Committee

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

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>(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;</li> </ul> | <ul style="list-style-type: none"> <li>(2) Establishing and maintaining an appropriate corporate governance policy and procedures;</li> <li>(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;</li> </ul> |
|---|---|

- (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 2017 of the SEC. 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 Board recognizes the benefits of diversity and considers it as an important elements in effective decision-making and management. The Corporate Governance Committee and Nomination Committee draws up guidelines regarding the diversity of other qualifications of nominated candidate as the position of director. Moreover, in 2017, the Board considered defined qualifications using the Board Skill Matrix as supporting information in selecting of candidates with a focus on recruitment of versatility of expertise with appropriate mix of skills suitable for telecommunication industry. The Board Skill Matrix is classified into 10 subject matters namely collaborative leadership and strategic planning, customers and marketing, account and finance, IT and technology, industry knowledge, legal, crisis and

risk management and organization and human resources management.

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 prohibition of use of inside 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 unauthorized 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) at least one day before dealing in the Company's securities and also inform 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 2017 Annual General Meeting of Shareholders, which was held on 31 March 2017, approved the remuneration of the auditors for 2017 in the amount not exceeding THB 5,295,000 (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 increased by 1.92 percent from that of 2016. In 2017, the Company's

total non-audit fee, which was not related to the auditing services and booked as the Company's expenses, was THB 1,226,248.

### 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 a 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 network, fibre optic, transmission equipment, mobile device, online business, internet, technology development, 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 functioned well 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' meeting in 2017 was 6.

- (2) The Company has set out a 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 keep confidential the employees' remuneration and would respect the employees' right to privacy.

- (3) The Corporate Governance Committee had re-confirmed, and the Board of Directors No. 5/2017 had approved the policy for the Directors and Executives dealing in securities of the Company. The underlying principal of the policy is that the Directors and Executives are free to deal in the Company's securities or change of interests in the Company's securities but they are required to inform the Board or the Company Secretary at least one day before dealing in the Company's securities and also inform of the result within 24 hours from the time of such dealing or change of interest.
- (4) The Company has not implemented a cumulative voting system as the Company's Articles of Association prescribes that a director is elected through the use of a majority vote. However, the Company has provided other mechanisms to protect the rights of minority shareholders by setting 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 agenda and 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 procedure for selection of the independent directors also ensures that the independent directors would function to the best interest of the Company and its shareholders.
- (5) The Company has set out new Governing Principles to improve and to strengthen Company's governance. For example, the introducing of 'Yearly Meeting Plan' for the Board of Directors, having a meeting (at least once a year) between the Board of Directors and the Company's external auditor without presence of the management. Also, the Board's duty is to review several reports such as Risk Management, Supply Chain Sustainability (at least twice a year) including reviewing internal audit report at all Board of Directors Meeting.



## 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 2017, the committee include:

- |    |                              |                               |
|----|------------------------------|-------------------------------|
| 1. | Ms. Kamonwan Wipulakorn      | Chair of the Audit Committee  |
| 2. | Mr. Stephen Woodruff Fordham | Member of the Audit Committee |
| 3. | Mr. Chulchit Bunyaketu       | 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 2017, 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 2017 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 2018 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 2018 and proposes the annual audit fee to the Board of Directors for further approval by the shareholders of the Company.



Ms. Kamonwan Wipulakorn  
Chair of Audit Committee  
January 30, 2018





## Nomination Committee Report

### Dear Shareholders,

The Nomination Committee currently consists of four 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. Chananyarak Phetcharat, and Mr. Haakon Bruaset Kjoel.

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 2017, the Nomination Committee held five meetings, and the significant duties performed by the Committee included (i) a review of the structure and composition of the Board of Directors (ii) recommendations to the Board of Directors on the results of the annual self-assessment of both individual and Board performance, (iii) recommendations on the election or re-election of directors of the Company and subsidiaries, and (iv) recommendations on the rotation of the Chairman and members of all subcommittees and (v) acknowledgement of the new SET criteria for CFO and Chief Accountant.

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.

The Board of Directors has always valued for business conduct with integrity, transparency, accountability and highest ethical standard. To this end, the Corporate Governance Committee has conducted several reviews and formulated actions plan of the corporate governance practices of the Company in 2017 to ensure conformance to CG principles, SET's CG principles, and the international principle of The Organisation for Economic Cooperation and Development (OECD), together with the ASEAN CG Scorecard.

The Committee held five meetings this year to monitor CG tasks together with 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 20 October 2017, the Company received an award "Excellent CG Scoring" of Five Stars for three consecutive year by the Thai Institute of Directors Association in the 2017 CGR findings which covered 620 listed companies in Thailand. This award genuinely reflects the Company's consistent effort to strive for better corporate governance and sustainable development.

The Corporate Governance Committee remains committed to improve the Company's good corporate governance practices based on the values of integrity, transparency and social responsibility for the best interests of all stakeholders and international acceptance.

Sincerely yours,

Mrs. Chananyarak Phetcharat  
Chair of the Corporate Governance Committee



## Remuneration Committee Report

### Dear Shareholders,

The Company's Remuneration Committee currently consists of four members appointed by the Board of Directors, three of whom are independent directors. The Remuneration Committee consists of Mr. Chulchit Bunyaketu, the Chairman of the Remuneration Committee, Mrs. Kamonwan Wipulakorn, Mrs. Chananyarak Phetcharat, and Mr. Haakon Bruaset Kjoel. The Remuneration Committee has the responsibilities of reviewing and recommending the remuneration of directors, as well as reviewing and approving the annual salary review for the Chief Executive Officer of dtac.

In 2017, the Remuneration Committee held 2 meetings to consider various issues, including (i) the annual salary review for the Chief Executive Officer, (ii) the remuneration of directors for 2017.

The Remuneration Committee undertook a review of its performance in the previous year and found that the Committee was working effectively in assisting and advising the Board on matters relating to the remuneration of the Board and senior management.

Sincerely yours,

**Mr. Chulchit Bunyaketu**  
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 on an arm's length basis 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 2017, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of businesses.

### 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)	
	2016	2017
1. Revenue		
- Revenue from sales of mobile phone set	-	-
2. Expenses and other payments		
- Service fees for network maintenance and installation of telecommunications equipment	275.4*	2,884.3
- Service fees of network operation and management	318.0	203.5
- Accounts payable	663.3	1,249.2

#### 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.

Remark \* Service fees for network maintenance and installation of telecommunications equipment in 2016 as shown have not included the fee for dtac TriNet Co., Ltd. amounting to THB 1,544.0 million. Therefore, when combined with the fee for Total Access Communication PLC., amounting to THB 275.4 million, the total amount will be THB 1,819.4 million.

## 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)	
	2016	2017
1. Revenue		
- Revenue from sales of mobile phone set	-	-
2. Expenses and other payments		
- Marketing expense	32.5	3.2
- Information service fee	26.0	14.3
- Accounts payable	2.1	0.2
- Other payable	6.0	0.2

### 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)	
	2016	2017
1. Expenses and other payments		
- Rent for Land	0.2	0.9

### Rationale for the Transactions

- The Company rent office space to install transmission networks with 3-year term at the 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)	
	2016	2017
1. Revenue		
- Mobile service revenue	-	-
2. Expenses and other payments		
- Rent for space in Benchachinda Building	1.0	1.6

##### Rationale for the Transactions

- The Company rents the space in Benchachinda Building to install transmission networks with 3-year term at the 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)	
	2016	2017
1. Revenue		
- Revenue from international roaming service	24.2	66.1
- Revenue from sales of mobile phone set	0.2	0.6
- Revenue from interconnection	373.4	272.7
- Revenue from management service	0.2	45.4
- Revenue from sales on assets	3.0	10.8
- Account receivable	136.8	106.3
- Advance	54.6	35.5
2. Expenses and other payments		
- Fees to Telenor under a service agreement	499.4	611.0
- Software and system maintenance fee	177.0	316.8
- Purchase Assets	-	51.4
- International roaming costs	31.6	21.2
- Interconnection costs	965.0	1,059.8
- Cost on international signaling	34.1	26.7
- Accounts payable	277.7	260.2
- Other payable	491.5	680.7
- Borrowings	165.0	15.0



**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)	
	2016	2017
<b>1. Revenue</b>		
- Sales of refill vouchers, SIM cards, SIM card packages, starter kits and other	10,520.5	6,702.4
- Dividend	5.0	5.0
- Account receivable	1,444.9	472.7
<b>2. Expenses and other payments</b>		
- Marketing expense	3.4	4.1
- Rental fee	488.8	307.1
- Accounts payable	64.8	26.3
- Other payable	0.5	0.1

**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)	
	2016	2017
1. Revenue		
- Revenue from base station sublease include electricity charge	50.2	47.7
- Account receivable	8.7	4.2
2. Expenses and other payments		
- Rental expense for high speed leased circuit	56.9	17.8
- Cost of Wi-Fi equipment and service	16.9	11.2
- Accounts payable	5.4	3.0
- Other payable	4.4	5.7

### Rationale for the Transactions

- UIH provides high-speed data communication service via a nationwide leased optical fiber network to public and private organizations. UIH has one of the most extensive and high quality fiber optic networks in Thailand and has been providing consistent and high quality data communication services to the Company 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 the 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)	
	2016	2017
1. Expenses and other payments		
- Rent for Land	0.6	0.7

**Rationale for the Transactions**

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

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

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

Principal Transactions	Total Amount (THB million)	
	2016	2017
1. Expenses and other payments		
- Rental and service expense	1.1*	34.1
- Other payable	-	-

**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.

Remark \* Rental and service expense in 2016 as shown have not included the fee for dtac TriNet Co., Ltd. amounting to THB 35.8 million. Therefore, when combined with the fee for Total Access Communication PLC., amounting to THB 1.1 million, the total amount will be THB 36.9 million.

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

Benchachida Holding Co., Ltd. holds 100% interest in Top Up 4U Co., Ltd. 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)	
	2016	2017
1. Revenue		
- Revenue from sales of top-up service	296.0	229.3
- Account receivable	24.0	20.0
2. Expenses and other payments		
- Expenses and commission	13.0	11.4
- Accounts payable	1.2	1.0

#### 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 in BB Content & Multimedia 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)	
	2016	2017
1. Expenses and other payments		
- Information service fee	4.8	2.7
- Accounts payable	0.4	0.2

#### Rationale for the Transactions

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

### 12. 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)	
	2016	2017
1. Expenses and other payments		
- Information service fee	16.5	19.5
- Purchase goods	6.1	-
- Other payable	5.3	4.8

#### 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. 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)	
	2016	2017
1. Expenses and other payments		
- Service expense	127.5	53.2
- Accounts payable	-	1.4

#### 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. Transactions with BTS Group PLC.

Mr. Chulchit Bunyaketu, a director of the Company, is a director of BTS Group Holdings PLC.

Principal Transactions	Total Amount (THB million)	
	2016	2017
1. Expenses and other payments		
- Marketing expense	7.4	8.7
- Other payable	0.8	1.3

#### 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. 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)	
	2016	2017
1. Expenses and other payments		
- Rental and service expenses	1.1	1.0

#### Rationale for the Transactions

- The Company entered into contract with The Erawan Group 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.

### 16. Transactions with entities within King Power International Co., Ltd.

King Power International Co., Ltd. holds 30% interest in King Power Suvarnabhumi Co., Ltd. Mr. Chulchit Bunyaketu is a director and a shareholder of King Power Suvarnabhumi Co., Ltd.

Principal Transactions	Total Amount (THB million)	
	2016	2017
1. Expenses and other payments		
- Rental and service expenses	1.6	1.4

#### Rationale for the Transactions

- The Company entered into contract with King Power International Co., Ltd. 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.

### 17. Transactions with entities within Benchachinda Holding Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director and a shareholder of Benchachinda Holding Co., Ltd. with 40% shareholding.

Principal Transactions	Total Amount (THB million)	
	2016	2017
1. Expenses and other payments		
- Rental and service expenses	0.2	0.1

#### Rationale for the Transactions

- The Company entered into contract with Benchachinda Holding Co., Ltd. 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.



**18. Transactions with entities within DHL Express international (Thailand) Ltd.**

Mrs. Chananyarak Phetcharat, a director of the Company, is the Managing Director of DHL Express international (Thailand) Ltd.

Principal Transactions	Total Amount (THB million)	
	2016	2017
1. Expenses and other payments		
- Service expenses	0.3	0.1

**Rationale for the Transactions**

- The Company used the delivery services of DHL Express international (Thailand) Ltd. 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.

**19. Transactions with BB Connect Co., Ltd.**

Mr. Boonchai Bencharongkul, Chairman of the Company, is a closed relative to Mr. Somchai Bencharongkul and Mr. Vichai Bencharongkul, who are directors of BB Connect Co., Ltd.

Principal Transactions	Total Amount (THB million)	
	2016	2017
1. Revenue		
- Service revenue	5.1	6.1
- Account receivable	1.0	1.2
2. Expenses and other payments		
- Service expenses	137.6	168.8
- Accounts payable	31.1	31.3

**Rationale for the Transactions**

- dtac TriNet Co., Ltd., which is a subsidiary of the Company, entered into contract with BB Connect Co., Ltd. to lease the International Internet Gateway services to BB Connect Co., Ltd. at a rate comparable with market rate.
- BB Connect Co., Ltd. is an International Private Leased Circuit service (IPLC) provider. dtac TriNet Co., Ltd., which is a subsidiary of the Company, entered into contract with BB Connect Co., Ltd. to lease the International Private Leased Circuit service (IPLC) to Singapore and Malaysia from BB Connect Co., Ltd. at a rate comparable with market rate. The service fee is calculated based on actual usage. 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.

## 20. Transactions with YA Sales and Services Co., Ltd.

Benchachida Holding Co., Ltd. holds 99% interest in YA Sales and Services 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)	
	2016	2017
1. Expenses and other payments		
- Storage and Delivery Service expenses	-	48.3
- Accounts payable	-	15.5

### Rationale for the Transactions

- The Company used the storage management and delivery services of YA Sales and Services Co., Ltd. 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 2017.

### 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 17 February 2017

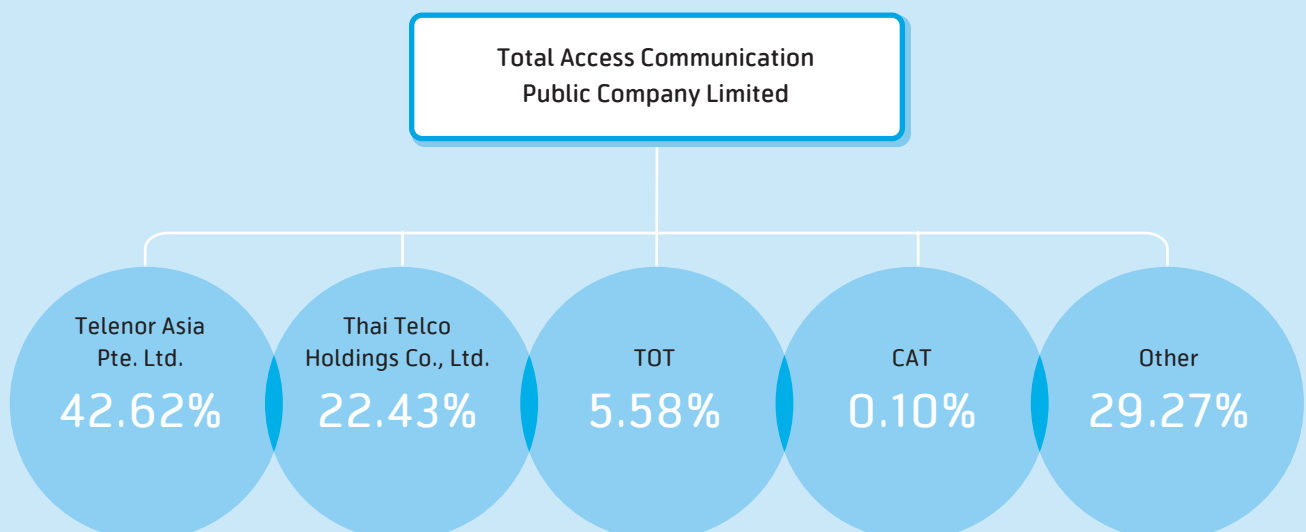
#### Share Capital

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 17 February 2017)

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	TOT Public Company Limited	132,145,250	5.58
4	Thai NVDR Company Limited	123,523,069	5.22
5	Bualuang Long-Term Equity Fund	43,727,600	1.85
6	Social Security Office	42,665,800	1.80
7	Bualuang Top-Ten	19,527,600	0.82
8	BTS Group Holdings Public Company Limited	16,308,600	0.69
9	CHASE NOMINEES LIMITED	11,915,877	0.50
10	Bualuang Flexible RMF	11,900,900	0.50

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 11 April 2017 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 11 April 2017 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 11 April 2017 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 25 April 2017 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

In FY17, we achieved strong EBITDA growth of 9.1%YoY and stabilized service revenue (excluding IC) development YoY, in line with the guidance. Our CAPEX was THB 16,534 million, a lower side of the guidance, due to delay in 2300MHz approval process. We reported net profit of THB 2,115 million, an increase of 1.4%YoY, driven by EBITDA growth and tax benefit from investment incentives.

Market competition remained intense but operators were more prudent in spending. We continued to strengthen network perception and densify 2.1GHz network in preparation for the end of concession in September 2018. In addition, we emphasized our value-for-money position with the “Go No Limit”, an unlimited data offer with a variety of speed for customers to choose.

Postpaid revenue surpassed prepaid in this year as postpaid momentum continued. Our postpaid subscriber base increased to 25% of total base, from 21% last year. However, situation in prepaid market remained challenging due to impact from prepaid handset subsidy in the market and stimulation of prepaid-to-postpaid upgrade to increase ARPU level and customer stickiness.

Digital transformation is the priority at dtac. In FY17, We launched many digital initiatives including “dtac App” for consumers and “dtac One” app for retailers, increasing efficiency and simplifying processes in delivering services to users. In Q317, “Line Mobile”, the purely digital mobile service, was launched to deliver full digital experience with simplification and value-for-money.

In FY18, dtac will continue strengthening its digital perception and digitize our operation which would allow dtac to be more efficient and provides more relevant offers to our customers. We expect EBITDA (excluding payment related to 2300MHz deal to TOT) amount to be around the level last year. CAPEX of THB 15-18 billion is expected to be spent in FY18. Service revenue (excluding IC) is expected to be around the same level as the previous year due to competition in the market.

### Significant Event

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

In Q417, 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 3,452 million in the separate financial statements. (Please see notes in FY17 financial statement for more details)

### Operational Summary

At the end of FY17, total subscriber base was 22.7 million, decreasing from 24.5 million last year due to challenges in prepaid segment while postpaid continued its positive momentum. Postpaid subscriber base increased to 5.6 million, a net addition of 0.6 million from last year driven by prepaid-to-postpaid conversion and value-for-money offers. Meanwhile, prepaid subscriber base decreased to 17.0 million due to market competition and the prepaid-to-postpaid migration. As postpaid subscriber base expanded, postpaid subscriber mix increased to 25% of total subscriber base and Average Revenue per User excluding IC (ARPU) of FY17 increased 6.4%YoY to THB 230 per month.

In FY17, we increased subscribers registered on 2.1GHz licensed network to 98% of total subscriber base, up from 95% last year, and drove smartphone penetration to 73%. With more affordable 4G handsets, the number of 4G users grew to 7.9 million (or 35% of total subscriber base) and the number of 4G devices increased to 11.4 million (or 50% of total subscriber base).

Active subscribers (in thousand)	Q416	Q317	Q417	%QoQ	%YoY	FY2016	FY2017	%YoY
Postpaid (under concession from CAT)	412	325	297	-8.7%	-28%	412	297	-28%
Prepaid (under concession from CAT)	815	413	221	-46%	-73%	815	221	-73%
Postpaid (under 2.1GHz license)	4,613	5,196	5,340	2.8%	16%	4,613	5,340	16%
Prepaid (under 2.1GHz license)	18,640	17,162	16,794	-2.1%	-9.9%	18,640	16,794	-9.9%
<b>Total</b>	<b>24,480</b>	<b>23,097</b>	<b>22,652</b>	<b>-1.9%</b>	<b>-7.5%</b>	<b>24,480</b>	<b>22,652</b>	<b>-7.5%</b>
Net additional subscribers (in thousand)	Q416	Q317	Q417	%QoQ	%YoY	FY2016	FY2017	%YoY
Postpaid	207	134	115	-14%	-44%	702	612	-13%
Prepaid	-548	-642	-560	13%	-2.2%	-1,473	-2,440	-66%
<b>Total</b>	<b>-340</b>	<b>-508</b>	<b>-445</b>	<b>13%</b>	<b>-31%</b>	<b>-772</b>	<b>-1,828</b>	<b>-137%</b>
MOU (minutes/sub/month)	Q416	Q317	Q417	%QoQ	%YoY	FY2016	FY2017	%YoY
Postpaid	276	265	260	-1.7%	-5.7%	287	263	-8.5%
Prepaid	138	120	116	-3.5%	-16%	154	123	-20%
<b>Blended</b>	<b>165</b>	<b>152</b>	<b>149</b>	<b>-1.8%</b>	<b>-9.2%</b>	<b>177</b>	<b>153</b>	<b>-14%</b>
Postpaid excluding IC	194	187	185	-1.4%	-4.6%	203	186	-8.8%
Prepaid excluding IC	107	93	90	-3.6%	-16%	122	96	-22%
<b>Blended excluding IC</b>	<b>124</b>	<b>114</b>	<b>112</b>	<b>-1.9%</b>	<b>-9.8%</b>	<b>136</b>	<b>115</b>	<b>-16%</b>
ARPU (THB/sub/month)	Q416	Q317	Q417	%QoQ	%YoY	FY2016	FY2017	%YoY
Postpaid	556	564	578	2.4%	3.9%	551	567	3.0%
Prepaid	159	153	152	-0.9%	-4.4%	162	154	-5.1%
<b>Blended</b>	<b>235</b>	<b>244</b>	<b>250</b>	<b>2.6%</b>	<b>6.4%</b>	<b>231</b>	<b>242</b>	<b>4.7%</b>
Postpaid excluding IC	524	538	551	2.5%	5.2%	519	541	4.2%
Prepaid excluding IC	148	145	144	-0.9%	-2.8%	151	145	-3.4%
<b>Blended excluding IC</b>	<b>220</b>	<b>231</b>	<b>237</b>	<b>2.7%</b>	<b>8.1%</b>	<b>216</b>	<b>230</b>	<b>6.4%</b>

## Financial Summary

### Revenues

In FY17, total revenues decreased 5.1%YoY to THB 78,275 million due to lower IC revenues and handset sales. Growths of data service and postpaid segment were offset by challenging prepaid and contraction of voice service, resulted in service revenues excluding IC of THB 64,821 million, stable 0.2%YoY, in line with the guidance 2017. Postpaid revenue surpassed prepaid revenue level for the first time. In Q417, service revenues excluding IC improved 1.3%YoY and 1.7%QoQ to THB 16,234 million, driven by postpaid service and seasonality.

Voice revenue amounted to THB 15,539 million, decreasing 32%YoY from voice-to-data substitution. In Q417, voice revenue decreased 23%YoY but increased 10%QoQ due to change in allocation between voice and data revenues in bundled packages.

Data revenue amounted to THB 43,581 million, increasing 22%YoY driven by strong Internet consumption among Thai consumers and increasing 4G adoption. As a result, contribution from data revenue increased to 67.2% of service revenues excluding IC, compared to 55.3% last year. In Q417, data revenue increased 16%YoY but decreased 1.3%QoQ as a result of change in allocation between voice and data revenues in bundled packages.

International Roaming (IR) revenues amounted to THB 1,162 million, decreasing 0.5%YoY due to competition and alternative services in the market. In Q417, IR revenues increased 38% QoQ due to seasonality, and increased 6.4%YoY from inbound revenues.

Other service revenues amounted to THB 4,539 million, decreasing 6.0%YoY due to lower IDD revenues. In Q417, other service revenues amounted to THB 1,070 million, a decrease of 11%YoY and 1.0%QoQ, mainly due to lower IDD revenues.

Handset and starter kit sales amounted to THB 9,374 million, decreasing 23%YoY due to the accounting adjustment since Q117 and controlled handset subsidy. On normalized basis, margin of handset and starter kit sales improved. In Q417, handset and starter kit sales amounted to THB 3,039 million, increasing 66%QoQ due to seasonality and the launch of new iPhone models, but decreasing 25%YoY.

### Cost of Services

Cost of services excluding IC amounted to THB 44,105 million, increasing 5.4%YoY due to higher depreciation and amortization (D&A) and network OPEX, partially offset by reduction in regulatory cost. In Q417, cost of services excluding IC amounted to THB 11,089 million, an increase of 1.9%YoY and 1.0%QoQ.

Regulatory costs amounted to THB 8,670 million, decreasing 17%YoY from lower USO and license fee. In addition, increasing 2.1GHz subscribers, from 95% to 98% of total base, also helped reducing the regulatory cost. As a result, regulatory cost to service revenues excluding IC dropped to 13.4% from 16.2% last year. Regulatory cost in Q417 dropped 32%YoY and 19%QoQ mainly due to lower new license fee rate announced in Q417.

Network OPEX amounted to THB 6,856 million, increasing 16%YoY due to 2.1GHz network densification throughout the

year. In Q417, network OPEX was THB 1,945 million, an increase of 25%YoY and 15%QoQ. The number of 2.1GHz base stations increased to 40.4k from 30.5k at the end of FY16 to prepare for the end of concession in September 2018.

Other operating costs of services amounted to THB 2,986 million, decreasing 10%YoY mainly due to lower cost of IDD services and IP transit.

Depreciation and Amortization (D&A) of costs of services amounted to THB 25,594 million, increasing 16%YoY from investment to densify the network. In Q417, D&A in cost of service was THB 6,696 million, an increase of 12%YoY and 3.2%QoQ.

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

SG&A expenses amounted to THB 15,308 million, decreasing 14%YoY due to improvement in efficiency in selling & marketing spending and lower administrative expenses, partly offset by higher provision for bad debt.

Selling and Marketing (S&M) expenses amounted to THB 4,868 million, decreasing 32%YoY due to optimization of S&M spending with increasing customers' interactions through digital channels, and the accounting reclassification since Q117. We implemented network perception campaign and strengthened value-for-money position via attractive offers including "Go No Limit" price plans and "dtac reward" privileges. In Q317, we delivered full-digital experience to customers with "LINE Mobile" service. In Q417, S&M expenses amounted to THB 1,293 million and increased 8.7%QoQ due to higher advertisement spending but decreased 27%YoY.

General administrative expenses amounted to THB 8,011 million, decreasing 9.9%YoY. The decrease was mainly due to ongoing cost control and digitization of our operation, as well as the restructuring costs and impairment of assets in FY16. In Q417, administrative expenses increased 21%QoQ, due in large part to a one-time impact from THB 178 million of actuarial valuation of employee retirement benefit.

Provision for bad debt amounted to THB 1,525 million, increasing 110%YoY from higher postpaid subscriber base.

Depreciation and Amortization (D&A) of SG&A expenses amounted to THB 905 million, decreasing 8.8%YoY.

### EBITDA and Net Profit

EBITDA (before other items) amounted to THB 30,446 million and grew 9.1%YoY, in line with the FY17 guidance. The EBITDA growth was driven by lower regulatory cost, controlled handset subsidy and various efficiency measures. As a result, EBITDA margin improved to 38.9% compared to 33.8% last year. Excluding handsets and starter kits, the EBITDA margin was 48.3%, improving from 43.3% last year.

Net profit amounted to THB 2,115 million, increasing 1.4%YoY. The net profit growth was driven by stabilized service revenue (excluding IC), regulatory cost saving and efficiency programs, partly offset by higher costs associated with network expansion. In addition, the growth of net profit was also support by tax benefit from investment incentives.

Statement of Financial Position (THB million)	End of FY2016	End of FY2017
Cash and cash equivalent	18,293	26,048
Other current assets	13,618	13,167
Non-current assets	83,467	75,286
<b>Total assets</b>	<b>115,379</b>	<b>114,501</b>
Current liabilities	38,232	36,438
Non-current liabilities	50,002	48,827
<b>Total liabilities</b>	<b>88,234</b>	<b>85,266</b>
<b>Total shareholders' equity</b>	<b>27,145</b>	<b>29,235</b>
<b>Total liabilities and shareholders' equity</b>	<b>115,379</b>	<b>114,501</b>

### Balance Sheet and Key Financial Information

At the end of FY17, total asset amounted to THB 114,501 million and decreased from THB 115,379 million last year due to lower non-current asset. However, cash and cash equivalent increased to THB 26,048 million, compared to THB 18,293 million last year. Interest-bearing debt was THB 49,015 million and stable from last year. As a result, net debt to EBITDA decreased to 0.8x from 1.1x last year.

In FY17, operating cash flow (defined by EBITDA-CAPEX) amounted to THB 13,912 million, increasing 83%YoY, due to higher EBITDA and lower CAPEX. Due to delay in 2300MHz approval process, we spent CAPEX of THB 16,534 million, a lower side of the FY17 guidance, compared to CAPEX of THB 20,310 million in FY16.

Cash Flows Statement (THB million)	FY 2016	FY 2017
Cash flows from operating activities	30,706	30,306
Cash paid for interest expenses and tax	(4,080)	(2,977)
<b>Net cash flows from operating activities</b>	<b>26,626</b>	<b>27,330</b>
<b>Net cash flows from investing activities</b>	<b>(17,392)</b>	<b>(19,575)</b>
Net cash receipt/(Repayment) - loan & debenture	1,165	-
Dividend paid	(2,226)	(0)
<b>Net cash flows from financing activities</b>	<b>(1,061)</b>	<b>(0)</b>
<b>Net change in cash &amp; cash equivalent Increase/(decrease)</b>	<b>8,173</b>	<b>7,754</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>10,121</b>	<b>18,293</b>
<b>Ending cash &amp; cash equivalent</b>	<b>18,293</b>	<b>26,048</b>

Income Statement (THB million)	Q416	Q317	Q417	%QoQ	%YoY	FY2016	FY2017	%YoY
Voice	5,046	3,520	3,871	10%	-23%	22,953	15,539	-32%
Data	9,502	11,147	11,005	-1.3%	16%	35,744	43,581	22%
IR	270	209	288	38%	6.4%	1,168	1,162	-0.5%
Others	1,205	1,081	1,070	-1.0%	-11%	4,829	4,539	-6.0%
<b>Service revenues ex. IC</b>	<b>16,023</b>	<b>15,957</b>	<b>16,234</b>	<b>1.7%</b>	<b>1.3%</b>	<b>64,693</b>	<b>64,821</b>	<b>0.2%</b>
IC revenue	1,093	807	788	-2.3%	-28%	4,559	3,262	-28%
Service revenues	17,116	16,764	17,021	1.5%	-0.6%	69,252	68,083	-1.7%
Handsets and starter kits sales	4,064	1,833	3,039	66%	-25%	12,181	9,374	-23%
Other operating income	285	213	214	0.7%	-25%	1,044	818	-22%
<b>Total revenues</b>	<b>21,465</b>	<b>18,809</b>	<b>20,274</b>	<b>7.8%</b>	<b>-5.5%</b>	<b>82,478</b>	<b>78,275</b>	<b>-5.1%</b>
Cost of services	(11,922)	(11,760)	(11,889)	1.1%	-0.3%	(46,160)	(47,296)	2.5%
Regulatory	(2,574)	(2,165)	(1,746)	-19%	-32%	(10,472)	(8,670)	-17%
Network	(1,556)	(1,697)	(1,945)	15%	25%	(5,900)	(6,856)	16%
IC	(1,041)	(785)	(800)	1.9%	-23%	(4,310)	(3,191)	-26%
Others	(751)	(624)	(702)	13%	-6.5%	(3,333)	(2,986)	-10%
Depreciation and Amortization	(6,001)	(6,489)	(6,696)	3.2%	12%	(22,145)	(25,594)	16%
Cost of handsets and starter kits	(4,898)	(2,455)	(3,577)	46%	-27%	(14,686)	(12,233)	-17%
<b>Total cost</b>	<b>(16,820)</b>	<b>(14,215)</b>	<b>(15,466)</b>	<b>8.8%</b>	<b>-8.1%</b>	<b>(60,846)</b>	<b>(59,529)</b>	<b>-2.2%</b>
<b>Gross profit</b>	<b>4,645</b>	<b>4,595</b>	<b>4,808</b>	<b>4.6%</b>	<b>3.5%</b>	<b>21,632</b>	<b>18,746</b>	<b>-13%</b>
SG&A	(4,368)	(3,666)	(4,172)	14%	-4.5%	(17,796)	(15,308)	-14%
Selling & Marketing expenses	(1,773)	(1,189)	(1,293)	8.7%	-27%	(7,192)	(4,868)	-32%
General administrative expenses	(2,234)	(1,855)	(2,239)	21%	0.2%	(8,887)	(8,011)	-9.9%
Provision for bad debt	(130)	(392)	(416)	6.1%	221%	(725)	(1,525)	110%
Depreciation and Amortization	(232)	(230)	(225)	-2.1%	-3.0%	(992)	(905)	-8.8%
Loss from assets impairment	-	-	(6)	n/a	n/a	-	(6)	n/a
Gain/(Loss) on foreign exchange	7	(4)	(16)	-273%	-318%	84	0	-100%
Interest income	53	57	63	12%	19%	170	217	28%
Other income & share of profit from investment in associated company	19	167	57	-66%	202%	68	242	254%
<b>EBIT</b>	<b>356</b>	<b>1,148</b>	<b>733</b>	<b>-36%</b>	<b>106%</b>	<b>4,158</b>	<b>3,890</b>	<b>-6.4%</b>
Finance cost	(376)	(401)	(371)	-7.5%	-1.3%	(1,567)	(1,557)	-0.6%
Income tax expenses	50	(146)	180	-224%	-260%	(506)	(218)	-57%
<b>Net profit attributable to equity holder</b>	<b>30</b>	<b>601</b>	<b>542</b>	<b>-9.7%</b>	<b>1,702%</b>	<b>2,086</b>	<b>2,115</b>	<b>1.4%</b>

EBITDA (THB million)	Q416	Q317	Q417	%QoQ	%YoY	FY2016	FY2017	%YoY
Net profit for the period	30	601	542	-9.7%	1,700%	2,086	2,115	1.4%
Finance costs	376	401	371	-7.5%	-1.3%	1,567	1,557	-0.6%
Income tax expenses	(50)	146	(180)	-224%	-260%	506	218	-57%
Depreciation & Amortization	6,232	6,719	6,921	3.0%	11%	23,137	26,498	15%
Other items	168	(123)	179	-246%	6.4%	620	57	-91%
<b>EBITDA</b>	<b>6,757</b>	<b>7,744</b>	<b>7,833</b>	<b>1.2%</b>	<b>16%</b>	<b>27,915</b>	<b>30,446</b>	<b>9.1%</b>
EBITDA margin	31.5%	41.2%	38.6%			33.8%	38.9%	
EBITDA margin-excluding handsets and starter kits	43.6%	49.3%	48.6%			43.3%	48.3%	

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 FY17			Key Financial Ratio		FY2016	FY2017
	Loan	Debenture				
In 2018	-	2,000	Return on Equity (%)		8%	8%
In 2019	7,875	1,500	Return on Asset (%)		2%	2%
In 2020	7,875	4,000	Interest coverage Ratio (times)		3.0x	2.7x
From 2021	1,750	24,000	Net debt to EBITDA (times)		1.1x	0.8x
			CAPEX to Total Revenue (%)		25%	21%

## Outlook 2018

Thailand's telecom industry continues to grow, driven by the increase in data usage. However, the industry is also competitive. Lower revenue for voice services and overpriced spectrum licenses have put pressure on financial return. Nevertheless, the industry remains a growing, profitable market and several revenue opportunities can be seized.

In FY18, dtac will continue strengthening its digital perception, aiming to be the no. 1 digital brand in Thailand by 2020. We will digitize our operation which would allow dtac to be more efficient and provide more customized and relevant offers to our customers while realizing cost savings from reduced physical channels. We expect customers to increase adoption of digital services and channels.

As concession expiration approaching, dtac has strong intention to secure more spectrum to strengthen our network capacity to offer the best digital services to the consumers. CAPEX of THB 15 - 18 billion is expected to be spent in FY18.

In FY18, service revenue (excluding IC) and EBITDA (excluding payment related to 2300MHz deal to TOT) are expected to be around the same level as the previous year. We focus on generating cash flow from operation and maintaining financial flexibility before end of concession.

### 2018 Guidance:

- Service revenues excluding IC: around the same level as the previous year.
- EBITDA (excluding payment related to 2300MHz deal to TOT): around the same level as the previous year.
- CAPEX: THB 15-18 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 aim 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 2017 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 2017.

On behalf of the Board of Directors

Total Access Communication Public Company Limited

30 January 2018

Mr. Petter Boerre Furberg

Vice Chairman of the Board of Directors

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 2017, 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 2017, 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 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 the consolidated 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 2017 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 complaint with the Central Administrative Court, and a petition to amend the complaint 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 complaint) 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 complaint 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 (NBTC 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 inquired 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 significant legal cases and commercial 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 as well as a specialist involved to gain an understanding and assess 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 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.

I am responsible for the audit resulting in this independent auditor's report.



Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 30 January 2018



Total Access Communication Public Company Limited and its subsidiaries

## Statement of Financial Position

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current Assets					
Cash and cash equivalents	5, 32.3.1	26,047,621,911	18,293,445,738	15,766,017,547	7,862,508,882
Trade and other receivables	6	8,589,787,501	8,983,704,769	7,418,996,985	8,843,507,733
Inventories	8	1,953,533,316	2,063,288,325	1,912,760,931	1,984,474,131
Deferred cost of unearned revenue					
from telephone services		83,310,844	102,074,359	83,310,844	102,074,359
Other current assets	9	2,540,741,038	2,469,302,161	1,060,269,614	1,195,872,149
Total current assets		39,214,994,610	31,911,815,352	26,241,355,921	19,988,437,254
Non-Current Assets					
Restricted bank deposits	32.3.2	139,527	198,059	-	-
Investment in associated company	10	276,127,483	287,826,846	50,000,000	50,000,000
Investments in subsidiaries	11	-	-	1,953,917,315	1,953,917,315
Other investments	12	26,955,909	17,082,443	1,800,000	1,800,000
Amount due from related parties	7	196,295	196,295	213,339,930	216,767,275
Loans to subsidiary	7	-	-	15,500,000,000	15,500,000,000
Property, plant and equipment	13	45,569,509,123	37,623,229,798	3,187,649,638	4,159,581,195
Deferred right to use of equipment	14	12,235,257,374	28,489,398,331	4,946,979,487	17,643,165,091
Cost of spectrum license		8,921,035,669	9,818,794,592	-	-
Concessionary equipment under installation		251,725,596	678,266,848	252,675,245	679,216,496
Deposits and prepayment for purchase					
and installation of equipment		383,432,171	368,789,987	59,823,267	40,185,541
Other intangible assets	15	1,182,908,213	1,189,932,773	189,153,519	274,646,067
Deferred tax assets	25	3,543,298,769	2,050,369,832	4,784,557,590	4,013,551,281
Other non-current assets	16	2,895,009,094	2,943,073,252	2,664,830,706	2,675,445,160
Total non-current assets		75,285,595,223	83,467,159,056	33,804,726,697	47,208,275,421
Total assets		114,500,589,833	115,378,974,408	60,046,082,618	67,196,712,675

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and Shareholders' Equity					
Current Liabilities					
Trade and other payables	17	29,984,995,905	32,831,042,851	17,044,641,279	20,289,005,624
Short-term loan from related party	7	15,000,000	165,000,000	-	-
Debentures - current portion	19	2,000,000,000	-	-	-
Unearned revenue from telephone service		2,909,075,439	3,650,349,954	246,913,455	377,124,086
Income tax payable		753,765,797	575,076,813	-	-
Other current liabilities		775,423,375	1,010,798,169	496,040,152	600,258,067
Total current liabilities		36,438,260,516	38,232,267,787	17,787,594,886	21,266,387,777
Non-current Liabilities					
Loans from subsidiary	7	-	-	23,000,000,000	28,000,000,000
Long-term loans - net of current portion	18	17,500,000,000	29,000,000,000	-	-
Debentures - net of current portion	19	29,500,000,000	20,000,000,000	-	-
Provision for long-term employee benefits	20	698,592,438	438,375,554	698,592,438	438,375,554
Deposit guarantee on domestic roaming agreement	7	-	-	3,750,763,651	3,750,763,651
Assets retirement obligation	21	887,726,341	251,299,595	190,985,273	123,666,934
Other non-current liabilities		241,094,980	311,843,816	240,622,460	306,970,106
Total non-current liabilities		48,827,413,759	50,001,518,965	27,880,963,822	32,619,776,245
Total liabilities		85,265,674,275	88,233,786,752	45,668,558,708	53,886,164,022

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' Equity					
Share capital					
Registered					
2,372,080,630 ordinary shares of Baht 2 each		4,744,161,260	4,744,161,260	4,744,161,260	4,744,161,260
Issued and fully paid					
2,367,811,000 ordinary shares of Baht 2 each		4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000
Premium on ordinary shares	39	6,927,789,290	8,116,352,711	6,927,789,290	8,116,352,711
Other surplus		1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361
Retained earnings					
Appropriated - statutory reserve	39	56,545,457	474,416,126	56,545,457	474,416,126
Unappropriated (deficits)		(1,782,926,412)	(3,816,230,650)	1,010,429,802	(1,662,979,545)
		(1,726,380,955)	(3,341,814,524)	1,066,975,259	(1,188,563,419)
Other components of shareholders' equity		17,650,130,955	15,987,151,408	-	-
Equity attributable to owners of the Company		29,234,298,651	27,144,448,956	14,377,523,910	13,310,548,653
Non-controlling interest of the subsidiaries		616,907	738,700	-	-
Total shareholders' equity		29,234,915,558	27,145,187,656	14,377,523,910	13,310,548,653
Total liabilities and shareholders' equity		114,500,589,833	115,378,974,408	60,046,082,618	67,196,712,675

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues from Sales and Services					
Revenue from telephone services		68,082,681,121	69,252,450,291	14,583,080,690	18,031,917,452
Revenue from sales of telephone sets and starter kits		9,373,807,419	12,180,744,934	9,153,845,057	12,659,239,080
Other operating income		818,315,933	1,044,409,935	16,464,284,748	18,090,201,881
Total revenues from sales and services		78,274,804,473	82,477,605,160	40,201,210,495	48,781,358,413
Cost of Sales and Services					
Cost of telephone services		47,295,578,132	46,159,687,389	20,988,127,649	24,144,252,118
Cost of sales of telephone sets and starter kits		12,233,258,447	14,686,119,247	8,551,920,234	11,259,495,510
Total cost of sales and services		59,528,836,579	60,845,806,636	29,540,047,883	35,403,747,628
Gross profit		18,745,967,894	21,631,798,524	10,661,162,612	13,377,610,785
Interest income		217,361,998	170,342,461	607,996,097	553,454,571
Gain (loss) on foreign exchange		49,813	83,836,928	(13,374,131)	58,526,751
Other income		248,346,652	58,295,379	4,341,764,370	3,944,953,576
Income before expenses		19,211,726,357	21,944,273,292	15,597,548,948	17,934,545,683
Selling and service expenses		(4,867,933,452)	(7,191,923,804)	(3,197,227,827)	(5,461,506,530)
Administrative expenses		(10,440,565,736)	(10,604,172,567)	(7,726,128,798)	(8,444,047,121)
Loss from assets impairment	13, 14	(6,230,000)	-	(3,458,876,925)	(5,184,824,918)
Total expenses		(15,314,729,188)	(17,796,096,371)	(14,382,233,550)	(19,090,378,569)
Profit (loss) before share of profit from investment in associate, finance cost and income tax expenses					
		3,896,997,169	4,148,176,921	1,215,315,398	(1,155,832,886)
Share of profit (loss) from investment in associated company	10	(6,699,363)	10,055,337	-	-
Profit (loss) before finance cost and income tax expenses					
		3,890,297,806	4,158,232,258	1,215,315,398	(1,155,832,886)
Finance cost	24	(1,557,214,957)	(1,566,647,373)	(894,221,318)	(1,067,139,679)
Profit (loss) before income tax expenses					
		2,333,082,849	2,591,584,885	321,094,080	(2,222,972,565)
Income tax expenses	25	(218,107,691)	(505,721,770)	771,006,309	1,170,556,682
Profit (loss) for the year					
		2,114,975,158	2,085,863,115	1,092,100,389	(1,052,415,883)
Profit (loss) Attributable To:					
Equity holders of the Company		2,114,974,827	2,085,830,096	1,092,100,389	(1,052,415,883)
Non-controlling interests of the subsidiaries		331	33,019		
		2,114,975,158	2,085,863,115		
Earnings per share	26				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.89	0.88	0.46	(0.44)

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit (loss) for the year	2,114,975,158	2,085,863,115	1,092,100,389	(1,052,415,883)
Other comprehensive income				
Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
Actuarial gains and losses	(25,125,132)	62,731,707	(25,125,132)	62,731,707
Less: income tax effect	-	-	-	-
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of income tax	(25,125,132)	62,731,707	(25,125,132)	62,731,707
Other comprehensive income for the year	(25,125,132)	62,731,707	(25,125,132)	62,731,707
<b>Total comprehensive income for the year</b>	<b>2,089,850,026</b>	<b>2,148,594,822</b>	<b>1,066,975,257</b>	<b>(989,684,176)</b>
Total comprehensive income attributable to:				
Equity holders of the Company	2,089,849,695	2,148,561,803	<u>1,066,975,257</u>	<u>(989,684,176)</u>
Non-controlling interests of the subsidiaries	331	33,019		
	<u>2,089,850,026</u>	<u>2,148,594,822</u>		

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 2017

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
	Issued and paid-up share capital	Premium on ordinary shares	Other surplus Capital surplus from restructuring	Retained earnings Appropriated - statutory reserve	Unappropriated (deficits)	Total other components of equity the parent company's deficits	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	Shareholders' equity
Balance as at 1 January 2016	4,735,622,000	8,116,352,711	1,647,137,361	474,416,126	(3,739,227,681)	15,987,151,408	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 22)	-	-	-	-	(2,225,564,772)	-	(2,225,564,772)	(6,048)	(2,225,570,820)	
Distribution to non-controlling interests from subsidiary's liquidation	-	-	-	-	-	-	-	(1,415,810)	(1,415,810)	
Balance as at 31 December 2016	4,735,622,000	8,116,352,711	1,647,137,361	474,416,126	(3,816,230,650)	15,987,151,408	27,144,448,956	738,700	27,145,187,656	
Balance as at 1 January 2017	4,735,622,000	8,116,352,711	1,647,137,361	474,416,126	(3,816,230,650)	15,987,151,408	27,144,448,956	738,700	27,145,187,656	
Profit for the year	-	-	-	-	2,114,974,827	-	2,114,974,827	331	2,114,975,158	
Other comprehensive income for the year	-	-	-	-	(25,125,132)	-	(25,125,132)	-	(25,125,132)	
Total comprehensive income for the year	-	-	-	-	2,089,849,695	-	2,089,849,695	331	2,089,850,026	
Reduction of legal reserve and premium on ordinary shares to offset the deficits (Note 39)	-	(1,188,563,421)	-	(474,416,126)	-	1,662,979,547	-	-	-	
Transfer retained earnings to legal reserve	-	-	-	56,545,457	(56,545,457)	-	-	-	-	
Dividend paid to non-controlling interest of its subsidiary	-	-	-	-	-	-	-	(122,124)	(122,124)	
Balance as at 31 December 2017	4,735,622,000	6,927,789,290	1,647,137,361	56,545,457	(1,782,926,412)	17,650,130,955	29,234,298,651	616,907	29,234,915,558	

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 2017

(Unit: Baht)

	Issued and paid-up share capital	Premium on ordinary shares	Other surplus Capital surplus from restructuring	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated (deficits)	
<b>Balance as at 1 January 2016</b>	4,735,622,000	8,116,352,711	1,647,137,361	474,416,126	1,552,269,403	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 22)	-	-	-	-	(2,225,564,772)	(2,225,564,772)
<b>Balance as at 31 December 2016</b>	<b>4,735,622,000</b>	<b>8,116,352,711</b>	<b>1,647,137,361</b>	<b>474,416,126</b>	<b>(1,662,979,545)</b>	<b>13,310,548,653</b>
<b>Balance as at 1 January 2017</b>	4,735,622,000	8,116,352,711	1,647,137,361	474,416,126	(1,662,979,545)	13,310,548,653
Profit for the year	-	-	-	-	1,092,100,389	1,092,100,389
Other comprehensive income for the year	-	-	-	-	(25,125,132)	(25,125,132)
Total comprehensive income for the year	-	-	-	-	1,066,975,257	1,066,975,257
Reduction of legal reserve and premium on ordinary shares to offset the deficits (Note 39)	-	(1,188,563,421)	-	(474,416,126)	1,662,979,547	-
Transfer retained earnings to legal reserve	-	-	-	56,545,457	(56,545,457)	-
<b>Balance as at 31 December 2017</b>	<b>4,735,622,000</b>	<b>6,927,789,290</b>	<b>1,647,137,361</b>	<b>56,545,457</b>	<b>1,010,429,802</b>	<b>14,377,523,910</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

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	2,333,082,849	2,591,584,885	321,094,080	(2,222,972,565)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (used in) operating activities:				
Unrealised loss (gain) on foreign exchange	27,857,455	(134,486,903)	(678,289)	(140,748,506)
Share of loss (profit) from investment in associated company	6,699,363	(10,055,337)	-	-
Dividend received from subsidiaries	-	-	(4,246,469,616)	(3,915,393,952)
Dividend received from associated company	-	-	(5,000,000)	(5,000,000)
Dividend received from other investments	(375,000)	(375,000)	(375,000)	(375,000)
Allowance for inventory obsolescence (reversal)	223,710,386	(140,700,814)	236,226,103	(153,128,386)
Allowance for doubtful accounts - trade and other receivables (reversal)	682,654,503	110,669,496	13,394,678	(46,586,534)
Impairment of investment in other investment (reversal)	(29,572,584)	14,820,000	(31,072,600)	14,820,000
Provision for impairment of equipment for supporting cellular telephone services (reversal)	(11,464,945)	-	656,200,145	489,489,333
Provision for impairment of land	6,230,000	-	6,230,000	-
Provision for impairment of deferred right to use of equipment	-	-	2,796,446,780	4,695,335,585
Depreciation and amortisation (Note 27)	26,547,339,038	23,201,537,913	11,718,968,272	13,052,555,581
Fixed assets written-off	164,705,205	119,873,940	53,181,394	36,730,543
Concessionary equipment under installation written-off	34,372,961	-	34,372,961	-
Other intangible assets written-off	3,440,333	103,215,636	982,570	-
Goodwill written-off	-	19,171,700	-	-
Loss (gain) from sales of equipment	(2,390,864)	52,539,724	(13,863,534)	28,822,339
Loss from sales of concessionary equipment under installation	59,767,463	-	59,767,463	-
Gain from sales of other intangible assets	(18,435,926)	-	(10,796,957)	-
Provision for long-term employee benefits	237,293,212	59,461,637	237,293,212	59,461,637
Other income from debt settlement of subsidiary	(150,000,000)	-	-	-
Interest expenses	1,508,132,249	1,502,190,676	894,221,318	1,056,763,292

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit from operating activities before changes in operating assets and liabilities	31,623,045,698	27,489,447,553	12,720,122,980	12,949,773,367
Decrease (increase) in operating assets				
Trade and other receivables	(342,357,640)	705,589,163	1,400,076,647	1,407,032,473
Inventories	(113,955,377)	903,184,116	(164,512,902)	880,425,174
Other current assets	(52,675,364)	1,033,782,598	154,366,049	609,000,098
Other non-current assets	(154,656,566)	(83,747,926)	(126,087,509)	(46,612,383)
Increase (decrease) in operating liabilities				
Trade and other payables	(239,885,860)	163,190,755	(1,523,309,866)	1,793,568,953
Other current liabilities	(976,649,305)	388,484,635	(234,428,545)	(89,547,006)
Other non-current liabilities	563,476,449	106,053,226	(1,230,767)	(18,673,297)
Cash flows from operating activities	30,306,342,035	30,705,984,120	12,224,996,087	17,484,967,379
Cash paid for interest expenses	(1,586,660,807)	(1,308,732,373)	(945,248,971)	(1,089,121,812)
Cash paid for income tax	(2,566,191,186)	(2,938,246,903)	(1,045,881,928)	(1,166,149,502)
Tax refund	1,176,187,053	166,860,944	1,171,373,426	166,860,944
<b>Net cash flows from operating activities</b>	<b>27,329,677,095</b>	<b>26,625,865,788</b>	<b>11,405,238,614</b>	<b>15,396,557,009</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in other long-term investments	18,949,119	(9,632,402)	31,072,600	-
Proceeds from sales of investments in subsidiary	750,000	-	-	25,750,000
Dividend received from subsidiaries	-	-	4,246,469,616	3,915,393,952
Dividend received from associated company	5,000,000	5,000,000	5,000,000	5,000,000
Dividend received from other investments	375,000	375,000	375,000	375,000
Distribution to non-controlling interests from subsidiary's liquidation	-	(1,415,810)	-	-
Decrease in amounts due from related parties	-	-	3,427,345	145,141,690
Acquisition of plant and equipment	(16,996,689,480)	(11,401,376,435)	(712,818,057)	(1,714,004,958)
Proceeds from sales of plant and equipment	36,831,572	36,742,689	26,426,417	35,861,078
Decrease in equipment under installation	330,344,755	1,463,855,517	330,344,755	1,484,793,347
Proceeds from sales of equipment under installation	2,056,075	-	2,056,075	-
Acquisition of deferred right to use of equipment	(2,338,765,576)	(6,899,543,160)	(2,338,765,577)	(7,043,077,610)
Decrease (increase) in deposits and prepayment for purchase and installation of concessionary equipment	(19,637,726)	128,631,913	(19,637,726)	129,172,859
Decrease (increase) in deposits and prepayment for purchase and installation of equipment	4,995,541	(25,661,539)	-	-
Increase in other intangible assets	(641,577,035)	(689,358,384)	(86,477,354)	(92,618,009)
Proceeds from sales of other intangible assets	21,988,957	-	10,796,957	-
<b>Net cash flows from (used in) investing activities</b>	<b>(19,575,378,798)</b>	<b>(17,392,382,611)</b>	<b>1,498,270,051</b>	<b>(3,108,212,651)</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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from financing activities</b>				
Cash receipt from short-term loan from related party	-	165,000,000	-	-
Cash receipt from long-term loans	-	11,000,000,000	-	-
Repayment of long-term loans	(11,500,000,000)	(10,000,000,000)	-	(10,000,000,000)
Repayment of long-term loan to subsidiary	-	-	(5,000,000,000)	-
Cash receipt from loans from subsidiary	-	-	-	10,000,000,000
Issuance of debentures	11,500,000,000	5,000,000,000	-	-
Repayment of debentures	-	(5,000,000,000)	-	(5,000,000,000)
Dividend paid	(122,124)	(2,225,570,820)	-	(2,225,564,772)
<b>Net cash flows used in financing activities</b>	<b>(122,124)</b>	<b>(1,060,570,820)</b>	<b>(5,000,000,000)</b>	<b>(7,225,564,772)</b>
Net increase in cash and cash equivalents	7,754,176,173	8,172,912,357	7,903,508,665	5,062,779,586
Cash and cash equivalents at beginning of year	18,293,445,738	10,120,533,381	7,862,508,882	2,799,729,296
<b>Cash and cash equivalents at end of year</b>	<b>26,047,621,911</b>	<b>18,293,445,738</b>	<b>15,766,017,547</b>	<b>7,862,508,882</b>

### Supplemental cash flow information:

Non-cash items:

Accounts payable for purchase of deferred right to use of equipment and concessionary equipment under installation	641,074,931	2,306,488,561	641,074,931	2,306,488,561
Accounts payable for purchase of equipment	5,920,350,136	6,820,633,936	-	-
Accounts payable for purchase of other intangible assets	178,947,929	115,120,077	41,495,660	34,391,145

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 2017

### 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:

Annual revenue sharing from the revenue from services		
Year	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 27th concession year (i.e. from September 2017 to September 2018) 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 Corporate 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 (starting from 6 February 2007 and expiry on 5 February 2027). 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 5 years (current license for a period as from 30 August 2014 and expiry on 29 August 2019). dtac TriNet 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 (authorisation 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 50,000 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 totaling 5.25% per annum which subsequently NBTC announced the reduction of USO fee to be 2.5% per annum effective on 30 May 2017 onward. Accordingly, the total fee is currently 4% per annum.

- d) A type two telecommunication business license by NBTC for International Internet Gateway (ITG) 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 (current license for a period as from 26 June 2015 and expiry on 25 June 2020).
- 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) which the operation has been commenced since March 2017.
- 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) which the operation has been commenced since November 2016.
- g) A type one telecommunication business license for resale of Leased Circuit/Channel Service for period of 5 years (starting from 22 March 2017 and expiry on 21 March 2022) which the operation has been commenced since April 2017.

### 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 received approvals under the Interconnection Notification 2549 from NTC for RIO on 29 August 2006 and under the Interconnection Notification 2556 from NBTC for RIO on 30 April 2015. 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 17th 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) to the consolidated financial statements 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 11 October 2016, 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	
			2017 Percent	2016 Percent
Subsidiaries directly held by the Company				
WorldPhone Shop Company Limited	Under liquidation process of payment to creditors	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
dtac TriNet Company Limited	Providing telecommunications services	Thailand	100	100
DTAC Broadband Company Limited	Providing telecommunications services (WiFi services) with internet license type I	Thailand	100	100
United Communication Industry Public Company Limited	Under liquidation process	Thailand	99.81	99.81
PaySbuy Company Limited	Provide an online payment service, cash card and e-payment	Thailand	100	100
Subsidiary 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	Investment and support start-up companies to develop applications	Thailand	100	100
dtac Service Company Limited	Asset administrations and management	Thailand	100	100
dtac Next Company Limited	Asset administrations and management	Thailand	100	100
dtac Digital Media Company Limited	Providing telecommunications services and operating the device business	Thailand	100	100
TeleAssets Company Limited	Lease of telecommunication equipment and device	Thailand	100	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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### (b) Financial reporting standards 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 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### 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 and its subsidiary'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, 15 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 and 5 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 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### 4.10 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.

## 4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform 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. 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.

## 4.12 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.

#### 4.13 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.

#### 4.14 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.

#### 4.15 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. Unrealised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

##### Interest rate swap contracts

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

#### 4.16 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.

#### 4.17 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.

#### 4.18 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 disclosed in the financial statements 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 disclosed in the financial statements 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	
	2017	2016	2017	2016
Cash	4,679	4,557	4,674	4,442
Bank deposits	26,042,943	18,288,889	15,761,344	7,858,067
Total	26,047,622	18,293,446	15,766,018	7,862,509

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.05 percent per annum and 1.00 percent per annum (2016: between 0.05 percent per annum and 1.25 percent per annum).

## 6. Trade and Other Receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade Receivables - Related Parties</b>				
Trade receivables - related parties	608,247	1,617,606	3,108,210	3,972,248
Less: Allowance for doubtful accounts	(5,105)	(2,830)	(2,830)	(2,830)
Total trade receivables - related parties, net	603,142	1,614,776	3,105,380	3,969,418
<b>Trade Receivables - Unrelated Parties</b>				
Trade receivables - telephone services	5,483,943	4,133,571	169,675	229,323
Trade receivables - international telephone roaming services	2,418,790	1,383,120	179,212	394,510
Trade receivables - sales of E-Refill telephone sets and starter kits	839,059	1,199,002	191,178	284,555
Trade receivables - others	883,184	1,107,961	546,713	653,585
Total	9,624,976	7,823,654	1,086,778	1,561,973
Less: Allowance for doubtful accounts	(1,717,531)	(1,041,827)	(230,974)	(222,256)
Total trade receivables - unrelated parties, net	7,907,445	6,781,827	855,804	1,339,717
Total trade receivables - net	8,510,587	8,396,603	3,961,184	5,309,135
<b>Other Receivables</b>				
Other receivables - related parties	46,096	60,560	3,454,832	3,034,276
Others	45,699	534,460	13,601	506,041
Total	91,795	595,020	3,468,433	3,540,317
Less: Allowance for doubtful debts	(12,594)	(7,918)	(10,620)	(5,944)
Total other receivables, net	79,201	587,102	3,457,813	3,534,373
Total trade and other receivables - net	8,589,788	8,983,705	7,418,997	8,843,508

The aging of the outstanding balances of trade receivables - related parties as at 31 December 2017 and 2016, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Aged on the basis of due dates				
Not yet due	521,625	1,432,159	2,798,725	2,664,272
Past due				
Up to 1 month	49,010	177,132	281,674	1,243,986
1 - 3 months	3,915	59	2,465	24,037
3 - 6 months	20,232	3,150	-	37,123
Over 6 months	13,465	5,106	25,346	2,830
Total	608,247	1,617,606	3,108,210	3,972,248
Less: Allowance for doubtful accounts	(5,105)	(2,830)	(2,830)	(2,830)
Total trade receivables - related parties, net	603,142	1,614,776	3,105,380	3,969,418

The aging of the outstanding balances of trade receivables - telephone services as at 31 December 2017 and 2016, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Aged on the basis of due dates				
Not yet due	3,019,676	2,557,999	34,994	102,968
Past due				
Up to 1 month	873,405	682,994	29,131	38,636
1 - 3 months	395,480	284,324	27,764	29,045
3 - 6 months	328,658	214,058	20,455	13,680
Over 6 months	866,724	394,196	57,331	44,994
Total	5,483,943	4,133,571	169,675	229,323
Less: Allowance for doubtful accounts	(1,463,141)	(742,052)	(95,868)	(58,445)
Trade receivables - telephone services, net	4,020,802	3,391,519	73,807	170,878

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 2017 and 2016, based on due date, is as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Aged on the basis of due dates				
Not yet due	2,201,270	1,084,202	90,559	95,592
Past due				
Up to 1 month	24,895	15,522	7,762	15,522
1 - 3 months	59,824	26,269	29,573	26,269
3 - 6 months	54,982	93,325	15,255	93,325
Over 6 months	77,819	163,802	36,063	163,802
Total	2,418,790	1,383,120	179,212	394,510
Less: Allowance for doubtful accounts	(44,263)	(25,357)	(32,572)	(25,357)
Trade receivables - international telephone roaming services, net	2,374,527	1,357,763	146,640	369,153

The aging of the outstanding balances of trade receivables - sales of E-Refill, sales of telephone sets and starter kits as at 31 December 2017 and 2016, based on due date, is as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Aged on the basis of due dates				
Not yet due	620,130	968,790	37,814	133,494
Past due				
Up to 1 month	71,797	48,327	61,197	26,305
1 - 3 months	6,914	7,834	1,887	1,978
3 - 6 months	2,646	51,294	320	50,402
Over 6 months	137,572	122,757	89,960	72,376
Total	839,059	1,199,002	191,178	284,555
Less: Allowance for doubtful accounts	(144,760)	(166,718)	(98,500)	(118,039)
Trade receivables - sales of E-Refill, telephone sets and starter kits, net	694,299	1,032,284	92,678	166,516

The aging of the outstanding balances of trade receivables - others as at 31 December 2017 and 2016, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Aged on the basis of due dates				
Not yet due	241,138	380,335	44,177	120,049
Past due				
Up to 1 month	18,602	14,871	6,085	12,628
1 - 3 months	2,737	5,265	12	-
3 - 6 months	2,324	7,183	3	-
Over 6 months	618,383	700,307	496,436	520,908
Total	883,184	1,107,961	546,713	653,585
Less: Allowance for doubtful accounts	(65,367)	(107,700)	(4,034)	(20,415)
Trade receivables - others, net	817,817	1,000,261	542,679	633,170

## 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
	2017	2016	2017	2016	
<b>Transactions with subsidiaries</b> (eliminated from the consolidated financial statements)					
Sales of goods and equipment	-	-	172	930	at agreed price
Service income	-	-	32,280	34,808	as per agreement
Rental and service expenses	-	-	1,281	1,977	as per agreement
Interest income	-	-	467	471	as per agreement
Interest expense	-	-	782	840	as per agreement
Dividend income	-	-	4,246	3,915	as declared
Purchase of goods	-	-	50	573	as agreed price
Sales of assets	-	-	5	-	as agreed price
Purchase of assets	-	-	1	222	as agreed price
<b>Transactions with associated company: United Distribution Business Co., Ltd.*</b>					
Sales of goods	6,702	10,521	(2)	23	selling price less a certain margin, as per agreement
Dividend income	5	5	5	5	as declared
Rental and service expense	307	489	1	4	as per agreement

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2017	2016	2017	2016	
<b>Transactions with other related companies</b>					
International roaming service income	67	24	21	7	as per agreement
Service income	321	424	48	50	as per agreement
Sale on right of online refill service	229	296	-	-	as per agreement
Sales of goods	1	-	1	-	market price
Service expenses	1,528	1,657	327	534	as per agreement
Service fees for installation of cell site equipment	2,894	275	206	275	as per agreement
Management fee income	45	-	44	-	as per agreement
Management fee expense	883	677	876	677	as per agreement
Sales of Assets	11	3	11	3	as agreed price
Purchase of Assets	51	-	-	-	as agreed price

\* The Company paid marketing support expense for year ended 31 December 2017 at Baht 4 million (2016: Baht 3 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 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade and other receivables - related parties (Note 6)</b>				
<b>Trade receivables - related parties</b>				
Subsidiaries	-	-	3,098,537	3,960,649
Associated company (Note 7.1)	472,719	1,444,946	87	56
Related companies <sup>(1)</sup>	135,528	172,660	9,586	11,543
Total	608,247	1,617,606	3,108,210	3,972,248
Less: Allowance for doubtful accounts	(5,105)	(2,830)	(2,830)	(2,830)
Total trade receivables - related parties, net	603,142	1,614,776	3,105,380	3,969,418
<b>Other receivables - related parties</b>				
Subsidiaries	-	-	3,408,736	2,973,716
Related companies <sup>(1), (2)</sup>	46,096	60,560	46,096	60,560
Total	46,096	60,560	3,454,832	3,034,276
Less: Allowance for doubtful accounts	(10,620)	(5,944)	(10,620)	(5,944)
Total other receivables - related parties, net	35,476	54,616	3,444,212	3,028,332
Total trade and other receivables - related parties, net	638,618	1,669,392	6,549,592	6,997,750

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Amounts due from related parties</b>				
Subsidiary (Note 7.2)	-	-	213,340	216,767
Related companies <sup>(1), (2)</sup>	26,539	26,539	-	-
Total	26,539	26,539	213,340	216,767
Less: Allowance for doubtful accounts	(26,343)	(26,343)	-	-
Total amounts due from related companies - net	196	196	213,340	216,767
<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	-	-	115,021	220,955
Associated company	26,393	64,848	-	-
Related companies <sup>(1), (2)</sup>	1,516,518	950,071	168,866	130,617
Total trade payables - related parties	1,542,911	1,014,919	283,887	351,572
<b>Other payables - related parties</b>				
Subsidiaries	-	-	127,119	988,695
Associated company	126	459	126	459
Related companies <sup>(1), (2)</sup>	694,403	510,333	691,486	507,416
Total other payables - related parties	694,529	510,792	818,731	1,496,570
Total trade and other payables - related parties	2,237,440	1,525,711	1,102,618	1,848,142
<b>Short-term loan from related party</b>				
Related company <sup>(1)</sup> (Note 7.4)	15,000	165,000	-	-
Total short-term loan from related party	15,000	165,000	-	-
<b>Loans from subsidiary</b>				
Subsidiary (Note 7.5)	-	-	23,000,000	28,000,000
Total loans from subsidiary	-	-	23,000,000	28,000,000
<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 2017 and 2016 based on due date, is as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Age of receivables				
Not yet due	426,606	1,289,868	51	52
Past due less than 1 month	46,113	155,078	36	4
Trade account receivable – associated company	472,719	1,444,946	87	56

- 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 (2016: 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 2017 and 2016, 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 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<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 15 million (2016: Baht 165 million) 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 loan 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. On 31 August 2017, the related party entered in to Debt Settlement Agreement to unconditionally forgive debt amounting to Baht 150 million to the subsidiary including interest as specified in the agreement. The subsidiary recognised such amount as other income in the income statement of the current year.

(Unit: Thousand Baht)

Short-term loan from related company	Consolidated financial statements			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<b>Subsidiary</b>				
dtac TriNet Co., Ltd.	165,000	-	(150,000)	15,000
	165,000	-	(150,000)	15,000



- 7.5 The loan of Baht 23,000 million (2016: Baht 28,000 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 2017 and 2016, 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 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<b>Subsidiary</b>				
dtac TriNet Co., Ltd.	28,000,000	-	(5,000,000)	23,000,000
	28,000,000	-	(5,000,000)	23,000,000

#### 7.6 Directors and management's benefits

During the years ended 31 December 2017 and 2016, 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	
	2017	2016
Short-term employee benefits	106,642	109,783
Post-employment benefits and other long-terms benefits	4,341	2,467
Total	110,983	112,250

## 8. Inventories

(Unit: Thousand Baht)						
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	2,276,615	2,162,660	(323,082)	(99,372)	1,953,533	2,063,288
Total	2,276,615	2,162,660	(323,082)	(99,372)	1,953,533	2,063,288

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	2,231,945	2,067,432	(319,184)	(82,958)	1,912,761	1,984,474
Total	2,231,945	2,067,432	(319,184)	(82,958)	1,912,761	1,984,474

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 592 million (2016: Baht 497 million) (The Company only: Baht 604 million and 2016: Baht 473 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 369 million (2016: Baht 638 million) (The Company only: Baht 368 million and 2016: Baht 626 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	
	2017	2016	2017	2016
Value added tax suspension	1,421,609	1,377,880	870,885	873,154
Prepaid expenses and deferred expenses	399,351	216,117	163,063	167,568
Prepaid rental - land for cell sites	731,001	886,525	26,322	155,150
Total	2,551,961	2,480,522	1,060,270	1,195,872
Less: Provision for impairment of assets	(11,220)	(11,220)	-	-
Total other current assets - net	2,540,741	2,469,302	1,060,270	1,195,872

## 10. Investments in Associated Company

### 10.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017	2016	2017	2016	2017	2016
			Percent	Percent				
United Distribution Business Co., Ltd.	Sale of simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	276,127	287,827

(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	
2017 Percent	2016 Percent	2017	2016	2017	2016	2017	2016			
United Distribution Business Co., Ltd.	Sale of 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 year, 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 (loss) from investments in associate during the year		Dividend received during the year	
	2017	2016	2017	2016
United Distribution Business Co., Ltd.	(6,699)	10,055	5,000	5,000

### 10.3 Summarised financial information of associate

Financial information of the associated company is summarised below. (2016: Audited financial statements, 2017: 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 (loss) for the years ended 31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
United Distribution Business Co., Ltd.	200	200	1,637	2,707	532	1,556	574	1,247	(27)	40

## 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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
<b>United Communication Industry</b>										
Plc. (UCOM)	272	272	99.81	99.81	271,161	271,161	-	-	271,161	271,161
Paysbuy Co., Ltd.	200	200	100	100	236,756	236,756	-	-	236,756	236,756
<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	26	100	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	0.25	100	100	-	-	-	-	-	-
Total investments in subsidiaries, net					2,403,917	2,403,917	(450,000)	(450,000)	1,953,917	1,953,917

- a) During the year 2017, 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 2,424 million and Baht 1,757 million, respectively (2016: Baht 2,830 million and Baht 1,085 million, respectively).
- b) 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.

On 28 March 2017, the meeting of UCOM's Board of Directors passed a resolution to propose to the Annual General Shareholders' Meeting of 2017 to consider and approve the dividend payment of Baht 0.15 per share, totaling Baht 65 million, which, subsequently, on 4 April 2017, the Annual General Shareholders' Meeting of 2017 passed a resolution to approve the dividend payment. UCOM paid the dividend to its shareholders on 26 May 2017. On 26 July 2017, the Extraordinary General Meeting of the UCOM's shareholders No. 1/2017 passed a resolution to approve the dissolution. UCOM registered its dissolution with the Ministry of Commerce on 31 July 2017. At present, UCOM is in the process of liquidation.

- c) 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.
- d) 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.

## 12. Other Investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Digital Phone Co., Ltd.	12,350	49,400	12,350	49,400
Other companies	58,789	47,415	32,133	32,133
Total	71,139	96,815	44,483	81,533
Less: Allowance for impairment loss	(44,183)	(79,733)	(42,683)	(79,733)
Total other investments - net	26,956	17,082	1,800	1,800

During 2017, Digital Phone Company Limited decreased its registered share capital with the Ministry of Commerce to offset against deficit and return of capital by reducing the number of ordinary shares by 75% of the existing ordinary shares without changing the par value. The Company received return of capital of Baht 31 million and recorded the amount as reversal of previously recognised allowance for impairment loss of investments in the income statement for the current year.

## Consolidated Financial Statements

Depreciation included in the income statements for the years

## 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 2017	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
Purchases	-	-	45,395	5,686,546	-	156	8,168	44,000	10,312,140	-	16,096,405
Disposals/written-off	-	(45,832)	(204,079)	(175,370)	-	(26,489)	(637,039)	(48,758)	(71,214)	(30,814)	(1,239,595)
Transferred in (out)	-	4,789	200,180	9,778,445	-	42,383	311,856	729	(10,338,382)	-	-
31 December 2017	1,003,816	1,661,491	1,392,162	62,238,959	213,011	726,294	6,831,824	132,655	1,496,230	277,199	75,973,641
<b>Accumulated depreciation</b>											
1 January 2017	-	1,336,310	757,565	13,757,693	187,973	652,339	6,430,888	80,086	-	193,307	23,396,161
Depreciation for the year	-	56,292	167,858	7,201,903	8,672	41,945	418,167	45,545	-	15,833	7,956,215
Depreciation - disposal/written-off	-	(45,832)	(155,622)	(123,985)	-	(25,960)	(617,503)	(44,892)	-	(26,655)	(1,040,449)
31 December 2017	-	1,346,770	769,801	20,835,611	196,645	668,324	6,231,552	80,739	-	182,485	30,311,927
<b>Allowance for impairment loss</b>											
1 January 2017	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
Impairment loss for the year (reverse)	6,230	-	-	-	-	-	(11,465)	-	-	-	(5,235)
31 December 2017	9,230	-	-	-	-	-	-	-	-	82,975	92,205
<b>Net book value</b>											
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
31 December 2017	994,586	314,721	622,361	41,403,348	16,366	57,970	600,272	51,916	1,496,230	11,739	45,569,509
<b>Depreciation included in the income statements for the years</b>											
2016											6,007,827
2017											7,956,215

As at 31 December 2017, 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 7,517 million (2016: Baht 7,707 million).

As at 31 December 2017, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 2 million (2016: Baht 11 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
<b>Cost</b>											
1 January 2017	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
Purchases	-	-	45,396	1,649	-	3	3,085	44,000	618,686	-	712,819
Disposals/written-off	-	(45,832)	(204,079)	(118,515)	-	(24,786)	(517,649)	(48,759)	-	(30,814)	(990,434)
Transferred in (out)	-	4,789	170,237	382,242	-	41,841	28,994	729	(628,832)	-	-
31 December 2017	723,040	1,661,038	1,312,597	4,838,772	93,979	690,438	5,864,484	131,225	75,915	157,806	15,549,294
<b>Accumulated depreciation</b>											
1 January 2017	-	1,335,857	725,055	1,980,647	68,941	622,334	5,932,009	78,677	-	84,386	10,827,906
Depreciation for the year	-	56,292	162,519	397,506	8,672	39,881	237,120	45,525	-	9,060	956,575
Depreciation - disposals/written-off	-	(45,832)	(155,622)	(109,861)	-	(24,627)	(517,200)	(44,892)	-	(26,655)	(924,689)
31 December 2017	-	1,346,317	731,952	2,268,292	77,613	637,588	5,651,929	79,310	-	66,791	10,859,792
<b>Allowance for impairment loss</b>											
1 January 2017	3,000	-	-	753,447	-	-	-	-	-	82,975	839,422
Impairment loss for the year	6,230	-	-	656,200	-	-	-	-	-	-	662,430
31 December 2017	9,230	-	-	1,409,647	-	-	-	-	-	82,975	1,501,852
<b>Net book value</b>											
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
31 December 2017	713,810	314,721	580,645	1,160,833	16,366	52,850	212,555	51,915	75,915	8,040	3,187,650
<b>Depreciation included in the income statements for the years</b>											
2016											989,558
2017											956,575

As at 31 December 2017, 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 7,174 million (2016: Baht 7,412 million).

As at 31 December 2017, the Company had vehicles under finance lease agreements with net book values amounting to Baht 2 million (2016: Baht 11 million).

In 2016 and 2017, the Company and its subsidiary 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 as stipulated in the agreements.

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 2016	154,468,091	971,620	155,439,711
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>
Acquisition	673,352	-	673,352
<b>At 31 December 2017</b>	<b>160,974,273</b>	<b>971,620</b>	<b>161,945,893</b>
<b>Amortisation:</b>			
At 1 January 2016	(116,619,911)	(763,046)	(117,382,957)
Amortisation	(15,254,000)	(77,187)	(15,331,187)
Transfer out	(68,999)	-	(68,999)
<b>At 31 December 2016</b>	<b>(131,942,910)</b>	<b>(840,233)</b>	<b>(132,783,143)</b>
Amortisation	(16,850,517)	(76,976)	(16,927,493)
<b>At 31 December 2017</b>	<b>(148,793,427)</b>	<b>(917,209)</b>	<b>(149,710,636)</b>
<b>Net book value:</b>			
At 31 December 2016	28,358,011	131,387	28,489,398
At 31 December 2017	12,180,846	54,411	12,235,257
<b>Amortisation included in income statements</b>			
2016	15,254,000	77,187	15,331,187
2017	16,850,517	76,976	16,927,493

(Unit: Thousand Baht)

	Separate financial statement		
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 1 January 2016	154,467,509	971,620	155,439,129
Acquisition	5,832,831	-	5,832,831
At 31 December 2016	160,300,340	971,620	161,271,960
Acquisition	673,352	-	673,352
At 31 December 2017	160,973,692	971,620	161,945,312
<b>Amortisation:</b>			
At 1 January 2016	(109,090,001)	(763,046)	(109,853,047)
Amortisation	(11,644,460)	(77,187)	(11,721,647)
At 31 December 2016	(120,734,461)	(840,233)	(121,574,694)
Amortisation	(10,496,115)	(76,976)	(10,573,091)
At 31 December 2017	(131,230,576)	(917,209)	(132,147,785)
<b>Allowance for impairment</b>			
At 1 January 2016	(17,358,765)	-	(17,358,765)
Increase	(4,695,336)	-	(4,695,336)
At 31 December 2016	(22,054,101)	-	(22,054,101)
Increase	(2,796,447)	-	(2,796,447)
At 31 December 2017	(24,850,548)	-	(24,850,548)
<b>Net book value:</b>			
At 31 December 2016	17,511,778	131,387	17,643,165
At 31 December 2017	4,892,568	54,411	4,946,979
<b>Amortisation included in income statements</b>			
2016	11,644,460	77,187	11,721,647
2017	10,496,115	76,976	10,573,091

The Company and its subsidiary evaluated impairment of deferred right to use of equipment (telecommunication equipment installed and operated under the Concession Agreement) and equipment for supporting cellular telephone services of the Company and its subsidiary by comparing the carrying amount of the cash generating unit to its recoverable amount at both the consolidated and separated financial statements levels. The recoverable amounts are the value in use which is determined by using cash flow projections approved by the management based on the assumptions that the Concession Agreement of the Company will be terminated in September 2018 and considering the scope of the spectrum licensing and telecommunication business license period of the subsidiary, and discounted to their present value using the pre-tax discount rate reflecting specific risks relating to the Group.

As a result of the impairment assessment of the assets referred above at the separate financial statements level in 2017, the Company recognised losses from impairment totaling Baht 3,452 million (2016: Baht 5,185 million) in profit or loss in the separate financial statement for the year ended 31 December 2017. The impairment losses are comprised of impairment of the deferred right to use of equipment amounting to Baht 2,796 million (2016: Baht 4,695 million) and impairment of equipment for supporting cellular telephone services amounting to Baht 656 million (2016: 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 2017 and 2016 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 2017:						
Cost	12,414,667	227,493	12,642,160	9,797,066	15,790	9,812,856
Less: Accumulated amortisation	(11,459,252)	-	(11,459,252)	(9,623,703)	-	(9,623,703)
Net book value	955,415	227,493	1,182,908	173,363	15,790	189,153
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

A reconciliation of the net book value of other intangible assets for the years 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	1,189,933	1,500,464	274,646	493,134
Acquisition of computer software	705,404	682,623	93,582	92,618
Amortisation	(705,436)	(877,822)	(178,092)	(311,099)
Transferred out	-	(12,109)	-	-
Loss from intangible assets written-off	(6,993)	(103,223)	(983)	(7)
Net book value at end of year	1,182,908	1,189,933	189,153	274,646

## 16. Other Non-current Assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred underwriting fees / arrangement fees for loans and debentures - net	64,002	102,190	-	-
Deposits	424,504	374,116	335,197	302,541
Leasehold rights	17,266	20,210	16,119	18,921
Withholding tax deducted at source	2,220,062	2,362,406	2,213,181	2,338,673
Others	169,175	84,151	100,334	15,310
Total other non-current assets	2,895,009	2,943,073	2,664,831	2,675,445

As at 31 December 2017, the Company was in the process of requesting the refund of withholding tax deducted at source amounting to Baht 1,166 million (2016: Baht 1,171 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	
	2017	2016	2017	2016
Trade payables for the purchase of equipment for providing telephone services, telephone sets and starter kits	7,632,323	10,013,007	2,458,851	3,601,538
Trade payables - related parties (Note 7)	1,542,911	1,014,919	283,887	351,572
Trade payable - CAT	8,192,195	8,193,682	8,183,258	8,172,310
Trade payable - TOT	1,249,625	1,256,215	1,249,625	1,249,419
Accrued license fees	2,758,601	2,558,887	-	-
Trade payables - interconnection charge	86,211	65,421	771	118
Trade payables - international telephone roaming services	1,500,231	1,285,239	810,326	1,174,692
Other trade payables	1,413,425	1,726,366	354,932	485,859
Other payables - related parties (Note 7)	694,529	510,792	818,731	1,496,570
Other payables	1,434,071	1,342,900	819,396	781,879
Accrued expenses	3,136,944	4,534,392	2,064,864	2,975,048
Interest payables	343,930	329,223	-	-
Total trade and other payables	29,984,996	32,831,043	17,044,641	20,289,005

## 18. Long-term Loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
The subsidiary's loan facilities from local financial institutions	17,500,000	29,000,000	-	-
Less: Current portion	-	-	-	-
Long-term loans - net of current portion	17,500,000	29,000,000	-	-

### Subsidiary's long-term loans

- 1) 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

- 2) 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 (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 certain conditions
Principal repayment schedule	: The subsidiary fully repaid this loan in 2017

The subsidiary repaid the long-term loans of Baht 11,500 million in 2017.

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.

As at 31 December 2017, the long-term credit facilities of a subsidiary which have not yet been drawn down amounted to Baht 43,000 million (2016: Baht 43,000 million).

## 19. Debentures

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Thai Baht debentures	31,500	20,000	-	-
Less: Current portion	(2,000)	-	-	-
Thai Baht debentures - net of current portion	29,500	20,000	-	-

The movements of debentures for the year ended 31 December 2017 are as follows:

(Unit: Million Baht)

	Interest rate (per annum)	Tenor	Balance as at 1 January 2017	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2017
<b>Subsidiary</b>						
Debentures of Baht 2,000 million (issued on 29 July 2015)	2.16	3 years	2,000	-	-	2,000
Debentures of Baht 4,000 million (issued on 29 July 2015)	2.92	5 years	4,000	-	-	4,000
Debentures of Baht 3,000 million (issued on 29 July 2015)	3.52	7 years	3,000	-	-	3,000
Debentures of Baht 6,000 million (issued on 29 July 2015)	3.98	10 years	6,000	-	-	6,000
Debentures of Baht 1,500 million (issued on 22 July 2016)	1.98	3 years	1,500	-	-	1,500
Debentures of Baht 1,000 million (issued on 22 July 2016)	2.44	5 years	1,000	-	-	1,000
Debentures of Baht 1,500 million (issued on 22 July 2016)	3.01	7 years	1,500	-	-	1,500
Debentures of Baht 1,000 million (issued on 22 July 2016)	3.19	10 years	1,000	-	-	1,000

(Unit: Million Baht)

	Interest rate (per annum)	Tenor	Balance as at 1 January 2017	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2017
Debentures of Baht 500 million (issued on 28 April 2017)	3.65	7 years	-	500	-	500
Debentures of Baht 5,000 million (issued on 28 April 2017)	4.04	10 years	-	5,000	-	5,000
Debentures of Baht 1,500 million (issued on 21 September 2017)	2.25	3.5 years	-	1,500	-	1,500
Debentures of Baht 2,000 million (issued on 21 September 2017)	3.58	10 years	-	2,000	-	2,000
Debentures of Baht 2,500 million (issued on 21 September 2017)	3.78	12 years	-	2,500	-	2,500
<b>Total</b>			<b>20,000</b>	<b>11,500</b>	<b>-</b>	<b>31,500</b>

The subsidiary's debentures, as provided above, are the registered, unsubordinated, and unsecured debentures with a debentureholders' representative, to institutional and/or high net worth investors.

The subsidiary entered into interest rate swap agreements with financial institutions, to swap the debentures issued, totaling in notional amount of Baht 29,000 million or 92% 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	
	2017	2016
Provision for long-term employee benefits at beginning of year	438,376	452,416
Included in profit or loss:		
Current service cost	44,981	45,522
Previous service cost	178,258	-
Interest cost	14,054	13,940
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Financial assumptions changes	21,511	(12,966)
Demographic assumptions changes	13,858	-
Experience adjustments	(10,244)	(49,766)
Benefits paid during the year	(2,202)	(10,770)
<b>Provision for long-term employee benefits at end of year</b>	<b>698,592</b>	<b>438,376</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 3 million of long-term employee benefits during the next year (Separate financial statements: Baht 3 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 15 years (Separate financial statements: 15 years) (2016: 15 years, separate financial statements: 15 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Consolidated/Separate financial statements	
	2017	2016
Discount rate	2.9	3.2
Salary increase rate	5.5	5.5
Turnover rate	0 - 20	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 2017 are summarised below:

	(Unit: Million Baht)			
	Consolidated/Separate financial statements			
	2017		2016	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(35)	38	(31)	34
Salary increase rate	37	(35)	33	(30)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Voluntary turnover rate of employees	(31)	33	(27)	30

## 21. Assets Retirement Obligation

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Assets retirement obligation at beginning of year	251,300	115,670	123,667	110,530
Decrease from payment	(71,761)	(18,257)	(71,762)	(18,257)
Increase during the year	708,187	153,887	139,080	31,394
Assets retirement obligation at end of year	887,726	251,300	190,985	123,667

Assets retirement obligation is substantially the provision for expenses to be incurred with respect to the retirement of network located on leased areas.

## 22. Dividends

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (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	

## 23. Expenses by Nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	4,570,894	4,683,683	4,594,396	4,693,682
Depreciation	7,956,215	6,007,827	956,575	989,558
Amortisation	18,591,124	17,193,711	10,762,393	12,062,997
Rental expenses from operating lease agreements	3,036,796	2,627,720	1,208,320	1,575,304
Purchases in inventories	12,123,503	13,923,636	8,480,207	10,532,199
Changes in inventories of finished goods	(113,955)	903,184	(164,513)	880,425

## 24. Finance Cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest expense	1,419,464	1,405,348	894,221	1,046,735
Amortisation on deferred financial cost	49,083	64,456	-	10,377
Other finance cost	88,668	96,843	-	10,028
Total finance cost	1,557,215	1,566,647	894,221	1,067,140

## 25. Income Tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Current income tax charge	1,708,440	1,495,477	-	-
Adjustment in respect of income tax of previous year	2,597	(28,178)	-	(43,327)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,492,929)	(961,577)	(771,006)	(1,127,230)
Income tax expense reported in the income statement	218,108	505,722	(771,006)	(1,170,557)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
Deferred tax relating to the actuarial gains or losses	-	-

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	2,333,083	2,591,585	321,094	(2,222,973)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	466,617	518,317	64,219	(444,595)
Deficits	-	(721)	-	-
Adjustment in respect of current income tax of previous year	2,597	(28,178)	-	(43,327)
Effects of:				
Tax exempted revenue	(75)	(1,282)	(842,607)	(784,154)
Non-deductible expenses	112,209	128,743	37,240	106,735
Additional capital expenditure deductions allowed	(418,814)	(187,160)	(42,872)	(37,916)
Write-down of deferred tax assets	1,606	16,620	1,606	16,620
Effects of adjustment deferred tax	48,703	54,740	11,408	16,080
Others	5,265	4,643	-	-
Income tax expenses reported in the income statement	218,108	505,722	(771,006)	(1,170,557)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Allowance for doubtful accounts – trade receivables	326,644	189,945	47,130	44,451
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	64,616	19,875	63,837	16,592
Accrued expenses	364,420	344,774	344,432	330,189
Amortisation of intangible assets	20,221	39,528	2,174	20,997
Unrealised gain on derivative instruments for long-term loans	-	(7,117)	-	-
Sales of prepaid voucher cards	165,327	229,146	28,110	39,450
Allowance for impairment of assets	-	-	1,677,587	2,292,734
License on mobile money business (premium from subsidiary acquisition)	(13,768)	(13,768)	-	-
Tax losses carried forward	2,455,991	1,130,114	2,455,991	1,130,114
Others	69,848	27,873	75,296	49,024
Total	3,543,299	2,050,370	4,784,557	4,013,551

Details of the above tax losses carried forward are summarised as below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2017	2016
31 December 2020	996,556	999,073
31 December 2021	4,618,112	4,651,499
31 December 2022	6,665,286	-
	12,279,954	5,650,572

As at 31 December 2017 the Company has deductible temporary differences of Baht 1,425 million (2016: Baht 1,392 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	
	2017	2016	2017	2016
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	2,114,975	2,085,830	1,092,100	(1,052,416)
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)	0.89	0.88	0.46	(0.44)

## 27. Depreciation and Amortisation

Depreciation and amortisation for the years ended 31 December 2017 and 2016 comprised:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Depreciation</b>				
Building and equipment	7,956,215	6,007,827	956,575	989,558
<b>Amortisation</b>				
Deferred right to use of equipment	16,927,493	15,331,187	10,573,091	11,721,647
Cost of spectrum license	897,759	900,227	-	-
Other intangible assets and other non-current assets				
- group as selling and administration expenses	716,789	897,841	189,302	330,973
- group as finance cost	49,083	64,456	-	10,377
Total depreciation and amortisation	26,547,339	23,201,538	11,718,968	13,052,555

(Unit: Thousand Baht)

## 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	
		2017	2016
	Note		
Profit for the year		2,114,975	2,085,863
Add : Finance cost	24	1,557,215	1,566,647
: Income tax expenses	25	218,108	505,722
: Depreciation	27	7,956,215	6,007,827
: Amortisation	27	18,542,041	17,129,255
EBITDA		30,388,554	27,295,314
Add (less) : Interest income		(217,362)	(170,342)
: Gain on foreign exchange		(50)	(83,837)
: Other expenses related to employees		97,301	578,956
: Penalty from contract cancellation		118,250	-
: Dividend received from other investments		(375)	(375)
: Share of loss (profit) from investment in associated company		6,699	(10,055)
: Loss from disposal/write-off of equipment and intangible assets		236,224	294,801
: Allowance for diminution in value of other investment (reversal)		(29,573)	14,820
: Other income from debt settlement of subsidiary		(150,000)	-
: Other incomes		(3,720)	(3,831)
Operating income before interest, taxes, depreciation, amortisation, other incomes and other expenses (EBITDA before other incomes and other expenses)		30,445,948	27,915,451

## 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, short-term loan 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 2017					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<b>Financial assets</b>					
Cash and cash equivalents	5	17,994	7,923	131	26,048
Trade and other receivables	6	-	-	8,590	8,590
<b>Financial liabilities</b>					
Trade and other payables	17	-	-	29,985	29,985
Short-term loan from related party	7	15	-	-	15
Long-term loans	18	17,500	-	-	17,500
Debentures	19	-	31,500	-	31,500

(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	-	-	8,983	8,983
<b>Financial liabilities</b>					
Trade and other payables	17	-	-	32,831	32,831
Short-term loan from related party	7	165	-	-	165
Long-term loans	18	29,000	-	-	29,000
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 2017					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<b>Financial assets</b>					
Cash and cash equivalents		7,923	-	7,923	0.05% - 1.00%
<b>Financial liabilities</b>					
Debentures	19	2,000	29,500	31,500	1.98% - 4.04%

(Unit: Million Baht)

Items	Consolidated financial statements as at 31 December 2016				
	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%

### 29.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trade receivables/payables - 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 2017 and 2016 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	
	2017	2016	Foreign currency	2017	2016
	(Million)	(Million)		Baht per foreign currency	
Assets					
Deposits at banks	17.05	12.57	USD	32.4342	35.5660
Trade receivables - other companies	52.00	28.72	SDRs	46.5108	48.1540
	2.86	4.96	USD	32.4342	35.5660
	0.06	0.07	EUR	38.5567	37.2769
Trade receivables - related companies	0.56	0.17	SDRs	46.5108	48.1540
	2.54	3.44	USD	32.4342	35.5660
Liabilities					
Trade payables	27.17	35.02	USD	32.8472	36.0025
	0.15	0.29	EUR	39.3938	38.1362
	25.30	0.48	NOK	4.0023	4.2031
	-	0.01	MYR	8.1741	8.0925
	31.02	26.03	SDRs	46.5108	48.1540
Related parties payables	47.91	85.61	NOK	4.0023	4.2031
	-	0.35	EUR	39.3938	38.1362
	1.13	0.97	SDRs	46.5108	48.1540
	-	2.13	MYR	8.1741	8.0925
	19.71	8.93	USD	32.8472	36.0025
Total net assets (liabilities)	(24.43)	(22.98)	USD		
	(0.09)	(0.57)	EUR		
	20.41	1.89	SDRs		
	(73.21)	(86.09)	NOK		
	-	(2.14)	MYR		



## 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 2017 and 2016 are presented below.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December			
	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
<b>Hedged</b>				
Thai Baht debentures	29,000	31,489	16,500	17,235
<b>Unhedged</b>				
Thai Baht debentures	2,500	2,713	3,500	3,608
<b>Derivative instruments</b>				
Interest rate swaps	-	314	-	(108)

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 current year, there were no transfers within the fair value hierarchy.

## 30. Fair Value Hierarchy

As at 31 December 2017, 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 2017				
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Debentures	-	34,202	-	34,202
Interest rate swaps (favourable)	-	314	-	314
(Unit: Million Baht)				
Separate financial statements as at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Debentures	-	20,843	-	20,843
Interest rate swaps (unfavourable)	-	(108)	-	(108)

## 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 2017, the aforementioned ratio in the consolidated financial statements is 0.80:1 (2016: 1.17:1).

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 2017 and 2016.

## 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 2017 and 2016, future minimum lease payments under these operating leases contracts were as follows.

(Unit: Million Baht)		
	As of 31 December	
	2017	2016
Payable within:		
In up to 1 year	1,012	957
In over 1 and up to 5 years	1,757	2,051
In over 5 years	20	20

During the year 2017, the Company and its subsidiaries recognised rental expenses of Baht 3,037 million (2016: Baht 2,628 million).

## 32.2 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments of Baht 2,489 million and USD 17 million (2016: Baht 3,354 million and USD 24 million) mainly in respect of the purchase of tools and equipment for providing telecommunication services and Baht 62 million, USD 3 million and EUR 0.4 million (2016: Baht 43 million, USD 3 million and EUR 1 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 2017, cash and cash equivalents of PaySbuy Co., Ltd. include minimum requirement bank deposits amounting to Baht 1,332 million (2016: Baht 1,780 million).

### 32.3.2 Restricted bank deposits

As at 31 December 2017, deposits at banks of a subsidiary amounting to Baht 0.1 million (2016: Baht 0.2 million) are pledged with the bank to secure facilities granted by the bank.

## 32.4 Bank guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 4,047 million (2016: Baht 4,022 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 2017, 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. A subsidiary entered into a service and licensing agreement with a company that granted the subsidiary the right to use supported services. The subsidiary agreed to comply with the terms and conditions stipulated in the agreement including the minimum service fees and marketing budget.

### 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 plaint (black case no. 1097/2554) with the Central Administrative Court and a petition to amend the plaint 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 plaint) 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 plaint) 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 plaint 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 2017 has resulted in a reduction of the Company's expenses amounting to approximately Baht 69,058 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 commercial disputes in relation to revenue sharing from services provided under the agreements to operate cellular telephone services (Concession Agreement) and other litigation cases

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 which subsequently the Central Administrative Court dismissed CAT's lawsuit due to statute of limitation. On 9 November 2017, the Company is allowed by the Supreme Administrative Court to make the copy of such verdict which appeared that the Supreme Administrative Court confirmed the Central Administrative Court's verdict.

In order to confirm that the Company has no further liability on this case, on 19 January 2018, the Company submitted a request to the Central Administrative Court to issue a certificate affirming that the case is final by Supreme Administrative Court's order which currently the request is under the consideration of the Central Administrative Court. In addition, the Company is currently in the process of request the legal opinion from the legal counsel in relation to the legal issues to confirm that the Company has no further liability on this case. As such 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 16th 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 16th 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 12th - 16th concession years in the aggregate amount of Baht 16,887 million, together with value added taxes and 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 which currently the Company has not been informed whether CAT appeal the case or not.

On 29 September 2017, the Company received a notice from CAT informing that the Company had to pay VAT on the reduction of revenue sharing from the deduction of excise tax. CAT claimed that the Company has liability for any taxes and/or fees under laws, which are incurred by Concession. According to the notice, CAT requested the Company to pay

VAT to CAT for an amount of Baht 2,756 million with interests. In case of non-compliance, CAT reserves the rights to proceed with the law.

However, based on the Company's legal counsels opinion, the Company's management believes that the Company does not have any duty under tax law or Concession to pay such VAT to CAT. Therefore, on 31 December 2017, the Company has not accrued the said VAT in its financial statement.

- (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 2017, 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 and court proceedings. The Company's management believes that the arbitral award and the Court's judgement 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.

On 30 April 2015, the Company appealed the verdict of the Central Administrative Court with the Supreme Administrative Court. Later, on 7 June 2017, the Supreme Administrative Court issued a verdict dismissing the Company's petition. The case is final.

The Company's management determined to make a provision for additional revenue sharing from content providers' expenses deduction for the 13<sup>th</sup> and 14<sup>th</sup> concession year in its financial statement.

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 together with penalty. In total, CAT claimed the additional revenue sharing together with penalty for the 15<sup>th</sup> - 20<sup>th</sup> in the amount of Baht 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, together with interest at 7.5 percent per annum calculated on the principal amount from 14 December 2007 until payments was made in full. The Company's management was of the opinion that the award of such additional revenue sharing for the 16<sup>th</sup> concession year was inconsistent with the principles of Administrative Law and the relevant regulations of NBTC. Therefore, on 4 December 2014, the Company petitioned the Central Administrative Court to revoke the arbitral award to pay an additional consideration for the 16<sup>th</sup> concession year.

The management of the Company requested external legal counsel to review the verdict of the Supreme Administrative Court and the arbitral award and legal counsel's opinion affirmed their confidence in the defense, on both the facts of the case and on legal grounds that are consistent with the principles of Administrative Law and the relevant regulations of NBTC. The arbitral award for the 16<sup>th</sup> concession year and the verdict of the Supreme Administrative Court for the 13<sup>th</sup> -14<sup>th</sup> concession year do therefore not have any legal and binding effect on other relevant disputes for which the facts and evidence differ.



As at 31 December 2017, the Company has not recorded the outstanding additional revenue sharing expenses claimed by CAT, as a result of the deduction of the expense of content provision by content providers as a deduction against such revenue sharing (except for the 13<sup>th</sup> - 14<sup>th</sup> concession years) in its financial statements. The Company's management believes that none of such amount should be deemed part of the service revenue base used to calculate CAT's revenue sharing. In addition, the Company's management believes that the outcome of these disputes will 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 2017, 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 2017, 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 2017, 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 2017, 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.

(l) Other litigation cases

The Company has several cases regarding the employment, income tax assessment, and other commercial agreements total amount of Baht 240 million. The cases are currently under the consideration of Court. The Company's management believes that their outcomes will have no significant impact to the Company's financial position.

## 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 2017, 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 (2012)

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 2017 and 2016 by segments.

	(Unit: Thousand Baht)		
	For the year ended 31 December 2017		
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
<b>Revenues</b>			
External customers	68,082,681	9,373,808	77,456,489
Total revenue	68,082,681	9,373,808	77,456,489
<b>Operating result</b>			
Gross profit (loss) of segments	20,787,103	(2,859,451)	17,927,652
Other incomes			1,277,375
Selling and service expenses			(4,867,933)
Administrative expenses			(10,446,796)
Finance cost			(1,557,215)
Profit before income tax expenses			2,333,083
Income tax expenses			(218,108)
Profit for the year			2,114,975
<b>Segment total assets</b>			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	17,658,145	-	17,658,145



(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
Total revenue	69,252,450	12,180,745	81,433,195
<b>Operating result</b>			
Gross profit (loss) of segments	23,092,763	(2,505,374)	20,587,389
Other incomes			1,366,940
Selling and service expenses			(7,191,924)
Administrative expenses			(10,604,173)
Finance cost			(1,566,647)
Profit before income tax expenses			2,591,585
Income tax expenses			(505,722)
Profit for the year			2,085,863
<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

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 December 2017 and 2016:

(Unit: Thousand Baht)

Segment assets	Mobile telephone service	Sales of handsets and starter kits	Total segments	Unallocated assets	Consolidated
At 31 December 2017	73,943,541	2,215,679	76,159,220	38,341,370	114,500,590
At 31 December 2016	83,578,404	2,425,900	86,004,304	29,374,671	115,378,975

#### 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 2017 and 2016, 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 2 - 15 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 2017, Baht 93 million (2016: Baht 110 million) has been contributed to the fund by the Company.

## 39. Statutory Reserve

### 39.1 Appropriation of legal 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.

### 39.2 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 propose to the Annual General Shareholders' Meeting of 2017 to consider and 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 which, subsequently, on 31 March 2017, the Annual General Shareholders' Meeting passed a resolution for the aforementioned reduction of legal reserve and premium on ordinary shares. The Company completely recorded the reduction of legal reserve and premium on ordinary shares amounting to Baht 1,663 million to reduce the deficits in the Company's separate financial statements.

## 40. Event after the Reporting Period

### Dividend payment

At the Company's Board of Directors' meeting, held on 30 January 2018, the Board's passed a resolution proposing the payment of dividend of Baht 0.24 per share from the retained earnings as of 31 December 2017, for approval by the Annual General Meeting of the Company's shareholders.

## 41. Approval of Financial Statements

These financial statements were authorised for issue by the Company's Board of Directors on 30 January 2018.



## Glossary

<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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