

Unleash the Giant in You



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Glossary

Our Purpose

Connecting you
to what matters most.
Empowering Societies.



Strategies

Growth: like our customers, we strive for more

We will capture and monetize growth opportunities in our market by connecting our customers with future-proof, secure and reliable services. To do so, we will responsibly deliver personalized, contextual, relevant and engaging experiences, helping us to become a key partner to our customers as they enjoy their digital lives, or as enterprises (large and small) digitalize their businesses.

Simplification & Efficiency: we're ready for the future

We continuously work to make our operations less complex and more efficient. We do so to create seamless, worry-free experiences for our customers and to facilitate long-term sustainable growth for our business. We digitalize and optimize sales, marketing and care; we simplify operating models, optimize IT and networks; and we are building new capabilities.

Winning Team: we embrace future ways of working

We enable our strategic ambitions by nurturing a learning-based, agile and collaboration-oriented culture. We invest in critical competences, employee experience and agile organizations. We believe in building on people's strengths and that diversity in all teams and at all levels is key to success.

Responsible Business Conduct: we positively contribute to society

We want to be a trusted partner with strong integrity, working to reduce inequalities, raise standards in our operations and supply chain, and deliver on safety, security and data privacy regulations.



2016 2017 2018

Operating Results (in THB million)

Revenue from telephone services	69,252	68,083	65,219
Total revenues from sales and services	82,478	78,275	74,980
EBITDA*	27,915	30,446	28,391
Net Profit to Equity holders	2,086	2,115	(4,369)

Balance Sheet (in THB million)

Total Asset	115,379	114,501	150,958
Total Liabilities	88,234	85,266	129,028
Total Shareholders' Equity	27,145	29,235	21,930

Ratio

EBITDA margin	33.8%	38.9%	37.9%
Return on Equity	8%	8%	-20%
Net Debt : EBITDA	1.1	0.8	1.2

Shares

No. of Share (million)	2,368	2,368	2,368
Earnings per Share (THB)	0.88	0.89	(1.85)
Share Price (THB) **	37.75	49.00	43.25

* EBITDA herein is EBITDA before other items.

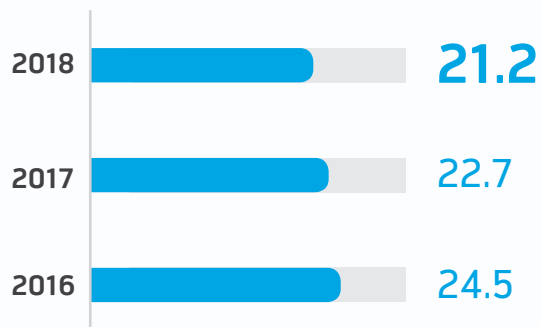
** As of the last trading day of each calendar year



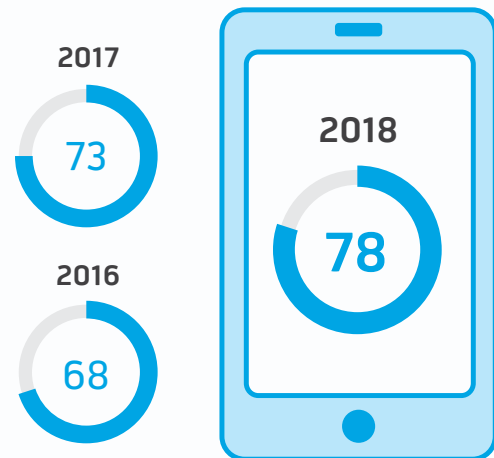
Operational Highlight

Operational Highlights

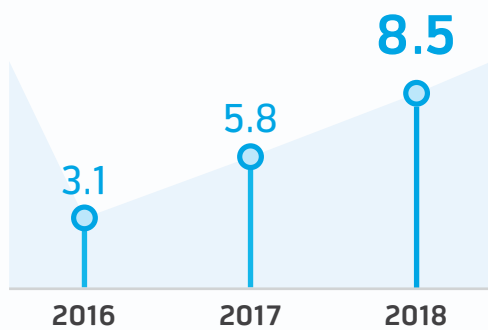
Number of Subscribers (million)
■ Prepaid subscribers
■ Postpaid subscribers



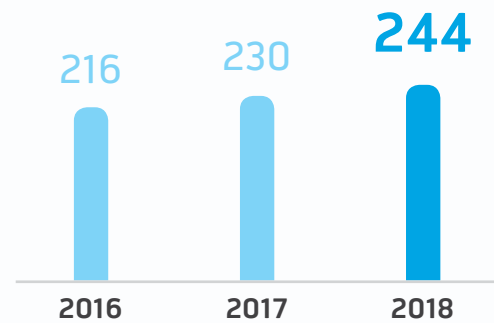
Smartphone Penetration
 (% of total subscriber base)



Data usage
 (GB/Sub/Month)

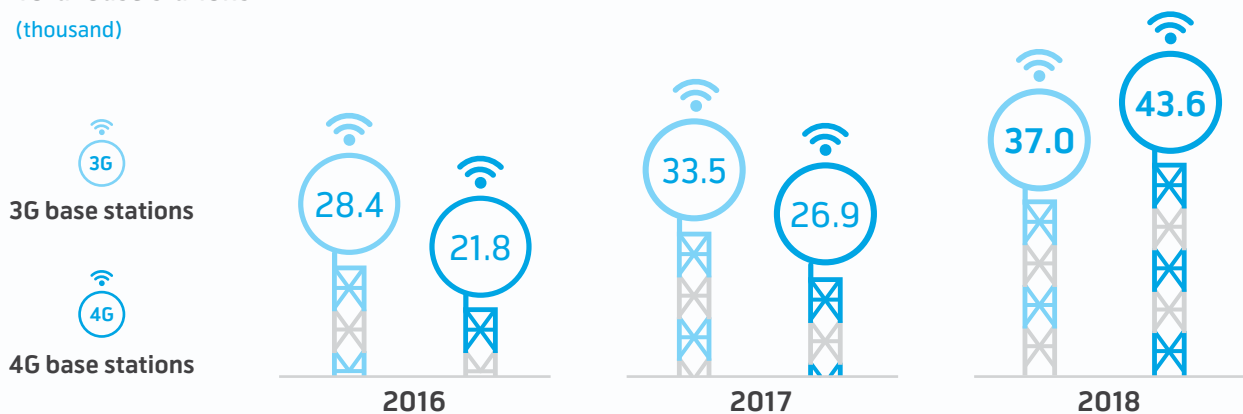


Average Revenue Per User*
 (THB/month)



*ARPU excludes interconnection charge

Total base stations
 (thousand)



**To inspire every human to turn on
the full potential for a happier life**







**Happiness is in everyone's hands
Just embrace all of life's possibilities**



**Life's
connectivity partner**





Corporate Information

Corporate Information

Name	Total Access Communication Public Company Limited
Symbol	DTAC
Registered Number	0107538000037
Type of Business	Operates telecommunication business and other related businesses
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, 41st Floor, Phayathai Road, Pathumwan Sub-district, Pathumwan District, Bangkok 10330
Tel:	(66 2) 202 8000
Fax:	(66 2) 202 8296
Website	www.dtac.co.th

References

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>

Auditor

Mrs. Gingkarn Atsawarangsalit
 Certified Public Accountant No. 4496
 EY Office Limited
 33rd 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

Debenture Registrar

Of Dtac TriNet Co.Ltd.

Which is a wholly owned

Subsidiaries of the Company (99.99%)

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

Message from Chair and CEO



A stylized handwritten signature in black ink, consisting of the letters 'B.B.' followed by a flourish.

Mr. Boonchai Bencharongkul
Chair of the Board of Directors

A stylized handwritten signature in black ink, consisting of a circular loop followed by a horizontal line.

Mrs. Alexandra Reich
Chief Executive Officer

Dear Shareholders,

dtac was founded in August 1989, entering the telecommunication industry to operate a mobile business on 850 MHz and 1800 MHz under a concession from CAT Telecom Public Company Limited (CAT). To this day, dtac still provides telecommunications services to all of Thailand, helping tens of millions of people connect to loved ones, conduct business, and make their lives more convenient. For nearly three decades, our services have directly empowered Thailand's modern, fast-moving society.

During that time, much has changed in our industry. Thai mobile users evolved from primarily using voice services to heavy use of data services made possible by investments in 3G and 4G infrastructure; the establishment of an independent telecommunication regulator; the interconnection charge; and the transition of spectrum allocation from a concession regime to a licensing system.

With the concessions for 850 MHz and 1800 MHz expiring on September 15, 2018, dtac was under huge pressure to update our spectrum holdings; manage customer expectations and their rising data usage; communicate how this transition was unfolding; satisfy tens of thousands of our customers' porting requests still using SIMs under the concession regime; and rebuild our network around the new spectrum we acquired.

Looking back, it seems like an almost impossible task. But dtac eventually emerged with more spectrum and more sites than it has ever held, allowing for our future growth. We can now aim for coverage parity with our competitors—and our download capacity is already the widest in Thailand. This puts dtac in a strong position to fight back, win in the market and offer a superior network experience to our customers.

A NEW NETWORK

The first major milestone in dtac's "end of concession" transition was a partnership with TOT Public Company Limited (TOT) to provide mobile services on 2300 MHz. Under the collaborative framework, which was launched June 6, 2018 under the brand 'dtac TURBO', and lasts through 2025, dtac will support TOT on its plan regarding Broadband Wireless Access (BWA). dtac will provide a mobile service through a roaming agreement under which TOT will receive an annual revenue stream of THB 4.51 billion. By the end of 2018, there are 12,700 sites providing dtac TURBO service, the fastest service roll-out in dtac's history and well beyond our original expectations.

On Aug 19, dtac also won a license for 2x5MHz on the 1800 MHz band in the auctions held by the National Broadcasting and Telecommunications Commission (NBTC). dtac then turned its attention to its low-band spectrum. While the high-band spectrum provides capacity, low-band spectrum is a coverage layer that provides services in remote areas. To maintain that coverage, on October 28, dtac bid for and won 2x5MHz of spectrum on 900 MHz.

The investment on 900 MHz for 15 years is also a strong signal to all stakeholders that dtac is committed to all of Thailand and committed to growth. With low-band coverage assured and high-band capacity at its highest, dtac effectively completed its end of concession transition in its strongest spectrum position ever.

DIGITAL TRANSFORMATION

While the end of concession transition grabbed headlines throughout 2018, dtac did not let up on its strong commitment to digital transformation. Using big data and machine learning, we are continuously improving business operations and service capacity by developing highly-advanced solutions for our customers, from chatbots to personalized offers. Today, the dtac app remains the highest rated telco app in Thailand.

Our focus on digital transformation also extends beyond dtac. Since its inception, the dtac accelerate incubator has nurtured 46 startups whose combined valuation is now over THB 5 billion baht. The program draws hundreds of thousands of applications each year and attracted over 1,300 attendees at our latest Demo Day showcase.

Beyond Bangkok, the dtac Smart Farmer program partnered with Rakbankerd Company Limited and Ricult Thailand Company Limited to offer highly detailed weather information and satellite imagery to farmers using dtac's Farmer Info app. This has the potential to improve yields while also reducing the need for costly fertilizers and pesticides.

In 2018, artificial intelligence also played a central role in dtac's aim of empowering society. dtac launched an AI Lab in partnership with Sirindhorn International Institute of Technology (SIIT), Thammasat University. By allowing students to work on real-life cases, and use real data, the lab is forging a generation of machine learning experts who can put theory into practice. Machine learning is also at the core of dtac's services, such as our in-app recommendation engine, which already drives 30 percent of topping revenue.

dtac also works closely with the Thai government in support of a digitally-empowered society. The Net Arsa program, in collaboration with Ministry of Digital Economy and Society and Office of Non-Formal and Informal Education, provides digital upskilling resources to non-formal and informal education to one million trainers.

On the infrastructure side, dtac participated in the national 5G Testbed and entered in a partnership with the Digital Economy Promotion Agency (DEPA) to increase the precision of GPS geo-localization from 5-10 meters down to a few centimeters. The deal signals dtac's strong focus on logistics and agriculture to build viable industry verticals for Thailand's 5G future.

A BRIGHT FUTURE

The performance of 2018 was affected by the transition of spectrum allocation from concession regime to a licensing system as well as by significant changes in the Company's cost structure, extra operational expenses during the end-of-concession remedy and the dispute settlement with CAT in early 2019. This resulted in lower revenues and profits from previous years.

dtac's end of concession transition was as difficult as we had anticipated, but we are committed to never stop improving. We would like to thank all our customers, our employees and shareholders for their continued support. Your loyalty allowed us to pass this critical period in dtac's history. And we are now ready to win again for all of you.

Board of Directors

01



Mr. Boonchai Bencharongkul

Positions: Chair of the Board of Directors

Age: 64 years

Total Years of Directorship: 28 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 Chair of the Board of Directors, Total Access Communication PLC.

Position in Other Companies or Organizations

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 Chair of the Board of Directors

Age: 51 years

Total Years of Directorship: 1 Year 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 Chair of the Board of Directors, Total Access Communication PLC.

Positions in Other Companies or Organizations

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 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

Position: Independent Director, Chair of the Remuneration Committee, Member of the Audit Committee, and Member of the Nomination Committee

Age: 75 years

Total Years of Directorship: 18 Years 8 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)

Position in Listed Companies in SET

2017 - Present	Chair 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	Chair of the Audit Committee, Total Access Communication PLC.
2000 - Present	Independent Director, Total Access Communication PLC.

Position in Other Companies or Organizations

2016 - Present	Advisor, King Power Group
2012 - Present	Chair of the Board of Directors, dtac TriNet Co., Ltd.
2004 - Present	Director, King Power Duty Free Co., Ltd.
2004 - Present	Director, King Power Development Co., Ltd.
2004 - Present	Director, King Power Marketing and Management Co., Ltd.
2004 - Present	Director, King Power Hotel Management Co., Ltd.
2004 - Present	Director, King Power Entertainment Co., Ltd.
2004 - Present	Director, King Power Suvarnabhumi Co., Ltd.
1996 - Present	Member of the Executive Committee, Royal Thai Army Radio and Television Channel 5

Past Experience

2004 - 2016	Group Vice Chairman, King Power Group
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



Mrs. Kamonwan Wipulakorn

Positions: Independent Director, Chair of the Audit Committee, Member of the Remuneration Committee, and Member of the Corporate Governance Committee

Age: 56 years

Total Years of Directorship: 4 Years 1 Month

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 Board that Make a Difference (BMD) (8/2018) by Thai Institute of Directors Association (IOD)
Advanced Audit Committee Program (AAP) (29/2018) by Thai Institute of Directors Association (IOD)
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

2018 - Present	Director, Origin Property PLC.
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 - 2017	Director and President, The Erawan Group PLC.

Past Experience

2009 - 2010	Chief Financial Officer, The Erawan Group PLC.
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05



Mr. Stephen Woodruff Fordham

Position: Independent Director, Chair of the Nomination Committee, Member of the Audit Committee, and Member of the Corporate Governance Committee

Age: 67 years

Total Years of Directorship: 12 Years 1 Month

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)

Position in Listed Companies in SET

2017 - Present	Member of the Corporate Governance Committee, Total Access Communication PLC.
2012 - Present	Chair 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 Organizations

2017 - Present	Director, High Arctic Energy Services (Singapore) Pte Ltd
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	Chair of the Remuneration Committee, Total Access Communication PLC.
2007 - 2012	Independent Director and Chairman of the Nomination and Remuneration Committee, Thoresen Thai Agencies 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: 55 years

Total Years of Directorship: 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 Degree in MIS, West Virginia University, USA

Certificate, Berkeley Executive Coaching Leadership Certificate, Special Management Program, Marshall University, USA
Bachelor Degree in Accounting, Ramkhamhaeng University

Training Program CMA - Capital Market Alumni 14

Director Certification Program (DCP) (49/2004) by Thai Institute of Directors Association (IOD)
Enhancing Strategic Competitiveness by IMD Switzerland

Position in Listed Companies in SET

2017 - Present	Member of the Nomination Committee and Member of the Remuneration Committee, Total 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 Organizations

2015 - Present	Director, TLCA Thailand Listed Company Assoc.
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	General Manager, Oracle Cooperation (Thailand)

07



Mrs. Alexandra Reich

Position: Director, Chief Executive Officer,
and Acting Chief Marketing Officer

Age: 54 years

Total Years of Directorship: 4 Months

Number of shares held: None (0.00 %)

Number of shares held by spouse and minor children: None (0.00%)

Academic Background Business Administration Degree,
Vienna University of Economics and Business Administration

Position in Listed Companies in SET

2018 – Present Director, Chief Executive Officer, and Acting Chief Marketing Officer, Total Access Communication PLC.

Position in Other Companies or Organizations

2018 – Present Director and Chief Executive Officer, dtac TriNet Co., Ltd.

Past Experience

2016 – 2018 Chief Executive Officer, Telenor Hungary
2014 – 2016 Head of Mobile Business & Digitalization – Enterprise Customers, Swisscom Switzerland AG
2011 – 2014 Head of Marketing & Sales for Consumer, Head of Mobile Business Consumer, Swisscom Switzerland AG
2009 – 2011 Head of Swisscom Omnichannel, Swisscom Switzerland AG
2007 – 2009 COO, Consumer Customers, Sunrise Communications AG
2005 – 2007 COO, Hutchison 3G (HWL Group)
2004 – 2005 COO – Sales pitch, UTA – United Telecommunications Austria
2001 – 2004 General Manager Austria, T-Online (Deutsche Telekom Group)
2000 – 2001 General Manager Austria/ Germany/ Switzerland, Goyada – Swedish Startup
1997 – 2000 Product Marketing, Viag Interkom/ Viag Telekom
1986 – 1997 Founder/ General Manager, Communication Design

08



Mr. Gunnar Johan Bertelsen

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

Age: 62 years

Total Years of Directorship: 5 Years 8 Months

Number of shares held: None (0.00 %)

Number of shares held by spouse and minor children: None (0.00%)

Academic Background Master Business Administration (Hons)., University College Dublin Ireland
Diploma Advanced Management, University College Dublin Ireland
Diploma Social & Human studies, National University of Ireland – Maynooth
Radio & Telecommunication Diploma, Norwegian Nautical College

Training Program Director Certification Training Malaysia
Director Certification Program (DCP) (183/2013) by Thai Institute of Directors Association (IOD)

Position in Listed Companies in SET

2018 – Present Director, Member of the Corporate Governance Committee, Member of the Remuneration Committee and Member of the Nomination Committee, Total Access Communication PLC.

2010 – 2015 Director, Total Access Communication PLC.

Position in Other Companies or Organizations

2016 – Present Vice President, Public and Regulatory Affairs, Telenor Group Asia

2007 – Present Director, Thai Telco Holdings Limited

Past Experience

2013 – 2016 Chief Corporate Affairs Officer, Telenor Myanmar
2009 – 2013 Vice President, Regulatory Affairs Asia, Telenor Asia (ROH) Ltd.
2005 – 2009 Senior Vice President, Regulatory Affairs, Total Access Communication PLC
2004 – 2005 Senior Strategic Advisor United Communication Industry PLC
2000 – 2004 Vice President/Project Director, Telenor Asia Pte Ltd
1999 – 2000 Managing Director & Country Manager, Telenor Ireland Ltd.
1997 – 1999 Business Development Manager, Telenor Ireland Ltd.

09



Mr. Haakon Bruaset Kjoel

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

Age: 46 years

Total Years of Directorship: 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 Business Administration (Executive), BI Norwegian Business School
Public Relations, BI Norwegian Business School (Norges Markeds Høyskole)

Training Program Director Course in 2018: INSEAD - Leading from the Chair Programme, Fountainebleu, France

Position 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 Organizations

2018 - Present	Senior Vice President, Partner and External Relations Asia, Telenor Group
2017 - Present	Chair of the Board of Directors, DiGi Telecommunications Sdn Bhd
2017 - Present	Chair of the Board of Directors, Member of Nomination Committee, Chair of Remuneration Committee, DiGi.Com Berhad
2016 - Present	Director and Member of the Audit Committee, Telenor Myanmar Ltd.
2016 - Present	Director and Member of the Audit Committee, 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 and member of the Nomination and Remuneration Committee, Grameenphone Ltd.
2011 - Present	Director, Telenor Asia Pte. Ltd.

Past Experience

2018 - 2018	Acting Executive Vice President and Chief Corporate Affairs Officer, Telenor Group (July to November)
2016 - 2018	Senior Vice President, Head of Group Public and Regulatory Affairs, Telenor Group
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 Bhd

10



Mrs. Tone Ripel

Position: Director
 Age: 48 years
 Total Years of Directorship: 2 Years 8 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
Training Program The Mandatory Accreditation Programme (MAP) by Bursa Malaysia Securities Berhad

Position in Listed Companies in SET

2016 - Present Director, Total Access Communication PLC.

Position in Other Companies or Organizations

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

11



Mr. Sverre Pedersen

Position: Director
 Age: 55 years
 Total Years of Directorship: 1 Year 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)

Position in Listed Companies in SET

2017 - Present Director, Total Access Communication PLC.

Position in Other Companies or Organizations

2018 - Present Director, Telenor Broadcast Holding AS

2018 - Present Director, Canal Digital AS

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

Past Experience

2016 - 2017 Director, TeleAssets Company Limited
 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



Mrs. Alexandra Reich
Chief Executive Officer
and Acting Chief
Marketing Officer



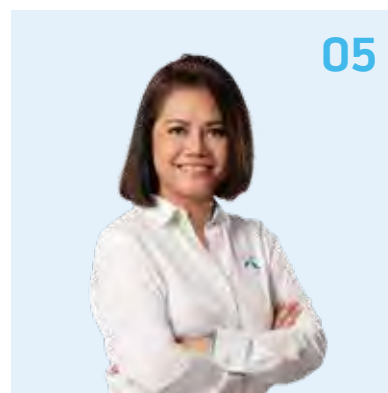
Mr. Prathet Tankuranun
Chief Technology Officer



Mr. Dilip Pal
Chief Financial Officer



Mr. Rajiv Bawa
Chief Corporate Affairs
and Business Development
Officer and Acting Chief
Sales Officer



Miss Nardrerdee Arj-Harnwongse
Chief People Officer

01

Mrs. Alexandra Reich *

Chief Executive Officer and Acting Chief Marketing Officer

Number of shares held: None (0.00 %)

Number of shares held by spouse and minor children: None (0.00%)

Academic Background

Business Administration Degree, Vienna University of Economics and Business Administration

Past Experience

2018 – Present	Director, Chief Executive Officer, and Acting Chief Marketing Officer, Total Access Communication PLC.
2018 – Present	Director and Chief Executive Officer, dtac TriNet Co., Ltd.
2016 – 2018	Chief Executive Officer, Telenor Hungary
2014 – 2016	Head of Mobile Business & Digitalization – Enterprise Customers, Swisscom Switzerland AG
2011 – 2014	Head of Marketing & Sales for Consumer, Head of Mobile Business Consumer, Swisscom Switzerland AG
2009 – 2011	Head of Swisscom Omnichannel, Swisscom Switzerland AG
2007 – 2009	COO Consumer Customers, Sunrise Communications AG
2005 – 2007	COO, Hutchison 3G (HWL Group)
2004 – 2005	COO – Sales pitch, UTA – United Telecommunications Austria
2001 – 2004	General Manager Austria, T-Online (Deutsche Telekom Group)
2000 – 2001	General Manager Austria/ Germany/ Switzerland, Goyada – Swedish Startup
1997 – 2000	Product Marketing, Viag Interkom/ Viag Telekom
1986 – 1997	Founder/ General Manager, Communication Design

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: 9,400 shares (0.00%)

Academic Background

Master of Electrical Engineering, Massachusetts Institute of Technology

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

Administration of Chulalongkorn University

Past Experience

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

* Management under definition of SEC

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%)

Academic Background

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

Past Experience

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

04

Mr. Rajiv Bawa *

Chief Corporate Affairs and Business Development Officer and Acting Chief Sales Officer

Number of shares held: None (0.00%)

Number of shares held by spouse and minor children: None (0.00%)

Academic Background

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

Past Experience

2018 – Present Acting Chief Sales Officer, Total Access Communication PLC.

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 Chief Corporate Affairs Officer, Unitech Wireless Pvt Ltd, India

2009 – 2011 Chief Corporate Affairs Officer, Uninor (Telenor Group India)

2002 – 2008 Business Development Executive, IBM Corporation NY

2000 – 2001 Director Business Development, Expert Commerce NY

1994 – 2000 Senior Engagement Manager, IBM Consulting Group, Philadelphia

* Management under definition of SEC

05

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%)

Academic Background

Master of Arts in Human Resources Development, Webster University, Missouri, USA

Bachelor of Arts majoring in English, Chulalongkorn University

Past Experience

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%)

Academic Background

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

Past Experience

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.

2003 – 2007 Legal Advisors (Linklaters Thailand, Hunton Williams Thailand, Courdert Brothers, Freshfield Brukhaus Deringer)

* Management under definition of SEC

Group Structure



Total Access Communication Public Company Limited

DTAC Broadband Co., Ltd.
(99.99%)

PaySbuy Co., Ltd.
(99.99%)

dtac TriNet Co., Ltd.
(99.99%)

TAC Property Co., Ltd.
(99.99%)

- dtac Accelerate Co., Ltd. (99.99%)
- dtac Next Co., Ltd. (99.97%)
- dtac Service Co., Ltd. (99.97%)
- dtac Digital Media Co., Ltd. (99.99%)
- TeleAssets Co., Ltd. (99.97%)

- Eastern Beach Co., Ltd. (99.99%)

United Communication Industry
Public Company Limited
(99.81%)

WorldPhone Shop Co., Ltd.
(99.99%)

dtac is one of the largest wireless communication service providers in Thailand. The Company was established in 1989 to operate telecommunication, mobile business, and internet Wi-Fi.

In December 2012, dtac TriNet Co., Ltd. “dtac TriNet” (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 2100 MHz and type III license for providing wireless communication services from the NBTC.

In 2018, TeleAssets Co., Ltd. (a subsidiary of dtac which its 99.99% shares held by dtac TriNet) and dtac TriNet have signed the Lease of Telecommunication Equipment Agreement and Domestic Roaming Service Agreement to launch the country’s first 4G LTE-TDD network on the widest bandwidth of 60 MHz in 2300 MHz spectrum.

Later, in September 2018, dtac signed a service agreement with CAT for long-term use of telecom towers and concession network equipment to secure the ability to provide a sustainable network and infrastructure for its customers with a period of 8 years plus renewal option.

In December 18, 2018 dtac TriNet was granted spectrum licenses for the 900 MHz and 1800 MHz bands from the National Broadcasting and Telecommunications Commission (NBTC). dtac now provides service on a complete spectrum portfolio including both low-band and high-band frequencies, forming a total of 110 MHz bandwidth with 70 MHz used for downlink.

At the end of 2018, 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 2018

Company’s Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Total Shares Shareholding (%)	Total Shares of each Company
DTAC Broadband Co., Ltd.	319 Chamchuri Square Building, 41 st Fl., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105549034424	Providing telecommunications services (WiFi services) with Internet license type I. The Entire Business Transfer Transaction from DTAC Broadband Co., Ltd. took place on 1 January 2019	175	Ordinary shares	99.99	1,750,000
dtac TriNet Co., Ltd.	319 Chamchuri Square Building, 41 st Fl., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105549034548	Providing telecommunications services	1,160	Ordinary shares	99.99	11,600,000

Company's Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Shareholding (%)	Total Shares of each Company
dtac Digital Media Co., Ltd.	319 Chamchuri Square Building, 41 st FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105549034467	Providing telecommunications services and operating the device business	100	Ordinary shares	99.99 (through dtac TriNet Co., Ltd.)	1,000,000
dtac Accelerate Co., Ltd.	319 Chamchuri Square Building, 2 nd 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	99.99 (through dtac TriNet Co., Ltd.)	150,000
dtac Next Co., Ltd.	319 Chamchuri Square Building, 41 st 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 st 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
PaySbuy Co., Ltd.	319 Chamchuri Square Building, 41 st FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558145985	Providing online payment service, cash card, e-payment and payment services	200	Ordinary shares	99.99	2,000,000
TeleAssets Co., Ltd.	319 Chamchuri Square Building, 41 st FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558145985	Lease of telecommunication equipment and device	1	Ordinary shares	99.97 (through dtac TriNet Co., Ltd.)	10,000
TAC Property Co., Ltd.	319 Chamchuri Square Building, 41 st FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558145985	Asset management	1	Ordinary shares	99.99	100,000

Company's Name	Address	Nature of Business	Registered Capital (THB Million)	Share Types	Percentage of Total Shares Shareholding (%)	Total Shares of each Company
Eastern Beach Co., Ltd.	319 Chamchuri Square Building, 41 st FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558145985	Asset management. The Entire Business Transfer Transaction from Eastern Beach Co., Ltd. took place on 1 January 2019	80	Ordinary shares	99.99 (through TAC Property Co., Ltd.)	800,000
United Communication Industry Public Company Limited	319 Chamchuri Square Building, 41 st FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558145985	Under liquidation process	313.55	Ordinary shares	99.81	434,668,207
WorldPhone Shop Co., Ltd.	319 Chamchuri Square Building, 41 st FL., Phayathai Rd., Pathumwan, Bangkok 10330 Tel: +66 2202 8000 Registered number: 0105558145985	Under liquidation process	450	Ordinary shares	99.99	4,500,000
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 th 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 Benchachinda 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 April 23, 2018 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

Operational Highlights

Transition to license regime was fully completed after end of remedy period in 4th Quarter of 2018. In Fiscal Year 2018, we spent CAPEX of THB 19,528 million, a high side of our Fiscal Year 2018 CAPEX guidance, to accelerate installation of 4G-2300 MHz network under partnership agreement with TOT public company limited ("TOT") and densify our 2100 MHz network to improve customer experience. Nearly 12.7k nodes of the 4G-2300 MHz network and additional 7.9k nodes of 4G/3G-2100 MHz network were installed in Fiscal Year 2018.

Uncertainties pertaining to concession expiry was dissipated as we acquired spectrums from auctions and a partnership with TOT. dtac TriNet, a subsidiary of dtac, won the spectrum auctions and obtained a license of 2 x 5 MHz bandwidth of 1800 MHz spectrum and a license of 2 x 5 MHz bandwidth of 900 MHz spectrum in FY2018. Moreover, we signed the partnership agreement with TOT to provide the 4G-2300 MHz wireless service which was launched in 2nd Quarter of 2018 under "dtac-T TURBO" network. Furthermore, we secured long-term access to infrastructure under concession partnership by entering into agreements with CAT Telecom Public Company Limited ("CAT").

At the end of Fiscal Year 2018, total subscriber base was 21.2 million, decreasing 1.5 million from last year due to decline in prepaid segment partly offset by growth in postpaid segment. Prepaid subscriber base was 15.1 million, decreasing 1.9 million from last year, caused by intense competition and prepaid-to-postpaid conversion. Meanwhile, postpaid subscriber base increased to 6.1 million, up 0.4 million from last year. Average Revenue per User excluding IC (ARPU) in Fiscal Year 2018 was THB 244 per month, increasing 6.4%YoY, driven by growing postpaid subscriber base. At the end of 2018, our revenue market share from service revenue excluding IC was approximately 23% while our subscriber market share was around 23%.

Financial Highlight

In 2018, service revenues remained under pressure due to intense competition in the market while uncertainties pertaining to concession expiry impacted customers' confidence during the transition period. As a result, Fiscal Year 2018 service revenues excluding IC decreased 2.8% year-on-year, in line with our guidance.

EBITDA (before other items) decreased 6.7%YoY to THB 28,391 million mainly from lower service revenues, cost of 4G-2300 MHz roaming paid to TOT, cost of infrastructure and equipment services paid to CAT, as well as temporary cost for use of spectrums during the remedy period. FY2018 EBITDA margin stood at 37.9%, in line with our guidance.

We reported net loss of THB 4,369 million for Fiscal Year 2018 due to the recognition of the dispute settlement with CAT in January 2019. The dispute settlement will take place upon approval from the 2019 Annual General Meeting of Shareholders.

We maintain financial flexibility and focus on cash flow from operation. Net debt to EBITDA ratio increased slightly to 1.2x from 1.1x last year. Operating cash flow (defined by EBITDA-CAPEX) amounted to THB 8,863 million due to lower EBITDA and higher CAPEX for network expansion. We spent CAPEX of THB 19,528 million in FY2018, compared to CAPEX of THB 16,534 million in FY2017.

Overall Market Environment

In 2018, dtac commits to offer the best digital lifestyle experience with the best value offer and more lifestyle benefits built around "Jaidee" products (give more) such as the expansion of dtac reward to reach larger subscriber base, more personalized offers to high value customers. In addition to best value offer, simple and worry-free experience are our core value in designing product and customer journey with the passion to create the most enjoyable customer's experience and seamless usage. However, in late 2018, dtac faced challenge from concession end when there were uncertainties until we could secure the new spectrum for 1800 MHz and 900 MHz in August and October, respectively. Combining with 4G LTE-TDD 2300 launched in Jun and existing 2100 frequency, dtac has full coverage of spectrum to provide the best network service to our customer. Our core commitment is to ensure the continuity of service to our customer with transparent communication and best care.

Driving competitive market position, we have focused on 3 strategic areas 1). Network 2). Strengthen dtac branding and 3). Digital experience

1) Strengthen dtac Branding

dtac has strengthened our brand DNA on "Empathy, playful and creative" through our media communication and all commercial activities to reflect in what we do and what we say. Our communication focus to drive emotional bonding and differentiation with Thais as the brand they love and root for through relevant and consistent storytelling.

2) Improve Network Perception

In 2018, dtac launched “dtac TURBO” (dtac-T), a more advanced mobile network with more capacity for a smoother experience as part of our core focus to continue providing the best service experience to our customer. dtac TURBO operates on 2300 MHz spectrum in cooperation with TOT, allowing for 5G-ready TDD technology and giving customer a smoother, more stable experience when surfing the internet. dtac TURBO is first available in dense mobile traffic cities and will be rapidly expanded to nationwide. This new 2300 MHz high-band spectrum; combined with existing 2100 MHz, and the latest license secure spectrums on 1800 MHz and 900 MHz; will put dtac in strength position in providing superior data network to best serve our customer needs.

3) Customer experience

Digital technology has been used end-to-end started from sale process to the end consumer service with the aim to offer the best experience to customer and also increase our operational efficiency. We continue to improve journey of dtac App (end consumer app) and dtac One (seller app for dtac partner) to enable us to directly connect with customer with seamless experience. In addition to technology, we also invested more on CRM with more lifestyle benefits to larger subscriber base which will help us sustained healthy customer segment in the environment of aggressive competition and price cut. dtac join with leading partners in offering choices of digital and special services to match verities of customer lifestyles including dining, travelling, movie, etc to create the most enjoyable experience to our customer every day. We have expanded our privileges from big cities to more 20 local cities with over 25,000 participated shops.

Postpaid Segment

Growing postpaid momentum continued in 2018 partly driven from changing behavior of customer. Customers have been more educated and demanded for the best offer which dtac focuses to give the best value in long term. Right package and special service have been offered through both traditional and digital mean, dtac App to meet different demands and match lifestyle of each individual with the ambition to maximize customer happiness.

In addition to competitive price, dtac aim to offer the best choices and worry-free experience including the roll-over of remaining internet benefit, budget control, new service on travel insurance bundled with internet package for both domestic and international travel, and continue improving customer experience for dtac call which is application that enables dtac customers to make call when travel to other countries at local rate and bundle maximum 5 numbers in one phone. dtac is the first operator who offer roll over of remaining internet (main and bonus) for package Super

Non Stop Roll over to ensure customer benefits are continued. Furthermore, we offer worry-free mechanic to guarantee maximum charge for customers who have concern of uncontrollable expense on potential excess charge. For CRM, we continued to expand number of partners and participated shops to meet everyday lifestyle of our customers. In 2018, we expand more to local provinces for another 20 cities, and offer more benefits including device special discount and other services to existing quality subscribers.

Prepaid Segment

Amid aggressive competition in prepaid market and price cut especially on unlimited internet fixed speed packages and shifting of subscriber base to postpaid segment, dtac prepaid revenue is in declining trend. Driving quality subscriber and engagement are our focus which we have improved experience and customer journey both on using service and refill channels including more of digital services.

In 2018, we expanded Jaidee services to the new series of Jaidee borrow net. This will offer worry-free and seamless experience for customer to continue internet usage instantly when customers are running out of data and credits. Furthermore, we also offer special privileges for existing customers to continue borrow again even they have partial refund. With all the seamless experience, we found out that customers are happy and willing to use more data with no worry as reflected from 30% increase in internet usage per sub from last year

In addition, dtac prepaid focus on two special segments, namely, Migrant and Tourist which we are first to provide communication and touch point services in their languages such as Burmese and Cambodian languages.

Competition & Business Outlook

Thailand’s telecom industry continues to grow, fueled by data usage and overall ARPU increase. Like in previous years, voice and messaging services continue to decline. Growth comes, for a large part, from prepaid to postpaid conversion that operators actively promote. Overall, telecom industry in Thailand remains a profitable market and revenue for the period 2018-2020 is expected to continue to grow at a mid-single digit level, in line with the Thai economy.

The industry remains highly competitive as operators launch localized campaigns, aggressive porting efforts and handset subsidies to retain subscribers, while spectrum prices have remained very high. Competitors seized the opportunity to convert dtac customers during October-November period as there was some uncertainty around the end of dtac concession network. To ensure a smooth transition, several key initiatives were completed

in 2018: signing of the 2300 MHz deal with TOT, a massive roll out on 13k+ towers in less than 8 months, a fresh tower lease agreement with CAT, a massive densification of 4k new towers with 2100 MHz network and purchase of 900 MHz and 1800 MHz spectrum. These strengthened dtac network position dramatically. In particular, the spectrum acquisitions allowed dtac to ensure existing customers would not suffer from any large impact during the transition from concession to license network.

Looking forward to 2019, with this new network that brings the widest download capacity and matching coverage, dtac is in a much better position to participate in the growing market. We will further enhance customer trust by providing seamless customer journeys and scale up data-driven personalized offerings, and tap further into the SME and Enterprise segments. There are also several opportunities to grab in the near future for telecom companies, from IoT, 5G, Fixed Wireless, data as a service, artificial intelligence, machine learning... dtac will, without doubt, be at the forefront of the industry to bring these technologies to Thailand.

Long-term objectives over the next 2-3 years

dtac strives to open a whole world of amazing opportunities for our customers, based on a deep understanding of their needs. Our key focus areas over 2019 – 2020 and beyond are –

1. Growth

dtac's new network position is the key platform of future growth. With recent spectrum acquisitions and continued investments in network quality we are in a position to provide our customers with a superior capacity and matching coverage.

As a customer-focused data driven company, we will offer the most relevant, enriched and personalized products and engage in productive partnerships to enrich our product portfolio. We will continuously simplify customer journeys and scale personalized interactions thus providing a seamless experience across all touchpoints.

We will also explore growth opportunities in collaboration with Large Enterprises and leverage digital tools for SME journeys. dtac plans to be an early mover in 5G and focus on IOT by launching vertical and horizontal IOT offerings. We have already taken steps to be ready for 5G, as the first operator with a virtual core network in Thailand and also as the only operator in the country to operate massive MIMO antennas commercially that are capable of the most advanced 5G techniques, such as beamforming.

2. Efficiency and Simplification

Simplification and efficiency of systems and processes leads to simplified customer's journeys and products, enabling a faster time to market. This will further enable efficient growth and make room for renewed technology and competence

3. Winning Team

People and organizational culture is a critical aspect of success in the rapidly changing industry landscape. dtac encourages and nurtures an innovation driven and adaptable culture built on a platform of an agile way of work. We are also focused on grooming the right competencies by upskilling employees in industry differentiator skills such as data analytics, digital marketing, product development and customer centricity.

We value smooth journeys and experiences for our employees and foster a fun, engaging, and respectful working environment.

4. Responsible Business Conduct

dtac aspires to be a trusted company that empowers societies and contributes to the larger economic and social ecosystem in which we operate. We believe in scaling digital technologies to reduce inequalities and support policies for Thailand 4.0 that drive digital transformation such as E-KYC and data digitization, and deliver a "trusted and secured customer experience" via cyber security and data protection. We will continue to drive supply chain sustainability and e-waste management and support efforts that promote industry infrastructure to facilitate industry 5G rollouts.

We will continue to ensure the highest standards compliance and pro-active corporate governance through programs and activities that build "Do the Right Thing" culture.

dtac develops its sustainability policy with a view from international standards such as UN Global Compact, UN Universal Declaration of Human Rights and ILO Core Conventions in conjunction with findings in significant needs and concerns of stakeholders. This is to ensure that dtac's business operations truly contribute to desired impacts on Thailand's economic, social, and environmental development. Aiming for strong sustainability practice, dtac sets up working principles as below.

1. Sustainability direction is implemented across the organization;
2. Responsible business and transparency practices;
3. Positive impact of the core business is leveraged for the benefit of society
4. Sustainability risks and opportunities are assessed and managed with a view to continuous improvement over time.

dtac's sustainability effort is a part of the Corporate Governance Committee's responsibility and driven by Sustainability Department, focusing on two following strategies.

1 Do the Right Thing

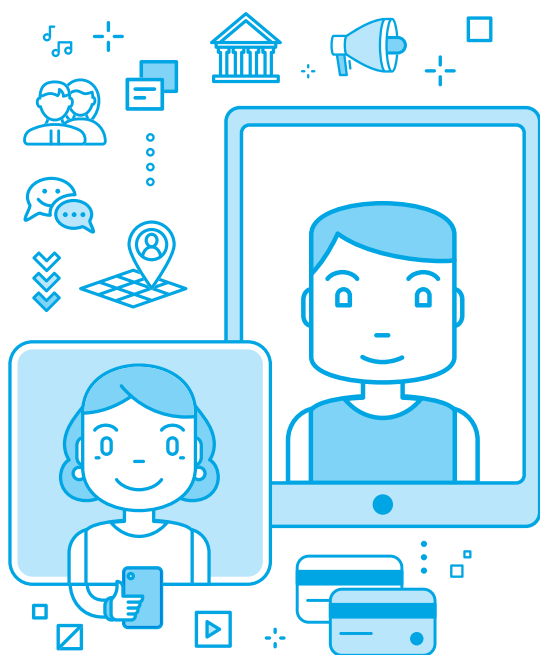
dtac profoundly values practice in anti-corruption of all forms, which refer to any action that is illegal and unethical. The Company also establishes a clear policy and guideline in personal data protection and supply chain management that reflects law-binding, fairness and transparency. Fair competition practice and human rights due diligence are also put in place to ensure that business-operation risks are mitigated. dtac believes that "Do the Right Thing" strategy creates values to all stakeholders. Suppliers, for instance, benefit from the fair selection criteria and transparent assessment when engaging with dtac. Eventually, such practice will bring about significant development in telecommunication infrastructure for Thailand as a whole.



2 Empower Societies

dtac's vision, "Empower Societies", is reflected through the efforts of leveraging our digital technology expertise, innovations, partnerships and other resources to solve problems. dtac has scoped the social problem to focus on 'inequality reduction' as well as applying the Creating Shared Value (CSV) as an approach to empower the Thai society.

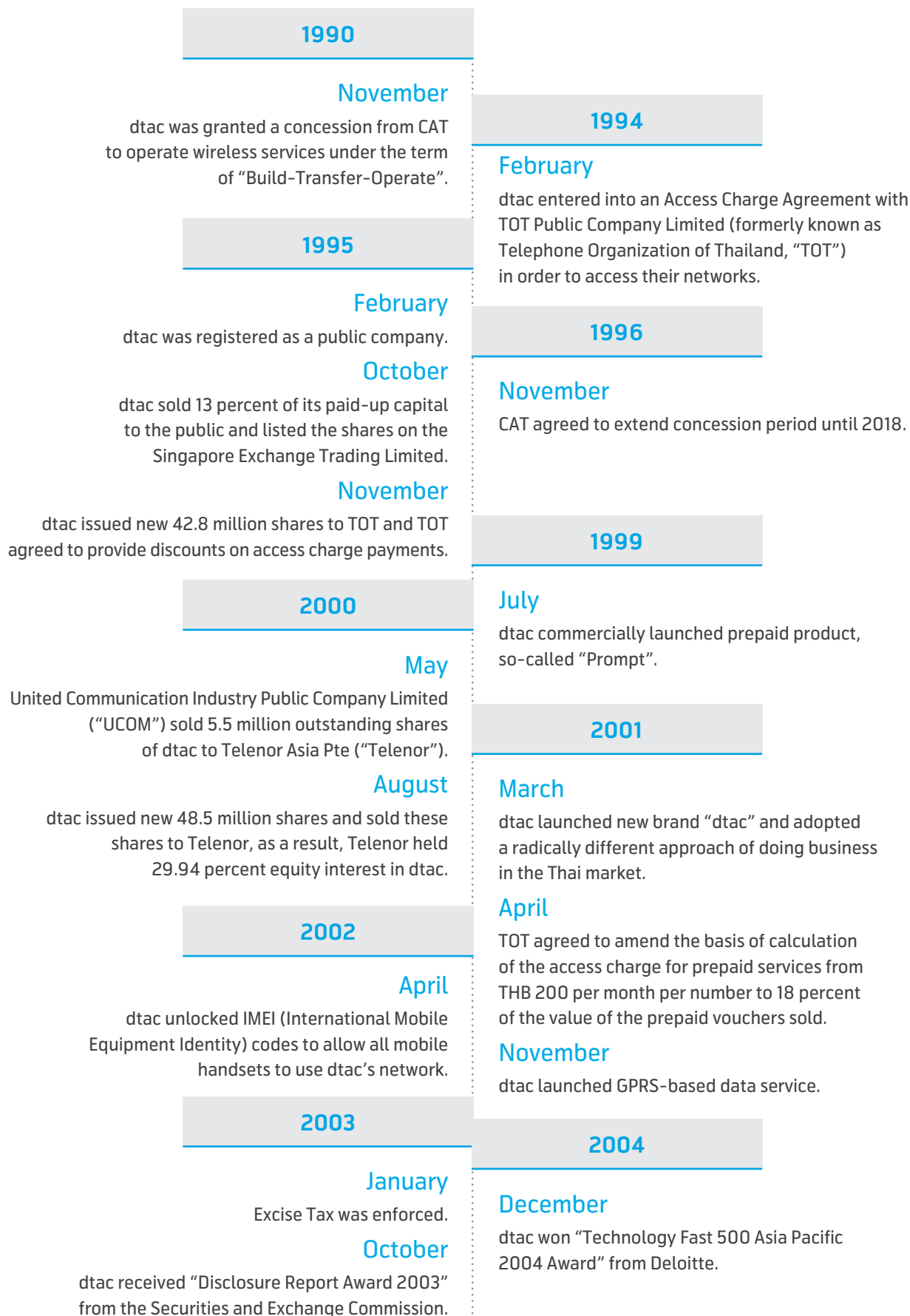
In the area of inequalities, dtac shapes working approach along with the "UN Sustainable Development Goals #10 Reduced Inequalities" by leveraging digital technology as a main tool. The Smart Farmer project, for instance, aims to increase revenues for small-scale farmers, a group of population with lowest income, by using advanced technology like Internet of Things (IoT), Satellite Imagery and Big Data.



Under the CSV principle, dtac establishes a social development approach that provides a holistic view and practice, starting with identify and engage with key stakeholders to understand about their pain points, and solve their problems with business mechanism. One example of dtac's work in this area is the Safe Internet project where dtac has developed a mobile application, "Family Care," for dtac customers who have children of 13 years old and lower. The application allows parents to monitor and control online data use in children with their mobile devices. This was initiated from dtac's findings in parents about their needs to promote safe online environment for their children.

dtac strongly believes that good corporate governance should be reflected by openness, trustful disclosure, and engagement with all internal and external stakeholders inclusively. And, to ensure that dtac's sustainability efforts are conducted in an internationally-recognized framework, dtac upholds the Global Reporting Initiatives (GRI) Standards. For further details about dtac's sustainability performance, please refer to the 2018 Sustainability Report.

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



2005

June

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

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 goood’.

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.

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.

2009

December

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

2011

August

dtac launched 3G HSPA service on 850 MHz.

September

dtac officially launched iPad in Thailand.

October

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

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

December

dtac announced special dividend for its financial restructuring.

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

2010

March

dtac Internet was awarded "Commart Innovation Awards 2010".

dtac officially launched iPhone in Thailand.

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.

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.

2012

October

dtac Network (currently named as dtac TriNet) participated in the auction for spectrum licensing for International Mobile Telecommunications (IMT) in the frequency band 2100 MHz conducted by the NBTC and won 2 x 15 MHz of 2100 MHz spectrum license.

December

dtac Network (currently named as dtac TriNet) has been granted the 15-year spectrum license for IMT in the frequency band 2100 MHz 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.

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.

2013

May

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

June

dtac introduced the first generation of dtac phones.

July

dtac launched 3G HSPA service on 2100 MHz.

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.

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.

September

dtac introduced “Blue Member” customer relationship management program for premium customers.

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

November

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

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

dtac received “Top 50 ASEAN Publicly Listed Companies” award from ASEAN Corporate Governance Conference and Awards.

December

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

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

2016

February

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

March

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

April

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

May

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

June

dtac introduced “dtac prepaid” brand for using in prepaid market.

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

July

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

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

August

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

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

2016

September

dtac collaborated with Lazada, a leading e-commerce company, to expand online distribution channel.
dtac 4G service covered all districts throughout Thailand.

October

dtac launched cross-network VoLTE service with AIS.

2018

April

a subsidiary of dtac signed agreements with TOT for the provision of wireless services on 2300MHz frequency band.

June

dtac launched wireless services on 2300MHz frequency band under "dtac Turbo" brand, with a cooperation from TOT.

August

A subsidiary of dtac won 2 x 5MHz of 1800MHz frequency band at the auction arranged by the NBTC.

September

Concession agreement to provide wireless services between dtac and CAT came to an end.
dtac got an injunction from the Administrative Court to continue providing wireless services to customers on spectrums under concession for another 90 days.

October

A subsidiary of dtac won 2 x 5MHz of 900MHz frequency band at the auction arranged by the NBTC.

December

Rights to provide services under concession, given by the Administrative Court, came to an end.
dtac started providing wireless services on 900MHz and 1800MHz spectrum bands under licenses from the NBTC.

2017

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.

March

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

April

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

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.

June

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

July

Merging Paysbuy with Omise was announced.

September

"LINE MOBILE" was launched.

dtac launched "SIM GO! Inter" for customers travelling abroad.

November

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

dtac risk management aims at identifying, assessing and treating all relevant, foreseeable risks in a way that is effective, proactive and fit-for-purpose. Risk Management supports the organization in achieving defined ambitions and goals by having a holistic and enterprise-wide perspective, linking to the relevant goals, maintaining risk exposure at acceptable levels and managing the significant threats and exploiting the significant opportunities.

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 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, resolving frequency interference problems, 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, whereas the NBTC has announced various rules, however, the enforcement of such rules may not be clear in practice and causes delays, such as delays in the enforcement of rules governing the resolution of interference problems, etc. These may impede the operation of the Company. If this is the case, it may affect the ability of DTN for network rollout for the 900 MHz and 2100 MHz frequency band, as well as the existing spectrums that DTN is currently using.

b. Legal implications concerning the amendments to the Concession Agreement

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

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

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

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

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

At present, the Private Participation Act has been revoked and replaced by the Private Investment in State Undertaking Act B.E. 2556 (2013) (the "Private Investment Act"), which has become effective on 4 April 2013. The Private Investment Act specifies that if it appears to the State Enterprise Policy Office that any project is not executed duly in accordance with this Act, the State Enterprise Policy Office must seek factual clarification from the project owner and request that appropriate procedure be proposed to the Committee on Private Investment in State Undertaking Policy. If such Committee deems that the private investment agreement should be terminated or amended, the Committee must submit its proposal to the Cabinet for approval.

Currently, it is still unclear to the Company on the interpretation and enforcement of such act or the operation of such matter. However, in case the Cabinet resolves to require the Company to pay additional consideration, although the company will continue to argue against the Cabinet's resolution in accordance with the legal process, this could have a material adverse effect on the business, financial condition and results of operations of the Company.

c. Uncertainty on the dispute relating to payment of the access charge

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

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

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

TOT argued that the Company is obliged to pay the access charge at the rate originally specified in the Access Charge Agreements. On 9 May 2011, TOT submitted a claim against the Company before the Administrative Court requesting CAT and the Company to be jointly liable for the access charge payment in the total amount of approximately THB 113,319 million, including VAT and interests, and requesting CAT and the Company to comply with the Access Charge Agreements. The Company was notified on 10 October 2014 that TOT amended the claim on 31 July 2014 related to the claim amount including the VAT and interest from approximately THB 113,319 million to THB 245,638 million (calculated until 10 July 2014), other issues of the case remain the same. Currently, the case is being considered by the Administrative Court.

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

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

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

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

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

e. Risk from unclear enforcement of laws governing foreign ownership

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

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

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

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

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

Due to such unclear interpretation and enforcement of the Foreign Business Act, on 14 June 2011, a telecommunications operator submitted an allegation to the Royal Thai Police to take a criminal action against the Company (including its directors, certain shareholders of the Company and their directors) alleging that the Company operated the telecommunications business in violation of the Foreign Business Act. Furthermore, on 22 September 2011, a minority shareholder of the Company (holding 100 shares in the Company) filed a lawsuit against certain state agencies, including the NBTC, before the Administrative Court, alleging that the Company is a “foreigner” under the Foreign Business Act. Both cases are being considered by the Royal Thai Police and the Supreme Administrative Court.

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

f. Risk from unclear enforcement of the law governing foreign dominance

The NBTC has issued the NBTC Notification on Determination of Foreign Dominance Restrictions B.E. 2555 (2012) (the “Foreign Dominance Notification”), which became effective on 24 July 2012. The Foreign Dominance Notification defines “dominance” as the scenario where foreigners have the controlling power or influential power in policy making, management and operation of the telecommunications business of the licensee by way of, among others, holding shares with half or more than half of the total voting rights. In this respect, the Company is of the opinion that the Company has not acted in any way that conflicts with the Business Dominance Notification and, the Company and DTN has always submitted letter of declaration to the NBTC indicating that the Company and DTN will comply with the NBTC’s Foreign Dominance Notification.

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

g. Risk from reduction of interconnection charge rate

On 12 March 2013, the NBTC issued an order No. 34/2556 requiring all 2100 MHz telecommunications business licensees, including dtac TriNet, to apply a temporary rate for interconnection charge at THB 0.45 per minute.

On 18 June 2013, the NBTC requested the Company’s cooperation to comply with the resolution of the Telecommunications Commission No. 22/2556, which was held on 10 June 2013, by applying the interconnection charge or amending the interconnection agreement in relation to the interconnection charge for both mobile phone and fixed line services at the same rate of THB 0.45 per minute for call termination and call origination and THB 0.06 per minute for call transit.

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

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

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

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 the disputes

The Company and its subsidiaries had a number of disputes, especially with CAT, which used to be a party of the Concessionary Agreement with the Company. These disputes are included in the notes to the consolidated financial statements. If the Company or subsidiary loses the case, it may affect the business, financial status, and performance of the Company.

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.

3. Operational Risks

3.1 Risks caused by the change of low band spectrum held by the Company

To deploy 900 MHz cell site, we need to switch off existing co-site 850 MHz and nearby 850 MHz cell sites in order to mitigate the interference to 900 MHz users. However, there may be also some risk of coverage and capacity reduction when there is no other signals to serve the customer. DTN is carefully planning to deploy 900 MHz system to mitigate the interference to the user. One more risk is associated with some of user device not supporting 900 MHz. In remote areas where there is no other signal other than 900 MHz, such user may experience no service. Such situation may affect operational ability of dtac TriNet to compete in the market and may affect the business and business opportunities of the Company.

3.2 Risks of technology and information security

The amount of data continues to grow exponentially, as does the rate at which organizations share data through online Network. There is also massive IoT coming into view as millions of machines- tablets, smartphones, ATM machines, sensors, and much more- are all linked together, increasing inter-dependencies exponentially. Organizations increasingly open their IT systems to a wide range of machines and lose direct control of data security. Cyber threat are very aware of these vulnerabilities. To cope with ever increasing cyber threads, DTN has been working to build up defendable architecture, developing security competency and continuously improving the Security Operation Center (SOC). However, risks of technology and information security are still factors that may affect the business and business opportunities of the Company.

3.3 Risk of interference from the spectrum

890-895 / 935-940 MHz (or 900 MHz band) spectrum that DTN won the auction on October 28, 2018, is a spectrum with small Guard Band, therefore, this may cause interference problems. If this happens, it will affect the service of the 900 MHz band. Even though it is the responsibility of each licensee to install their own filters, as well as to prevent and to resolve the problem in order to prevent interference between spectrums, if the licensee fails to comply, it is the NBTC's authority to enforce the law to resolve the interference problem. In this regard, DTN has coordinated with relevant authorities to prevent potential problems to ensure that the 900 MHz can be managed effectively and efficiently. However, if the risks of interference from the spectrums are not mitigated immediately, this will affect the ability to provide services, business, and business opportunities of the Company.

3.4 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.

3.5 The Company has to rely on third parties for 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 2100 MHz 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.

In addition, dtac TriNet providing telecommunications services has to rely on basic network from CAT Public Company Limited and has to roam on 2300 MHz spectrum belonging to TOT. Problems related to network management by the contract partners may affect the ability to run the business, financial status, and business opportunities of the Company.

4. Risks from exchange rate fluctuation

The principal revenues of the company are denominated in Thai Baht currency, Capital expenditure constitutes the majority of the company's expenditure. For capital expenditures, the company has established an agreement with suppliers to pay the capital expenditure in Thai Baht.

For the remaining USD exposure, the Company utilizes USD revenue from International Roaming to partially match the USD expense (Natural Hedge) and entering into FX hedging transactions as deems appropriate.

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 1 November 2018).

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.

The management structure of the Company comprises of 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

During 2018, three directors resigned from their directorship and there were three new directors. Therefore, as of 31 December 2018, the Board of Directors of the Company consists of 11 directors:

- 10 directors are non-executive directors, 4 of them are independent directors representing 36.4% 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 2018 are as follows:

No.	Name	Position	No. of shares as of 31 Dec 17	No. of shares as of 31 Dec 18	Increase/ Decrease
1	Mr. Boonchai Bencharongkul	Chair	10	10	-
	Spouse		-	-	-
	Minor Child		-	-	-
2	Mr. Petter Boerre Furberg	Vice Chair	-	-	-
	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	Mrs. Alexandra Reich ⁽¹⁾	Director and Chief Executive Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
8	Mr. Gunnar Johan Bertelsen ⁽²⁾	Director	-	-	-
	Spouse		-	-	-

No.	Name	Position	No. of shares as of 31 Dec 17	No. of shares as of 31 Dec 18	Increase/ Decrease
	Minor Child		-	-	-
9	Mr. Haakon Bruaset Kjoel	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
10	Mrs. Tone Ripel	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
11	Mr. Sverre Pedersen	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-

Remark: (1) Mrs. Alexandra Reich has been appointed as the new director in replacement of Mr. Lars-Aake Valdermar Norling (who resigned from his directorship on 24 August 2018) with effect from 14 September 2018 pursuant to the resolution of the Board of Directors' Meeting No. 8/2018 held on 14 September 2018.
(2) Mr. Gunnar Johan Bertelsen has been appointed as a new director in replacement of Mr. Tore Johnsen (who resigned from his directorship on 1 February 2018) with effect from 1 February 2018 pursuant to the resolution of the Board of Directors' Meeting No. 1/2018 held on 30 January 2018.

Names of the directors who resigned in 2018 and their share ownership in the Company are as follows:

No.	Name	Position	No. of shares as of 31 Dec 17	No. of shares as of 31 Dec 18 ⁽¹⁾	Increase/ Decrease
1	Mr. Tore Johnsen ⁽²⁾	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
2	Mr. Lars-Aake Valdermar Norling ⁽³⁾	Director and Chief Executive Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
3	Ms. Tanwadee Wongterarit ⁽⁴⁾	Director	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-

Remark: (1) There is no change in share ownership / no share sale and purchase during 2018.
(2) Mr. Tore Johnsen resigned from directorship on 1 February 2018
(3) Mr. Lars-Aake Valdermar Norling resigned from directorship on 24 August 2018
(4) Ms. Tanwadee Wongterarit resigned from directorship on 2 October 2018

The authorized signatories of the Company are any two of the following six directors can sign jointly with the Company's seal affixed: (1) Mr. Boonchai Bencharongkul, (2) Mr. Petter Boerre Furberg, (3) Mr. Haakon Bruaset Kjoel, (4) Mr. Gunnar Johan Bertelsen, (5) Mrs. Chananyarak Phetcharat, and (6) Mrs. Alexandra Reich.

Management

The Chief Executive Officer is the head of the management team. The Company's organization structure is divided into 6 groups, i.e. Finance Group, Marketing Group, Sales Group, Technology 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 2018 are as follows:

No.	Name	Position	No. of Shares of 31 Dec 17	No. of Shares of 31 Dec 18	Increase/as Decrease
1	Mrs. Alexandra Reich ⁽¹⁾⁽²⁾	Chief Executive Officer and Acting Chief Marketing Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
2	Mr. Dilip Pal	Chief Financial Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
3	Mr. Prathet Tankuranun	Chief Technology Officer	10,000 shares	10,000 shares	-
	Spouse		7,100 shares	9,400 shares	+2,300 shares
	Minor Child		-	-	-
4	Ms. Nardrerdee Arj-Harnwongse	Chief People Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-
5	Mr. Rajiv Bawa ⁽³⁾	Chief Corporate Affairs and Business Development Officer and Acting Chief Sales Officer	-	-	-
	Spouse		-	-	-
	Minor Child		-	-	-

Remark: In 2018, there were organizational changes that affected the Company's organizational structure as follows:

(1) Mrs. Alexandra Reich was appointed as the new Chief Executive Officer in replacement of Mr. Lars-Aake Valdermar Norling (who resigned from his position on 19 August 2018) with effect from 20 August 2018 pursuant to the resolution of the Board of Directors' Meeting No. 7/2018 held on 2 August 2018.

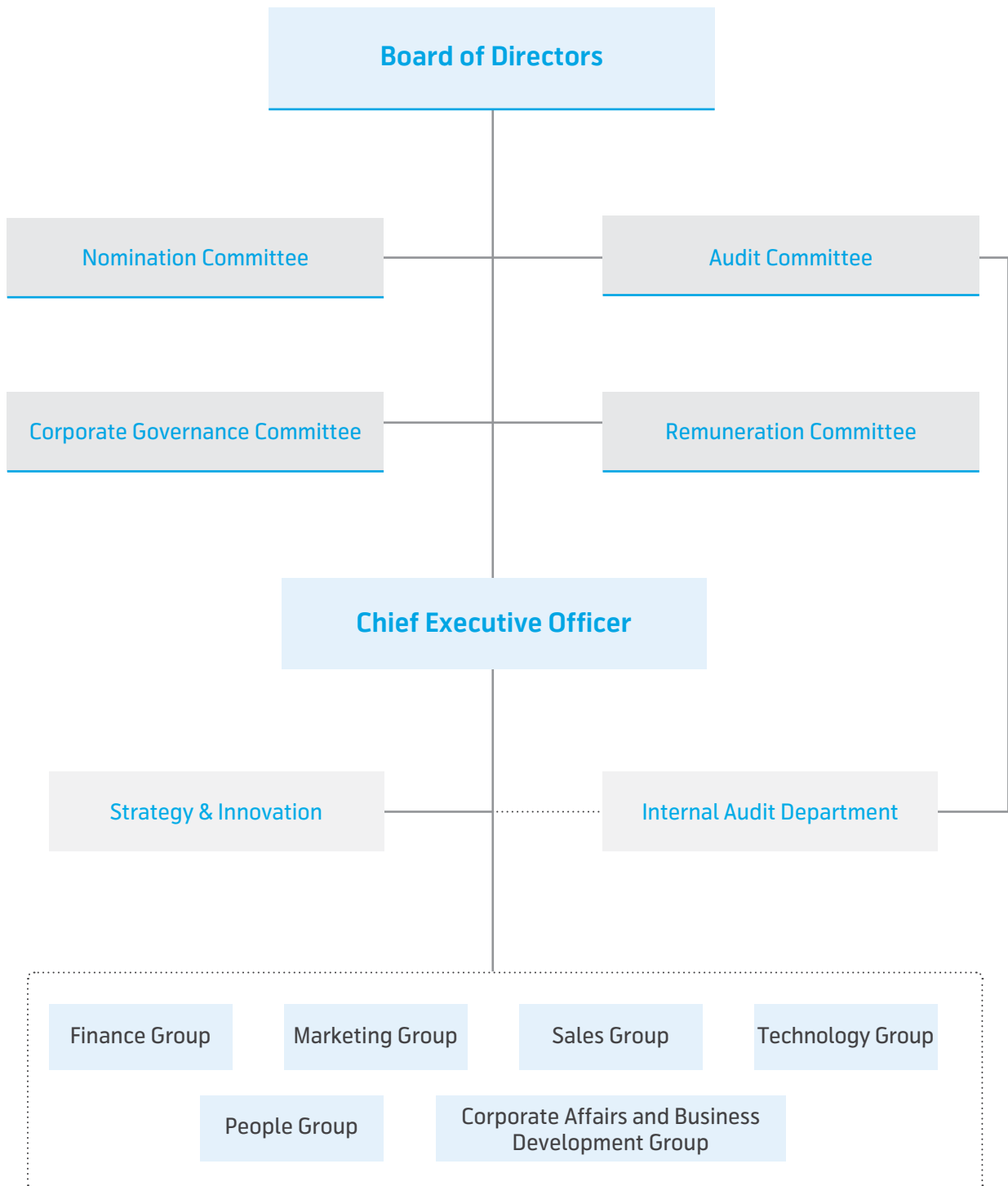
(2) Mr. Andrew Tor Oddvar Kvaalseth resigned from the Company on 16 July 2018. Mr. Panya Vechbanyongratana was appointed as the new Chief Marketing Officer, bringing together the Commercial Group with part of the Marketing Group, with effective from 16 July 2018. Later, Mr. Panya Vechbanyongratana resigned from his management position with effect from 19 November 2018. Mrs. Alexandra Reich was appointed as the Acting Chief Marketing Officer during the nomination process to find the suitable person for this position, with effect from 19 November 2018.

(3) Mr. Rajiv Bawa was appointed as the Acting Chief Sales Officer during the nomination process to find the suitable person for this position, with effect from 19 November 2018 to 31 January 2019. From 1 February 2019, Ms. Tipayarat Kaewsringam was appointed as the Chief Sales Officer and did not hold any share on the appointment date.

(4) Mr. Panthep Nilasinthop was appointed as the acting Chief Digital Officer with effect from 16 July 2018 - 19 November 2018 before the change in organizational structure on 19 November 2018. In 2018, both Mr. Panya Vechbanyongratana and Mr. Panthep Nilasinthop, who were considered executives pursuant to the definition specified by the SEC, along with their spouse and minor child did not hold any share; therefore, there is no change of shareholding during the period when both of them were management of the Company.

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 2018



Company Secretary

The Board of Directors appointed Mr. Raweepun 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.

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 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 2018, the total remuneration of directors of the Company was THB 13,745,440 with the remuneration of each individual director as follows:

Name	Directors’ Remuneration (THB)*					Total
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	
Mr. Boonchai Bencharongkul	3,840,000.00	-	-	-	-	3,840,000.00
Mr. Petter Boerre Furberg	-	-	-	-	-	-
Mr. Chulchit Bunyaketu	1,320,000.00	600,000.00	408,000.00	204,000.00	-	2,532,000.00
Mr. Stephen Woodruff Fordham	1,320,000.00	600,000.00	-	408,000.00	204,000.00	2,532,000.00
Mrs. Chananyarak Phetcharat	1,320,000.00	-	204,000.00	204,000.00	408,000.00	2,136,000.00
Mrs. Kamonwan Wipulakorn	1,320,000.00	804,000.00	204,000.00	-	204,000.00	2,532,000.00
Mrs. Alexandra Reich ⁽¹⁾	-	-	-	-	-	-
Mr. Haakon Bruaset Kjoel	-	-	-	-	-	-
Mr. Gunnar Johan Bertelsen ⁽²⁾	-	-	-	-	-	-
Mrs. Tone Ripel	-	-	-	-	-	-
Mr. Sverre Pedersen	-	-	-	-	-	-
Mr. Tore Johnsen ⁽³⁾	-	-	-	-	-	-
Mr. Lars-Aake Valdemar Norling ⁽⁴⁾	-	-	-	-	-	-
Ms. Tanwadee Wongterarit ⁽⁵⁾	173,440.00	-	-	-	-	173,440.00
Total	9,293,440.00	2,004,000.00	816,000.00	816,000.00	816,000.00	13,745,440.00

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

Management Remuneration

The remuneration provided to CEO and Executives consists of the following components:

Element	Key purpose
1. Base salary	Provide a basis for competitive remuneration overall.
2. Short-term incentive	Enhance leadership and deliver business result to achieve the Company's strategy.
3. Long-term incentive	Align the interests of the CEO, Executives with the interests of the shareholders for a long-term value creation.
4. 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 criteria 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 2018, the total remuneration of the Management of the Company was THB 81,264,065 .

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 2018, the Company has 3,924 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	165
Marketing Group	1,089
Sales Group	1,424
Technology Group	964
People Group	56
Corporate Affairs & Business Development Group	189
Office of CEO	37
Total	3,924

In 2018, the remuneration of the employees comprised of salary and bonus totaling THB 3,955,007,200. The Company has made contributions to the provident fund in an amount of THB 113,418,405.

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 enablers. '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 2018, the dtac has a total budget for people development equal to THB 9,416,861 covering 100% of all employees spending average 78 hours per employee.

Awards & Recognitions

• Ranking No. 5:

JobsDB.com – Top 10 Most Aspired Companies in 2017

• Ranking No. 1 in Telecom Industry:

“Thailand’s Top Graduate Employer 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 components, 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 is committed to being extremely vigilant and proactive in adhering to our culture of conducting business the right way. The dtac's Code of Conduct has been established and enforced as our Company's ethical standard, 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 department responsible for occupational health, safety, security and environment (HSE Unit), which follows the ISO 14001 & OHSAS 18001 international standards as its framework.

(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 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) Control Activities

The Company has set up appropriate control activities in response to specific risks regarding work processes, complexity, environment and entity-specific characteristics. The Company has developed policies and manuals for various management matters, including policies and manuals for entering into financial, procurement and general management transactions as well as information security management which in line with international standard ISO/IEC 27001. 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 segregation of duties has been appropriately established. For example, the approval function is segregated from the account and information recording function and also separated from the safeguarding of assets function for purpose of check and balance

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 2018 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 regularly, at least on a quarterly 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 2018. 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. 1/2019, which was held on 28 January 2019, 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 Mr. Kiti Wichitsawangwong 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 at least on a quarterly 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 be part of examine 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 Corporate Governance Code for listed companies 2017 of The Securities and Exchange Commission and, the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand 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, labor, occupational health, safety, security, environment, conflicts of interests, use of insider information, internal control, disclosure of information, anti-corruption and etc. in accordance with the international standard.

The corporate governance policy and the code of conduct can be found on the Company’s website at www.dtac.co.th 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 are in line with the Principles of Good Corporate Governance for Listed Companies of the SEC and SET. 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 142 companies that were awarded a level of “excellent” (CG scoring equal or above 90%) among 657 listed companies which were assessed. This shows that the Company has been committed 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 30 January 2018. The Company fixed the record date to collect the list of shareholders who have the right to attend the meeting on 19 February 2018. 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 2018 Annual General Meeting of Shareholders on 4 April 2018 at the Athenee Crystal Hall, 3rd Floor, The Athenee Hotel, a Luxury Collection Hotel Bangkok, Thailand. There were 22 directors and senior Management attending the 2018 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 13 March 2018 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 on 2 March 2018 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 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 available to act as shareholders' 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 2018 Annual General Meeting of Shareholders during 2 October – 31 December 2017 through channel provided by the Stock Exchange of Thailand and published on the Company's website at www.dtac.co.th on 2 October 2018. However, no question, agenda item, or nominated person were submitted.

Before the meeting began, the Company explained to all shareholders the criteria and the procedures for vote. 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 Chair 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 2018 Annual General Meeting of Shareholders by indicating the votes as "approved", "disapproved" or "abstained from voting".

In 2018, the Company had held the Extraordinary General Meeting of Shareholders No. 1/2018 to approve the acquisition of the entire business transfer of DTAC Broadband Co., Ltd. and Eastern Beach Co., Ltd.. These two are the Company's subsidiaries. The objective of these transactions is to reorganize the management structure of the group in order to increase efficiency and lower operational costs of the group.

Section 2 – Equitable Treatment of Shareholders

The Board of Directors places high 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 2018 Annual General Meeting of Shareholders, the Chair 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.

The Company appointed outside experts who had working experience with 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 for 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 2018 Annual General Meeting of Shareholders and posted the video record of the meeting on the Company's website at 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.

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, security and environment (HSE & Administration) 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 in order to promote a culture of safe working environment in the organization and organize HSSE activities. The Company has also set up an HSSE Committee for 3 groups in

several areas, which consists of representatives from its employees and the Management, working together to report and recommend solutions and improvement for safe working environment, and promote and encourage safe working activities.

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

In order to develop and improve the 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

dtac 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). The "Smart Farmer" project, for instance, has been initiated to empower farmers with digital technology and innovations to become a new generation of farmers. The project incorporates a training curriculum, called "Commercial Agriculture," to help farmers gain skills and knowledge in market access and pricing without influences of the middlemen. The course focuses on knowledge sharing through internet and online channels, network building, farmland management, and smartphone e-commerce.

dtac has partnered with NECTEC and developed an IoT agriculture solution, "Precision Farming," in order to strengthen the small farmers, increase productivity, reduce costs, and control agricultural quality by the sensor-based solution which monitors light, soil humidity, temperature and other natural factors. The sensors are linked to a router embedded with dtac's SIM card relaying the data to farmers' mobile devices real-time. This useful data helps the farmers to manage their farming and resources more effectively and efficiently. At a pilot phase, dtac has installed the Precision Farming technology in 30 farms across Thailand in 2017.

dtac together with Ruam Duay Chuay Kan Sam Nuek Rak Ban Kerd Foundation have developed a mobile application, "Farmer Info," that provides subscribers with information about agriculture, buyers' offers, etc. The Farmer Info application utilizes the information technology to expand knowledge in agriculture. In 2018, dtac launched the Farm Man Yum service, another function in the Farmer Info application that provides useful information like weather forecast at a very specific location and satellite imagery that can be used to find anomalies and problems in the field. This innovation has been developed based on farmers' pain points in receiving most accurate weather forecast which is extremely useful in agricultural planning that leads to production cost reduction, yield increase, etc.

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 environment 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.

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 centrality" 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 labor, 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 creditor 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 Code of Conduct".

(3) Anti-corruption and Bribery Policy

The first dtac's Anti-Corruption Policy was implemented in 2006 and it has been revised from time to time. However at the end of October 2018, the Company had announced the amended Code of Conduct that consisted of one significant issue which was Anti-Corruption section. The key message of this section was set to clearly enhance our best practices in doing business and to effectively gain our employee acknowledgement of the Company's policy. It was remarkably stated that "dtac has zero tolerance for corruption". This was the Company's commitment in conducting

our business in an open and transparent manner. Therefore, dtac does not tolerate bribery or improper payments or advantages of any kind. As we recognized that bribery was illegal and exposed those involved and dtac to reputational and legal risk. Bribery may take many forms including facilitation payments, kick-back schemes and the use of shell companies or hidden owners. In this section, we expanded our corporate culture on Anti-corruption boundary to touch upon our key stakeholders-related matter such as-- “Public Officials” who were often subject to strict anti-corruption rules and so should be treated with extra caution. In addition, we had focused on corruption in our supply chain which might create significant risk for dtac even if we were not directly involved. We had to carefully select our Business Partners and monitor their commitment to ethical and lawful conducts same as what we did.

Since any breach of statutory duty by our business partner may cause material risks to dtac although we have not directly involved. In addition, we believe that business courtesies like gifts, hospitality and travel may create a conflict of interest or be considered bribery in certain circumstances. Last but not least we have paid more attention when we played the role as a donor. Even charitable donations or sponsorships can be seen as bribes if undertaken to secure a commercial advantage.

Our amended Anti-Corruption section as stated in the current Code of Conduct was also to be aligned with the national’s strategy on Anti-corruption policy in Thailand 4.0 era currently leaded by the Thai Government as well as being compliant to the Act Supplementing the Constitution Relating to the Prevention and Suppression of Corruption, B.E. 2561 (2018) (the “2018 Anti-Corruption Act”). However, in order to let all employee to understand the impact of corruption and the importance of good governance and transparency in doing business where dtac’s CEO, as a role model initiated communication program to deliver 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 that the Company contributes to Thailand in the responsible way. Moreover, the Company was certified as an anti-corruption organization by the Thai Institute of Directors under the Private Sector Collective Action Coalition Against Corruption.

(4) Measures on Whistleblowing and Protection for Whistleblowers

The Company has set up a communication channel through its website at www.dtac.ethicspoint.com 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 Integrity 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 Integrity Hotline is a confidential web-based intake system. The Hotline is operated by the independent third party. The information of the whistleblower and other details are under supervision of the Investigation Officer of a new Investigation Department, such information 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. 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.

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	
	• Roadshow and conference meeting both local and international shareholders/ investors	• 19 times in 2018	• Growth of business and profit for shareholders	• Doing business with corporate governance and social responsibility
	• Investor Company Visit / Conference Call	• 70 times in 2018	• Consistent dividend payment	• Making investments to support the company's growth
	• Investor Relations website	• Frequently update information on website		• Compliance with dividend policy
	• Investor Relations email	• Daily		• Providing a variety of channels to communicate with shareholders and investors
				• Regularly participating in activities, including roadshow and conference, to meet investors both local and abroad

In 2018, the Company had disclosed material information through the channel provided by the Stock Exchange of Thailand totaling 44 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;

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 review 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 2018, 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 11 directors. Four directors are independent directors. Two of whom are female. In addition, there are other two female directors (executive director and non-executive director). In total, the Company has four female directors representing one third of existing directors. 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. Actually, none of any director of the Company hold more than three (3) directorships in publicly listed companies. The Company 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 Chair of the Board of Directors and the Chief Executive Officer have separate functions and responsibilities and are not the same person. The Chair has been elected by the directors of the Company and acts as the Chair of the meeting. The Chair 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 Chair 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 Chair 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 Chair 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 Chair 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, and 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 or reports the entries into such transactions to the Board of Directors for acknowledgement in accordance with its policy.

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 2018, 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 2018, 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 2018, 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 95.59 percent.

Sub-Committee Self-Assessment

In 2018, 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 comparable with those of last year 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 96.50 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 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 generally 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 Chair 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.

Since the Company sometimes has a number of directors who are not in Thailand; the Company, therefore, 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 teleconference do not have the right to vote.

The Company imposes the policy with regard to the quorum of the Board of Directors that the quorum of each meeting must consist of no less than two-third of total directors. This policy is also applied to the vote of each agenda. However, in case that the quorum is less than two-third, it is the Chair's discretion to proceed with quorum prescribed in the Company's Articles of Association (i.e. not less than half of the total directors).

In 2018, the Company held 11 Board of Directors' meetings with the rate of attendance of the directors of 80.99 percent. The attendance of each director is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance		
				Total	In person	By electronics means
Mr. Boonchai Bencharongkul	Chair	29 October 1990	26 March 2015	11/11	11	-
Mr. Petter -Boerre Furburg	Vice Chair	13 July 2017	13 July 2017	9/11	8	1
Mr. Chulchit Bunyaketu	Independent Director	6 March 2000	26 March 2014	10/11	10	-
Mrs. Kamonwan Wipulakorn	Independent Director	8 December 2014	26 March 2015	8/11	8	-
Mr. Stephen Woodruff Fordham	Independent Director	17 November 2006	26 March 2015	10/11	8	2
Mrs. Chananyarak Phetcharat	Independent Director	5 September 2011	26 March 2015	9/11	7	2
Mrs. Alexandra Reich ¹	Director	14 September 2018	14 September 2018	4/4	4	-
Mr. Gunnar Johan Bertelsen ²	Director	27 April 2010	1 February 2018	10/10	10	-
Mr. Haakon Bruaset Kjoel	Director	5 September 2011	30 March 2016	11/11	9	2
Mrs. Tone Ripel	Director	30 March 2016	30 March 2016	11/11	8	3
Mr. Sverre Pedersen	Director	8 December 2017	8 December 2017	9/11	7	2

Remark: (1) Mrs. Alexandra Reich was appointed as the new Chief Executive Officer in replacement of Mr. Lars-Aake Valdermar Norling (who resigned from his position on 19 August 2018) with effect from 20 August 2018 pursuant to the resolution of the Board of Directors' Meeting No. 7/2018 held on 2 August 2018, and as a new director in replacement of Mr. Lars-Aake Valdermar Norling (who resigned from his directorship on 24 August 2018) with effect from 14 September 2018 pursuant to the resolution of the Board of Directors' Meeting No. 8/2018 held on 14 September 2018.

(2) Mr. Gunnar Johan Bertelsen was appointed as a new director in replacement of Mr. Tore Johnsen (who resigned from his directorship on 1 February 2018) pursuant to the resolution of the Board of Directors' Meeting No. 1/2018 held on 30 January 2018.

The attendance of the directors who resigned during 2018 is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance		
				Total	In person	By electronics means
Mr. Tore Johnsen	Director	19 August 2008	30 March 2016	1/1	1	-
Ms. Tanwadee Wongterarit	Director	8 February 2013	26 March 2014	5/8	4	1
Mr. Lars-Aake Valdemar Norling	Director	10 February 2015	30 March 2016	6/7	6	-

(4) Subcommittees

In 2018, 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 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 2018, the Company held 13 Audit Committee meetings, the attendance of which was as follows:

Name list	No. of attendance / No. of meetings in 2018
Mrs. Kamonwan Wipulakorn (Chair and independent director)	12/13
Mr. Chulchit Bunyaketu (independent director)	10/13
Mr. Stephen Woodruff Fordham (independent director)	12/13

In 2018, the Audit Committee was responsible for reviewing the financial reporting process of the Company, the internal control system and internal audit system, compliance with laws relating to the business of the Company, considering and selecting (including proposing to terminate) the Company's auditors and reviewing connected transactions, transactions of interested persons or transactions which may give rise to conflicts of interest, etc.

In carrying out its duty on the selection (including proposal to terminate) of the auditors of the Company, the Audit Committee will consider the selection of auditors pursuant to the Company's assessment criteria, which consist of the auditors' experience, performance, understanding of the telecommunications business and expertise on auditing telecommunications companies, as well as their independence in performing their works during the past year, in order to propose the appointment of the auditors to the Board of Directors and the shareholders' meeting for consideration. At the 2018 Annual General Meeting of Shareholders, which was held on 4 April 2018, Mrs. Gingkarn Atsawarangsali Certified Public Accountant No. 4496, Ms. Sirirat Sricharoensup Certified Public Accountant No. 5419, Mr. Sophon Permsirivallop, certified public accountant No. 3182, and Ms. Pimjai Manitkajohnkit, certified public accountant No. 4521, all from EY

Office Limited were appointed as the auditors of the Company. Mrs. Gingkarn Atsawarangsali was the auditor in charge of auditing the Company, and expressed opinions on the financial statements of the Company for the year ended 31 December 2018.

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

Remuneration Committee

The Remuneration Committee of the Company consists of 5 directors, more than half are independent directors (3 persons) and 2 non-executive directors. Chair of the Remuneration Committee is an independent director. A meeting of the Remuneration Committee is held at least once a year. In 2018, the Company held 3 Remuneration Committee meetings, the attendance of which was as follows:

Name list	No. of attendance / No. of meetings in 2018		
	Total	In person	By electronics means
Mr. Chulchit Bunyaketu (Chair and independent director)	3/3	3	-
Mrs. Kamonwan Wipulakorn (independent director)	3/3	2	1
Mrs. Chananyarak Phetcharat (independent director)	2/3	1	1
Mr. Haakon Bruaset Kjol (non-executive director)	2/3	1	1
Mr. Gunnar Johan Bertelsen ¹ (non-executive director)	2/2	2	-

Remark: (1) Mr. Gunnar Johan Bertelsen was appointed as a new director in replacement of Mr. Tore Johnsen (who resigned from his directorship on 1 February 2018) with effect from 1 February 2018 pursuant to the resolution of the Board of Directors' Meeting No. 1/2018 held on 30 January 2018.

In 2018, the Remuneration Committee was responsible for considering and giving recommendation on remuneration of the Chair and other directors, reviewing and recommending the remuneration packages and bonus scheme for the Chief Executive Officer and reviewing the local engagement contract of the Chief Executive Officer, promoting and encouraging the Company to develop a Company's remuneration philosophy and policy to

be in line with the Company's direction and talent development plan and etc.

At the 2018 Annual General Meeting of Shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees for 2018 in the amount not exceeding THB 13,802,400, same amount as that of 2017. The Company does not have any other form of remuneration for directors, details are as follows:

Position	Directors' Remuneration Structure (THB)	
	Monthly Allowance	
Chair	320,000	
Independent director	110,000	
Director (CAT's representative)	19,200	
Chair of the Audit Committee	67,000	
Member of the Audit Committee	50,000	
Chair of the Remuneration Committee / Chair of the Nomination Committee / Chair of the Corporate Governance Committee	34,000	
Member of the Remuneration Committee / Member of the Nomination Committee / Member of the Corporate Governance Committee	17,000	

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

Nomination Committee

The Nomination Committee of the Company consists of 5 directors, majority is 3 independent directors and 2 non-executive directors. Chair of the Nomination Committee is an independent director. A meeting of the Nomination Committee is held at least once a year. In 2018, the Company held 5 Nomination Committee meetings, the attendance of which was as follow:

Name list	No. of attendance /No. of meetings in 2018		
	Total	In person	By electronics means
Mr. Stephen Woodruff Fordham	5/5	3	2
Mr. Chulchit Bunyaketu	4/5	2	2
Mrs. Chananyarak Phetcharat	5/5	5	-
Mr. Haakon Bruaset Kjoel	4/5	2	2
Mr. Gunnar Johan Bertelsen ¹	4/4	4	-

Remark: (1) Mr. Gunnar Johan Bertelsen was appointed as a new director in replacement of Mr. Tore Johnsen (who resigned from his directorship on 1 February 2018) with effect from 1 February 2018 pursuant to the resolution of the Board of Directors' Meeting No. 1/2018 held on 30 January 2018.

In 2018, 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 5 directors, majority is 3 independent directors and 2 non-executive director. Chair of Corporate Governance Committee is an independent director. A meeting of Corporate Governance Committee is held at least once a year. In 2018, 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 2018		
	Total	In person	By electronics means
Mrs. Chananyarak Phetcharat (Chair and independent director)	2/2	2	-
Mr. Stephen Woodruff Fordham (independent director)	2/2	1	1
Mrs. Kamonwan Wipulakorn (independent director)	2/2	1	1
Mr. Haakon Bruaset Kjoel (non-executive director)	1/2	1	-
Mr. Gunnar Johan Bertelsen ¹ (non-executive director)	1/2	1	-

Remark: (1) Mr. Gunnar Johan Bertelsen was appointed as a new director in replacement of Mr. Tore Johnsen (who resigned from his directorship on 1 February 2018) with effect from 1 February 2018 pursuant to the resolution of the Board of Directors' Meeting No. 1/2018 held on 30 January 2018.

In 2018, 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 (Independent Director)	Chair of the Audit Committee
Mr. Chulchit Bunyaketu (Independent Director)	Member of the Audit Committee
Mr. Stephen Woodruff Fordham (Independent Director)	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 Chair 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 share holders and general investors, subject to the scope of duties and responsibilities assigned by the Company’s Board of Directors; and
- (12) To perform any other act as assigned by the Company’s Board of Directors, with the approval of the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of 5 directors, namely:

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

Nomination Committee

The Nomination Committee consists of 5 directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham (Independent Director)	Chair of the Nomination Committee
Mr. Chulchit Bunyaketu (Independent Director)	Member of the Nomination Committee
Mrs. Chananyarak Phetcharat (Independent Director)	Member of the Nomination Committee
Mr. Haakon Bruaset Kjoel (Non-Executive Director)	Member of the Nomination Committee
Mr. Gunnar Johan Bertelsen (Non-Executive Director)	Member of the Nomination Committee

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

- (1) Making recommendations on qualified candidates for election as directors of the Company and its subsidiaries to be proposed to Board of Directors' meeting for approval;
- (2) Making recommendations on qualified candidates for election as Chief Executive Officer and Chief Financial Officer of the Company and its subsidiaries;
- (3) Reviewing the structure, size and composition of the Board taking into account the current requirements and future development of the Company, and make recommendations to the Board with regard to any adjustments as deemed necessary by take into account beneficial of all shareholders, expertise, capacity, and diversity as needed by the Company;
- (4) Paying attention to the Board self-assessment evaluation and recommends any improvement as it deems necessary;

- (5) Monitoring that steps be taken to ensure that shareholders have the opportunity to propose candidates for the Board;
- (6) When assessing candidates, taking into consideration if the candidates have the necessary experience, qualifications and capacity;
- (7) Considering if a rotation of the members of the Board is necessary;
- (8) Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;
- (9) Ensuring the Company's compliance with relevant laws and regulations regarding nomination and qualifications of directors;
- (10) Satisfying itself with regard to succession planning for the Board and key management appointments;
- (11) Ensuring appropriate disclosure of information on its activities; and
- (12) Carrying out an evaluation once a year of its work, functions, performance.

Corporate Governance Committee

The Corporate Governance Committee consists of 5 directors, namely:

Names of Directors	Position
Mrs. Chananyarak Phetcharat (Independent Director)	Chair of the Corporate Governance Committee
Mr. Stephen Woodruff Fordham (Independent Director)	Member of the Corporate Governance Committee
Mrs. Kamonwan Wipulakorn (Independent Director)	Member of the Corporate Governance Committee
Mr. Haakon Bruaset Kjoel (Non-Executive Director)	Member of the Corporate Governance Committee
Mr. Gunnar Johan Bertelsen (Non-Executive Director)	Member of the Corporate Governance Committee

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

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

Management

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

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

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

- (1) Responsible for the day-to-day management of the Company's operations. The Chief Executive Officer shall adhere to the guidelines and instructions laid down by the Board, including the Company's governing documents;
- (2) Deciding on all matters where the authority does not come under the authority of the Board pursuant to applicable laws, these Rules or other instructions adopted or decisions made by the Board. The Chief Executive Officer shall act to reasonably ensure that the Company conducts and develops business in accordance with applicable legislation, the Articles of Association, decisions made by the shareholders' meeting and/or the Board;
- (3) Responsible for organizing the Company and corresponding workforce in a manner consistent with the Board's directions;
- (4) Ensuring that the Company adheres to generally accepted principles for governance and effective control of the Company's activities;
- (5) Approving and supervising budgets and business plans and any deviations from these;
- (6) Ensuring that risk management activities are in place within the organization to pro-actively identify and deal with the business risks related to the Company Strategic, operational and legal risks shall be taken into consideration. The Chief Executive Officer has established a Risk Management Committee consisting of members from the Company's management and which shall support the Chief Executive Officer in fulfilling his/her responsibilities;
- (7) Proposing strategic plans for the Company, including its key subsidiaries, to the Board for approval and suggest resolutions in other matters of strategic importance for the Company.
- (8) Ensuring that transactions with potential conflicts of interest of management, Board members and shareholders, including their related persons, are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders;
- (9) Ensuring that the Company has adequate and appropriate internal controls in place, and that they are included as an integral part of operations and procedures of the Company in order to provide reasonable assurance regarding the achievement of the following objectives: effective and efficient use of resources, safeguarding the Company's assets, reliability of internal and external financial reporting, and compliance with the Company's governing documents and applicable laws and regulations;
- (10) Establishing an internal audit unit to review the Company's business processes through an approved internal audit plan, report any significant control failures or weaknesses and make recommendations thereon. The internal audit unit reports directly to the Audit Committee;
- (11) Responsible for providing appropriate level of dialogue and cooperation with employees or their representatives, to ensure a responsible business practice taking into account experience and insight of employees;
- (12) Being authorized to request shareholders' meetings and to represent the Company (or appoint a delegate) in the subsidiaries' shareholders' meetings, including voting in accordance with any instructions from the Board. Remaining updated of business development, positions and profit performance of the key subsidiaries;
- (13) Overseeing that both safety and security risks are managed proportionally and effectively to ensure protection of personnel, information and other assets;
- (14) Securing an adequate handling, including sanctions, of employees' non-compliance with the Company's governing documents (if any). The Chief Executive Officer shall also secure that any significant non-compliance issue is reported to the Board; and
- (15) Implementing adequate procedures to prevent the Company from being involved in corruption. The Chief Executive Officer shall conduct a yearly risk-based review of these procedures and ensure that any weaknesses, if discovered, are remediated. The Chief Executive Officer shall present the review to the Board.

Company Secretary

The duties and responsibilities of the Company Secretary are set out in accordance with the Public Limited Company Act, the Securities and Exchange Act, and the Principles of Good Corporate Governance for Listed Companies 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 taking 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 dtac used 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. In 2017, dtac reviewed the Board Skill Matrix by classifying it to 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:
 - each shareholder shall have the votes equals to the number of shares held by him/her;
 - all votes can be cast for a particular candidate or group of candidates but cannot be split between different candidates; and
 - 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 Chair 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 an importance of handling of information of the Company in order to prevent unlawful use of inside information for personal benefits or the benefits of other persons. It is the responsibility of the directors, executives and employees of the Company to prevent access by 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) 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 and on the Company's intranet.

The Company prioritizes customers' information and the trust that our customers place on us to properly handle their information. Customers expect us to maintain their information accurately, protected against any unauthorized access, and secure from any unwanted disclosure. We protect the privacy & security of our customers by complying with relevant privacy laws and standards. And we ensure compliance of our staffs with strict Company's Code of Conduct and privacy policy.

Remuneration for Auditors

The shareholders of the Company, at the 2018 Annual General Meeting of Shareholders, which was held on 4 April 2018, approved the remuneration of the auditors for 2018 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 equal to that of 2017. In 2018, the Company's total non-audit fee, which was not related to the auditing services and booked as the Company's expenses, was THB 2,856,505.

Compliance with Other Good Corporate Governance Practices

The Company reviewed its corporate governance practice against the principles of the Corporate Governance Code for Listed Companies 2017 (the "CG Code") and proposed it to the Corporate Governance Committee on 14 September 2018 and later to the Board of Director on 16 October 2018. In summary, the Board had agreed with the Corporate Governance Committee that the Company's practices are aligned with the principles of the CG Code, while all the directors had a good understanding of them.

In addition, the Company has other good corporate practices as follows;

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

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

The Company has planned ahead at least 5 Board of Directors' meetings in a year in order to consider regular agenda items. If there is any other important matter, the Chair 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' meetings in 2018 was 11.

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

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 2018, the committee include:

1. Ms. Kamonwan Wipulakorn Chair of the Audit Committee
2. Mr. Chulchit Bunyaketu Member of the Audit Committee
3. Mr. Stephen Woodruff Fordham 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 2018, the Company held 13 Audit Committee meetings. These meetings were attended by the relevant executive management, Head of Internal Audit, 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 2018 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;
- 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;
- 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 2019 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 2019 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 28, 2019

Dear Shareholders of Total Access Communication Public Company Limited,


The Nomination Committee currently consists of five members appointed by the Board of Directors, three of whom are independent directors. The Nomination Committee consists of Mr. Stephen Woodruff Fordham, the Chair of the Nomination Committee, Mr. Chulchit Bunyaketu, Mrs. Chananyarak Phetcharat, Mr. Haakon Bruaset Kjoel, and Mr. Gunnar Johan Bertelsen.

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.

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In 2018, the Nomination Committee held six meetings, and, in addition, passed one circular resolution. 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 Chair and members of all sub-committees and (v) acknowledgement of the new SET criteria for Chief Financial Officer and Chief Accountant.

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



Mr. Stephen Woodruff Fordham

Chair of the Nomination Committee

Corporate Governance Committee Report

Corporate Governance
Committee Report

Dear Shareholders of Total Access Communication Public Company Limited,

The Company is 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), The Securities and Exchange Commission (SEC), 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 always valued business conduct with integrity, transparency, accountability and with the highest ethical standard. To this end, the Corporate Governance Committee has reviewed and monitored the corporate governance practices of the Company in 2018 to ensure conformance to CG principles, SET's CG principles, SEC's CG Code, and the international principle of The Organisation for Economic Cooperation and Development (OECD), together with the ASEAN CG Scorecard.

The Committee held two meetings this year in order to raise the level of monitoring and compliance of all corporate governance policies and codes of conduct by directors, employees, and other relevant stakeholders. On 19 October 2018, the Company received the "Excellent CG Scoring" award of Five Stars for four consecutive year by the Thai Institute of Directors Association (CGR 2017). The CGR findings covered 657 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 improving the Company's good corporate governance practices based on the values of integrity, transparency and social responsibility for the best interests of all stakeholders.



Mrs. Chananyarak Phetcharat

Chair of the Corporate Governance Committee

Remuneration Committee Report

Remuneration
Committee Report

Dear Shareholders of Total Access Communication Public Company Limited,

The Company's Remuneration Committee currently consists of five members appointed by the Board of Directors, three of whom are independent directors. The Remuneration Committee consists of Mr. Chulchit Bunyaketu, the Chair of the Remuneration Committee, Mrs. Kamonwan Wipulakorn, Mrs. Chananyarak Phetcharat, Mr. Gunnar Johan Bertelsen, and Mr. Haakon Bruaset Kjoel. The Remuneration Committee has 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 2018, the Remuneration Committee held 3 meetings to consider various issues, including (i) CEO Bonus for 2017 (Mr. Lars-Ake Norling), (ii) the 2018 remuneration package for the new CEO (Mrs. Alexandra Reich), (iii) the remuneration of directors for 2018.

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 managements.



Mr. Chulchit Bunyaketu

Chair of the Remuneration Committee

Interested & connected person transaction

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

As shown in Clause 7 of the notes to consolidated Financial Statements for the year ended 31 December 2018, 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 and were concluded on commercial terms and agreed upon between the Company and those related parties.

1. Transactions with BB Technology Co., Ltd.

Benchachinda Holding Co., Ltd. held 100% of shares in BB Technology Co., Ltd. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Service fee for network maintenance and installation of telecommunications equipment	2,884.3	3,017.4
	203.5*	417.8
• Service fee of network operation and management	1,249.2	1,150.0
• Accounts payable		

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 are similar to what the Company agreed with the previous parties.

* Service fee of network operation and management in 2017 as shown does not include the fee for July to December 2017 amounting to THB 203.4 million. Therefore, when combined with the fee for January to June 2017 amounting to THB 203.5 million, the total amount will be THB 406.9 million.

2. Transactions with I.N.N. Group

While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a director and a shareholder of I.N.N. Group.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Marketing expense	3.2	0.3
• Information service fee	14.3	13.3
• Accounts payable	0.2	1.9
• Other payables	0.2	-

Rationale for the transactions

- The Company purchased airtime from I.N.N. Radio Co., Ltd. to advertise the Company's products via radio. I.N.N. Radio Co., Ltd. is a service provider of the Company providing agricultural information for the Company's customers in various 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.

While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a director and a shareholder with 25% shareholding in International Cold Storage and Agricultural Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Land lease fee	0.9	1.0

Rationale for the transactions

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

4. Transactions with Private Property Co., Ltd.

While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a director and a shareholder with 25% shareholding in Private Property Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Revenue		
• Revenue from mobile phone service	-	-
2. Expenses and other payments		
• Lease fee for the space in Benchachinda Building	1.6	1.5

Rationale for the transactions

- The Company rented the space in Benchachinda Building to install transmission networks on a 3-year term at a rate comparable with the 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)	
	2017	2018
1. Revenue		
• Revenue from international roaming service	66.1	75.1
• Revenue from sales of mobile phone set	0.6	-
• Revenue from interconnection	272.7	191.1
• Revenue from management service	45.4	26.9
• Revenue from sales of assets	10.8	-
• Accounts receivable	106.3	63.9
• Amount due from related party	35.5	6.1

Principal Transactions	Total amount (THB million)	
	2017	2018
2. Expenses and other payments		
• Fee to Telenor under a service agreement	611.0	1,247.6
• Software and system maintenance fee	316.8	226.0
• Purchase of assets	51.4	-
• International roaming cost	21.2	19.0
• Interconnection cost	1,059.8	893.7
• Cost of international signaling	26.7	29.2
• Accounts payable	260.2	221.5
• Other payables	680.7	144.3
• Borrowings	15.0	-

Rationale for the transactions

- During the operational process, 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 best interest of shareholders by charging an applicable service fee. The Company's Internal Audit Department submitted the opinion on this matter to the Audit Committee. The Audit Committee reviewed the management's justification regarding the necessity, considered its reasonableness, and approved the transaction.
- Revenue from mobile phone service arose from the mobile phone services charged to Telenor Asia (ROH) Co., Ltd., the office of which locates in Thailand.
- Revenue from international roaming service arose from the usage of Telenor subsidiaries' customers who traveled to Thailand and used the roaming service on dtac's network. The fee was charged in accordance with the agreement.
- Revenue from and cost of interconnection, including cost of international signaling and international internet transit service, arose from interconnection between dtac TriNet Co., Ltd. and Telenor Global Services AS.
- 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")

United Distribution Business Co., Ltd. is a subsidiary of Benchachinda Holding Co., Ltd. with 75% shareholding and an associate of the Company with 25% shareholding. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Revenue		
• Sales of SIM cards, SIM card packages, refill vouchers, and starter kits	6,702.4	2,953.2
• Dividend income	5.0	-
• Accounts receivable	472.7	474.4
2. Expenses and other payments		
• Marketing expense	4.1	2.9
• Rental and service fee	307.1	157.2
• Accounts payable	26.3	26.7
• Other payables	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 and to be able to control the cost of distribution.
- The Company purchased handsets from UD for resale at dtac shops and service centers.

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

United Information Highway Co., Ltd. is a subsidiary of Benchachinda Holding Co., Ltd. with 100% shareholding. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Revenue		
• Revenue from base station sublease and electricity charge	47.7	36.3
• Accounts receivable	4.2	3.7
2. Expenses and other payments		
• Rental expense for high speed leased circuit	17.8	7.0
• Cost of Wi-Fi equipment and service	11.2	4.4
• Accounts payable	3.0	0.8
• Other payables	5.7	0.7

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 provides consistent and high-quality data communication services to the Company and its subsidiaries for many years.
- It was beneficial to conduct business with UIH as the Company did 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 high speed leased circuit from UIH if the pricing arrangement continues to be more favorable to the Company than those extended by other service providers, taking into consideration various factors i.e. reputation, size, and quality of the leased circuit, and the switching cost and strategic purposes of the transaction.
- DTAC Broadband Co., Ltd., the Company's subsidiary, entered into an agreement for high speed circuit at a rate comparable with the market rate and an agreement for equipment and service of Wi-Fi under normal commercial terms.

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

While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a director and a shareholder with 25% shareholding in Bang-san Townhouse Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Land lease fee	0.7	0.7

Rationale for the transactions

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

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

While conducting the transactions, 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)	
	2017	2018
1. Expenses and other payments		
• Rental and service fee	34.1	32.7
• Accounts payable	-	1.2

Rationale for the transactions

- The Company was granted the right from King Power Suvarnabhumi Co., Ltd. to provide sales of SIM card, monthly fee payment transaction, including refilling prepaid accounts. The right was charged in an appropriate amount (at one-time payment) and monthly revenue share from services provided at the airports. This is for the convenience of customers at the airports.
- The Company leased the space for service halls at Suvarnabhumi Airport, Don Mueang Airport, and Phuket Airport at the rate comparable with the market rate. This is for the convenience of prepaid customers at the airports.

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

Benchachinda Holding Co., Ltd. holds 100% of shares in Top Up 4U Co., Ltd. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Revenue		
• Revenue from sales of right for top-up service	229.3	179.2
• Accounts receivable	20.0	16.3
2. Expenses and other payments		
• Service fee and commission expense	11.4	9.2
• Accounts payable	1.0	0.8

Rationale for the transactions

- The Company hired Top Up 4U Co., Ltd. to be an E-refill distributor. The fee was charged in accordance with the agreement. This is in order to enhance channels for E-refill service for customers of the Company.

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

Benchachinda Holding Co., Ltd. holds 100% of shares in BB Content & Multimedia Co., Ltd. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Information service fee	2.7	0.6
• Accounts payable	0.2	0.1

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.

Benchachinda Holding Co., Ltd. holds 100% of shares in Rakbankerd Co., Ltd. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Information service fee	19.5	18.0
• Other payables	4.8	1.6

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.

While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a director and a shareholder with 25% shareholding in Y & Associate Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Storage and delivery service fee	53.2	1.4
• Accounts payable	1.4	-

Rationale for the transactions

- The Company leased warehouse space and logistics management service from Y & Associate Co., Ltd. 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 Holdings PLC. and affiliates

While conducting the transactions, Mr. Chulchit Bunyaketu, a director of the Company, was a director of BTS Group Holdings PLC.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Marketing expense	8.7	9.2
• Rental and service fee	-	0.2
• Other payables	1.3	-

Rationale for the transactions

- The Company entered into contract with BTS Group Holdings PLC. to lease part of the building areas to set up telecommunications equipment. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.
- The Company offered marketing campaign (dtac reward) to companies within BTS Group Holdings PLC. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.

15. Transactions with entities within King Power International Co., Ltd.

King Power International Co., Ltd. holds 30% of shares in King Power Suvarnabhumi Co., Ltd. While conducting the transactions, Mr. Chulchit Bunyaketu, a director of the Company, was a director and a shareholder of King Power Suvarnabhumi Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Rental and service fee	1.4	0.8

Rationale for the transactions

- The Company entered into contract with King Power International Co., Ltd. to lease part of the building areas to set up telecommunications equipment. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.

16. Transactions with entities within Benchachinda Holding Co., Ltd.

While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a director and a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Rental and service fee	0.1	0.3

Rationale for the transactions

- The Company entered into contract with Benchachinda Holding Co., Ltd. to lease part of the building areas to set up telecommunications equipment. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.

17. Transactions with entities within DHL Express International (Thailand) Ltd.

While conducting the transactions, Mrs. Chananyarak Phetcharat, a director of the Company, was a Managing Director of DHL Express International (Thailand) Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Service fee	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 terms and conditions comparable to what the Company could agree with any third party.

18. Transactions with BB Connect Co., Ltd.

United Information Highway Co., Ltd. ("UIH") is a shareholder of BB Connect Co., Ltd. UIH is a subsidiary of Benchachinda Holding Co., Ltd. with 100% shareholding. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Revenue		
• Service revenue	6.1	8.3
• Accounts receivable	1.2	1.2
2. Expenses and other payments		
• Service fee	168.8	74.2
• Accounts payable	31.3	10.0

Rationale for the transactions

- dtac TriNet Co., Ltd., 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 the market rate.
- BB Connect Co., Ltd. is an International Private Leased Circuit (IPLC) service provider. dtac TriNet Co., Ltd., 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 the market rate. The service fee is calculated based on actual usage. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.

19. Transactions with YA Sales and Services Co., Ltd.

Benchachinda Holding Co., Ltd. holds 99% of shares in YA Sales and Services Co., Ltd. While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was a shareholder with 40% shareholding in Benchachinda Holding Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Revenue		
• Revenue from sales of mobile phone set	-	0.2
2. Expenses and other payments		
• Storage and delivery service fee	48.3	125.0
• Accounts payable	15.5	36.0
• Other payables	-	11.0

Rationale for the transactions

- The Company used the storage management and delivery service of YA Sales and Services Co., Ltd. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.

20. Transactions with Internet Thailand PLC.

While conducting the transactions, Ms. Tanwadee Wongterarit, a director of the Company (at that time), was a director of Internet Thailand PLC.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Revenue		
• Service revenue	-	0.6
• Accounts receivable	-	0.3
2. Expenses and other payments		
• Service fee	-	0.1

Rationale for the transactions

- The Company provided International Internet Gateway Services to Internet Thailand PLC. on a one-year term at a rate comparable with the market rate. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.
- The Company purchased Manage Link Service from Internet Thailand PLC. for the Company's customers at a rate comparable with the market rate. The transaction is considered as normal business or supporting normal business with general terms and conditions comparable to what the Company could agree with any third party.

21. Transactions with Thai Art Museum Co., Ltd.

While conducting the transactions, Mr. Boonchai Bencharongkul, Chair of the Board of Directors of the Company, was the Chairman of the Board of Directors and the Chief Executive Officer of Thai Art Museum Co., Ltd.

Principal Transactions	Total amount (THB million)	
	2017	2018
1. Expenses and other payments		
• Marketing expense	-	0.1

Rationale for the transactions

- The Company purchased King Rama IX banknote books which were manufactured by Thai Art Museum Co., Ltd. to provide as souvenirs to the press and stakeholders on New Year festival at a rate comparable with the market rate. The transaction is considered as supporting normal business with general terms and conditions 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 2018.

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:

- (1) 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;
- (2) 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.
- (3) 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.

- (4) 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);
- (5) the provision and maintenance of telecommunications services including, inter alia, point(s) of interconnection and cost sharing for International Telecommunication Services;
- (6) 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
- (7) 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

Shareholder Structure

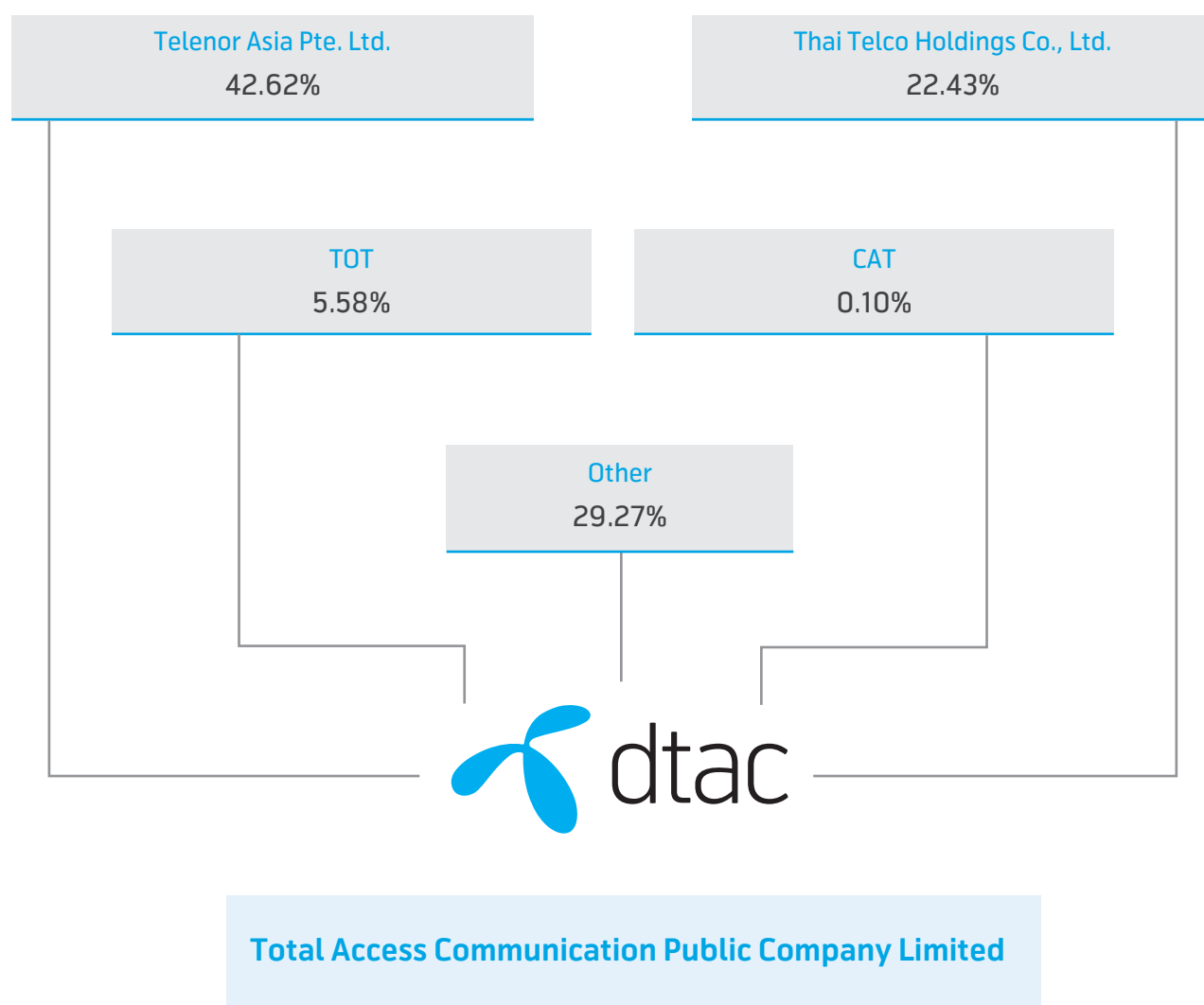
Total Access Communication Public Company Limited

Information on Share Capital and Shareholding

As at 1 November 2018

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 1 November 2018)

Ranking	Name	Amount of Share	Percentage
1	TELENOR ASIA PTE LTD	1,009,172,497	42.62
2	Thai Telco Holdings Limited	531,001,300	22.43
3	Thai NVDR Company Limited	175,338,573	7.41
4	TOT Public Company Limited	132,145,250	5.58
5	Social Security Office	50,533,800	2.13
6	NORTRUST NOMINEES LIMITED-NTD SEC LENDING THAILAND CL AC	22,072,100	0.93
7	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	21,518,889	0.91
8	STATE STREET EUROPE LIMITED	20,067,442	0.85
9	Mr. Weerawat Chutichetpong	11,850,000	0.50
10	BTS Group Holdings Public Company Limited	9,846,600	0.42

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 18 April 2018 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 18 April 2018 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 18 April 2018 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 18 April 2018 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

Transition to license regime was fully completed after the end of remedy period in Q418. In FY2018, we spent CAPEX of THB 19,528 million, a high side of our FY18 CAPEX guidance, to accelerate installation of 4G-2300 MHz network under partnership agreement with TOT public company limited (“TOT”) and densify our 2100 MHz network to improve customer experience. Nearly 12.7k nodes of the 4G-2300 MHz network and additional 7.9k node of 4G/3G-2100 MHz network was installed in FY2018. In addition, our new cost structure took effect after end of concession. Please see details of the new cost structure described in our Q318 MD&A report.

Uncertainties regarding spectrums caused by concession expiry were dissipated as we acquired spectrums from auctions and a partnership with TOT. dtac TriNet (“DTN”), a subsidiary of dtac, won the spectrum auctions and obtained a license of 2 x 5 MHz bandwidth of 1800 MHz spectrum and a license of 2 x 5 MHz bandwidth of 900 MHz spectrum in FY2018. Moreover, we signed the partnership agreement with TOT in order to provide the 4G-2300 MHz wireless service which was launched in Q218 under “dtac-T TURBO” network. Furthermore, we secured access to infrastructure under concession partnership by entering into agreements with CAT Telecom Public Company Limited (“CAT”) and settled a number of disputes with CAT in early 2019. The dispute settlement will take place upon approval from the 2019 Annual General Meeting of Shareholders.

Service revenues remained under pressure due to intense competition in the market while uncertainties regarding concession expiry impacted customers’ confidence during the transition period. As a result, FY2018 service revenues excluding IC decreased 2.8%YoY, in line with our guidance. EBITDA (before other items) decreased 6.7%YoY to THB 28,391 million mainly from lower service revenues, cost of 4G-2300 MHz roaming paid to TOT and cost of infrastructure and equipment services paid to CAT. FY2018 EBITDA margin stood at 37.9%, in line with our guidance. We reported net loss of THB 4,369 million for FY2018 due to the recognition of the disputes settlement with CAT.

In FY2019, we expect to spend CAPEX in range of THB 13-15 billion to improve customer experience and have an ambition to return to growth with continued focus on operational efficiency. More details outlook will be provided in Q219.

Significant Event

Settlement of disputes with CAT Telecom Public Company Limited (“CAT”)

On 10 January 2019, we entered into the Disputes Settlement Agreement with CAT to settle most of the disputes which were arisen during the concession period. Under the agreement, we agree to pay to CAT for settlement of these disputes in total amount of THB 9,510 million. We have accrued the full amount of the settlement in the FY2018 income statement. The dispute settlement will take place upon approval from the 2019 Annual General Meeting of Shareholders. (Please see details in notes of financial statement 2018 and the Company’s disclosure to Stock Exchange of Thailand on 10 January 2019 and 1 February 2019 for further information)

Operational Summary

At the end of FY2018, total subscriber base was 21.2 million, decreasing 1.5 million from last year due to decline in prepaid segment partly offset by growth in postpaid segment. Prepaid subscriber base was 15.1 million, decreasing 1.9 million from last year, caused by intense competition and prepaid-to-postpaid conversion. Meanwhile, postpaid subscriber base increased to 6.1 million, up 0.4 million from last year. Development of subscriber base in Q418 showed recovery QoQ, driven by handset and toppings campaigns during festive New Year season and communication to customers on dtac’s commitment to never stop improving our services.

Average Revenue per User excluding IC (ARPU) in FY2018 was THB 244 per month, increasing 6.4%YoY, driven by growing postpaid subscriber base. Postpaid subscriber base represented 29% of total subscriber base, up from 25% at end of last year. Postpaid ARPU in FY2018 was THB 541 per month and stable YoY, while prepaid ARPU in FY2018 declined 2.0%YoY to THB 142 per month, driven by lower prepaid revenues.

Traffics on TOT’s 4G-2300 MHz network continued to increase driven by coverage expansion and better internet experience. About 12.7k base stations of the 4G-2300 MHz network under the partnership with TOT were installed at end of FY2018, increasing 114% from Q318. The number of 4G users was 9.9 million, representing 47% of total subscriber base, while the number of 4G compatible device increased to 65% of total subs base. Smartphone penetration increased to 78%.

Active subscribers (in thousand)	FY17	FY18	%YoY
Postpaid (under concession from CAT)	297	-	-100%
Prepaid (under concession from CAT)	221	-	-100%
Postpaid (under 2100 MHz license)	5,340	6,071	14%
Prepaid (under 2100 MHz license)	16,794	15,131	-10%
Total	22,652	21,202	-6.4%
Net additional subscribers (in thousand)	FY17	FY18	%YoY
Postpaid	612	434	-29%
Prepaid	-2,440	-1,884	23%
Total	-1,828	-1,450	21%
MOU (minutes/sub/month)	FY17	FY18	%YoY
Postpaid	263	243	-7.5%
Prepaid	123	104	-15%
Blended	153	140	-8.6%
Postpaid excluding IC	186	172	-7.2%
Prepaid excluding IC	96	80	-17%
Blended excluding IC	115	103	-10%
ARPU (THB/sub/month)	FY17	FY18	%YoY
Postpaid	567	561	-1.2%
Prepaid	154	148	-3.8%
Blended	242	254	4.8%
Postpaid excluding IC	541	541	0.1%
Prepaid excluding IC	145	142	-2.0%
Blended excluding IC	230	244	6.4%

Financial Summary

Revenues

In FY2018, total revenue amounted to THB 74,980 million, decreasing 4.2%YoY due to lower service revenues and handset sales. Service revenues excluding IC decreased 2.8%YoY to THB 63,014 million as prepaid revenues continued to decline while international revenues were impacted by alternative services and competition. In addition, we implemented stricter activation process on external content providers aiming to improve experience of our customers, resulted in lower revenues from content. IC revenues decreased 32%YoY because of interconnection (IC) rate reduction in Q118 and lower traffic.

Core service revenues (defined by bundle of voice and data service revenues) amounted to THB 58,690 million, decreasing 0.7%YoY mainly due to declining prepaid revenues, the lower content revenues and customers concerns regarding expiry of the concession.

International Roaming (IR) revenues amounted to THB 1,127 million, decreasing 3.0%YoY due to market competition and alternative services.

Other service revenues amounted to THB 3,197 million, a decrease of 30%YoY, mainly due to declining IDD revenues.

Handset and starter kit sales amounted to THB 7,769 million, decreasing 17%YoY mainly due to lower number of handset units sold. As a result, loss from handset and starter kit sales in FY2018 reduced to THB 2,056 million, decreasing 28%YoY.

Cost of Services

Cost of services excluding IC amounted to THB 45,180 million, increasing 2.4%YoY largely driven by the cost of 4G-2300 MHz roaming paid to TOT and the cost of infrastructure and equipment services paid to CAT.

Regulatory costs amounted to THB 6,262 million, decreasing 28%YoY, as traffic on the concession network decreased in response to the ending of the concession. The lower rates of USO and license fee in FY2017 also helped reducing the regulatory cost. As a result, regulatory costs to service revenue (excluding IC) in FY2018 decreased to 9.9%, from 13.4% in FY2017. In Q418, regulatory cost also included cost of the remedy and a one-time adjustment after the end of the concession.

Network OPEX amounted to THB 8,475 million, increasing 24%YoY due to network expansion and the cost of infrastructure and equipment services, as well as the amortization of the up-front payment, to CAT.

Other operating costs of services amounted to THB 6,246 million, increasing 109%YoY, due to the 4G-2300 MHz roaming cost paid to TOT. We started recognizing the cost of TOT's 4G-2300 MHz roaming in Q218. The increase was mainly driven by higher number of 2300 MHz base stations being installed and was partly offset by higher 2300 MHz network rental revenue received from TOT.

Depreciation and Amortization (D&A) of costs of services amounted to THB 24,197 million, decreasing 5.5%YoY, as concessionary assets were fully amortized after expiry of concession in September 2018, partly offset by amortization of the 900 MHz and 1800 MHz spectrum license costs from the auctions and continuing network expansion.

Selling, General and Administrative Expenses (SG&A)

SG&A expenses amounted to 22,709 million, increasing 48%YoY driven by the dispute settlement with CAT. Excluding the settlement, SG&A expenses would have decreased due to lower selling expenses, administrative expenses and bad debt.

Selling and Marketing (S&M) expenses amounted to THB 4,778 million, decreasing 1.8%YoY due to lower commission partly offset by higher advertising and media spending.

General administrative expenses amounted to THB 15,687 million, increasing 96%YoY due to the dispute settlement with CAT. Excluding the settlement, the general administrative expenses would have decreased due to efficiency measures and the one-time impact of THB 178 million of actuarial valuation of employee retirement benefit recorded in Q417.

Provision for bad debt amounted to THB 1,379 million, decreasing 9.6%YoY due to improvement of collection process and new subscriber quality enhancement.

Depreciation and Amortization (D&A) of SG&A amounted to THB 864 million, decreasing 4.5%YoY.

Income statement (THB million)	FY2017	FY2018	%YoY
Core services (Voice & Data)	59,120	58,690	-0.7%
IR	1,162	1,127	-3.0%
Others	4,539	3,197	-30%
Service revenues ex. IC	64,821	63,014	-2.8%
IC revenues	3,262	2,204	-32%
Service revenues	68,083	65,219	-4.2%
Handsets and starter kits sales	9,374	7,769	-17%
Other operating income	818	1,992	143%
Total revenues	78,275	74,980	-4.2%
Cost of services	(47,296)	(47,455)	0.3%
Regulatory	(8,670)	(6,262)	-28%
Network	(6,856)	(8,475)	24%
IC	(3,191)	(2,275)	-29%
Others	(2,986)	(6,246)	109%
Depreciation and Amortization	(25,594)	(24,197)	-5.5%
Cost of handsets and starter kits	(12,233)	(9,825)	-20%
Total cost	(59,529)	(57,280)	-3.8%
Gross profit	18,746	17,700	-5.6%
SG&A	(15,308)	(22,709)	48%
Selling & Marketing expenses	(4,868)	(4,778)	-1.8%
General administrative expenses	(8,011)	(15,687)	96%
Provision for bad debt	(1,525)	(1,379)	-9.6%
Depreciation and Amortization	(905)	(864)	-4.5%
Loss from assets impairment	(6)	6	-200%
Gain/(Loss) on foreign exchange	0	7	13599%
Interest income	217	241	11%
Other income & share of profit from investment in associated company	242	306	27%
EBIT	3,890	(4,448)	-214%
Finance cost	(1,557)	(1,351)	-13%
Income tax expenses	(218)	1,431	-756%
Net profit (loss) attributable to equity holder	2,115	(4,369)	-307%
EBITDA (THB million)	FY2017	FY2018	%YoY
Net profit for the period	2,115	(4,369)	-307%
Finance costs	1,557	1,351	-13%
Income tax expenses	218	(1,431)	-756%
Depreciation & Amortization	26,498	25,061	-5.4%
Other items	57	7,778	13452%
EBITDA	30,446	28,391	-6.7%
EBITDA margin	38.9%	37.9%	

EBITDA and Net Profit

EBITDA (before other items) amounted to THB 28,391 million, decreasing 6.7%YoY mainly due to the temporary cost of remedy, the roaming cost of TOT's 4G-2300 MHz, the cost for infrastructure and equipment service, as well as the amortization of up-front payment, to CAT, and lower service revenues. As a result, reported EBITDA margin declining from 38.9% in FY2017 to 37.9% in FY2018, in line with our Guidance. Please note that EBITDA herein does not include expenses related to the dispute settlement with CAT.

In FY2018, dtac reported a net loss of THB 4,369 million due to expenses related to the dispute settlement with CAT.

Balance Sheet and Key Financial Information

At the end of FY2018, total assets amounted to THB 150,958 million and increased from THB 114,501 million last year mainly due to the acquisition of 1800 MHz and 900 MHz spectrum licenses and network investment. Cash and cash equivalent amounted to THB 14,090 million, decreasing from THB 26,048 million largely due to network CAPEX and payment for the spectrum licenses. Interest-bearing debt was reduced to THB 47,000 million from THB 49,015 million last year. Net debt to EBITDA was 1.2x, increasing from 0.8x last year due to lower cash on hand and EBITDA.

In FY2018, CAPEX amounted to THB 19,528 million, increased 18% YoY to accelerate network rollout. Operating cash flow (defined by EBITDA-CAPEX) amounted to THB 8,863 million, decreasing 36%YoY due to lower EBITDA and higher CAPEX.

Statement of financial position (THB million)	FY2017	FY2018
Cash and cash equivalent	26,048	14,090
Other current assets	13,167	14,427
Non-current assets	75,286	122,441
Total assets	114,501	150,958
Current liabilities	36,537	53,208
Non-current liabilities	48,729	75,820
Total liabilities	85,266	129,028
Total shareholders' equity	29,235	21,930
Total liabilities and shareholders' equity	114,501	150,958

Cash flows statement (THB million)	FY2017	FY2018
Cash flows from operating activities	30,306	21,084
Cash paid for interest expenses and tax	(2,977)	(2,828)
Net cash flows from operating activities	27,330	18,256
Net cash flows from investing activities	(19,575)	(25,238)
Net cash receipt/(Repayment) - loan & debenture	-	(2,015)
Dividend paid	(0)	(2,960)
Net cash flows from financing activities	(0)	(4,975)
Net change in cash & cash equivalent Increase/(decrease)	7,754	(11,957)
Beginning cash & cash equivalent	18,293	26,048
Ending cash & cash equivalent	26,048	14,090

Debt repayment schedule (THB million) at end of FY2018	Loan	Debenture
In 2019	7,875	1,500
In 2020	7,875	4,000
In 2021	875	2,500
From 2022	875	21,500

Key Financial Ratio	FY2017	FY2018
Return on Equity (%)	8%	n/a
Return on Asset (%)	2%	n/a
Interest Coverage Ratio (times)	2.7x	n/a
Net debt to EBITDA (times)	0.8x	1.2x
CAPEX to Total Revenue (%)	21%	26%

Outlook 2019

In FY2019, our immediate focuses are improving network and customer experience, while our offers and services will be more customer-centric. Our brand will be strengthened and deliver its values to customers. We expect to spend CAPEX in range of THB 13-15 billion and have ambition to return to growth with continued focus on operational efficiency. More details outlook for FY2019 will be provided in Q219.

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.

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

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 2018 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 authorized 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 2018.

On behalf of the Board of Directors

Total Access Communication Public Company Limited

28 January 2019



Mr. Petter-Boerre Furberg

Vice Chair of the Board of Directors



Mrs. Alexandra Reich

Director and the Chief Executive Officer

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 2018, 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 2018, 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 2018 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 35 to the consolidated financial statements, the Company is involved in a dispute regarding additional revenue sharing payment (Excise Tax) under the Concession Agreement and disputes regarding revenue share calculation in relation to Interconnection Charge ("IC") revenue after the enforcement of the IC Notification with CAT, as well as other litigation cases. At present, these disputes and litigation cases are under formal arbitration and court proceedings. The outcome cannot be determined and depend on future judicial proceeding.

2. Regulatory risks concerning the telecommunications business

As discussed in Note 36 to the consolidated financial statements, the Company and its subsidiaries are exposed to certain significant regulatory risks related to the telecommunications business, including those related to the management under the spectrum licenses at appropriate costs for use in the operation of the mobile telecommunication business, which is significant to the Group's operation of its telecommunication business at present.

3. Legal cases and commercial disputes under Disputes Settlement Agreement

- a. As discussed in Note 34.1 to the consolidated financial statements, the Company and dtac TriNet Company Limited, which is a subsidiary, ("dtac TriNet") entered into the Tower Dispute Settlement Agreement and Tower Service Agreement with CAT so as to settle disputes between the Company and CAT in relation to the ownership of all towers and allow dtac TriNet to use the towers in operation of its business. Arbitration processes and court proceeding related to these disputes have been terminated, while the cases have been struck from the case list and appeals have been withdrawn and struck from the case list.
- b. As discussed in Note 34.2 to the consolidated financial statements, the Company and dtac TriNet signed the Disputes Settlement Agreement to settle numbers of disputes between the Company and CAT, including disputes being litigated and disputes or claims related to the concession agreement that may be raised by CAT in the future, but excluding the disputes between the Company and CAT regarding additional revenue sharing payments (Excise Tax) under the Concession Agreement and the dispute between the Company and CAT regarding the revenue sharing calculation in relation to Interconnection Charge ("IC") revenue after the enforcement of the IC Notification. This Disputes Settlement Agreement is binding upon the parties, subject to the terms and conditions specified, and takes effect when the Company obtains approval from a meeting of its shareholders. The Company has recognised the compensation totaling Baht 9,510 million paid to settle the disputes, as specified in the Agreement, in profit and loss.

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 and 35 to the consolidated financial statements, the Company involved in legal cases 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 management about the procedures relevant to the collation, monitoring and assessment of pending significant legal cases and commercial disputes, and assessed the judgement exercised by the management in evaluating the legal cases and commercial disputes. The audit procedures included, among others, the following:

- a) I enquired with the management 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 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 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 equipment for cellular telephone services operation

As discussed in Note 13 to the consolidated financial statements, in evaluating impairment for the equipment for cellular telephone services operation 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 equipment for cellular telephone services operation.

In order to assess the management's evaluation of impairment on equipment for cellular telephone services operation, 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 and its subsidiaries 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 equipment for cellular telephone services operation.

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: 28 January 2019

Total Access Communication Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	5	14,090,265,602	26,047,621,911	7,133,761,421	15,766,017,547
Trade and other receivables	6	7,831,396,854	8,589,787,501	3,200,994,313	7,418,996,985
Inventories	8	2,128,407,237	1,953,533,316	3,013,260	1,912,760,931
Deferred cost of unearned revenue from telephone services		-	83,310,844	-	83,310,844
Other current assets	9	4,466,978,160	2,540,741,038	842,821,421	1,060,269,614
Total current assets		28,517,047,853	39,214,994,610	11,180,590,415	26,241,355,921
Non-current assets					
Restricted bank deposits	32.3	139,527	139,527	-	-
Investment in associated company	10	263,979,767	276,127,483	50,000,000	50,000,000
Investments in subsidiaries	11	-	-	1,953,917,315	1,953,917,315
Other investments		30,755,539	26,955,909	1,800,000	1,800,000
Amount due from related parties	7	196,295	196,295	217,366,362	213,339,930
Loans to subsidiary	7	-	-	10,000,000,000	15,500,000,000
Property, plant and equipment	13	53,853,929,407	45,669,137,531	2,329,952,112	3,287,278,046
Deferred right to use of equipment	14	-	12,235,257,374	-	4,946,979,487
Cost of spectrum licenses	12	54,219,217,735	8,921,035,669	-	-
Concessionary equipment under installation		-	251,725,596	-	252,675,245
Deposits and prepayment for purchase and installation of equipment		498,625,298	383,432,171	1,237,365	59,823,267
Prepaid expenses and deferred expenses		2,883,930,568	-	145,253,485	-
Other intangible assets	15	1,289,958,880	1,182,908,213	229,527,298	189,153,519
Deferred tax assets	25	6,600,313,770	3,543,298,769	6,070,865,594	4,784,557,590
Other non-current assets	16	2,799,560,374	2,795,380,686	2,292,784,784	2,565,202,298
Total non-current assets		122,440,607,160	75,285,595,223	23,292,704,315	33,804,726,697
Total assets		150,957,655,013	114,500,589,833	34,473,294,730	60,046,082,618

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	39,899,479,900	29,984,995,905	20,075,541,385	17,044,641,279
Short-term loan from related party	7	-	15,000,000	-	-
Long-term loans - current portion	18	7,875,000,000	-	-	-
Debentures - current portion	19	1,500,000,000	2,000,000,000	-	-
Unearned revenue from telephone service		2,322,686,629	2,909,075,439	-	246,913,455
Income tax payable		559,240,154	753,765,797	-	-
Assets retirement obligation	21	57,149,228	98,443,271	6,735,517	98,443,271
Other current liabilities		993,989,802	775,423,376	415,772,858	496,040,152
Total current liabilities		53,207,545,713	36,536,703,788	20,498,049,760	17,886,038,157
Non-current liabilities					
Loans from subsidiary	7	-	-	-	23,000,000,000
Long-term loans - net of current portion	18	9,625,000,000	17,500,000,000	-	-
Debentures - net of current portion	19	28,000,000,000	29,500,000,000	-	-
Provision for long-term employee benefits	20	734,605,891	698,592,438	734,605,891	698,592,438
Deposit guarantee on domestic roaming agreement	7	-	-	-	3,750,763,651
Accrued cost of spectrum licenses		36,103,517,682	-	-	-
Assets retirement obligation	21	1,157,478,821	789,283,069	157,078,165	92,542,002
Other non-current liabilities		199,828,278	241,094,980	159,142,891	240,622,460
Total non-current liabilities		75,820,430,672	48,728,970,487	1,050,826,947	27,782,520,551
Total liabilities		129,027,976,385	85,265,674,275	21,548,876,707	45,668,558,708

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
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	6,927,789,290	6,927,789,290	6,927,789,290
Other surplus		1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361
Retained earnings					
Appropriated - statutory reserve	39	465,929,718	56,545,457	465,929,718	56,545,457
Unappropriated (deficits)		(9,497,550,192)	(1,782,926,412)	(852,060,346)	1,010,429,802
		(9,031,620,474)	(1,726,380,955)	(386,130,628)	1,066,975,259
Other components of shareholders' equity					
		17,650,130,955	17,650,130,955	-	-
Equity attributable to owners of the Company					
		21,929,059,132	29,234,298,651	12,924,418,023	14,377,523,910
Non-controlling interest of the subsidiaries					
		619,496	616,907	-	-
Total shareholders' equity					
		21,929,678,628	29,234,915,558	12,924,418,023	14,377,523,910
Total liabilities and shareholders' equity					
		150,957,655,013	114,500,589,833	34,473,294,730	60,046,082,618

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 2018

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenues from sales and services				
Revenue from telephone services	65,218,630,481	68,082,681,121	8,366,697,492	14,583,080,690
Revenue from sales of telephone sets and starter kits	7,769,100,931	9,373,807,419	4,909,184,881	9,153,845,057
Other operating income	1,991,946,556	818,315,933	16,487,414,780	16,464,284,748
Total revenues from sales and services	74,979,677,968	78,274,804,473	29,763,297,153	40,201,210,495
Cost of sales and services				
Cost of telephone services	47,454,838,455	47,295,578,132	13,996,420,996	20,988,127,649
Cost of sales of telephone sets and starter kits	9,824,777,184	12,233,258,447	4,478,957,102	8,551,920,234
Total cost of sales and services	57,279,615,639	59,528,836,579	18,475,378,098	29,540,047,883
Gross profit	17,700,062,329	18,745,967,894	11,287,919,055	10,661,162,612
Interest income	241,121,805	217,361,998	461,228,394	607,996,097
Gain (loss) on foreign exchange	6,823,626	49,813	6,431,489	(13,374,131)
Other income	318,453,163	248,346,652	6,588,765,302	4,341,764,370
Income before expenses	18,266,460,923	19,211,726,357	18,344,344,240	15,597,548,948
Selling, distribution and service expenses	(4,778,367,391)	(4,867,933,452)	(3,174,140,924)	(3,197,227,827)
Administrative expenses	34.2 (17,930,159,646)	(10,440,565,736)	(14,637,050,335)	(7,726,128,798)
Loss from assets impairment (reversal)	13, 14 6,230,000	(6,230,000)	6,230,000	(3,458,876,925)
Total expenses	(22,702,297,037)	(15,314,729,188)	(17,804,961,259)	(14,382,233,550)
Profit (loss) before share of loss from investment in associate, finance cost and income tax expenses	(4,435,836,114)	3,896,997,169	539,382,981	1,215,315,398
Share of loss from investment in associated company	10 (12,147,716)	(6,699,363)	-	-
Profit (loss) before finance cost and income tax expenses	(4,447,983,830)	3,890,297,806	539,382,981	1,215,315,398
Finance cost	24 (1,351,242,097)	(1,557,214,957)	(342,249,400)	(894,221,318)
Profit (loss) before income tax expenses	(5,799,225,927)	2,333,082,849	197,133,581	321,094,080
Income tax expenses	25 1,430,536,469	(218,107,691)	1,286,308,004	771,006,309
Profit (loss) for the year	(4,368,689,458)	2,114,975,158	1,483,441,585	1,092,100,389
Profit (loss) attributable to:				
Equity holders of the Company	(4,368,692,047)	2,114,974,827	1,483,441,585	1,092,100,389
Non-controlling interests of the subsidiaries	2,589	331		
	(4,368,689,458)	2,114,975,158		
Earnings per share				
Basic earnings (loss) per share	26			
Profit (loss) attributable to equity holders of the Company	(1.85)	0.89	0.63	0.46

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) for the year	(4,368,689,458)	2,114,975,158	1,483,441,585	1,092,100,389
Other comprehensive income				
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</i>				
Actuarial gains and losses	23,197,860	(25,125,132)	23,197,860	(25,125,132)
Less: income tax effect	-	-	-	-
Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
- net of income tax	23,197,860	(25,125,132)	23,197,860	(25,125,132)
Other comprehensive income for the year	23,197,860	(25,125,132)	23,197,860	(25,125,132)
Total comprehensive income for the year	(4,345,491,598)	2,089,850,026	1,506,639,445	1,066,975,257
Total comprehensive income attributable to:				
Equity holders of the Company	(4,345,494,187)	2,089,849,695	1,506,639,445	1,066,975,257
Non-controlling interests of the subsidiaries	2,589	331		
	(4,345,491,598)	2,089,850,026		

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 2018

(Unit: Baht)

		Consolidated financial statement									
		Equity attributable to owners of the Company					Other components of equity				
		Retained earnings			Adjustment resulting from reduction of legal reserve and premium on ordinary share to offset the Company's deficits		Total other components of equity		Total equity attributable to shareholders of the Company		Equity attributable to non-controlling interests of the subsidiaries
		Appropriated - statutory reserve	Unappropriated (deficits)	Capital surplus from restructuring	Premium on ordinary shares	Issued and paid-up share capital	Other surplus	Adjusted legal reserve and premium on ordinary share to offset the Company's deficits	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	
Note											
	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	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	-	(1,188,563,421)	-	(474,416,126)	-	1,662,979,547	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	17,650,130,955	29,234,298,651	616,907	29,234,915,558
	Balance as at 1 January 2018	4,735,622,000	6,927,789,290	1,647,137,361	56,545,457	(1,782,926,412)	17,650,130,955	17,650,130,955	29,234,298,651	616,907	29,234,915,558
	Loss for the year	-	-	-	-	(4,368,692,047)	-	-	(4,368,692,047)	2,589	(4,368,689,458)
	Other comprehensive income for the year	-	-	-	-	23,197,860	-	-	23,197,860	-	23,197,860
	Total comprehensive income for the year	-	-	-	-	(4,345,494,187)	-	-	(4,345,494,187)	2,589	(4,345,491,598)
22	Dividend paid	-	-	-	-	(2,959,745,332)	-	-	(2,959,745,332)	-	(2,959,745,332)
	Transfer retained earnings to legal reserve	-	-	-	409,384,261	(409,384,261)	-	-	-	-	-
39	Balance as at 31 December 2018	4,735,622,000	6,927,789,290	1,647,137,361	465,929,718	(9,497,550,192)	17,650,130,955	17,650,130,955	21,929,059,132	619,496	21,929,678,628

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Note	Issued and paid-up share capital	Premium on ordinary shares	Other surplus		Total shareholders' equity	
				Capital surplus from restructuring	Retained earnings		
				Appropriated - statutory reserve	Unappropriated (deficits)		
Balance as at 1 January 2017		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	39	-	(1,188,563,421)	-	(474,416,126)	1,662,979,547	-
Transfer retained earnings to legal reserve	39	-	-	-	56,545,457	(56,545,457)	-
Balance as at 31 December 2017		4,735,622,000	6,927,789,290	1,647,137,361	56,545,457	1,010,429,802	14,377,523,910
Balance as at 1 January 2018		4,735,622,000	6,927,789,290	1,647,137,361	56,545,457	1,010,429,802	14,377,523,910
Profit for the year		-	-	-	-	1,483,441,585	1,483,441,585
Other comprehensive income for the year		-	-	-	-	23,197,860	23,197,860
Total comprehensive income for the year		-	-	-	-	1,506,639,445	1,506,639,445
Dividend paid	22	-	-	-	-	(2,959,745,332)	(2,959,745,332)
Transfer retained earnings to legal reserve	39	-	-	-	409,384,261	(409,384,261)	-
Balance as at 31 December 2018		4,735,622,000	6,927,789,290	1,647,137,361	465,929,718	(852,060,346)	12,924,418,023

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

Total Access Communication Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before income tax expenses	(5,799,225,927)	2,333,082,849	197,133,581	321,094,080
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on foreign exchange	(40,302,784)	27,857,455	24,302,507	(678,289)
Share of loss from investment in associated company	12,147,716	6,699,363	-	-
Dividend received from subsidiaries	-	-	(6,529,636,190)	(4,246,469,616)
Dividend received from associated company	-	-	-	(5,000,000)
Dividend received from other investments	(375,000)	(375,000)	(375,000)	(375,000)
Allowance for inventory obsolescence (reversal)	(276,789,049)	223,710,386	(313,113,990)	236,226,103
Allowance for doubtful accounts - trade and other receivables (reversal)	(42,885,475)	682,654,503	(40,459,677)	13,394,678
Impairment of investment in other investment (reversal)	250,000	(29,572,584)	-	(31,072,600)
Provision for impairment of equipment for supporting cellular telephone services (reversal)	-	(11,464,945)	-	656,200,145
Provision for impairment of property, plant and equipment (reversal)	(6,230,000)	6,230,000	(186,367,898)	6,230,000
Provision for impairment of deferred right to use of equipment	-	-	-	2,796,446,780
Depreciation and amortisation (Note 27)	25,104,570,775	26,547,339,038	6,856,273,835	11,718,968,272
Fixed assets written-off	52,783,356	164,705,205	26,228,181	53,181,394
Concessionary equipment under installation written-off	-	34,372,961	-	34,372,961
Other intangible assets written-off	-	3,440,333	-	982,570
Loss (gain) from sales of equipment	250,244	(2,390,864)	(2,691,553)	(13,863,534)
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	60,321,723	237,293,212	60,321,723	237,293,212
Disputes settlement agreement expenses	7,850,854,127	-	7,850,854,127	-
Other income from debt settlement of subsidiary	-	(150,000,000)	-	-
Interest expenses	1,293,071,212	1,508,132,249	327,200,713	894,221,318
Profit from operating activities before changes in operating assets and liabilities	28,208,440,918	31,623,045,698	8,269,670,359	12,720,122,980
Decrease (increase) in operating assets				
Trade and other receivables	382,953,473	(342,357,640)	3,770,936,791	1,400,076,647
Inventories	101,915,128	(113,955,377)	2,222,861,661	(164,512,902)
Other current assets	(1,842,926,278)	(52,675,364)	300,759,037	154,366,049
Prepaid expenses and deferred expenses	(2,883,930,568)	-	(145,253,485)	-
Other non-current assets	(355,307,885)	(154,656,566)	(32,788,739)	(126,087,509)
Increase (decrease) in operating liabilities				
Trade and other payables	(2,044,372,457)	(239,885,860)	(3,728,513,111)	(1,523,309,866)
Other current liabilities	(409,116,427)	(976,649,305)	(418,888,501)	(234,428,545)
Deposit guarantee on domestic roaming agreement	-	-	(3,750,763,651)	-
Other non-current liabilities	(73,622,896)	563,476,449	(50,467,737)	(1,230,767)
Cash flows from operating activities	21,084,033,008	30,306,342,035	6,437,552,624	12,224,996,087
Cash paid for interest expenses	(1,313,111,947)	(1,586,660,807)	(427,143,144)	(945,248,971)
Cash paid for income tax	(2,690,415,573)	(2,566,191,186)	(862,695,843)	(1,045,881,928)
Tax refund	1,175,154,338	1,176,187,053	1,165,781,605	1,171,373,426
Net cash flows from operating activities	18,255,659,826	27,329,677,095	6,313,495,242	11,405,238,614

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

Total Access Communication Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Decrease (increase) in other investments	(4,720,306)	18,949,119	-	31,072,600
Proceeds from sales of other investments	670,676	750,000	-	-
Cash receipt from long-term loan to subsidiary	-	-	15,500,000,000	-
Cash paid to long-term loan to subsidiary	-	-	(10,000,000,000)	-
Dividend received from subsidiaries	-	-	6,529,636,190	4,246,469,616
Dividend received from associated company	-	5,000,000	-	5,000,000
Dividend received from other investments	375,000	375,000	375,000	375,000
Decrease (increase) in amounts due from related parties	-	-	(8,432)	3,427,345
Acquisition of plant and equipment	(13,422,869,437)	(16,996,689,480)	(187,440,510)	(712,818,057)
Proceeds from sales of plant and equipment	23,331,365	36,831,572	30,450,967	26,426,417
Decrease in equipment under installation	251,725,596	330,344,755	252,675,245	330,344,755
Proceeds from sales of equipment under installation	-	2,056,075	-	2,056,075
Acquisition of deferred right to use of equipment	(887,580,513)	(2,338,765,576)	(991,974,172)	(2,338,765,577)
Decrease (increase) in deposits and prepayment for purchase and installation of equipment	(115,193,127)	(14,642,185)	58,585,901	(19,637,726)
Acquisition of cost of spectrum licenses	(10,276,500,000)	-	-	-
Increase in other intangible assets	(807,510,057)	(641,577,035)	(178,306,225)	(86,477,354)
Proceeds from sales of other intangible assets	-	21,988,957	-	10,796,957
Net cash flows from (used in) investing activities	(25,238,270,803)	(19,575,378,798)	11,013,993,964	1,498,270,051
Cash flows from financing activities				
Repayment of short-term loan from related party	(15,000,000)	-	-	-
Repayment of long-term loans	-	(11,500,000,000)	-	-
Repayment of loans from subsidiary	-	-	(23,000,000,000)	(5,000,000,000)
Issuance of debentures	-	11,500,000,000	-	-
Repayment of debentures	(2,000,000,000)	-	-	-
Dividend paid	(2,959,745,332)	(122,124)	(2,959,745,332)	-
Net cash flows used in financing activities	(4,974,745,332)	(122,124)	(25,959,745,332)	(5,000,000,000)
Net increase (decrease) in cash and cash equivalents	(11,957,356,309)	7,754,176,173	(8,632,256,126)	7,903,508,665
Cash and cash equivalents at beginning of year	26,047,621,911	18,293,445,738	15,766,017,547	7,862,508,882
Cash and cash equivalents at end of year	14,090,265,602	26,047,621,911	7,133,761,421	15,766,017,547

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	-	641,074,931
Accounts payable for purchase of equipment	11,261,698,423	5,920,350,136	130,101,862	-
Accounts payable for purchase of other intangible assets	140,705,336	178,947,929	25,299,634	41,495,660
Accrued cost of spectrum licenses	36,054,739,370	-	-	-

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

Notes to Consolidated financial statements

For the year ended 31 December 2018

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, 41st Fl., Phayathai Road, Pathumwan, Bangkok.

Apart from the Concession Agreement as mentioned in Note 1.2 to consolidated financial statements, during the current year, the Company was awarded an Internet Service Business Type 1 license by The National Broadcasting and Telecommunications Commission ("NBTC") to provide retail WiFi internet services for a duration of 5 years (starting from 13 June 2018 and expiry on 12 June 2023).

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 which 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 laws and relevant laws and pay fees in accordance with the Concession Agreement.

The fee, which is the annual revenue sharing, is calculated based on a percentage of revenues from services provided under the Concession Agreement and must not be less than a stipulated minimum amount each year. However, the agreement does not specify a minimum cumulative amount over the full term of the agreement. The percentages of revenues from services for each year and minimum annual revenue sharing payments are as follows:

Year	Annual revenue sharing from the revenue from services	
	Percentage of revenues from services per annum	Minimum annual payment (Million Baht)
1 - 4	12	22 to 154
5	25	353
6 - 15	20	382 to 603
16 - 20	25	748 to 770
21 - 27	30	752 to 1,200

The Company commenced commercial operations on 16 September 1991 and ended at 15 September 2018. However, under the NBTC notification on Remedial Measure for Subscribers in case of Mobile License, Concession or Service Agreement Expires B.E.

2556 (“NBTC notification on Remedial Measure for Subscribers”), the Company has the duty to continuously provide its services in the case that the subscribers transfer cannot be completed by the end of the concession and the spectrum allocation to new licensee has not yet been completed. The Company has to comply with the conditions of NBTC notification on Remedial Measure for Subscribers for revenues, expenses and interests from such services. However, the NBTC ordered that the Company can provide its services under such notification under the condition that the Company or a subsidiary join the 900 MHz spectrum auction organized by the NBTC. The Central Administrative Court granted an injunction during the Court proceeding ordering that the Company has right to provide its services under the NBTC notification on Remedial Measure for Subscribers for the 850 MHz until 15 December 2018 unless the Court orders otherwise. In addition, for the 1800 MHz, due to the dtac TriNet’s participation in 1800 MHz auction, as described in Note 1.3 (h) to the consolidated financial statements, the Company was obliged to provide services on the 1800 MHz in accordance with NBTC notification on Remedial Measure for Subscribers.

On 12 December 2018, NBTC has approved the licenses of 1800 MHz and 900 MHz to dtac TriNet as the new licensee on 16 December 2018 as the result of the expiration of the Remedial Measure for Subscribers on the 850 MHz and 1800 MHz of the Company on 15 December 2018.

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 and fee for Universal Basic Telecommunications and Social Services (USO) as specified by law 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 (IMT) 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 paid for the winning bid price of the authorization to use spectrum license in total Baht 14,445 million (VAT included) and 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 and fee for Universal Basic Telecommunications and Social Services (USO) as specified by law 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.

- h) Spectrum Licensing by NBTC for the validity period of 15 years (starting from 16 December 2018 and expiry on 15 December 2033) for operating telecommunication business for International Mobile Telecommunication in the frequency band 1800 MHz ("Spectrum license") for 2x5 MHz covered the range of 1745 - 1750 MHz paired with 1840 - 1845 MHz under the scope of the license throughout the Kingdom of Thailand.

dtac TriNet is required to make payment for the winning bid price of the authorization to use the spectrum license in the total amount of Baht 13,386.77 million (including VAT) under the following payment conditions:

First installment: To pay 50% of the winning bid price, equivalent to Baht 6,693.39 million and to submit a letter of guarantee from a commercial bank to guarantee the remaining payment for the winning bid price within 90 days of the receipt of the notice of the bidders on 23 August 2018 to NBTC which NBTC will issue the spectrum license. dtac TriNet has already paid first installment for spectrum license on 19 November 2018.

Second installment: To pay 25% of the winning bid price, equivalent to Baht 3,346.69 million and to submit a letter of guarantee from a commercial bank to guarantee the third installment within 15 days after the lapse of 2 years from the date of obtaining the license. NBTC will return the letter of guarantee that firstly submitted within 15 days from the date the licensee pays the second installment.

Third installment: To pay 25% of the winning bid price, equivalent to Baht 3,346.69 million within 15 days after the lapse of 3 years from the date of obtaining the license. NBTC will return the letter of guarantee that secondly submitted within 15 days from the date the licensee pays the third installment.

- i) Spectrum Licensing by NBTC for the validity period of 15 years (starting from 16 December 2018 and expiry on 15 December 2033) for operating telecommunication business for International Mobile Telecommunication in the frequency band 900 MHz ("Spectrum license") for 2x5 MHz covered the range of 890 - 895 MHz paired with 935 - 940 MHz under the scope of the license throughout the Kingdom of Thailand.

dtac TriNet is required to make payment for the winning bid price of the authorization to use the spectrum license in the total amount of Baht 40,728.48 million (including VAT) under the following payment conditions:

First installment: To pay Baht 4,301.40 million and to submit a letter of guarantee from a commercial bank to guarantee the remaining payment for the winning bid price within 90 days of the receipt of the notice of the bidders on 1 November 2018 to NBTC which NBTC will issue the spectrum license. dtac TriNet has already paid first installment for spectrum license on 12 December 2018.

Second installment: To pay Baht 2,150.70 million and to submit a letter of guarantee from a commercial bank to guarantee the third and fourth installment within 15 days after the lapse of 2 years from the date of obtaining the license. NBTC will return the letter of guarantee that firstly submitted within 15 days from the date the spectrum licensee pays the second installment.

Third installment: To pay Baht 2,150.70 million and to submit a letter of guarantee from a commercial bank to guarantee the fourth installment within 15 days after the lapse of 3 years from the date of obtaining the license. NBTC will return the letter of guarantee that secondly submitted within 15 days from the date the spectrum licensee pays the third installment.

Fourth installment: To pay Baht 32,125.68 million within 15 days after the lapse of 4 years from the date of obtaining the license. NBTC will return the letter of guarantee that thirdly submitted within 15 days from the date the spectrum licensee pays the fourth installment.

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 Reference of Interconnect offering (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 35 (b) to the consolidated financial statements for more details).

This is because the right to operate the telecommunications business of the Company's concessionary right has ended on 15 September 2018. The Company has sent a notice to other licensees who are the interconnection partners with the Company to acknowledge the termination of the concession agreement and the termination of the interconnection of the telecommunication network.

However, 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

1.5 Transfer of all business of subsidiaries

On 11 December 2018, a meeting of the Extraordinary General Meeting of the Company's shareholders No. 1/2018 approved the transfer of the entire business of DTAC Broadband Co., Ltd. and Eastern Beach Co., Ltd. ("subsidiaries"). The Company entered into an agreement to transfer the entire business on 12 December 2018. The Company executed the transfer of all assets and liabilities of the subsidiaries as at 1 January 2019 ("transferred date"). The subsidiaries ceased all operations and are in process of registration the dissolution with the Ministry of Commerce. Currently, the Company is in process of legal registration regarding the transfer of ownership of real estate and other assets from the subsidiaries, included the notification the Revenue Department of the transfer in order to request the tax privileges available for an entire business transfer which in the consideration of the Revenue Department.

Details of the fair value and book value of the net assets of DTAC Broadband Co., Ltd. as at the transfer date, are as follows:

(Unit: Thousand Baht)

	Fair value	Book value
Assets		
Cash and cash equivalents	861,727	861,727
Trade and other receivables - net	367,706	367,706
Equipment - net	182,631	182,631
Intangible assets - net	8,851	8,851
Other assets	22,585	22,585
Total assets	1,443,500	1,443,500
Liabilities		
Trade and other payables	35,172	35,172
Other liabilities	211	211
Total liabilities	35,383	35,383
Net asset value from the business transfer (Transfer price business)	1,408,117	1,408,117

Details of the fair value and book value of the net assets of Eastern Beach Co., Ltd. as at the transfer date, are as follows:

(Unit: Thousand Baht)

	Fair value	Book value
Assets		
Cash and cash equivalents	1,774	1,774
Investment property - land	371,175	46,492
Other assets	4	4
Total assets	372,953	48,270
Net asset value from the business transfer (Transfer price business)	372,953	48,270

The business transfer thus has no effect to the consolidated financial statements as at 31 December 2018. The Company partially paid for the payable from business transfer to DTAC Broadband Co., Ltd. and Eastern Beach Co., Ltd. amounting to Baht 1,406 million and Baht 373 million, respectively.

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 Total Access Communication Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			Percent	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	Under dissolution process	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	Under dissolution process	Thailand	100	100
dtac Next Company Limited	Under dissolution process	Thailand	100	100
dtac Digital Media Company Limited	Under dissolution process	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 2017) and new accounting treatment guidance 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 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 for fiscal years beginning on or after 1 January 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Revenue allocation of sales of goods and services – The Company and its subsidiaries consider the income component of the sale of products and services, by allocating revenues in proportion to the delivered products and the obligations to be performed in providing services that are included in the contract using the basis of standalone selling prices of different products or services as obligated in the contract.
- Commission paid to obtain a contract – The Company and its subsidiaries have determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses at the same time as the revenue under the contract is recognised.

(c) Financial reporting standards related to the set of financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 from telephone services, including 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 and office improvements	5 - 20 years
Leasehold improvements	3 - 12 years
Equipment for cellular telephone services operation	3 - 15 years, the remaining of 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	2 - 5 years
Others	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 each spectrum license for International Mobile Telecommunication in the Frequency Band 2.1 GHz, 1800 MHz and 900 MHz 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 and the subsidiary 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 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 defined benefits plans are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date

that the Company recognizes restructuring-related costs.

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

Interest rate swap contracts

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

4.16 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	
	2018	2017	2018	2017
Cash	5,409	4,679	5,404	4,674
Bank deposits	14,084,857	26,042,943	7,128,357	15,761,344
Total	14,090,266	26,047,622	7,133,761	15,766,018

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.05 percent per annum and 1.00 percent per annum (2017: between 0.05 percent per annum and 1.00 percent per annum).

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables - related parties				
Trade receivables - related parties	564,949	608,247	458,405	3,108,210
Less: Allowance for doubtful accounts	(5,101)	(5,105)	(2,830)	(2,830)
Total trade receivables				
- related parties, net	559,848	603,142	455,575	3,105,380
Trade receivables - unrelated parties				
Trade receivables - telephone services	5,660,275	5,483,943	82,446	169,675
Trade receivables - international				
telephone roaming services	1,240,447	2,418,790	138,348	179,212
Trade receivables - sales of E-Refill				
telephone sets and starter kits	742,205	839,059	101,231	191,178
Trade receivables - others	1,218,116	883,184	67,261	546,713
Total	8,861,043	9,624,976	389,286	1,086,778
Less: Allowance for doubtful accounts	(1,672,642)	(1,717,531)	(188,508)	(230,974)
Total trade receivables				
- unrelated parties, net	7,188,401	7,907,445	200,778	855,804
Total trade receivables - net	7,748,249	8,510,587	656,353	3,961,184
Other receivables				
Other receivables - related parties	18,771	46,096	2,555,282	3,454,832
Others	78,979	45,699	1,986	13,601
Total	97,750	91,795	2,557,268	3,468,433
Less: Allowance for doubtful debts	(14,602)	(12,594)	(12,627)	(10,620)
Total other receivables, net	83,148	79,201	2,544,641	3,457,813
Total trade and other receivables				
- net	7,831,397	8,589,788	3,200,994	7,418,997

The aging of the outstanding balances of trade receivables - related parties as at 31 December 2018 and 2017, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Aged on the basis of due dates				
Not yet due	520,801	521,625	386,643	2,798,725
Past due				
Up to 1 month	35,923	49,010	1,505	281,674
1 - 3 months	2,899	3,915	804	2,465
3 - 6 months	-	20,232	-	-
Over 6 months	5,326	13,465	69,453	25,346
Total	564,949	608,247	458,405	3,108,210
Less: Allowance for doubtful accounts	(5,101)	(5,105)	(2,830)	(2,830)
Total trade receivables - related parties, net	559,848	603,142	455,575	3,105,380

The aging of the outstanding balances of trade receivables - telephone services as at 31 December 2018 and 2017, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Aged on the basis of due dates				
Not yet due	3,339,193	3,019,676	9,553	34,994
Past due				
Up to 1 month	752,487	873,405	2,770	29,131
1 - 3 months	333,348	395,480	7,222	27,764
3 - 6 months	360,001	328,658	7,226	20,455
Over 6 months	875,246	866,724	55,675	57,331
Total	5,660,275	5,483,943	82,446	169,675
Less: Allowance for doubtful accounts	(1,426,693)	(1,463,141)	(70,322)	(95,868)
Total trade receivables - related parties, net	4,233,582	4,020,802	12,124	73,807

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 2018 and 2017, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Aged on the basis of due dates				
Not yet due	980,490	2,201,270	98,064	90,559
Past due				
Up to 1 month	28,186	24,895	7,564	7,762
1 - 3 months	65,689	59,824	5,413	29,573
3 - 6 months	125,368	54,982	5,723	15,255
Over 6 months	40,714	77,819	21,584	36,063
Total	1,240,447	2,418,790	138,348	179,212
Less: Allowance for doubtful accounts	(37,398)	(44,263)	(21,726)	(32,572)
Trade receivables - international telephone roaming services, net	1,203,049	2,374,527	116,622	146,640

The aging of the outstanding balances of trade receivables - sales of E-Refill, sales of telephone sets and starter kits as at 31 December 2018 and 2017, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Aged on the basis of due dates				
Not yet due	550,436	620,130	7,280	37,814
Past due				
Up to 1 month	42,272	71,797	67	61,197
1 - 3 months	5,625	6,914	71	1,887
3 - 6 months	3,250	2,646	2,514	320
Over 6 months	140,622	137,572	91,299	89,960
Total	742,205	839,059	101,231	191,178
Less: Allowance for doubtful accounts	(140,601)	(144,760)	(92,615)	(98,500)
Trade receivables - sales of E-Refill, telephone sets and starter kits, net	601,604	694,299	8,616	92,678

The aging of the outstanding balances of trade receivables - others as at 31 December 2018 and 2017, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Aged on the basis of due dates				
Not yet due	1,069,768	241,138	31,247	44,177
Past due				
Up to 1 month	12,294	18,602	12	6,085
1 - 3 months	16,153	2,737	-	12
3 - 6 months	190	2,324	-	3
Over 6 months	119,711	618,383	36,002	496,436
Total	1,218,116	883,184	67,261	546,713
Less: Allowance for doubtful accounts	(67,950)	(65,367)	(3,845)	(4,034)
Trade receivables - others, net	1,150,166	817,817	63,416	542,679

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
	2018	2017	2018	2017	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods and equipment	-	-	4,045	172	at agreed price
Service income	-	-	24,110	32,280	as per agreement
Rental and service expenses	-	-	1,499	1,281	as per agreement
Interest income	-	-	292	467	as per agreement
Interest expense	-	-	406	782	as per agreement
Dividend income	-	-	6,530	4,246	as declared
Purchase of goods	-	-	27	50	as agreed price
Sales of assets	-	-	8	5	as agreed price
Purchase of assets	-	-	104	1	as agreed price

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	
Transactions with associated company: United Distribution Business Co., Ltd.*					
Sales of goods	2,953	6,702	-	(2)	selling price less a certain margin, as per agreement
Dividend income	-	5	-	5	as declared
Rental and service expense	157	307	-	1	as per agreement
Transactions with other related companies					
International roaming service income	75	67	18	21	as per agreement
Service income	236	321	44	48	as per agreement
Sale on right of online refill service	179	229	-	-	as per agreement
Sales of goods	-	1	-	1	market price
Service expenses	2,178	1,528	526	327	as per agreement
Service fees for installation of cell site equipment	3,022	2,894	68	206	as per agreement
Management fee income	27	45	27	44	as per agreement
Management fee expense	953	883	853	876	as per agreement
Sales of Assets	-	11	-	11	as agreed price
Purchase of Assets	-	51	-	-	as agreed price

* The Company paid marketing support expense for year ended 31 December 2018 at Baht 3 million (2017: Baht 4 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.

During the year, the Company entered into additional agreement with its subsidiary on an annual basis in that the Company agreed to provide management services and the subsidiary has to pay the fees to the Company as stipulated in the agreement. The fee have already included in the disclosure of transaction with subsidiary above.

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other receivables – related parties (Note 6)				
Trade receivables – related parties				
Subsidiaries	-	-	447,466	3,098,537
Associated company (Note 7.1)	474,428	472,719	(4)	87
Related companies ⁽¹⁾	90,521	135,528	10,943	9,586
Total	564,949	608,247	458,405	3,108,210
Less: Allowance for doubtful accounts	(5,101)	(5,105)	(2,830)	(2,830)
Total trade receivables – related parties, net	559,848	603,142	455,575	3,105,380
Other receivables – related parties				
Subsidiaries	-	-	2,536,511	3,408,736
Related companies ^{(1), (2)}	18,771	46,096	18,771	46,096
Total	18,771	46,096	2,555,282	3,454,832
Less: Allowance for doubtful accounts	(12,628)	(10,620)	(12,627)	(10,620)
Total other receivables – related parties, net	6,143	35,476	2,542,655	3,444,212
Total trade and other receivables – related parties, net	565,991	638,618	2,998,230	6,549,592
Amounts due from related parties				
Subsidiary (Note 7.2)	-	-	217,366	213,340
Related companies ^{(1), (2)}	26,539	26,539	-	-
Total	26,539	26,539	217,366	213,340
Less: Allowance for doubtful accounts	(26,343)	(26,343)	-	-
Total amounts due from related companies – net	196	196	217,366	213,340
Loans to subsidiary				
Subsidiary (Note 7.3)	-	-	10,000,000	15,500,000
Total loans to subsidiary	-	-	10,000,000	15,500,000

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other payables – related parties (Note 17)				
Trade payables – related parties				
Subsidiaries	-	-	571,406	115,021
Associated company	26,730	26,393	1	-
Related companies ^{(1), (2)}	1,423,402	1,516,518	19,596	168,866
Total trade payables – related parties	1,450,132	1,542,911	591,003	283,887
Other payables – related parties				
Subsidiaries	-	-	43,831	127,119
Associated company	30	126	30	126
Related companies ^{(1), (2)}	160,564	694,403	157,646	691,486
Total other payables – related parties	160,594	694,529	201,507	818,731
Total trade and other payables – related parties	1,610,726	2,237,440	792,510	1,102,618
Short-term loan from related party				
Related company ⁽¹⁾ (Note 7.4)	-	15,000	-	-
Total short-term loan from related party	-	15,000	-	-
Loans from subsidiary				
Subsidiary (Note 7.5)	-	-	-	23,000,000
Total loans from subsidiary	-	-	-	23,000,000
Deposit guarantee on domestic roaming agreement				
Subsidiary	-	-	-	3,750,764
Relationship with the related companies				
⁽¹⁾ Common ultimate shareholder				
⁽²⁾ Common directors				

7.1 The aging of trade receivables – associated company as at 31 December 2018 and 2017 based on due date, is as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Age of receivables				
Not yet due	442,123	426,606	-	51
Past due less than 1 month	32,305	46,113	(4)	36
Trade account receivable – associated company	474,428	472,719	(4)	87

- 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 As at 31 December 2017, loan to subsidiary amount Baht 15,500 million is the loan to dtac TriNet for operations which carries interest rates of BIBOR plus certain margin. On 3 August 2018, the Company repaid the loan in full amount.

Subsequently, on 14 November 2018, the loan of Baht 10,000 million to the subsidiary is to be used in making an application for a spectrum license and using for operation under such license which carries interest at an average rate of fixed deposits 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 2018 and 2017, 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			Balance
	as at	Increase	Decrease	as at
	1 January	during	during	31 December
	2018	the year	the year	2018
Subsidiary				
dtac TriNet Co., Ltd.	15,500,000	10,000,000	(15,500,000)	10,000,000
	15,500,000	10,000,000	(15,500,000)	10,000,000

- 7.4 As at 31 December 2017, the short-term loan of Baht 15 million is the loan which a subsidiary borrows from a related party for operations and carries interest at a rate of THBFIX plus certain margin. Payment of the loan is due in accordance with the conditions specified in the loan agreement and related agreement. On 23 March 2018, the subsidiary repaid the loan in full amount.

(Unit: Thousand Baht)

Short-term loan from related company	Consolidated financial statements			
	Balance			Balance
	as at	Increase	Decrease	as at
	1 January	during	during	31 December
	2018	the year	the year	2018
Subsidiary				
PaySbuy Co., Ltd.	15,000	-	(15,000)	-
	15,000	-	(15,000)	-

- 7.5 As at 31 December 2017, the loan from subsidiary of Baht 23,000 million is the loan from dtac TriNet to be used for operations which carries interest at a rate of BIBOR plus certain margin. Payment of the loans is due at call. On 3 August 2018, the Company has fully repaid the loan.

As at 31 December 2018 and 2017, 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			Balance
	as at	Increase	Decrease	as at
	1 January	during	during	31 December
	2018	the year	the year	2018
Subsidiary				
dtac TriNet Co., Ltd.	23,000,000	-	(23,000,000)	-
	23,000,000	-	(23,000,000)	-

7.6 Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2018	2017
Short-term employee benefits	94,385	106,642
Post-employment benefits and other long-terms benefits	2,914	4,341
Total	97,299	110,983

8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	2,174,700	2,276,615	(46,293)	(323,082)	2,128,407	1,953,533
Total	2,174,700	2,276,615	(46,293)	(323,082)	2,128,407	1,953,533

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	9,083	2,231,945	(6,070)	(319,184)	3,013	1,912,761
Total	9,083	2,231,945	(6,070)	(319,184)	3,013	1,912,761

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 333 million (2017: Baht 592 million) (The Company only: None, 2017: Baht 604 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 610 million (2017: Baht 369 million) (The Company only: Baht 313 million, 2017: Baht 368 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	
	2018	2017	2018	2017
Value added tax suspension	2,567,518	1,421,609	695,428	870,885
Prepaid expenses and deferred expenses	1,082,419	399,351	130,199	163,063
Prepaid rental - land for cell sites	827,074	731,001	16,930	26,322
Others	1,187	-	264	-
Total	4,478,198	2,551,961	842,821	1,060,270
Less: Provision for impairment of assets	(11,220)	(11,220)	-	-
Total other current assets - net	4,466,978	2,540,741	842,821	1,060,270

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	
			2018	2017	2018	2017	2018	2017
			Percent	Percent				
United Distribution Business Co., Ltd.	Sale of Simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	263,979	276,127

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2018	2017	2018	2017	2018	2017	2018	2017
			Per-cent	Per-cent						
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 loss and dividend received

During the year, the Company has recognised its share of loss 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 loss from investments in associate during the year		Dividend received during the year	
	2018	2017	2018	2017
United Distribution Business Co., Ltd.	(12,148)	(6,699)	-	5,000

10.3 Summarised financial information of associate

Financial information of the associated company is summarised below. (2017: Audited financial statements, 2018: 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		Loss for the years ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
United Distribution Business Co., Ltd.	200	200	1,580	1,633	524	531	267	592	(49)	(29)

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Subsidiaries directly held by the Company										
WorldPhone Shop Co., Ltd.	450	450	100	100	450,000	450,000	(450,000)	(450,000)	-	-
TAC Property Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
dtac TriNet Co., Ltd.	1,160	1,160	100	100	1,270,000	1,270,000	-	-	1,270,000	1,270,000
DTAC Broadband Co., Ltd.	175	175	100	100	175,000	175,000	-	-	175,000	175,000
United Communication Industry Plc. (UCOM)	272	272	99.81	99.81	271,161	271,161	-	-	271,161	271,161
Paysbuy Co., Ltd.	200	200	100	100	236,756	236,756	-	-	236,756	236,756
Subsidiaries held through TAC Property Co., Ltd.										
Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
Subsidiary held through dtac TriNet Co., Ltd.										
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.	75	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 2018, dtac TriNet Co., Ltd., DTAC Broadband Co., Ltd., and Paysbuy Co., Ltd. which are the subsidiaries of the Company, announced their dividends to the Company amounting to Baht 2,946 million, Baht 2,049 million, and Baht 1,534 million, respectively (2017: dtac TriNet Baht 2,424 million, DTAC Broadband Baht 1,757 million and UCOM Baht 65 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) As discussed in Note 1.5 to the consolidated financial statements, the Company entered into an agreement to transfer the entire business of DTAC Broadband Co., Ltd. and Eastern Beach Co., Ltd. on 12 December 2018. Such transfer of business includes the transfer of all assets and liabilities as at 1 January 2019. At present, the Company and the subsidiaries are in process of fulfilling the agreements.
- d) On 25 January 2019, the Extraordinary General Meeting of the shareholders of Eastern Beach Co., Ltd., dtac Digital Media Co., Ltd., dtac Service Co., Ltd. and dtac Next Co., Ltd. ("subsidiaries") passed a resolution to approve the dissolution of the companies. At present, the subsidiaries are in the process of registration the dissolution with the Ministry of Commerce.

12. Cost of spectrum licenses

The net book value of cost of spectrum licenses as at 31 December 2018 and 2017 are presented below.

(Unit: Thousand Baht)

Consolidated financial statements	
As at 31 December 2018:	
Cost	59,244,237
Less: Accumulated amortisation	(5,025,019)
Net book value	54,219,218
As at 31 December 2017:	
Cost	12,912,997
Less: Accumulated amortisation	(3,991,961)
Net book value	8,921,036

A reconciliation of the net book value of cost of spectrum licenses for the years 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Net book value at beginning of year	8,921,036	9,818,795
Increase during the year	46,331,239	-
Amortisation	(1,033,057)	(897,759)
Net book value at end of year	54,219,218	8,921,036

Cost of spectrum licenses are the cost in acquisition the licenses for operating telecommunication business for International Mobile Telecommunication (IMT) as described in Note 1.3 c), h) and i) to the consolidated financial statements.

13. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
Cost											
1 January 2017	1,003,816	1,702,534	1,350,666	47,153,248	213,011	710,244	7,148,839	136,684	1,593,686	308,013	61,320,741
Purchases	-	-	45,395	5,780,229	-	156	8,168	44,000	10,312,140	-	16,190,088
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	62,536,552	213,011	726,294	6,831,824	132,655	1,496,230	277,199	76,271,234
Accumulated depreciation											
1 January 2017	-	1,336,310	757,565	13,947,250	187,973	652,339	6,430,888	80,086	-	193,307	23,585,718
Depreciation for the year	-	56,292	167,858	7,210,310	8,672	41,945	418,167	45,545	-	15,833	7,964,622
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	21,033,575	196,645	668,324	6,231,552	80,739	-	182,485	30,509,891
Allowance for impairment loss											
1 January 2017	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
Impairment loss for the year (reversal)	6,230	-	-	-	-	-	(11,465)	-	-	-	(5,235)
31 December 2017	9,230	-	-	-	-	-	-	-	-	82,975	92,205
Net book value											
31 December 2016	1,000,816	366,224	593,101	33,205,998	25,038	57,905	706,486	56,598	1,593,686	31,731	37,637,583
31 December 2017	994,586	314,721	622,361	41,502,977	16,366	57,970	600,272	51,916	1,496,230	11,739	45,669,138
Depreciation included in the income statements for the years											
2016											6,007,827
2017											7,964,622

Consolidated financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
Cost											
1 January 2018	1,003,816	1,661,491	1,392,162	62,536,552	213,011	726,294	6,831,824	132,655	1,496,230	277,199	76,271,234
Purchases	-	998	17,040	9,101,598	-	279	2,491	64,113	9,949,571	985	19,137,075
Disposals/written-off	(14,260)	(5,932)	(155,010)	(417,255)	-	(53,061)	(12,348)	(57,034)	(7,074)	(13,562)	(735,536)
Transferred in (out)	-	(5,687)	140,479	6,037,778	-	40,869	318,822	309	(9,232,476)	800	(2,699,106)
31 December 2018	989,556	1,650,870	1,394,671	77,258,673	213,011	714,381	7,140,789	140,043	2,206,251	265,422	91,973,667
Accumulated depreciation											
1 January 2018	-	1,346,770	769,801	21,033,575	196,645	668,324	6,231,552	80,739	-	182,485	30,509,891
Depreciation for the year	-	35,867	179,359	8,719,783	4,710	38,444	386,462	46,865	-	6,820	9,418,310
Depreciation - disposal/written-off	-	(5,932)	(134,802)	(385,584)	-	(52,583)	(11,929)	(55,608)	-	(12,732)	(659,170)
Transferred in (out)	-	-	-	(1,235,268)	-	-	-	-	-	-	(1,235,268)
31 December 2018	-	1,376,705	814,358	28,132,506	201,355	654,185	6,606,085	71,996	-	176,573	38,033,763
Allowance for impairment loss											
1 January 2018	9,230	-	-	-	-	-	-	-	-	82,975	92,205
Reversal of impairment loss for the year	(6,230)	-	-	-	-	-	-	-	-	-	(6,230)
31 December 2018	3,000	-	-	-	-	-	-	-	-	82,975	85,975
Net book value											
31 December 2017	994,586	314,721	622,361	41,502,977	16,366	57,970	600,272	51,916	1,496,230	11,739	45,669,138
31 December 2018	986,556	274,165	580,313	49,126,167	11,656	60,196	534,704	68,047	2,206,251	5,874	53,853,929
Depreciation included in the income statements for the years											
2017											7,964,622
2018											9,418,310

As at 31 December 2018, 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 10,804 million (2017: Baht 7,517 million).

As at 31 December 2018, the Company and its subsidiaries had no vehicles under finance lease agreements (2017: Baht 2 million).

Separate financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
Cost											
1 January 2017	723,040	1,702,081	1,301,043	4,777,306	93,979	673,380	6,350,054	135,255	86,061	188,620	16,030,819
Purchases	-	-	45,396	95,332	-	3	3,085	44,000	618,686	-	806,502
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	5,136,365	93,979	690,438	5,864,484	131,225	75,915	157,806	15,846,887
Accumulated depreciation											
1 January 2017	-	1,335,857	725,055	2,170,204	68,941	622,334	5,932,009	78,677	-	84,386	11,017,463
Depreciation for the year	-	56,292	162,519	405,914	8,672	39,881	237,120	45,525	-	9,060	964,983
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	2,466,257	77,613	637,588	5,651,929	79,310	-	66,791	11,057,757
Allowance for impairment loss											
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
Net book value											
31 December 2016	720,040	366,224	575,988	1,853,655	25,038	51,046	418,045	56,578	86,061	21,259	4,173,934
31 December 2017	713,810	314,721	580,645	1,260,461	16,366	52,850	212,555	51,915	75,915	8,040	3,287,278
Depreciation included in the income statements for the years											
2016											989,558
2017											964,983

Separate financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
Cost											
1 January 2018	723,040	1,661,038	1,312,597	5,136,365	93,979	690,438	5,864,484	131,225	75,915	157,806	15,846,887
Purchases	-	998	14,341	12,468	-	258	496	6,777	308,509	985	344,832
Disposals/written-off	(14,260)	(5,931)	(154,351)	(380,863)	-	(52,644)	(9,041)	(56,675)	(10,624)	(13,562)	(697,951)
Transferred in (out)	-	(5,687)	123,857	(2,503,495)	-	32,166	70,056	309	(311,919)	-	(2,594,713)
31 December 2018	708,780	1,650,418	1,296,444	2,264,475	93,979	670,218	5,925,995	81,636	61,881	145,229	12,899,055
Accumulated depreciation											
1 January 2018	-	1,346,317	731,952	2,466,257	77,613	637,588	5,651,929	79,310	-	66,791	11,057,757
Depreciation for the year	-	35,866	167,865	322,007	4,710	35,938	150,912	38,627	-	4,809	760,734
Depreciation - disposals/ written-off	-	(5,931)	(134,633)	(374,631)	-	(52,165)	(8,622)	(55,250)	-	(12,732)	(643,964)
Transfer in (out)	-	-	-	(691,399)	-	-	-	-	-	-	(691,399)
31 December 2018	-	1,376,252	765,184	1,722,234	82,323	621,361	5,794,219	62,687	-	58,868	10,483,128
Allowance for impairment loss											
1 January 2018	9,230	-	-	1,409,647	-	-	-	-	-	82,975	1,501,852
Impairment transfer out	-	-	-	(1,229,509)	-	-	-	-	-	-	(1,229,509)
Reversal of impairment loss for the year	(6,230)	-	-	(180,138)	-	-	-	-	-	-	(186,368)
31 December 2018	3,000	-	-	-	-	-	-	-	-	82,975	85,975
Net book value											
31 December 2017	713,810	314,721	580,645	1,260,461	16,366	52,850	212,555	51,915	75,915	8,040	3,287,278
31 December 2018	705,780	274,166	531,260	542,241	11,656	48,857	131,776	18,949	61,881	3,386	2,329,952
Depreciation included in the income statements for the years											
2017											964,983
2018											760,734

As at 31 December 2018, 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 8,502 million (2017: Baht 7,174 million).

As at 31 December 2018, the Company had no vehicles under finance lease agreements (2017: Baht 2 million).

During the year, the Company transferred the ownership of telecommunication towers with a net book value as of 14 September 2018 of Baht 1,464 million (Separate financial statements: Baht 674 million) to CAT as a result of the entering into the Tower Dispute Settlement Agreement and Tower Service Agreement with CAT as described in Note 34.1 to the consolidated financial statements. The Company transferred a net book value of those towers which were previously recorded as part of property, plant and equipment to deferred right to use of equipment as described in Note 14 to the consolidated financial statements

In addition, the Company and its subsidiary evaluated impairment of equipment for 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 by 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.

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 statements		
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
Cost:			
At 1 January 2017	160,300,921	971,620	161,272,541
Acquisition	673,352	-	673,352
At 31 December 2017	160,974,273	971,620	161,945,893
Acquisition	246,505	-	246,505
Transferred in	2,698,526	-	2,698,526
Disposals/written-off	(163,919,304)	(971,620)	(164,890,924)
At 31 December 2018	-	-	-
Amortisation:			
At 1 January 2017	(131,942,910)	(840,233)	(132,783,143)
Amortisation	(16,850,517)	(76,976)	(16,927,493)
At 31 December 2017	(148,793,427)	(917,209)	(149,710,636)
Amortization	(13,890,945)	(54,411)	(13,945,356)
Transferred in	(1,234,932)	-	(1,234,932)
Disposals/written-off	163,919,304	971,620	164,890,924
At 31 December 2018	-	-	-
Net book value:			
At 31 December 2017	12,180,846	54,411	12,235,257
At 31 December 2018	-	-	-
Amortisation included in income statements			
2017	16,850,517	76,976	16,927,493
2018	13,890,945	54,411	13,945,356

(Unit: Thousand Baht)

	Separate financial statements		
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
Cost:			
At 1 January 2017	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
Acquisition	350,899	-	350,899
Transferred in	2,594,713	-	2,594,713
Disposals/written-off	(163,919,304)	(971,620)	(164,890,924)
At 31 December 2018	-	-	-
Amortisation:			
At 1 January 2017	(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)
Amortisation	(5,917,272)	(54,411)	(5,971,683)
Transferred in	(877,994)	-	(877,994)
Written-off	138,025,842	971,620	138,997,462
At 31 December 2018	-	-	-
Allowance for impairment			
At 1 January 2017	(22,054,101)	-	(22,054,101)
Increase	(2,796,447)	-	(2,796,447)
At 31 December 2017	(24,850,548)	-	(24,850,548)
Transferred in	(1,042,915)	-	(1,042,915)
Written-off	25,893,463	-	25,893,463
At 31 December 2018	-	-	-
Net book value:			
At 31 December 2017	4,892,568	54,411	4,946,979
At 31 December 2018	-	-	-
Amortisation included in income statements			
2017	10,496,115	76,976	10,573,091
2018	5,917,272	54,411	5,971,683

As discussed in Note 13 to the consolidated financial statements, during the year, the Company recorded the transfer of telecommunication towers, which were previously recorded as part of property, plant and equipment, to deferred right to use of equipment and amortised over the remaining period of the concession which was ended on 15 September 2018. The amortization amount of these towers of Baht 1,464 million and Baht 674 million are recognised as part of the consolidated statements of income and separate statement of income for the current year.

Deferred right to use of equipment were fully amortised on 15 September 2018, which was the date that the concession contract was terminated.

15. Other intangible assets

The net book value of other intangible assets as at 31 December 2018 and 2017 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 2018:						
Cost	13,086,906	325,062	13,411,968	9,912,245	62,721	9,974,966
Less: Accumulated amortisation	(12,122,009)	-	(12,122,009)	(9,745,439)	-	(9,745,439)
Net book value	964,897	325,062	1,289,959	166,806	62,721	229,527
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

A reconciliation of the net book value of other intangible assets for the years 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,182,908	1,189,933	189,153	274,646
Acquisition of computer software	769,267	705,404	162,110	93,582
Amortisation	(662,462)	(705,436)	(121,736)	(178,092)
Transfer in	246	-	-	-
Loss from written-off of intangible assets	-	(6,993)	-	(983)
Net book value at end of year	1,289,959	1,182,908	229,527	189,153

16. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred underwriting fees / arrangement fees for loans and debentures - net	40,880	64,002	-	-
Deposits	484,536	424,504	368,160	335,197
Leasehold rights	15,003	17,266	13,998	16,119
Withholding tax deducted at source	1,914,319	2,220,062	1,910,096	2,213,181
Others	344,822	69,547	531	705
Total other non-current assets	2,799,560	2,795,381	2,292,785	2,565,202

As at 31 December 2018, the Company was in the process of requesting the refund of withholding tax deducted at source amounting to Baht 1,050 million (2017: Baht 1,166 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	
	2018	2017	2018	2017
Trade payables for the purchase of equipment for providing telephone services, telephone sets and starter kits	11,782,447	7,632,323	41,747	2,458,851
Trade payables - related parties (Note 7)	1,450,132	1,542,911	591,003	283,887
Trade payable - CAT*	14,674,067	8,192,195	14,128,883	8,183,258
Trade payable - TOT	2,497,470	1,249,625	1,249,343	1,249,625
Accrued license fees	2,195,266	2,758,601	-	-
Trade payables - interconnection charge	44,451	86,211	6,592	771
Trade payables - international telephone roaming services	610,120	1,500,231	213,585	810,326

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other trade payables	1,522,533	1,413,425	829,935	354,932
Other payables - related parties (Note 7)	160,594	694,529	201,507	818,731
Other payables	1,026,013	1,434,071	621,584	819,396
Accrued expenses	3,603,556	3,136,944	2,191,362	2,064,864
Interest payables	332,831	343,930	-	-
Total trade and other payables	39,899,480	29,984,996	20,075,541	17,044,641

* Trade payable – CAT has included the expenses under the Disputes Settlement Agreement

18. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
The subsidiary's loan facilities from local financial institutions	17,500,000	17,500,000	-	-
Less: Current portion	(7,875,000)	-	-	-
Long-term loans - net of current portion	9,625,000	17,500,000	-	-

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

As at 31 December 2018, the Company was unable to withdraw additional credit facilities because the Facility Agreements expired.

- 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

- 3) In December 2018, the subsidiary entered into additional Facilities Agreements (revolving facilities) for 3 years availability period with financial institutions. The principal terms of these facilities are:

Facilities	:	Baht 21,000 million
Interest rate	:	BIBOR plus a margin (the margin depending on certain conditions as stipulated in each agreement)
Interest period	:	Every one month, three months, or six months depending on certain conditions in the agreements
Principal repayment schedule	:	The last day of each interest payment period
Right to renew the contract	:	The subsidiary has a right to extend the availability period with the same conditions as considered by financial institution

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 2018, the subsidiary has the long-term credit facilities, which have not yet been drawn down, amounted to Baht 21,000 million (2017: Baht 43,000 million).

19. Debentures

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Thai Baht debentures	29,500	31,500	-	-
Less: Current portion	(1,500)	(2,000)	-	-
Thai Baht debentures – net of current portion	28,000	29,500	-	-

The movements of debentures for the year ended 31 December 2018 are as follows:

(Unit: Million Baht)

Subsidiary	Interest rate (per annum)	Tenor	Balance as at 1 January 2018	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2018
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
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
Total			31,500	-	(2,000)	29,500

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.

As at 31 December 2018, the subsidiary entered into interest rate swap agreements with financial institutions, to swap the debentures issued, totaling in notional amount of Baht 27,000 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	
	2018	2017
Provision for long-term employee benefits at beginning of year	698,592	438,376
Included in profit or loss:		
Current service cost	50,858	44,981
Previous service cost	(5,585)	178,258
Interest cost	15,049	14,054
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Financial assumptions changes	-	21,511
Demographic assumptions changes	156	13,858
Experience adjustments	(23,354)	(10,244)
Benefits paid during the year	(1,110)	(2,202)
Provision for long-term employee benefits at end of year	734,606	698,592

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 1 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 14 years (Separate financial statements: 14 years) (2017: 15 years, separate financial statements: 15 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated / Separate financial statements	
	2018	2017
Discount rate	2.9	2.9
Salary increase rate	5.5	5.5
Turnover rate	0 - 15	0 - 20

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 are summarised below:

(Unit: Million Baht)

	Consolidated / Separate financial statements			
	2018		2017	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(36)	40	(35)	38
Salary increase rate	38	(36)	37	(35)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Voluntary turnover rate of employees	(31)	33	(31)	33

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits. The Company and its subsidiaries have recorded the effect of the change by recognising past service costs as expenses immediately in the income statement.

21. Assets retirement obligation

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Assets retirement obligation at beginning of year	887,726	251,300	190,985	123,667
Decrease from payment	(35,172)	(71,761)	(33,584)	(71,762)
Increase during the year	362,074	708,187	6,413	139,080
Assets retirement obligation at end of year	1,214,628	887,726	163,814	190,985

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	Dividend per share
		(Million Baht)	(Baht)
Dividend announced from Retained earnings as at 31 December 2017	Annual General Meeting of Shareholder on 4 April 2018	568	0.24
Interim dividend announced from operating result for the period as from 1 January 2018 to 30 June 2018	Board of Directors' meeting on 16 July 2018	2,391	1.01
Total dividend for 2018		2,959	

23. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Salaries and wages and other employee benefits	4,188,097	4,570,894	4,237,106	4,594,396
Depreciation	9,418,310	7,964,622	760,734	964,983
Amortisation	15,686,261	18,582,717	6,095,540	10,753,985
Rental expenses from operating lease agreements	3,380,799	3,036,796	974,762	1,208,320
Purchases in inventories	9,982,669	12,123,503	2,567,478	8,480,207
Changes in inventories of finished goods	99,170	(113,955)	2,222,862	(164,513)
Disputes settlement agreement expenses	7,850,854	-	7,850,854	-

24. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Interest expense	1,236,305	1,419,464	342,249	894,221
Amortisation on deferred financial cost	43,123	49,083	-	-
Other finance cost	71,814	88,668	-	-
Total finance cost	1,351,242	1,557,215	342,249	894,221

25. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	1,565,595	1,708,440	-	-
Adjustment in respect of income tax of previous year	60,884	2,597	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,057,015)	(1,492,929)	(1,286,308)	(771,006)
Income tax expense reported in the income statement	(1,430,536)	218,108	(1,286,308)	(771,006)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	2018	2017
Deferred tax relating to the actuarial gains or losses	-	-

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit (loss) before tax	(5,799,226)	2,333,083	197,134	321,094
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(1,159,845)	466,617	39,427	64,219
Adjustment in respect of current income tax of previous year	60,884	2,597	-	-
Effects of:				
Tax exempted revenue	(75)	(75)	(1,306,002)	(842,607)
Non-deductible expenses	60,481	112,209	16,938	37,240
Additional capital expenditure deductions allowed	(369,093)	(418,814)	(40,689)	(42,872)
Write-down of deferred tax assets	4,640	1,606	4,640	1,606
Effects of adjustment deferred tax	(34,850)	48,703	(622)	11,408
Others	7,322	5,265	-	-
Income tax expenses reported in the income statement	(1,430,536)	218,108	(1,286,308)	(771,006)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Allowance for doubtful accounts - trade receivables	318,031	326,644	39,002	47,130
Allowance for diminution in value of investment/loss on the subsidiary	89,704	90,000	89,704	90,000
Allowance for diminution in value of inventories	8,425	64,616	1,210	63,837
Accrued expenses	8,954	364,420	7,575	344,432
Amortisation of intangible assets	24,007	20,221	-	2,174
Sales of prepaid voucher cards	210,695	180,359	1,076	28,110
Allowance for impairment of assets	-	-	-	1,677,587
Disputes Settlement Agreement expenses	1,895,792	-	1,895,792	-
Tax losses carried forward	3,974,109	2,455,991	3,974,109	2,455,991
Others	118,707	69,848	88,564	75,296
Total	6,648,424	3,572,099	6,097,032	4,784,557

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax liabilities				
Unrealised gain on derivative Instruments for debentures	(8,176)	(15,032)	-	-
License on mobile money business (premium from subsidiary acquisition)	(13,768)	(13,768)	-	-
Other	(26,166)	-	(26,166)	-
Total	(48,110)	(28,800)	(26,166)	-
Deferred tax assets - net	6,600,314	3,543,299	6,070,866	4,784,557

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

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2018	2017
31 December 2020	996,556	996,556
31 December 2021	4,614,973	4,618,112
31 December 2022	6,555,113	6,665,286
31 December 2023	7,769,480	-
	19,936,122	12,279,954

As at 31 December 2018 the Company has deductible temporary differences of Baht 1,425 million (2017: Baht 1,425 million) on which deferred tax assets have not been recognized because the Company considers that it might be uncertain to utilise these temporary differences in the future.

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	
	2018	2017	2018	2017
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(4,368,692)	2,114,975	1,483,442	1,092,100
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)	(1.85)	0.89	0.63	0.46

27. Depreciation and amortisation

Depreciation and amortisation for the years ended 31 December 2018 and 2017 comprised:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Depreciation				
Building and equipment	9,418,310	7,964,622	760,734	964,983
Amortisation				
Deferred right to use of equipment	13,945,356	16,927,493	5,971,683	10,573,091
Cost of spectrum licenses	1,033,057	897,759	-	-
Other intangible assets and other non-current assets				
- group as selling and administration expenses	664,725	708,382	123,857	180,894
- group as finance cost	43,123	49,083	-	-
Total depreciation and amortisation	25,104,571	26,547,339	6,856,274	11,718,968

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		
			Note		
			2018	2017	
Profit (loss) for the year			(4,368,689)	2,114,975	
Add	:	Finance cost	24	1,351,242	1,557,215
	:	Income tax expenses	25	(1,430,536)	218,108
	:	Depreciation	27	9,418,310	7,964,622
	:	Amortisation	27	15,643,138	18,533,634
EBITDA			20,613,465	30,388,554	
Add	:	Disputes settlement agreement expenses	7,850,854	-	
EBITDA before disputes settlement agreement expenses			28,464,319	30,388,554	
Add (less):		Interest income	(241,122)	(217,362)	
	:	Gain on foreign exchange	(6,824)	(50)	
	:	Other expenses related to employees	127,232	97,301	
	:	Penalty from contract cancellation (reversal)	(2,852)	118,250	
	:	Dividend received from other investments	(375)	(375)	
	:	Share of loss from investment in associated company	12,148	6,699	
	:	Gain from sales of other investments	(4,441)	-	
	:	Loss from disposal/write-off of equipment and intangible assets	46,804	236,224	
	:	Allowance for diminution in value of other investments (reversal)	250	(29,573)	
	:	Other income from debt settlement of subsidiary	-	(150,000)	
	:	Other incomes	(3,650)	(3,720)	
Operating income before interest, taxes, depreciation, amortisation, other incomes and other expenses (EBITDA before other incomes and other expenses)			28,391,489	30,445,948	

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 2018					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
Financial assets					
Cash and cash equivalents	5	12,016	2,000	74	14,090
Trade and other receivables	6	-	-	7,831	7,831
Financial liabilities					
Trade and other payables	17	-	-	39,899	39,899
Long-term loans	18	17,500	-	-	17,500
Debentures	19	-	29,500	-	29,500

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2017					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
Financial assets					
Cash and cash equivalents	5	17,994	7,923	131	26,048
Trade and other receivables	6	-	-	8,590	8,590
Financial liabilities					
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

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 2018					
รายการ	Note	Within 12 months	Over 12 months	Total	Interest rate
Financial assets					
Cash and cash equivalents		2,000	-	2,000	0.05% - 1.00%
Financial liabilities					
Debentures	19	1,500	28,000	29,500	1.98% - 4.04%

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2017					
รายการ	Note	Within 12 months	Over 12 months	Total	Interest rate
Financial assets					
Cash and cash equivalents		7,923	-	7,923	0.05% - 1.00%
Financial liabilities					
Debentures	19	2,000	29,500	31,500	1.98% - 4.04%

29.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arised 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 2018 and 2017 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	
	2018	2017	Foreign currency	2018	2017
	(Million)	(Million)		Baht per foreign currency	
Assets					
Deposits at banks	12.31	17.05	USD	32.1924	32.4342
Trade receivables - other companies	27.51	52.00	SDRs	45.0853	46.5108
	1.55	2.86	USD	32.1924	32.4342
	0.13	0.06	EUR	36.6577	38.5567
Trade receivables - related companies	0.75	0.56	SDRs	45.0853	46.5108
	2.96	2.54	USD	32.1924	32.4342
Liabilities					
Trade payables	6.82	27.17	USD	32.6148	32.8472
	0.16	0.15	EUR	37.4884	39.3938
	5.68	25.30	NOK	3.7449	4.0023
	0.01	-	SGD	23.9720	24.7294
	12.31	31.02	SDRs	45.0853	46.5108
Related parties payables	36.04	47.91	NOK	3.7449	4.0023
	0.53	1.13	SDRs	45.0853	46.5108
	0.01	-	SGD	23.9720	24.7294
	5.19	19.71	USD	32.6148	32.8472
Total net assets (liabilities)	4.81	(24.43)	USD		
	(0.03)	(0.09)	EUR		
	15.42	20.41	SDRs		
	(41.72)	(73.21)	NOK		
	(0.02)	-	SGD		

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 2018 and 2017 are presented below.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December			
	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
Hedged				
Thai Baht debentures	27,000	29,157	29,000	31,489
Unhedged				
Thai Baht debentures	2,500	2,682	2,500	2,713
Derivative instruments				
Interest rate swaps	-	262	-	314

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 2018, 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 2018				
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Debentures	-	31,839	-	31,839
Interest rate swaps (favourable)	-	262	-	262

(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

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 2018, the aforementioned ratio in the consolidated financial statements is 1.16:1 (2017: 0.80:1).

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 2018 and 2017.

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 2018 and 2017, future minimum lease payments under these operating leases contracts were as follows.

(Unit: Million Baht)

	As of 31 December	
	2018	2017
Payable within:		
In up to 1 year	1,566	1,012
In over 1 and up to 5 years	1,938	1,757
In over 5 years	22	20

During the year 2018, the Company and its subsidiaries recognised rental expenses of Baht 3,094 million (2017: Baht 2,751 million).

32.2 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments of Baht 3,273 million and USD 4 million (2017: Baht 2,489 million and USD 17 million) mainly in respect of the purchase of tools and equipment for providing telecommunication services and Baht 93 million, USD 3 million and EUR 0.3 million (2017: Baht 62 million, USD 3 million and EUR 0.4 million) relating to the construction of cell sites and acquisition of software for the Company and its subsidiaries' operations.

32.3 Restricted bank deposits

As at 31 December 2018, deposits at banks of a subsidiary amounting to Baht 0.1 million (2017: Baht 0.1 million) are pledged with the bank to secure facilities granted by the bank.

32.4 Bank guarantees

As at 31 December 2018, there were outstanding bank guarantees of Baht 47,440 million (2017: Baht 4,047 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, issued to NBTC to guarantee the payment for the winning bid price of the spectrum licenses, and issued to TOT to guarantee the compliance with the agreement as discussed in Note 32.6 (d), (e) and (f) to the consolidated financial statements.

32.5 Agreement to install cell site equipment and maintain transmission networks

As at 31 December 2018, 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 and its subsidiary entered into a purchase and resale agreement with a company that granted the right to distribute products, equipment and support services in Thailand related to that company's mobile phones and tablet computer. The Company and its subsidiary are 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 for 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.
- d. On 23 April 2018, the Board of Directors' Meeting of the Company passed a resolution to approve dtac TriNet Company Limited ("dtac TriNet"), a subsidiary of the Company, to enter into the Domestic Roaming Agreement with TOT Public Company Limited ("TOT") to utilize the domestic data roaming on TOT's 2300 MHz network, who has been granted a license from the National Broadcasting and Telecommunications Commission, to provide the domestic roaming on TOT's 2300 MHz Spectrum to its customers. In this regard, dtac TriNet shall pay monthly roaming charges to TOT in accordance with details and conditions as specified in the Domestic Roaming Agreement dated on 23 April 2018. The agreement period is until on 3 August 2025. dtac TriNet provided a bank guarantee of Baht 342 million issued by a bank to guarantee the performance of such agreement.
- e. The Board of Directors' Meeting of the Company passed a resolution to approve TeleAssets Co., Ltd. ("TeleAssets"), a subsidiary of the Company, to enter into the Telecommunications Equipment Lease Agreement with TOT. TeleAssets agrees to procure, install, and maintain the Telecommunications Equipment (the "Telecommunications Equipment") and agrees to lease such Telecommunications Equipment to TOT, so that TOT is entitled to utilise such Telecommunications Equipment in the provision of the telecommunications services of the 2300 MHz Spectrum. TeleAssets will receive rental and service fees from TOT in accordance with the details and conditions specified in the Telecommunications Equipment Lease Agreement dated on 23 April 2018. The agreement period is until on 3 August 2025. TeleAssets provided a bank guarantee of Baht 112 million issued by a bank to guarantee the performance of such agreement.
- f. On 14 September 2018, the Board of Directors' Meeting of the Company passed a resolution to approve the Company and dtac TriNet to enter into the Tower Dispute Settlement Agreement and Tower Service Agreement. Under the agreements, the Company transferred to CAT for the disputed towers that the Company has procured under the agreement to operate and to provide cellular system radio communications services between CAT and the Company. In light of this, CAT agreed to settle disputes related to ownership of all towers and allowed the Company and dtac TriNet to use the towers to operate business based on an 8 year lock-up period which dtac TriNet provided the compensation in accordance with the terms and conditions as stipulated in the agreement, and has the right to renew the agreement period up to 3 years with no limitation. dtac TriNet itself shall procure the land and provide maintenance to the towers. The Company and dtac TriNet provided a bank guarantee of Baht 534 million issued by a bank to guarantee the performance of such agreement.

dtac TriNet also leases telecommunication equipment from CAT under Fiber and other Facilities Service Agreement. The duration of each device varies from one year to three years depending on the type and nature of the device. dtac TriNet has the right to renew the agreement period up to 1 year at a time. The Company and dtac TriNet provided a bank guarantee of Baht 813 million issued by a bank to guarantee the performance of such agreement.

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

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

On 17 May 2006, the 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 charge 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 Reference of Interconnect Offer (RIO) as approved by NTC.

- 2) On 18 June 2007, according to the Award No. 1/2550 rendered by NTC on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate with the Company within 7 days and enter into an interconnection charge 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 charge 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 charge 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 per day until completion) enforcing TOT to enter into an interconnection charge 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 is confident that the Company is not obliged to make payment of access charge under the Access Charge Agreements because the Access Charge Agreements do not comply with the current legal principles (in particular the 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 a 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 2018 has resulted in a reduction of the Company's expenses amounting to approximately Baht 69,113 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 service provided under the agreements to operate cellular telephone services (Concession Agreement) and other disputes between CAT, the Company and dtac TriNet which was finalised by the order of Court/Arbitration and those included in the Disputes Settlement Agreement

34.1 Commercial disputes which was finalized by the order of Court/Arbitration in accordance with Dispute Settlement Agreement

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 2012, 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. Subsequently, on 1 September 2015, the Company was informed that CAT amended the plaint related to the number of tower to the Arbitration Institute. CAT added in the claim for additional 48 towers amounting compensation of Baht 20 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).

As described in Notes 32.6 (f) to consolidated financial statements, the Company and a subsidiary have signed the Tower Dispute Settlement Agreement and Tower Service Agreement with CAT on 14 September 2018. In light of this, CAT agreed to settle disputes related to ownership of all towers and allowed dtac TriNet to use the towers to operate business. The Company and CAT has filed the petition to the Arbitral Tribunal and the Supreme Administrative Court for withdrawing the cases. The Arbitral Tribunal issued an order on 9 October 2018 allowing the parties to terminate the arbitration process and stroked the case from the case list. On 6 December 2018, the Supreme Administrative Court allowed the Company to withdraw its appeal and stroked the case out of the case list. The case and such dispute were final.

34.2 Significant commercial disputes, litigation cases and other related issues during the settlement process under Disputes Settlement Agreement between CAT the Company and dtac TriNet dated 10 January 2019

On 10 January 2019, the Board of Directors passed a resolution approving the Company and dtac TriNet entering into the Disputes Settlement Agreement to settle the disputes arising from the operation of services under the Concession Agreement between Company, dtac TriNet and CAT. In this regard, the Company, dtac TriNet and CAT also entered into signing the Disputes Settlement Agreement on 10 January 2019. The Dispute Settlement Agreement is binding upon the parties, subject to the terms and conditions specified, and takes effect when the Company obtains approval from a meeting of its shareholder.

The Disputes Settlement Agreement results in the settlement numbers of the disputes between the Company and CAT, including disputes that are being litigated and disputes or claims that may be raised by CAT in the future under the Concession Agreement. This does not include the dispute between the Company and CAT regarding additional revenue sharing payments (Excise Tax) under the Concession Agreement and the dispute between the Company and CAT regarding the revenue sharing calculation in relation to Interconnection Charge revenue after the enforcement of the IC Notification, as described in Note 35 (a) and (b) to the consolidated financial statements.

Under the agreement, the Company agrees to pay to CAT a consideration totaling Baht 9,510 million (excluding VAT) to settle the disputes. The first payment of Baht 6,840 million (excluding VAT) is to be made on the effective date of the agreement and payment of the balance is to be made once the relevant court cases are withdrawn from the court in accordance with the Disputes Settlement Agreement. The Company has recorded the full amount of the compensation net of the amount of provision previously accrued presenting as part of administrative expenses in profit or loss.

The detail of the disputes, cases and other related issues under this Disputes Settlement Agreements are as follow:

- (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.

During the current year, the Company directly received the letter from the Central Administrative Court confirming that the case was final. The Company’s management also considered the legal opinion from external legal counsel which determined that the Company has no further obligation on this case.

- (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. 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. 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.

- (c) Dispute between the Company and CAT regarding revenue share calculation in relation to Interconnection Charge (“IC”) revenue received from other telecom operators before 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 11th – 14th 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.

In 2010, CAT also filed another claim requesting for additional revenue sharing for the 15th concession year in the same matter in the amount of Baht 4 million. In 2011 to 2015, CAT submitted several statements of claim in the same matter in the approximate amount of Baht 5 million for all cases, together with penalty.

- (d) 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 including VAT but excluding interest. CAT argued that the Company failed to pay the revenue sharing to CAT for the 13th and 14th 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. 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. Subsequently, 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.

In 2010 to 2013, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 15th-18th concession year in total amount of Baht 338 million (including VAT) together with penalty. In 2015, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 19th and 20th concession year in total amount of Baht 153 million (including VAT). In total, CAT claimed the additional revenue sharing for the 15th - 20th in the amount of Baht 491 million including VAT and interest calculated until the dispute filing date.

- (e) Dispute between the Company and CAT regarding addition revenue sharing from prepaid service revenue on 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 15th concession year in the approximate amount of Baht 23 million (including VAT). 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 16th - 18th concession year in the total amount of Baht 295 million. In 2015, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 19th and 20th concession year in total amount of Baht 58 million. In total, CAT claimed the additional revenue sharing for the 16th - 20th in the amount of Baht 353 million including VAT and interest calculated until the dispute filing date.

- (f) 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 2015, CAT submitted several disputes to the Arbitration Institute requesting for additional revenue sharing in total amount of Baht 52 million (including VAT) together with penalty. CAT argued that the Company did not make the revenue sharing payment for the 11th-20th 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.

- (g) Other disputes in relation to revenue sharing from service 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 and Court demanding the Company to pay additional revenue sharing to CAT in total amount of Baht 263 million together with penalty. The disputes are currently in the arbitration process and court proceedings.

- (h) 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 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.

On 30 August 2018, the Company received the claim that CAT filed before the Arbitral Tribunal claiming that the Company is in breach of clause 14.8 of Concession by holding 99.99% of shareholding of dtac TriNet and transferring subscriber by violating the NBTC Notification on Mobile number portability and its manual. CAT claimed that Company's action damage CAT by reducing the revenue sharing received from the Company. CAT request the Company to compensate for the period of September 2013 to May 2015 in the amount of 3,506 million, with 7.5% of interest per annum starting from June 2015 onward. Currently, the case is under the arbitration proceeding.

(i) 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, prohibited to install devices and equipment of dtac TriNet on the Company's concessionary asset, 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. On 20 March 2018, the Central Administrative Court rendered its decision ruling that dtac TriNet has not violated CAT and dismissed CAT's claim. CAT has already appealed the Central Administrative Court's decision with the Supreme Administrative Court. The case is under the consideration of the Supreme Administrative Court.

(j) 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 34.2 (h) to the 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 aforementioned commercial disputes and legal cases are currently under arbitration processes or proceedings of the Central Administrative Court or Supreme Administrative Court which will be settled by the Disputes Settlement Agreement. CAT and the Company are required to complete the process of withdrawing all of these commercial disputes and court cases.

In addition, the Disputes Settlement Agreement will result in settlement of other issues related to the operations under the Concession Agreement between the Company and CAT which have not yet given rise to litigation, such as the 3rd amendment of Concession Agreement (as described in Note 36.3 to the consolidated interim financial statements) and disputes or claims that CAT may potentially raise with the Company in the future under the Concession Agreement.

35. Significant commercial disputes and litigation cases in relation to the revenue sharing according to the agreements to operate cellular telephone services (Concession Agreement) between CAT and the Company which are not included in the Disputes Settlement Agreement, and other litigation cases

- (a) 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 2012 in favor of the Company and dismissed CAT's claim. On 31 August 2012, 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. CAT appealed the Central administrative Court's decision with the Supreme Administrative Court. Currently, the case is under the consideration of Supreme administrative Court.

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 counsel 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, as at 31 December 2018, the Company has not accrued the said VAT in its financial statement.

- (b) Dispute between the Company and CAT regarding revenue share calculation in relation to Interconnection Charge ("IC") revenue after the enforcement of the IC Notification

In 2011, CAT submitted several statements of claim to the Arbitration Institute requesting for the revenue share payment shortfall in respect of the 16th 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 17th 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 18th concession year in the amount of Baht 3,340 million together with penalty.

In addition, in 2015, CAT filed a statement of claim to the Arbitration Institution requesting for additional revenue sharing on IC for the 19th concession year in the amount of Baht 3,667 million together with penalty and for additional revenue sharing on IC for the 20th concession year in the amount of Baht 3,914 million together with penalty. As at 31 December 2018, the Company has not accrued the said additional revenue sharing requested by CAT because, based on the Company's legal counsel opinion, the Company's management believes that the Company has no duty to pay such revenue sharing to CAT. Presently, this case is under the arbitration proceedings.

(c) Other litigation cases

The Company has several cases regarding the employment and other commercial agreements total amount of Baht 145 million. The cases are currently under the consideration of Court.

The Company's management believes that the outcomes of the disputes and cases as referred above will have no significant impact to the Company's financial position.

36. Regulatory risks concerning the telecommunication 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 Group in several aspects, both in implementing its business strategies and adjustment to any changes in market conditions including the management under spectrum licenses at appropriate costs which is significant to the Group's current operations in the mobile telecommunication business 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 The 3rd 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 3rd 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 3rd 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.

Nevertheless, as a result of the Disputes Settlement Agreement between CAT, the Company and dtac TriNet, the risk from being requested by CAT for the revision of the revenue sharing in relation to the 3rd Concession Amendment is eliminated.

36.4 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 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 of the company and its subsidiaries.

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 NBTC to revoke the Company and its subsidiary's right to operate telecom business.

36.5 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; 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 2018 and 2017 by segments.

(Unit: Thousand Baht)

	For the year ended 31 December 2018		
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
Revenues			
External customers	65,218,630	7,769,101	72,987,731
Total revenue	65,218,630	7,769,101	72,987,731
Operating result			
Gross profit (loss) of segments	17,763,792	(2,055,676)	15,708,116
Other incomes			2,546,197
Selling and service expenses			(4,778,367)
Administrative expenses			(17,923,930)
Finance cost			(1,351,242)
Loss before income tax expenses			(5,799,226)
Income tax expenses			1,430,537
Loss for the year			(4,368,689)
Segment total assets			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	20,185,869	-	20,185,869

(Unit: Thousand Baht)

	For the year ended 31 December 2017		
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
Revenues			
External customers	68,082,681	9,373,808	77,456,489
Total revenue	68,082,681	9,373,808	77,456,489
Operating result			
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
Segment total assets			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	17,658,145	-	17,658,145

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 December 2018 and 2017:

(Unit: Thousand Baht)

Segment assets	Mobile telephone service	Sales of handsets and starter kits	Total segments	Unallocated assets	Consolidated
At 31 December 2018	115,265,455	2,398,770	117,664,225	33,293,430	150,957,655
At 31 December 2017	73,943,541	2,215,679	76,159,220	38,341,370	114,500,590

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 2018 and 2017, 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 2018, Baht 96 million (2017: Baht 93 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

40.1 Reduction of legal reserve and premium on ordinary shares to offset the deficits

On 28 January 2019, the Company's Board of Directors' Meeting passed a resolution to approve the reduction of legal reserve amounting to Baht 466 million and premium on ordinary shares amounting to Baht 386 million so as to reduce the deficits in the Company's separate financial statements and propose for approval to the Annual General Shareholders' Meeting of 2019.

40.2 Transfer of all business of a subsidiary

On 28 January 2019, the Company's Board of Directors' meeting passed a resolution to propose for the shareholders' approval of the acquisition of the entire business of Paysbuy Co., Ltd., the Company's subsidiary, into the Company.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 January 2019.

3G Technology	Third generation mobile phone technology
4G Technology	Fourth generation mobile phone technology
Access Charge (AC)	The charge paid to TOT for an access to TOT's telecommunications network
AIS	Advanced Info Service Public Company Limited
AWN	Advanced Wireless Network Company Limited
ARPU	Average revenue per user per month
Bandwidth	The width of frequency band
BMA	Bangkok Metropolitan Area
BTO	Build-Transfer-Operate
CAT	CAT Telecom Public Company Limited (formerly the Communication Authority of Thailand)
CAPEX	Capital expenditure
CDR	Call Detail Record
CDP	The Central Depository (Pte) Limited
Concession Agreement	Agreement to Operate and Provide Cellular System Radio Telecommunication Service between CAT and the Company (as amended)
DPC	Digital Phone Company Limited
DTN, dtac TriNet	dtac TriNet Company Limited
EDGE	Enhanced Data-Rates for GSM Evolution
Foreign Business Act	Foreign Business Act B.E. 2542 (1999)
Free cash flow	EBITDA-CAPEX
FY	Fiscal year
GB	Giga byte, which is a measurement of data volume
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
GHz	Giga Hertz, which is a measurement of frequency
HSPA	High Speed Package Access, a 3G technology
IMEI	International Mobile Equipment Identity
Interconnection Charge (IC)	The cost-based charge paid to other operators for connecting into their networks
IMT	International Mobile Telecommunications
IVR	Interactive Voice Response System
LTE	Long-Term Evolution, a 4G technology
MB	Mega Byte, which is a measurement of data volume
MHz	Mega Hertz, which is a measurement of frequency

MMS	Multimedia Messaging Service
MNP	Mobile Number Portability
MOU	Minute of use per user per month
MVNO	Mobile Virtual Network Operator
NBTC	National Broadcasting and Telecommunications Commission
NTC	National Telecommunications Commission, in accordance with the Act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2543 (2000)
Net addition	The number of new subscribers acquired less the number of subscriber leaving during the period
Net debt	Interest bearing debt less cash and cash equivalents.
Net debt to Equity	Net debt divided by equity
Net debt to EBITDA	Net debt divided by EBITDA
OPEX	Operating expenses, primarily consisting of network operating expenses, sell & marketing expenses and general administrative expenses
PCN 1800	Digital GSM wireless telecommunications service under the 1800 MHz frequency band
Penetration Rate	The number of SIM cards divided by the number of population
QoQ	Quarter on Quarter
Refill card	Refill card for prepaid service
SEC	Securities and Exchange Commission
SET	The Stock Exchange of Thailand
SGX-ST	Singapore Exchange Securities Trading Limited
SIM card	Subscriber identity module card
Smartphone	Mobile phone offering advanced capabilities, often with PC-like functionality
SMS	Short Message Service
Spectrum	The radio frequency bands used for telecommunication service
Telecommunications Act	Telecommunication Business Operation Act B.E. 2544 (2001) (as amended)
TOT	TOT Public Company Limited (formerly Telephone Organization of Thailand)
True Move	True Move Co., Ltd.
TSD	The Thailand Securities Depository Co., Ltd.
UCOM	United Communication Industry Public Company Limited
USO	Universal Service Obligation
VAS	Value Added Services
VoIP	Voice over Internet Protocol
WiFi	Wireless Fidelity, a type of wireless networking protocol
YoY	Year on Year

Investors may obtain further information from the Company's Form 56-1

at www.sec.or.th or www.dtac.co.th



Total Access Communication PLC.

319 Chamchuri Square Building, 41st Floor,
Phayathai Road, Pathumwan, Bangkok 10330

Tel.	(66 2) 202 8000
Fax	(66 2) 202 8296
Website	www.dtac.co.th