

1. Business overview

Advanced Info Services Plc. (AIS) is transforming itself to become the “Digital Life Service Provider” by operating three core businesses: mobile, fixed-broadband, and digital content. At present, AIS is the leading mobile operator in Thailand who commands 52% of market share by revenue and serving 38.5 million subscribers nationwide. The company had been providing 2G service on 900MHz network under concession with TOT which ended in September 2015 and is being continued under the remedy period until further notice from the National Broadcasting and Telecommunication Commission (NBTC). The 3G network with nationwide coverage is operated on the 2.1GHz license, valid until 2027, granted by the NBTC in December 2012. Moreover, the company will launch 4G network in early 2016 on the 1.8GHz license, valid until 2033, granted by the NBTC in November 2015. Mobile services currently provided include domestic mobile services, international direct dialing (IDD) services, and international roaming services.

As the “always-connected” behavior of customers has become significant, AIS made a clear decision to commence the fixed broadband business in April 2015 under the brand “AIS Fibre”. With an ability to leverage the extensive fiber optic network nationwide, we can provide the new technology of FTTx service to households. In only 9 months of operation, AIS Fibre already achieved 1.7 million homepasses with 44,000 households as our customers. We aim to be one of the key players in this market in three years driven by our strong brand and currently low fixed broadband market penetration.

To stay in an advanced position in the digital era, AIS is officially driving the digital content business by creating a telecom ecosystem among talented partners. Our focus is on five key areas namely video, game, mobile banking, cloud, and M2M, all of which will provide convenience to customers and generate new sources of revenues rather than voice minutes and megabytes from usual data consumption.

1.1 Vision and Mission

Vision

To lead and shape the multi-media communications market in Thailand and aspire to become the most-admired Digital Life Service Provider.

Mission

- We commit to deliver superior and innovative services that can add value and enhance peoples’ daily lives along with business capabilities.
- We commit to enhance Customer Intimacy through the best customer experience.
- We commit to drive intrapreneurship along with a professional and lively work culture for all our employees.
- We commit to enhance value for our stakeholders through Sustainable Development and creating value to society through Creating Shared Value (CSV).

1.2 Key milestone in 2015

Strategy and Overall Business

- **29 January 2015:** AIS announced the company's vision for 2015, by introducing the concept of "LIVE Digital, LIVE More" with the aim of empowering the Thai people and the country to reap the benefits of living digitally in the age of the digital economy. The vision included the goal of becoming creators of digital services for Thais as "Your Digital Life Partners." This goal covers the development of both the relevant infrastructure and digital services as part of a make-over of the company's image into a digital partner for every group of AIS customers.
- **2 June 2015:** AIS launched its "Co-Location" services which feature space rental complete with environmentally friendly standard infrastructure for the installation of computer and network equipment. These services include a wide range of facilities designed to completely meet UPTIME INSTITUTE and TIA-942 standards so that our corporate and SME customers can efficiently minimize IT support system preparation and management costs while maintaining maximum safety.
- **15 June 2015:** AIS was awarded ISO/IEC 27001:2013 certification for IT security management standards by Bureau Veritas Certification (Thailand) Ltd. and UKAS (The United Kingdom Accreditation Service). This certification recognizes our upgrades in secure information management for AIS data centers and assures our corporate customers of our service provision capacities.
- **10 September 2015:** AIS was selected as a member of DJSI Emerging Markets. AIS is the first telecommunication service operators in Thailand who was selected.

Mobile Business

- **13 February 2015:** AIS joined hands with Thaicom in expanding its mobile phone network to customers working on the offshore oil production platforms in the Gulf of Thailand. This is the first time in Thailand that a technological innovation in communications via a mobile phone network was used with a satellite communications system to provide mobile communication services to customers working at offshore facilities.
- **2 March 2015:** AIS signed a memorandum of understanding with Kasikornbank PCL for the co-development of a new innovation in financial services by upgrading their Mobile Banking and Mobile Commerce Systems. These upgrades will help improve the quality of life for our customers by making mobile banking even easier to use, and will help generate economic growth and business competition at the regional and global levels.
- **31 March 2015:** AIS launched its "AIS SUPER WiFi" services by offering high-speed wireless internet services at a maximum speed of 650 Mbps, which is faster and stronger than 4G. This service provision was initially launched at popular department stores, leading movie theaters, community malls and all McDonalds restaurants, in addition to leading chain stores nationwide.
- **20 April 2015:** AIS launched "iSWOP," an innovative mobile package to meet the changing needs of our monthly subscription customers by allowing them to switch between internet and call services as needed. AIS is the first company in the world to offer this service.
- **14 May 2015:** AIS launched its "AIS LIVE 360" campaign by offering special privileges to our customers in the form of discounts at over 12,000 leading brand name stores nationwide for 365 days.
- **2 July 2015:** AIS "One-2-Call" launched its "Hello Asia SIM," a top-up SIM for our international customers from Cambodia, China, Japan, Laos, Myanmar, and South Korea who live and work in Thailand. This new SIM card comes with automated message services in all six languages.
- **1 September 2015:** AIS joined with Tune Insurance to create a new dimension in automatic cross-border services by offering special insurance privileges and a maximum coverage of 300,000 baht for accidents occurring while our customers are traveling abroad. This is a free service when customers sign up and use any AIS roaming package.

- **22 September 2015:** AIS launched its first 4G mobile phone with the release of its “AG SUPER COMBO LAVA A1” at the price only 4,590 baht in order to provide more accessibility opportunities for our customers in all income brackets.
- **18 November 2015:** AIS opened its eighth AIS Call Center for the disabled at Sri Sangwan School in Khon Kaen by designing the facility to promote the types of work able to be performed by persons with certain disabilities. These staff members enjoy standardized employment provisions at the same level as regular employees. As a result, AIS currently employs 78 disabled call center staff.
- **25 November 2015:** AWN, a wholly owned subsidiary of AIS, was granted an 1800MHz license covering 1725-1740 MHz paring to 1820-1835 MHz from the Office of the National Broadcasting and Telecommunications Commission (NBTC). As of January 2016, AWN will have already installed 4G network access in 7,000 locations nationwide.

Fixed Broadband

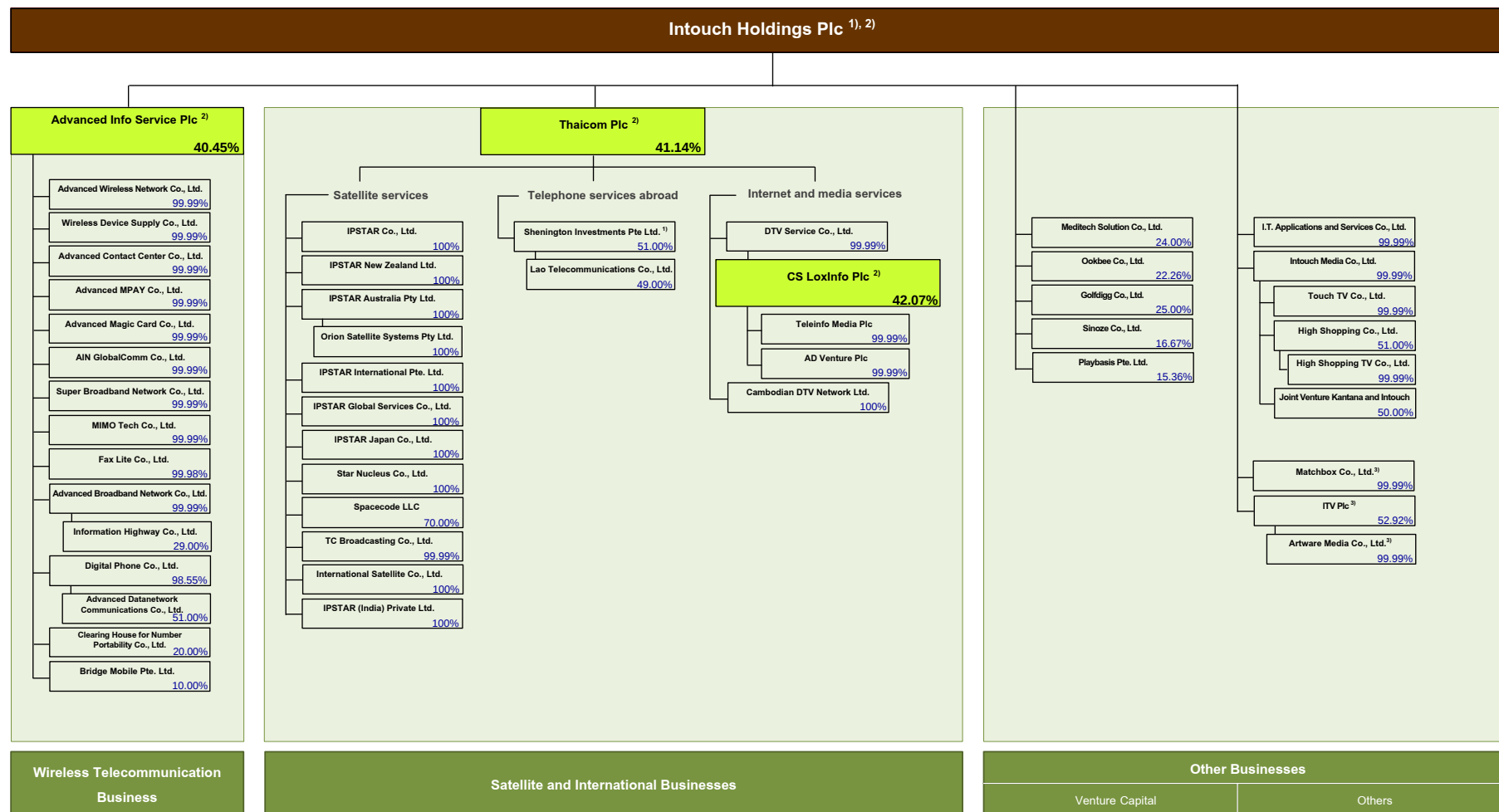
- **27 April 2015:** AIS launched the “AIS Fibre” broadband home internet service with 1 Gbps speed as the first and only full-scale PURE Fibre service provider. In addition, a package that includes entertainment from the AIS PLAYBOX was also introduced.
- **1 July 2015:** AIS Fibre joined hands with Property Perfect in the co-development of a “Perfect Digital Village” powered by AIS Fibre. This will be the first and only digital village in Thailand, and will offer 100% access to the highest broadband technology via AIS Fibre.

Digital Content

- **29 July 2015:** AIS opened its fifth annual “AIS the StartUP” conference where new entrepreneurs join together with AIS at a forum for thinkers, creators and small entrepreneurs who present new concepts and products in a series of competitions for development and launch support. AIS together with our Thai and international partners select the most innovative works and assist them in accessing our more than 550 million customers around the region.
- **16 September 2015:** AIS upgraded “AIS mPAY” and rebranded it as “Digital Money of Everyone” by creating an all-in-one application available to every mobile phone user, regardless of service provider, in order to allow easier access to the growing e-commerce market.

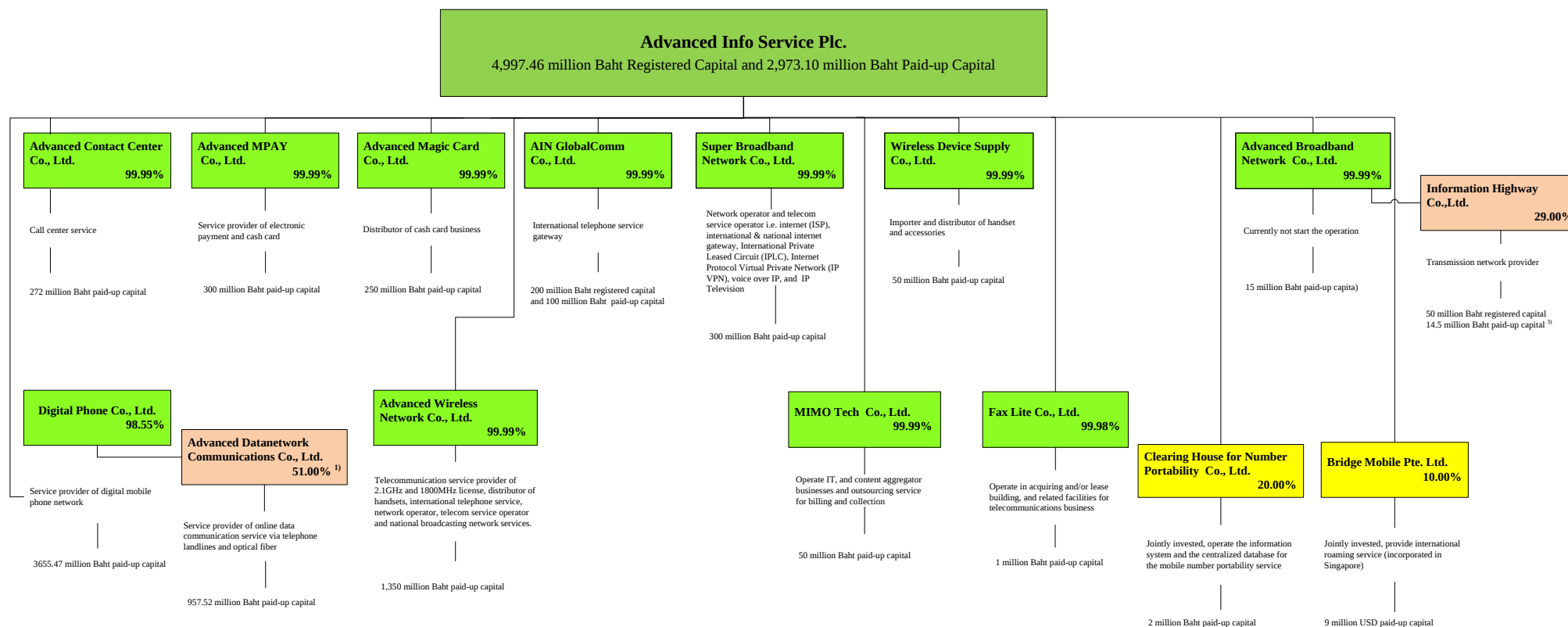
1.3 Investment Structure

Investment Structure of Intouch Group as of 29 February 2016



¹⁾ Holding Company
²⁾ Listed Company on the Stock Exchange of Thailand
³⁾ Currently not in operation.

Investment Structure of Advanced Info Service Plc. as of 31 December 2015



1) The remaining 49% of shares, holding by person who has no conflict of interest.
2) The dissolution of Advanced Internet Revolution Co.,Ltd. (AIR) is now finished.
3) In 15 July 2015, ABN paid the last installment in IH which increased IH's paid-up capital to 14.5 million baht

1.4 Awards and recognition in 2015

Trusted Brand Awards

- **“Superbrands 2015”** - Received for being a brand that is accepted and trusted among its customers. This is the twelve consecutive year AIS has won this award and we are the only Thai Telecommunication operator to receive this honor.
- **“Thailand’s Top Corporate Brands 2015”** - Received for being the company with the highest brand value in the information technology and telecommunications business from the Faculty of Commerce and Accounting at Chulalongkorn University.

Excellence in Management and Performance Awards

- **“CFO Excellence Award 2015”** - Received this honor for the last six consecutive years from the Investment Analysts Association (IAA Award 2015).
- **“Thailand Telecom Service Provider of the Year”, “Thailand Mobile Service Provider of the Year”** and **“Thailand Data Service Provider of the Year”**- 2015 is the four consecutive year AIS has won this honor from Frost and Sullivan, a world-class leader in marketing research and investment consulting.
- **“Super Stock 2015”** - Awarded by the Stock Exchange of Thailand and the Money Channel for being a listed companies that consistently offers excellent returns on investments and dividend payments to its shareholders. AIS won this award by growing its business through good governance during the past eleven years.
- **“Best Company 2015”** - Received for the last six consecutive years and **“Best Company 2015 in Technology”** – received during each of the last three years. These awards are given to publically listed companies with excellent management capacity, outstanding performance, and the ability to recognize consistent profit and high stockholder returns on investments.
- **“LIVE 360 Innovative Award 2015”** - Received for the best campaigns featuring new innovations to meet the needs of mobile phone users in the digital age from the Asia Pacific Customer Service Consortium.
- **“The Best Social Media Program”** - Received for operating call centers that offer the best social media services with the fastest response time and highest quality service from the Asia Pacific Customer Service Consortium.
- **“Consumer Protection Thailand Call Center Awards”** - Awarded to AIS Call Centers for providing its customers with quality and efficient problem solving service from the Office of the Consumer Protection Board and the ISO Management System Certification Thailand.
- **“Corporate Improvement Excellence”** and **“Outstanding”** achievement awards in five other categories: financial management, innovations and creativity, products and services, marketing and CSR at the “Thailand Corporate Excellence Awards 2015” hosted by the Thai Management Association (TMA) in cooperation with the Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- **“Outstanding Media 2015”** - Awarded by the Thai Catholic Media for the commercial, “Always There,” created to build confidence in the AIS brand with customers and to reaffirm the AIS commitment to meeting its customers’ needs and to network and service development.

- **“Outstanding Investor Relations Awards 2015”** - Awarded for each of the last five consecutive years for excellence in investor relations by the Stock Exchange of Thailand as one of its 2015 SET Awards.

Sustainable Development Awards

- **“Thailand Sustainability Investment 2015”** - Awarded by the Stock Exchange of Thailand to corporations with sustainable business operations that result in the offering of high quality shares and membership in the international Dow Jones Sustainability Indices (DJSI).
- **“ASEAN Corporate Governance 2015”** - Awarded by the ASEAN CAPITAL MARKETS FORUM as one of the top 100 ASEAN companies in terms of market value and good governance business practices that meet or exceed ASEAN standards (ASEAN CG Scoreboard).
- **“Outstanding Sustainability Report 2015”** - Awarded by the CSR Club of the Thai Listed Companies Association with the cooperation of the Office of the Securities and Exchange Commission and Thaipat Institute for producing a report to communicate the sustainable development activities carried out by AIS communicate with all stakeholders in order to keep them informed that our performance meets their expectations in the areas of economics, society and the environment.
- **“Top CSR Advocates in Asia 2015”** - Awarded at the Asia Corporate Excellence & Sustainability Awards (ACES) in Singapore, which recognizes corporations with active CSR policies and participation of executives and employees in community, environmental, and social empowerment activities.
- **“Best Employer Thailand 2015”** - Received for each of the last three years from Aon Hewitt and Sasin Graduate Institute of Business Administration of Chulalongkorn University. Advance Contact Center also received **“Best of the Best 2015”**.

2. Nature of business

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

Service/Product	Operation By	% Holding of shares as at 31 Dec. 15	2013		2014		2015	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Mobile phone service								
- Mobile phone services & rental and call center services	Advanced Info Services Plc.		99,504.58	66.08	26,708.27	17.88	7,466.95	4.81
	Advanced Wireless Network Co., Ltd.	99.99	23,216.54	15.42	94,478.94	63.27	117,370.25	75.60
	Digital Phone Co., Ltd.	98.55	441.47	0.29	27.19	0.02	3.69	-
	AIN Globalcomm Co., Ltd.	99.99	3,455.66	2.30	2,873.93	1.92	1,272.30	0.82
	Advanced mPAY Co., Ltd.	99.99	309.55	0.21	368.75	0.25	224.59	0.14
	Fax Lite Co., Ltd.	99.98	-	-	-	-	30.37	0.02
	Advanced Contact Center Co., Ltd.	99.99	4.94	-	3.90	-	3.52	-
- Construction income from the Agreements for operation	Advanced Info Services Plc.		3,639.60	2.42	600.26	0.40	63.59	0.04
	Digital Phone Co., Ltd.	98.55	126.84	0.08	-	-	-	-
Sub-total			130,699.18	86.80	125,061.24	83.74	126,435.26	81.43
Mobile phone sales								
	Advanced Info Services Plc.		516.32	0.34	8.38	0.01	0.19	-
	Advanced Wireless Network Co., Ltd.	99.99	3,484.89	2.31	15,877.15	10.63	23,736.29	15.29
	Wireless Device Supply Co., Ltd.	99.99	15,113.31	10.04	7,528.74	5.04	4,090.35	2.63
Sub-total			19,114.52	12.69	23,414.27	15.68	27,826.83	17.92

Service/Product	Operation By	% Holding of shares as at 31 Dec. 15	2013		2014		2015	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Data network and broadband service	Advanced Datanetwork Communication Co., Ltd. ¹⁾	51.00	155.43	0.10	24.40	0.02	3.60	-
	Super Broadband Network Co., Ltd.	99.99	416.31	0.28	786.18	0.53	883.63	0.57
	Advanced Wireless Network Co., Ltd.	99.99	-	-	-	-	127.12	0.08
	Advanced Internet Revolution Co., Ltd. ²⁾	99.99	192.38	0.13	42.96	0.03	-	-
Sub-total			764.12	0.51	853.54	0.58	1,014.35	0.65
Grand Total			150,577.82	100.00	149,329.05	100.00	155,276.44	100.00

Remarks:

- 1) Advanced Datanetwork Communication Co., Ltd is an indirect subsidiary.
- 2) On 19 October 2015, Advanced Internet Revolution Co., Ltd. completed the process of liquidation.

2.2 Products and Services

Today, technology changes at a rapid pace, and customer behavior follows suit. As the smartphone penetration rate rises, mobile internet usage continues to grow. In addition to voice calls, AIS customers are now using increasing amounts of data on their mobile devices. In response to these changes, AIS has launched a new products and services campaign. To meet the evolving needs of our customers, AIS introduced a new fixed broadband service to provide the fastest high speed internet while also increasing the digital content available to our customers through a variety of applications. This is the new AIS brand concept: “Live Digital, Live More.”

The key components of this concept are as follows:

Mobile phone business

Currently, AIS provides 2G, 3G, and the new 4G mobile services on a 2.1GHz license and 1800MHz licenses following the November 2015 auction. These services support over 38.5 million mobile subscribers of which 33 million are prepaid and 5 million postpaid. In 2015, AIS expanded its base stations to more than 27,200 nationwide, which cover more than 98% of the population.

Prepaid service: Customers can top up their wallet through a variety of channels such as the AIS Shops, mPAY, ATMs, banks, and convenience stores. When money is added, customers can select and use the services that most suit their behavior from various packages under the AIS 1-2-Call! brand. In general, when the prepaid SIM is registered, customers can choose a main package that includes **voice and internet** with AIS WiFi, or the NET SIM package that provides **only internet**, which is very popular for devices such as tablets. A third option is a package for **voice calls only**, which has differently priced plans for usage on the AIS network or other networks. In addition, AIS offers special voice call packages for the audio and visually impaired.

Postpaid service: Customers using postpaid mobile services are billed after use, at the end of each payment cycle, which is more convenient for many customers. Postpaid packages are of the same types as the prepaid packages, and include **a voice and internet** main package with AIS WiFi, the **NET SIM** package, or a package for **only voice calls**. Postpaid subscribers can choose from a variety of mobile service packages.

Apart from the main prepaid and postpaid packages, customers can buy on-top packages to extend service usage and control their spending limits. They can do this by adding voice minutes, adding internet data usage, increasing the internet speed, etc. Customers can choose on-top packages for either one-time or recurring usage. For the convenience of customers, a variety of channels are available for purchasing on-top packages, including by USSD code, online eService, and other applications such as LINE.

In order to serve our customers’ various needs in this digital era, AIS launched many new products and services in 2015, including the following:

iSWOP package

Through our analysis of customer behavior, AIS identified new opportunities which led to the development of an increased variety of packages to match each customer segment. ‘iSWOP’ is the first campaign that allows AIS customers to manage their own voice and internet usage in real-time. iSWOP has helped to ease customer concerns about unused voice and internet usage, and has empowered customers to control their package to match their usage preferences and behavior.

SIM SAFE SAFE

AIS collaborated with AXA, the world’s leading insurance company, in creating a new model of mobile SIM. This is the first insurance prepaid SIM that offers customers privileged accident insurance and compensation without paying any insurance premiums.

Segmented SIM

AIS also discovered new opportunities in expanding our coverage in the teenage, foreign worker, and tourist demographics. To serve the needs of each group, we now offer the following packages and services that differentiate us from our competitors:

Traveler Sharing SIM

In January 2015, AIS launched a new product for tourists, called the ‘Traveler Sharing SIM’, which contains three SIM numbers in one package. Customers enjoy free voice calls amongst the three numbers in the group while all three numbers also have internet access. The services are segmented for groups of friends or families. AIS launched a marketing campaign targeting both domestic and international tour agencies in order to reach as many potential customers as possible.

AIS One-2-Call! ZEED SIM

In February 2015, AIS launched a new SIM for teenagers, who represent a high growth market due to the increasing trend of data consumption. Under the name ‘Zeed SIM’, this product provides various special benefits that match the lifestyle needs of these customers such as promotions for free unlimited social media and internet usage, as well as reduced calls rates and costs for popular applications. In addition, AIS has applied a new music marketing strategy to further attract teenagers.

Hello Asia SIM

In June 2015, AIS launched the ‘Hello Asia SIM’ to better serve foreign customers and foreign workers in Thailand, particularly those from Asian countries such as the Burmese, Cambodians, Laotians, Chinese, Koreans and Japanese. AIS is the first operator to offer one SIM card that can support and communicate with the nationals of these six countries in their six local languages. Moreover, these customers also enjoy special call rates and free social media usage in addition to low-cost IDD services. By combining the ‘Hello Asia SIM’ with ‘AIS LAVA’, AIS generated an increase of more than one million Burmese subscribers in 2015.

Furthermore, AIS continues to offer quality handsets at reasonable prices to serve the various needs of our customers. In 2015, AIS launched many campaigns offering good value on 3G-enabled smartphones, thus allowing more customers to conveniently access the internet and enjoy online services while traveling internationally. The following are examples of our handset promotions:

AIS Super Combo

AIS offers various models of quality smartphones at reasonable prices under the brand AIS LAVA, which is a special partnership between the independent manufacturer and AIS. Prepaid and postpaid subscribers can purchase a 3G smartphone at an inexpensive price together with a promotion package. In the last quarter of 2015, AIS launched the AIS LAVA 4G smartphone series to serve customers with our new 4G network.

Please visit www.ais.co.th/3g-one-2-call/Default.aspx for more information on prepaid packages, and visit www.ais.co.th/3g-postpaid for postpaid packages.

International Roaming

In addition to mobile services for national communication, AIS also have additional services to serve customers’ need such as International Roaming, for customers who travel around the world and they are in need to use calls, text message and internet services. AIS provides the International Roaming services around 229 countries globally. There are various channels for customers to acquire the International Roaming services e.g. Call Center, AIS Roaming application and USSD code etc.

AIS has consistently improved the International Roaming both in voice and non-voice services. This year, AIS launched cost-saving daily packages called ‘Non-stop Data Roaming’ in order to provide 24-hours unlimited data services to serve customers in foreign countries. Customers can use all the services in one package which is utmost convenient for those who travel to many countries in one trip as well as those who have flight transitions. This low-cost International Roaming data package covered around 97 countries in total. As for low-cost voice package, the service is available in 109 countries.

International Direct Dial (IDD)

Customers in Thailand can conveniently connect to more than 240 countries globally with our International Direct Dial. It can be used by both postpaid and prepaid customers by dialing international call code, followed by the local numbers.

Corporate Solutions

In addition to AIS' individual customers, AIS also serve wide-range of corporate clients with growth potential. Corporate clients thrust for effective services for their various business and management efficiencies. AIS has offered solutions such as communication, IT, process follow-up and investigation, marketing and business-specific solutions.

Fixed broadband business

AIS has launched a fixed broadband service under the brand 'AIS Fibre.' AIS is the first and only operator to provide the full capacity of services through fiber optic cables. With more than 120,000 kilometers installed, AIS has been investing in fibre optics since first deploying 3G services on our 2.1GHz license granted in 2013. Thus, AIS was able to market a strategy of only needing to install the last mile of Fibre to the Home (FTTH) and Fibre to the Building (FTTB) to serve customers with the fastest internet speed and full-capacity experience of AIS fixed broadband. In 2015 we already have coverage in 12 provinces: Bangkok, Nonthaburi, Samutprakan, Pathumthani, Chiang Mai, Nakhon Ratchasima, Chonburi, Udon Thani, Khon Kaen, Phuket, Nakhon Pathom and Samut Sakhon. Moreover, AIS will continue to expand its fixed broadband coverage to reach 6.5 million homepasses by the end of 2016.

AIS offers the following two package choices with speeds ranging from 15 Mbps to 1 Gbps:

1. **Home Package:** suitable for home users with higher upload speed compared with market packages at the same price. Users can surf the internet, receive and send e-mails, use social networks, upload photos, play online games, watch video streaming, and upload to or watch YouTube without any pause.
2. **Professional Package:** suitable for small organizations or internet cafes. This package offers web servers, mail servers, and video conference calling with Full HD quality.

In addition to these packages, AIS Fibre customers can watch TV programs via the internet without a satellite through the AIS Playbox. Customers can enjoy entertainment media provided by AIS' content partners in Ultra HD 4K quality, which is four times higher than HD quality.

Please find more information of AIS Fibre at www.ais.co.th/fibre

Digital content and partnership for application

In 2015, AIS enhanced both our revenue streams and potential to respond to customer behavior in the digital age by providing new digital content composing five key areas for today's lifestyle. These are video, gaming, mobile banking, cloud storage, and Machine-to-Machine (M2M).

Video

A newly developed innovation offered to customers in 2015 was the AIS Playbox, which is a set top box with a variety of video content, TV programs, movies, sports, and karaoke. Developed through collaboration with various partners such as GMM Grammy, CTH, and several TV stations, this innovation has enhanced the convenience of entertainment media consumption for our AIS Fibre customers. For the first time, AIS also brought Hollywood blockbusters from leading regional player HOOQ to air on AIS Playbox and on mobile phones.

Gaming

In 2015, AIS partnered with game-selection experts E-Innovation and Blue Mobile in Thailand and Boyaa and Game Loft from abroad to provide video games to gamers ranging from teenagers to adults. We also developed payment channels that deduct money from the network (Direction Carrier Billing) and from the AIS One-2-Call! top-up cards.

Mobile Money

For mobile banking and payment, AIS has enhanced the mPay service to support cash transactions made via a mobile phone, which includes a Beat Banking service with cooperation from CIMB Thai bank. AIS has further enhanced the mPay Station to support SMEs by helping to manage payment transactions from their customers using the AIS payment platform. In addition, AIS is currently working with KBank to provide a cash transfer service from any KBank account to any mPay account to make payments even more convenient.

Cloud Storage

Cloud

AIS offers Cloud storage services for corporate clients using software called ‘Software-as-a-Service.’ This software is operated through the Cloud for mobile security, service software, logistic software, marketing software and efficiency production software. The total number of corporate clients using the Cloud services doubled in 2015, in the main because clients only have to pay a monthly service payment, which is more reasonable and affordable for them than having to purchase the software themselves. Moreover, customers can utilize up-to-date software, get faster responses to their business requirements, and manage their costs more efficiently.

M2M

For the M2M service, AIS launched marketing strategies in various industries such as logistics, finance, banking and public utilities. In 2015, the connection figures grew by 20% because AIS developed M2M platforms that connected with the platforms of Bridge Alliance, which is an alliance union of which AIS is a member, as well as providers in 37 other countries in Asia and Africa. These platforms can help corporate clients manage their own M2M equipment. For example, they can operate the opening and closing time of the equipment, can alter the rate of service payment according to the usage of each piece of equipment, and can view real-time status reports on each piece of equipment. In addition to enhancing and creating new efficiencies in running a business, these services also support deeper market penetration. Due to the comprehensive coverage offered by AIS, these platforms can serve both domestic and also overseas corporate clients.

Beside these five key areas of digital content, AIS also provides other supporting services such as Calling Melody, which has been modernized with updated song lists and the Calling Melody application to make song selection and management more convenient. Other new applications have also been chosen from the AIS StartUp program since 2011 to support and encourage growth among StartUp entrepreneurs. New markets were created through creative applications such as GolfDigg, a golf court booking app; Stock Radar, a stock trading app; Local Alike, an app promoting sustainable tourism; and Noonswoon, a matchmaker app. Moreover, we also collaborate with partners who provide SMS Infotainment services and encourage them to create new applications to cope with the increasing use of smartphones.

2.3 Distribution Channels

The channels through which products and services are distributed to our consumers are one of the key support mechanisms to promote AIS’s strategy and provide customers with access to all of our products and services. By maintaining good relationships with our distributors and broadening our network of distribution channels across the country, AIS has been able to respond to the individual lifestyle needs of our customers. Today, 97 percent of all AIS distribution is handled by qualified agents who are highly capable in their business activities and are able to provide continuous high-quality customer care.

The selection criteria for choosing our agents are based on the location of the potential agent as well as their performance history and financial viability. We are particularly selective when choosing our provincial agents as each one must be familiar with the local demographics of their market in addition to possessing the business experience required to build trust with our customers by offering reliable service.

The details of the various types of AIS agents in mobile business are as follows:

1. AIS Shops

AIS expanded to 84 branches and 10 AIS Shop by partner in 2015 in order to reach more customers across a wider coverage area. Service processes have also been improved for increased efficiency, while service shop interiors and product displays were redesigned in order to help ensure that each customer has a positive experience at our AIS Shops.

In addition, AIS has selected distributors to be our partners in managing various AIS distribution outlets. These partners will help AIS reach more customers by offering the same sales and service standards as are available at AIS Shops.

2. Telewiz

AIS has partnered with over 100 Telewiz agents and more than 450 Telewiz and Telewiz Plus stores throughout the country. Each of these agents has the right to distribute AIS goods and services, including the right to provide monthly registration services. These agents also provide registration-related services, and act as a channel for processing service payments and other expenses. Telewiz agents are supported by AIS to ensure that services are offered with efficiency and to the same standard as AIS Shops. Types of support include management and communication systems that conveniently and continuously update inventory and other such functions within the AIS network to bring a competitive edge to our agents. AIS also provides knowledge sharing and training for Telewiz staff, while AIS support teams regularly visit our agents to offer advice. In 2014-2015, the Young Telewiz Management Program was established to prepare a new generation of Telewiz managers to succeed in this business. The program includes training in accounting, administration, finance, marketing, and information technology.

AIS is committed to enhancing the customer experience in a number of ways. Customers buying a new phone are given the opportunity to use and sample various popular smartphones before making a decision on which to purchase. Customers who buy a new phone are given the opportunity to transfer data, such as phone numbers, photos, messages, and music, from their original phone to their new device using innovative software from Cellebrite. Enhancements were also made to further streamline the queue system and payment kiosks for customers who receive services through these outlets.

3. Advanced Distribution Partnership (ADP)

The Advanced Distribution Partnership (ADP) is selected from among all agents who have demonstrated significant distribution potential in their target market and have maintained a healthy financial status. ADP agents are particularly skillful at promoting the efficient delivery of products in their area through the Advanced Retail Shops and AIS Buddy, and have continually supported nationwide marketing activities in their area.

4. AIS Buddy

In 2015, AIS rebranded more than 1,000 AIS Service Points nationwide as “AIS Buddy” shops. The motto of AIS Buddy is to serve as a “new friend in your neighborhood” by acting as a retail outlet to provide AIS products and services while supporting an increasing number of AIS customers.

5. Advanced Retail Shop (ARS)

Advanced Retail Shops are the key outposts that distribute goods directly to our customers. There are currently over 22,000 ARS shops across the country designed to reach customers in remote locations, and this number is continually growing as our reach further expands into local communities.

6. Key Accounts and Modern Trade Outlets

AIS distributes a variety of goods and services, including payment processing, through large chain store dealers with their own branches nationwide. These include Jay Mart, TG, Bangkok Telecom, CSC, and various modern trade retailers, such as Tesco Lotus, Big C, Power Buy, and 7/11. In addition, IT retail outlets such iStudio, iBeat, Banana IT, Com7, and IT City all offer AIS sales and services. In total, AIS is partnered with more than 20 major dealers equipping over 15,000 branches nationwide. AIS has also increased the number of AIS promoters who recommend AIS products and services to their customers. We

have also improved the efficiency of these channels and increased brand awareness through promotional campaigns, such as the AIS Super Deal and the Trade-in campaign.

7. Direct Sales Channels

To optimize our customer service reach, AIS has increased the number of direct sales distribution channels to offer goods and services to our customers directly. This has been achieved by deepening our partnership with selected agents who have shown the capacity and expertise necessary to be an AIS direct sales and services outlet. We have created an AIS Direct Sales Team to support the future growth and expansion of the direct sales and services market.

8. Electronic Distribution Channels

AIS encourages its agents to provide 1-2-Call! pre-paid service users with online money top-up services for improved customer convenience. In addition, AIS is continuously developing new top-up methods through Electronic Distribution Channels, such as automatic top-up machines, ATMs, mobile banking, and mPay. AIS currently offers Electronic Distribution Channels at over 400,000 points across the country. Electronic top-ups have proven to be extremely popular with AIS customers, accounting for over 80% of all top-ups. This has helped reduce the costs of producing pre-paid top-up and cash top-up plastic cards.

AIS Fibre

For AIS Fibre, our cutting edge broadband internet service, we have chosen distribution channels that are uniquely tailored for particular customer demographics. This allows us to be able to effectively offer these products and services to customers with the highest quality support. AIS Fibre can be distributed through more than 80 AIS and Telewiz shops in 12 provinces. Our AIS Fibre Direct Sales team handles customers directly, while our partnering agents, such as Telewiz, have the capability and expertise to offer AIS Fibre in their local areas. Recent developments in electronic channels, www.ais.co.th/fibre/ and AIS Fibre Application available on Google Play, have shown promising results, and we anticipate rapid market growth in the future.

2.4 The Management of Customers Relations and Customer Experience

This year AIS has been looking forward to boost the strategy in taking care of customers to be in line with the digital era by unveiling the AIS Live 360° to add the degree of specialty for taking care of our customers to cover all 360° of living requirement to conform to the lifestyle of the people in the modern time who are looking for the peculiar style, convenience, excitement and joyfulness with 5 important strategies through 5 degree of care as follows:

1. **AIS Service**, the degree of service with technology given to our customers with good care by more than 5,000 skilled and experienced employees. In this year Advance Contact Center Co., Ltd., the service provider of AIS Call Center has been growing for one more step with the opening of two provincial offices in Nakhon Ratchasima Province. The first office is located at Krirkkrai Building, Asadang Road, and at The Mall Building, Mittraphap Road, that can support the maximum number of 750 employees or equivalent to 20% of all employees of Advance Contact Center Co., Ltd. and also to create more jobs for the local people of Korat. Currently there are 540 employees from the local and nearby provinces to provide the services to our customers up to 20% of the total lines all over the country and to respond to the people's lifestyle on online society and yet to invest for the development of **new multimedia tool** system. The system shall answer all questions distributed in the online society such as Pantip.com, Facebook, e-mail, back to the employees automatically for them to respond to the customers within 30 minutes. The number of contact through the online society media has been growing up to 59% comparing to 2014. In addition, it has developed the self-service system through the Interactive Voice Response that are available more than 3.4 million lines per month with the new service of *1175 self service, very easy, for the customers to do the transaction by themselves, for examples, change the package, promotion application, etc. free of charge and there are about 52% of all service users who use the automatic Interactive Voice Response with the increase of the total sale through *1175 at the rate of 17% from 2014 or 11% of all sales.

With the intention to create the service innovation, the management of human resources and the quality checking, causing the Advance Contact Center Co., Ltd. to be rewarded with "The Best of the Best Employer

Thailand 2015” award from Aon Hewitt and “The Outstanding Call Center” from the Office of the Customers Protection Board (OCPB) and AIS’s Standard Certification Institute (SCI) for two successive years.

This year **AIS Shops** has expanded its branches continuously from 68 branches in 2014 to 84 branches in 2015. Two new AIS Flagship Stores have been unveiled with the 1st branch is located at The Emquartier (In March) and the 2nd branch is at the Central Westgate (In August) and are ready to boost its services all over the country toward the full digital life in multi-dimensions, for examples,

1) Digitized Process by employees in the form of Service on Mobility with tablet, not from the counter service, for liquidity, less paper and helping to create the customer relationship through the interrelation for providing service consultation more closely

2) Inside shops, the Digital Life Arena for showing the modern digital life technology is provided. In this year the health care concept and the lifestyle in the Smart Health and Smart Home have been exhibited for the customers to be involved in the true experience and real equipment in those areas at 10 branches of AIS Shops this year and the **visual merchandise wall** exhibition in the digital form has been organized for increasing the visual remarkableness and to present lots of interesting goods with complete service

3) Outstanding Kiosk service

- Payment Kiosks which are increased from 249 Kiosks in 2014 to 370 Kiosks in 2015 by transferring the payment transaction through AIS Counter service at AIS Shops to the payment Kiosks up to 80%, to enable the employees to provide other services for more value and expand the Kiosks to be located at different locations such as MRT sub-stations, BTS sky train, Telewiz shops in shopping center, etc.

- Service Vending Kiosks that are fully opening in this year for the customers to do all the transactions by themselves, for examples, select the auspicious numbers, to register the new number, to change the SIM Card 3G upgrading, package changing. 49 kiosks have been installed at AIS Shops and will be expanded continuously in the next year.

- AIS Vending Kiosk In the first phase, six kiosks were in service, selling Nong Aun Jai products, such as plush toys, towels, sun shades and etc.

4) AIS continued to develop knowledge and skill of staff and upgraded them to Digital Life Gurus who know well about smart phones, accessories and applications. Digital Life Gurus were increased from 232 gurus in 2014 to 375 gurus in 2015.

2. AIS Privilege, special with degree for those who prefer the discount rate, to deliver the special privileges together with more than 12,000 shops and stores such as Central Restaurant Group, Minor Group, McDonald, Black Canyon, S&P, Major Group, SF Cinema, BTS sky train, MRT, Bangkok Airways, Central, The Mall, The Emquartier, Siam Paragon, CMG, Bangkok, etc., for giving the discount specially to the AIS customers, covering the eating, shopping, entertainment, travelling and tourism as well as the discount for mobile phone given to those who purchase the smart phone with the package to worth the expense.

3. AIS Rewards, Special with degree for those who prefer to push forward for gold with the profit return project for AIS customers, follow through for the greatness with the “7th years of AIS Un Jai Chok Thong Talomtub” Project with Work Point in the Prisana Fah Laeb Program for giving fortune to customers who can draw for gold worth of ten thousand baht and one million baht every month.

4. AIS Points, Special with degree for those who prefer to exchange points, to deliver the worthiness for all uses. You will receive 1 point for every 25 baht of service fee for the right to exchange with call fee, internet service fee, free food and movie Un Jai Premium and draw for free trip with James Jirayu.

5. AIS Experience, Special with degree of experience with extra experience bonus inside and outside of the country, taking care of customers warmly and specially throughout the experience on tourism on 8 routes of the world heritage such as Turkey, Gui Lin, The Czech Republic; on the eating and drinking that answer the questions of all groups of customers for examples, premium delicious with the Chef of the world from “Michelin Star Chef” and this year new project “Eat free meal today” for the customers to eat food at famous restaurants in Bangkok and 20 more provinces all over Thailand free of charge which has been responded by customers actively and warmly in all area.

In addition **AIS Serenade** customers still received more special privilege by providing the special rights for AIS Serenade Platinum customers, for examples, free movie for one seat/month at SF Cinema with 25%

discount for the 1st class seats, free 1 glass of drink and one piece of snack (some shop only), Parking reservation service for Serenade Platinum and Gold customers in more than 17 areas all over the country, etc. Furthermore, there are activities organized continuously, emphasizing on making the Thai people to be proud of being the Thai citizens with the activities for serenade customers only, for examples, “Unveil the 100 years legend of Ananta Samakhom Throne Hall on an occasion of 100 years anniversary of the Ananta Samakhom Throne Hall construction and to witness the “Arts of the State” show in November 2015 and the activity on “The Miracle of Bhubing Palace” by taking customers to visit Bhubing Palace in Chiang Mai Province in November 2015 that has been responded impressively by AIS customers.

Apart from these, AIS Live 360° to add the degree of speciality project has receive the **“Innovative Mobile Digital Lifestyle Campaign Award”** from Asia Pacific Customer Service Consortium (APCSC) in Hong Kong in June 2015 which is the award from the campaign selection with the new innovation to exceptionally answer the questions on the customer service and care in the time of digital era.

2.5 Industry condition and competition in 2014 and trend in 2015

Mobile Phone Business

In 2015, our mobile phone business grew due to higher use of data and internet in the daily lives of our customers. The primary reasons for growth also included the rapid increase in social network use, more variety in our value price plans, and the release of less expensive smartphones to encourage customers to switch from feature phones.

Today, smartphones are an important tool for expanding our customer base, maintaining our existing customers, and driving revenue from data usage. All operators are geared towards offering both international and domestic brand phones to their customers.

AIS has also been successful in selling our AIS LAVA smartphones, which became the top choice phone available under 3,000 baht. The ‘Super Combo’ campaign for prepaid customers and the ‘Super Deal’ for postpaid customers were popular because they provided quality products at an affordable price together with good value operating packages for our customers.

The main strategy used by mobile operators in 2015 was to focus on handsets. Customers were attracted to mobile phones that were given away when they applied for specific package plans. AIS adopted this strategy with the main objective being to transition 2G customers to the 3G network because the 3G network gives a better quality experience with faster internet. In addition, we allowed the 900MHz concession on which the 2G network operates to expire in 2015 because it had a higher cost when compared to the license scheme of 2.1GHz. The migration of 2G customers to our 3G network was well accepted. As of the expiry date of the 900MHz concession on 30 September 2015, 2G subscribers were at 1.9 million and most of them generated low ARPU and were in remote locations.

The AIS handset trade-in campaign was led by AIS LAVA phones. When AIS customers brought their old 2G phones to our shops and agents, they could trade them in for a new 3G phone for free or buy a better 3G smartphone at a special price. The campaign was popular among AIS customers due to the quality products being offered and our after-sales service.

Our competitors spent heavily on marketing campaigns to promote their 4G services and sell 4G handsets, aiming to lead in 4G access. AIS fell behind them in providing 4G services due to a lack of spectrum, which impacted consumer perception and service quality in some dense areas. Realizing this early on, AIS continued to improve our 3G network as well as preparing for 4G service in the following ways:

- 1) By the end of 2015, there were 27,200 3G base stations on the 2.1 GHz network, covering more than 98% of the population as we continued to expand 3G access.
- 2) AIS WiFi and AIS Super WiFi access points were added in densely populated areas throughout Thailand in order to maintain customer satisfaction with our data speed, which was equal to or exceeded that offered on our competitors’ 4G platforms.
- 3) 4G phones at value prices are being offered to support 4G service in 2016.

Apart from industry competition, our mobile phone business was also affected by many external factors, such as lower-than-expected economic recovery and a household debt to GDP ratio exceeding 80%. These figures impacted consumer purchasing power, resulting in a decrease of both new customers and usage spending of existing customers as compared to a year ago. Moreover, the NBTC announcement of a new regulation on SIM card registration required all prepaid customers to register their numbers; otherwise, their number would be suspended. This resulted in many prepaid numbers of all operators being deleted from the system. This regulation also helped eliminate inactive numbers, which has resulted in the more efficient management of numbers and a more secure customer database.

Industry Conditions and Competition 2016 Outlook

In 2016, it is expected that the mobile business overall will see growth in data services, especially after the launch of the 4G network under the 1800MHz licenses auctioned in November 2015. Positive prospects of the mobile market in 2016 are as follows:

1. Demand for internet usage should increase due to a more digital consumer lifestyle. Consumers are demanding an “always-on” connection for social media, email, games, movies, and other entertainment.
2. Smartphones should be more affordable, increasing the number of smartphone users.
3. Other services relating to online communication will expand because they will be easier to access through smartphones and tablets, namely:
 - E-commerce and m-commerce should increase in popularity among online sellers. This channel can increase revenue as it is more convenient and easier to view merchandise, compare prices and promotions, and make purchases in this way.
 - Content services should grow because consumers expect better content from developers. Exclusive content through partnerships with domestic and international developers, such as English Premiere League, will attract new consumers.
 - Cloud storage is expected to be more popular because consumers tend to have more photos, videos and other media content. Cloud storage can help when the memory on a mobile device is not enough for a consumer.
 - New applications should be developed, both free and paid, to respond to the lifestyle of a new generation with digital demands in terms of entertainment, social media, health, finance, etc.
4. Convergence services, which combine mobile, broadband internet and entertainment, should be more popular because consumers can access a single package through multiple devices.
5. The expected economic recovery in 2016 will likely be driven by public sector investment in infrastructure megaprojects, stimulus for low income citizens, and the recovery of domestic and overseas demand for Thai goods. These drivers should increase private sector investor confidence and foster greater consumer purchasing power.
6. Increased ease of mobility for over 600 million people in the ASEAN region will help facilitate commerce, investment, and travel among member countries and promote inter-ASEAN businesses, including those in the telecom industry.

However, there are also challenges that lie ahead, some of which are as follows:

1. Heightened competition in 4G technology will focus on quality and speed. AIS is ready for 4G service on 1800MHz, and will continue to improve network efficiency to support our customers. Handset strategy is expected to continue by operators to protect and gain market share.
2. Customers will have higher expectations in terms of service quality and mobile internet experiences after all operators can offer 4G service. This is especially relevant to live-streaming and high definition videos, which require high speed data transfer.
3. Over-the-Top (OTT) services will play a more important role as a substitute product that consumers will use for interacting through pictures, audio messages and video via the internet. Applications such as LINE and Whatsapp will be more popular and cause a decrease in standard SMS usage.
4. Regulations from the government or telecom regulators might cause limitations in terms of pricing or service quality.

5. Uncertainties in politics and other issues, such as drought, would affect economic growth and consumer spending directly.

AIS has prepared for future situations by differentiating itself from its competitors in terms of network quality, customer service, and the development of new applications. Although our current spectra are sufficient for servicing customers, we will continue to add to our strong technological foundation through investment, analyzing the consumer experience, and expanding our AIS team. At AIS, we are confident that we can give customers the best mobile and digital entertainment experience in every aspect.

Fixed Broadband Business

Over the past few years, the government has released a series of national policy mandates focusing on the digital economy and the development of broadband services as an important public utility. Broadband service is expected to have nationwide coverage at the village level and to give stable connections at reasonable prices.

In 2015, the estimated number of fixed-line internet users in Thailand reached 5 million households and is increasing rapidly according to the National Science and Technology Development Agency. The value of the fixed broadband market was estimated at 50 billion baht in 2015, with a growth rate of 12-15% compared to the previous year. This data shows an increasing demand for high speed internet. Currently, there are only three internet service providers (True, 3BB and TOT), and AIS sees an opportunity to enter the fixed broadband market and distinguish itself from these competitors.

In the past, the majority of broadband internet access in Thailand was provided over conventional copper telephone lines. However, this technology does not have enough bandwidth and is no longer suitable for the high level of consumption. Therefore, new technology called Fibre Optic or FTTx is the new technology being offered to customers. Fibre Optic permits transmission over longer distances and at higher bandwidths. Optical fibres are ideally suited for carrying digital information since signal loss occurs significantly less often in optical fibre than in copper wire. This allows consumers to enjoy home entertainment in high definition and the fastest speeds for surfing the internet.

AIS identified a huge market opportunity and entered into the fixed broadband business in early 2015 by providing 100% pure fibre optic technology. Our competitors then began targeting only high-income customers with expensive packages. One strategy that is used in the fixed broadband market is bundling service packages by combining mobile, fixed line, home entertainment and fixed broadband together. AIS is also using seamless connections, allowing customers to get online anywhere and at any time. AIS provides service for every component of a customer's life through AIS Fibre at home, AIS 3G (mobile), and AIS wifi in department stores.

Future competition trends will follow higher data consumption. Customers want to be connected to social networks such as LINE, Facebook, and Instagram because they have become more powerful, while more content is provided in high definition format including digital TV in HD, online movies, and YouTube. Shifting from standard to high definition format causes higher data consumption, so bandwidth must be higher to support the speed. Devices being launched in 2016, including Smart TV, smartphones and tablets, will have the capability to support an even higher definition 4K standard with data consumption still growing and encouraging fixed broadband service providers to compete on speed. To serve customer needs, they will compete by expanding their fibre optic coverage. Fibre fixed broadband is a technology that can support up to 10Gbps. The upcoming trend of speed provided in fixed broadband with fibre technology should increase to 30 Mbps in 2016 and could reach 100 Mbps in the next three years.

Offers for customers in 2016 are expected to focus on convergence packages at special prices. AIS Fibre will come with fixed line and AIS Playbox services to fulfill customers' digital lifestyles. Customer will be attracted by all of these benefits in one package.

Digital Content

The market growth of smartphones, together with the growth of application and content providers worldwide, has resulted in a large scale variety of Over-the-Top (OTT) services. This became a challenge to mobile network operators. At the same time, AIS foresaw the business opportunity to enhance and develop key applications and services to attract a larger consumer base. AIS has upgraded several applications and cooperated with partners to provide new video and music content, cloud storage, games and new services from startups for consumers with special privileges. This strategy supports stronger customer loyalty and ensures a new revenue stream from digital content.

A higher level of content competition is anticipated in 2016 between mobile network operators and OTT providers, which will drive the strong growth of digital content value in both mobile and fixed-broadband networks. AIS envisions a new revenue stream from this market by providing high-quality content varieties and supporting payment channel convenience with strong support from business partners and technology providers.

In 2016, AIS plans to launch a new mobile application that offers a complete entertainment selection for the mass consumer market in the form of a new generation of AIS Playbox with enhanced capabilities, an improved Calling Melody platform with new features, and new gaming system service platforms. Finally, the business strategy will be to provide a variety of content to cover a range of consumer lifestyles, including education, tourism, and online shopping, which is key to our success and growth, as well as, most importantly, to serve our customers.

2.6 Business Direction over the next 3-5 years

Build on our market leadership toward digital transformation

The telecommunication industry in Thailand is expected to undergo a transformation over the next 3-5 years. A shift in consumer behavior to a much more digital based environment translates to the need of higher speed internet to access digital contents of all forms, especially higher definition contents, VDO streaming, and e-commerce. Consumers are using various digital devices in order to access information, news, social media and other entertainments thus they are looking for advanced services and quality networks provided by operators.

As a leading telecommunication service provider for the past 25 years, AIS see a compelling opportunities to address these changes and lead the industry toward digital transformation. . Beginning over a year ago, we set our corporate vision to transform ourselves to a ‘Digital Life Service Provider’ to enhance the lifestyle of customers and businesses with always-connected behavior using our quality networks, led by a strategic focus of three core businesses: mobile phone services, fixed broadband service and digital contents.

Mark a leadership in mobile broadband, led by network & service quality

Today, the usage of mobile data has seen an upsurge due to the constant improvement in technologies of device, network, and applications. Consumers now rely less on the traditional simple voice call but rather communicate through mobile internet via multimedia applications such as LINE or Facebook, etc. Consequently, in Thailand we see that 3G is becoming a mainstream, supported by an abundance of low-cost smartphones. While smartphone penetration rate of AIS’ subscribers increased to 59% in 2015 with an upward trend, it is crucial for us to continue improving capacity and quality of our 3G network as well as investing more for further coverage expansion beyond the current 98% of population to strengthen our competitive advantage and customer perception.

Another significant movement is the increasing role of 4G technology at present and in the next 1-3 years. Consumers need to connect to the internet anytime anywhere and need a fast and reliable network. 4G became a standard for active data users who require higher speed for more sophisticated multimedia contents and applications. More videos with high definition quality are much more popular: from both user-generated contents and more variety of content providers. With this consumer trend, we recently bid for additional spectrum, 1800MHz, which is the world’s most commonly used for 4G deployment. The 4G network is quickly rolled out to cover areas with high demand for data and expected to continue wider rollout in the next 1-3 years. Additionally, to compete on providing faster speed, we will continue to deploy “carrier aggregation” technique, which combines the use of different spectrum band e.g. 1800MHz aggregates to 2100MHz. The rising data consumption particularly for high-definition and streaming contents implies a

continual demand for more bandwidth to supply sufficient capacity. We aim to seek more spectrum for future growth and expect the regulator to push for more spectrum auctions of several bands such as 850MHz, 1800MHz and 2600MHz in the following 3-5 years.

With the enhanced network, we are well-positioned to provide leading service quality for 3G and 4G. As equally important, customer service is the key to retain customer loyalty and hence build a quality and sustainable revenue. Our unmatched and highly recognized customer service will continue to be uplifted and respond to new lifestyle. Digital transformation in customer service is already undergoing with the push toward digitized service process and experience at our retail shops and call center as well as building new online service channels.

Step up in fixed broadband business, aiming for converged services

In Thai market, there were only three key players in fixed broadband and mainly served ADSL technology. While fixed broadband penetration remains below 30%, there is strong demand for high speed internet in many parts of Thailand. The existing ADSL technology is becoming obsolete and had a technical limit on its speed. Customers are expecting for something that would change their experience with better offers, especially speed and stability. With the low penetration rate in fixed broadband market and the demand of faster and better service, AIS saw an exciting opportunity to launch AIS Fibre, the fixed broadband service that leveraged on our existing high quality fibre optic cable nationwide deployed under 3G 2.1GHz network. The new FTTx technology provides high speed internet at home up to 1Gbps compared to 20Mbps of ADSL technology. This business will become another revenue stream for AIS and at the same time strengthen our mobile business proposition.

With our strong financial flexibility, AIS can allocate investment to focus more on the fixed broadband business, aiming to have a significant market share in three years. Starting 2016, we will step up how we grow this business with a quicker expansion for more service coverage, and more investment to improve processes, i.e. sales force, installation and after sales service. Fixed broadband service, together with digital content, will be converged with other AIS's traditional mobile service, supporting us to become a leading integrated telecom provider.

Build innovation in digital contents for consumers and business customers

In digital era, when various devices are popular and easy to access by users, demand for contents also grows rapidly. We can see new consumer behaviors everywhere, such as the need to enjoy entertainment on-the-go, trend of e-commerce by big players and new entrepreneurs, and financial transaction on mobile. In terms of business, cloud and other business solutions can help save costs and increase efficiency in many business processes. M2M, although seems less familiar today, is expected to be more popular with a wide variety of usage to benefit different customer segments in the future.

To become an integrated telecom player, digital content is an important element driving the company to the vision. The differentiated digital content can build a closer customer connection that support generation of another revenue stream for AIS and ultimately earn a long-term revenue quality. Our strategic focus on the digital content revolves around five key areas, namely video, games, mobile banking, cloud and M2M. This will change the ordinary form of data consumption and bring a new growth in the next 3-5 years. We will begin our focus on mass adoption of video entertainment platform which we believe is the mainstream of new data consumption. Last year, we launched AIS PLAYBOX as a home entertainment platform. Starting 2016, AIS are extending this platform to mobile, called AIS PLAY. Additionally, we believe cloud will be become the next wave and foundation for new consumption at both individual and business level.

Toward this digital transformation of our business, AIS will emphasize on operational transformation of three key aspects. 1) Customers– who have always been the core value of our business. Our goal now is to have our customers 'love' AIS from the quality services and benefits that are exclusively provided to them. 2) People – our staffs will be encouraged to constantly improve their skills and be creative in their ideas along with having enjoyable experiences working at AIS. This will strengthen our organization to be the leading place to work for new generations. 3) Partners – we believe in achieving an 'ecosystem' to reach multi ability-enriched collaborations with our partners and to create new customers' needs, and always exceed their expectation while lead to the sustainable growth of AIS and our partners in the long run.

In 2015, AIS was included in the Dow Jones Sustainability Indices in the category of Emerging Markets, signifying the dedication and commitment of every individual at AIS in driving the business with

sustainability mindset. The efficiency of AIS is well-balanced by taking into account benefits and concerns of all stakeholders. We do not only focus on financial profit but we also balance the economic growth for shareholders' return, development and advancement of community and society, as well as environmental friendly innovation. This is the new foundation for our sustainable long-term growth to become a leading organization providing digital life services to all Thais.

2.7 Procurement of Products and Services

Spectrum

In the early days of telecom industry, there were government authorities as concessionaires, such as Telephone Organization of Thailand and Communication Authority of Thailand, granting Build-Transfer-Operation (BTO) concession to private companies. AIS operated 2G technology on 900MHz spectrum under the concession with TOT Plc (formerly Telephone Organization of Thailand) until the 25-year contract ended on 30 September 2015. Office of the National Broadcasting and Telecommunications Commission or NBTC brought the spectrum back for auction. The remedy period that operators had to temporarily continue servicing customers after the concession ended was extended until further notice.

Moreover, AIS had a BTO contract with CAT Telecom Plc (formerly Communication Authority of Thailand) to operate 2G technology on 1800MHz, ending 15 September 2013. The NBTC also brought the spectrum back for auction and announced for a remedy period as well.

There was a transformation period of concession era to be license scheme. In 2012, it was the first time that a spectrum auction happened. Each of three operators was granted one 2.1GHz licenses. Advanced Wireless Network Co.Ltd. or AWN, 99.99% owned by AIS, was granted a license also and provided 3G technology on 2.1GHz since 2013.

In 2015, the NBTC arranged a spectrum auction for 1800MHz on 11 November 2015. AWN won a 1800MHz license to operate 4G technology which was officially launched in January 2016. On 15 December 2015, a spectrum auction for 900MHz license was arranged and other two operators won the licenses.

Spectra under concessions

Spectrum	Bandwidth		Technology	Concession ended
900MHz	17.5 x 2	897.5-915MHz paired with 942.5-960MHz	2G	1 October 1990 - 30 September 2015 Remedy period was extended until further notice
1800MHz	12.5 x 2	1747.9-1760.5 MHz paired with 1842.9-1855.5MHz	2G	28 May 1997 - 15 September 2015 Remedy period was extended until after the auction

Spectra under licenses

Spectrum	Bandwidth		Technology	Concession ended
1800MHz	15 x 2	1725-1740MHz paired with 1820-1835MHz	4G	25 November 2015 - 15 September 2033
2.1GHz	15 x 2	1950-1965 MHz paired with 2140-2155MHz	3G	7 December 2012 - 6 December 2027

Network equipment

AIS has "Multi-vendor policy" to avoid relying solely on one supplier. Equipment manufacturers and AIS can align plans for equipment and service development for the optimum solutions and mitigate risks in procurement and delivery of equipment within timeline.

In selecting suppliers, AIS appoints committees to evaluate and find the most suitable options. Many factors are taken in to account, such as price, technical factor and manufacturers' development plan, to make sure that AIS can operate sustainably.

We selected key network equipment from the leading international vendors including Nokia, Huawei and ZTE. Other parts in networks are supplied by CISCO, Juniper and etc.

Handset

As for handset trading, AIS also join hands with the world's leading manufacturers e.g. Apple, Samsung, LAVA, Acer, Sony, Asus and Huawei to ensure the availability and variety of proper handsets in Thai market. Currently, 4G technology has becomes more popular so AIS has to seek for more 4G phones to serve customers.

In 2015, operators had a strategy to increase market share by attracting mass market consumers with free handsets. Feature phones and smartphones at value price were given away to customers. Operators needed to find sources of good quality phones that they can control costs to build their house brand phones.

LAVA is a manufacturer of quality mobile phones with value prices that AIS selects to provide co-branded phones that we can design for functions or pre-load AIS applications. Moreover, we can control production volume to response to demand and our forecast. This is a strategic support for AIS to effectively achieve our business goal.

Roaming and International Direct Dial services

As for international roaming services, AIS has agreements with 409 international operators in all continents, covering 444 networks to provide International Roaming services to clients. We also provide international direct dialing (IDD) services for international call from Thailand to more than 240 foreign countries.

Digital contents

AIS cooperates with more than 300 digital contents developers to support diverse customers' lifestyles, with return in revenue sharing scheme. These partners provide contents in key areas that we can offer to customers, e.g. video, music, and games. We select partners domestically and internationally depending on offers that meet customer's need.

In addition, we developed incubation program which help strengthen content developers skills and encourage new ideas and new contents to serve dynamic consumer's lifestyle. In 2015, there are some content developers who were successful from AIS the StartUp program that became our partners creating many popular applications for our customers.

2.8 Work under progress

-None-

3. Risk factors

AIS has established a proactive risk management plan to ensure that the Company continues to be viable even in unpredictable situations. As such, AIS has set up the Risk Management Committee, comprised of senior executives and the Chairman of the Executive Committee. The committee meets on a quarterly basis in order to discuss and classify the risks to the entire organization and to set up a precautionary action plan to manage risks at an acceptable level. The aim of such measures is to ensure that AIS achieves its set targets and maintains the confidence of both shareholders and stakeholders. The Risk Management Committee submits the results of its risk management to the Executive Committee, the Audit Committee, and the Board of Directors every quarter. Further details of the risk management are shown in “Risk Management, Internal Control, and Internal Audit”, page 32.

In 2015, the factors which were identified as a risk to operational results are summarized as follows:

1. Risks from Regulatory and Government Policies

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

AIS operates under the supervision of The National Broadcasting and Telecommunications Commission (NBTC), the organization regulating the telecommunications business who has legal authority in issuing rules, regulations and orders to regulate the licensees. The rules, regulations, and orders issued in the future, such as fixing tariff structure and service fees, or issuing rules and measures for consumer protection, might reduce the Company’s ability to generate profit and/or might increase the cost of the Company’s services. If the NBTC has acted lawfully upon any amendments and/or enactment of new rules and regulations, the Company may not lawfully file a lawsuit and/or make any claim for any indemnification from the NBTC.

Nevertheless, in any case in which the Company is of the opinion that such laws, rules, regulations and/or orders have affected the Company’s rights, or the Company has been treated unfairly, the Company has the right to file a lawsuit against the NBTC to revoke the enactment including any claim for indemnification from a relevant organization. Furthermore, the Company, as a telecommunications service provider which is a direct stakeholder, would be invited to provide opinion and comment on the drafts of laws, rules, regulations and/or orders which will be issued for enforcement in the future. Henceforth, the Company would have the opportunity to raise our concerns or make comments, suggestions and/or oppositions if the enactment of the laws, rules, regulations and/or orders is deemed to have seriously affected the Company’s operations, or has been unlawfully conducted.

1.2 Disputes relating to excise tax

(1) Case between Advanced Info Service Public Company Limited (the Company) and TOT Public Company Limited (TOT)

TOT submitted a dispute (Case No. Black 9/2551) to the Arbitration Institute, Alternative Dispute Resolution Office, and the Office of the Judiciary, demanding that the Company pay an additional share of revenue of Baht 31,463 million.

On 20 May 2011, the Arbitral Tribunal unanimously resolved to dismiss the dispute citing the reason which can be summarized as the Company had lawfully paid all due share of revenue. Therefore, the Company has not committed a breach of the agreement and the Company is not obliged to pay any additional share of revenue to TOT. Consequently, TOT has submitted an application to the Central Administrative Court to set aside the award of the Arbitral Tribunal. At present, the case is pending the consideration of the Central Administrative Court; the trial process may take several years to conclude.

If the Company loses this case, it may be obliged to pay TOT as demanded. However, the management of the Company firmly believes that this case shall reach a positive conclusion since the requested share of revenue amount is the equal to the amount of excise tax paid by the Company, which the Arbitral Tribunal had taken into consideration when unanimously deciding to dismiss the case.

(2) Case between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT)

CAT submitted a dispute (Case No. Black 3/2551) to the Arbitration Institute, Alternative Dispute Resolution Office, and Office of the Judiciary, demanding DPC, a subsidiary of the Company, pay an

additional share of revenue of Baht 2,449 million under the Digital PCN (Personal Communication Network) Agreement, plus a penalty at the rate of 1.25% per month of the unpaid amount for each year calculated from the default date until full payment totaling Baht 3,410 million is made. Such claimed amount is equal to the amount of excise tax DPC paid between 16 September 2003 and 15 September 2007, and was deducted from the revenue share calculations pursuant to the resolution of the cabinet on 11 February 2003 as is the standard practice of the telecommunications industry.

On 1 March 2011, the Arbitral Tribunal resolved to dismiss the dispute citing the reason which can be summarized as the original debt had been completely paid and settled. Thus, DPC has not committed any breach and CAT cannot re-claim the alleged deficit amount, including the penalty and the value added tax. Consequently, CAT submitted a request to the Central Administrative Court to set aside the award of the Arbitral Tribunal; On 28 July 2015, the Central Administrative Court decided in favor of DPC, by dismissing the complaint of CAT regarding the revocation of the Arbitrator's Decision on the ground that CAT sent the request letter to change the payment term regarding revenue sharing under the cabinet resolution and also accepted the remaining portion of such revenue sharing and also returned the bank guarantee to DPC as usual without any argument. In this regard, this Arbitral Tribunal's decision is resolved in accordance with the law and under Concession Agreement.

If the Central Administrative Court revokes such Arbitrator's Decision, DPC may be obliged to pay CAT as demanded. However, the management of the Company firmly believes that this case shall reach a positive conclusion since the share of revenue demanded by CAT is equal to the amount of excise tax which has already been paid by the Company according to the unanimous resolution of the Arbitral Tribunal, which dismissed the dispute.

1.3 Dispute over revenue sharing from interconnection charges

According to the Telecommunication Business Act B.E. 2544 and the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks B.E. 2549, the Company has the responsibility to enter into interconnection agreements with other operators. The Company offered to provide remuneration to TOT for such interconnections, which was calculated from the net income according to the rate and calculating method of the Company. However, TOT required the Company to pay a share of revenue calculated from the gross amount of interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company has to pay to other operators.

On 26 January 2011, TOT sent a letter demanding that the Company pay the share of revenue from the interconnection charges of the concession years 17-20 in the amount of Baht 17,803 million plus interest at the rate of 1.25 percent per month. However, the Company disputed the request and sent a letter opposing the said claim to TOT and submitted the dispute to the Dispute Reconciliation Office, Arbitration Institute (ref. no. Black 19/2554) on 9 March 2011 requesting the Arbitral Tribunal to award that TOT has no right to claim for such share of revenue.

If the Company loses the case, it may be obliged to pay TOT as demanded. However, the management of the Company firmly believes that the resolution of the Arbitral Tribunal will reach a positive conclusion for the Company since it has fully complied with the law.

1.4 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT) regarding the reduction of roaming charges between DPC and the Company

DPC submitted a dispute (Case No. Black 27/2553) to the Alternative Dispute Resolution Office, the Thai Arbitration Institute, requesting the Arbitration Panel to set aside the allegation of CAT that DPC was in breach of the Roaming Service Agreement between the Company and DPC without approval from CAT and would terminate the agreement, and demanding that CAT pay compensation of Baht 50 million to DPC.

However, CAT submitted a dispute (Case No. Black 62/2553) to the Arbitration Institute, demanding that DPC pay additional remuneration for concession years 10-12 in the amount of Baht 2,000 million plus penalty calculated from April 2010 incurred due to the reduction by DPC of the roaming charge rate between DPC - the Company from Baht 2.10 to Baht 1.10 during the period of 1 April 2007 - 31 December 2008 without the approval of CAT. Furthermore, on 1 September 2011, CAT submitted a further dispute of the

concession year 12 (1 April 2009-15 June 2009) to the Arbitration Institute, Alternative Dispute Resolution Office, and the Office of the Judiciary (Case No. Black 89/2554) for the amount of Baht 113,211,582.68. Later, the Arbitration Institute ordered that all three disputes be considered by the Arbitration Tribunal together and, at present, such disputes are pending consideration of the Arbitral Tribunal which may take several years to conclude.

If DPC loses the case, DPC may be obliged to pay CAT as demanded. However, the management of the Company believes that the ruling of the Arbitration Panel of this case shall decide in favor of DPC as DPC had informed CAT of the application of the roaming rate of Baht 1.10 per minute in July 2006, to which CAT had given written approval of such application for the period until March 2007 and had also given additional approval during the period of January 2009 to March 2009. In addition, CAT had never sent any refusal or objection to DPC during the disputed periods. The roaming rate is also in conformity with market conditions as approved by the NTC.

1.5 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT) on tower and power supply ownership

On 3 February 2009, CAT submitted a dispute (Case No. Black 8/2552) to the Arbitration Institute, Alternative Dispute Resolution Office, demanding that DPC deliver and transfer ownership of 3,343 Towers including 2,653 units of Power Supply equipment under the terms and conditions of the Digital PCN (Personal Communication Network) Agreement. After DPC failed to do so, CAT demanded that DPC pay Baht 2,230 million to CAT as compensation. However, DPC considers that the terms and conditions of the Agreement do not cover any of the disputed telecommunication equipment which DPC is obligated to deliver and transfer to CAT.

The Arbitral Tribunal unanimously resolved to dismiss all of the disputes citing the reason which can be summarized as the right of CAT to demand that DPC deliver properties which are objects of the contract cannot be exercised until 60 days after expiration of the contract. Therefore, the submission of the dispute by CAT is premature. Consequently, CAT has submitted a request to the Central Administrative Court to set aside the award of the Arbitral Tribunal on 25 October 2013. At present, the case is pending consideration of the Central Administrative Court which may take several years to conclude.

If DPC loses the case, it will be obligated to pay CAT as demanded. However, in consideration of the aforementioned arguments, the management of the Company's firmly believes that the case shall reach a positive conclusion.

1.6 Dispute Case with TOT Public Company Limited (TOT) regarding the Mobile Number Portability (MNP) of AIS' subscribers transferring to Advanced Wireless Network Company Limited (AWN) as the affiliate of AIS

On 25 September 2014, TOT submitted a dispute (Case No. Black 80/2557) to the Arbitration Institute, Alternative Dispute Resolution Office, demanding the Company to pay liquidated damages commencing from the date of submission of the dispute in the amount of Baht 9,126 million, plus interest at the rate of 7.5% per annum including the legal fees and expenses for the arbitration process by claiming that such damage was caused by the Company from transferring its subscribers operating under 900MHz to the 2100MHz system of AWN on the ground that the Company breached the Cellular Mobile Telephone Service Agreement (the "Agreement") between TOT and the Company.

At present, the dispute is under arbitration proceedings. The management of the Company firmly believes that the outcome of the dispute is unlikely to have a significant impact on the financial statements of the Company and the Company has fully complied with the conditions of the Agreement in all respects.

1.7 Dispute Case regarding Companies not collecting all information from prepaid subscribers under NBTC Notification regarding Prepaid Identification

According to the National Broadcasting Telecommunications Commission's (NBTC) order that all mobile operators operating a pre-paid service, including the Company, must collect and record all required information of all prepaid subscribers within the specified time, and the subsequent issuance of an order requiring the Company and the other 2

major mobile phone operators in this telecommunication industry to pay an administrative fine in the amount of Baht 80,000 per day from 6 July 2012 until such time as the operators fully comply with the said order; the Company has submitted disputes (Case No. Black 1858/2554 and Case No. Black 252/2556) to the Administrative Court for the revocation of the 2 NBTC Orders. At present, the case is pending consideration by the Administrative Court.

On 19 November 2015, the Central Administrative Court ruled to revoke the NBTC's resolution and order, citing the reasons which can be summarized as the subscribers are required to disclose their personal information to operators and the NBTC did not issue any enforcement or any suspension or termination measures regarding such service. In addition, the significant number of subscribers makes it extremely difficult to enforce such measures without any participation from the subscribers. Therefore, NBTC's resolutions and order are unlawful according to the regulatory scope of the NBTC, which creates a huge burden impact on the operators.

At present, the case is pending the consideration of the Supreme Administrative Court following an appeal submitted by NBTC to the Supreme Administrative Court on 18 December 2015.

If the Company loses the case, the Company may have to pay an administrative fine of Baht 80,000 per day, from 6 July 2012 until the date that the Company can comply with the said order of the NBTC. However, the management of the Company believes that this dispute will be resolved in a positive way due to the fact that NBTC and all mobile operators had a concerted effort to record all prepaid subscriber information to facilitate the compliance of the telecommunication business with such order. The effort includes a joint development of an application called "2 Snap Shot" to facilitate a simpler and quicker registration of prepaid subscriber of which the information can be directly submitted to the system of mobile operators. The application is deployed throughout various distribution channels as an additional method to filling out the registration form and recording a copy of the identity card.

1.8 Dispute regarding revenue share for providing National Roaming Service

Subject to the 7th Amendment of the Concession Agreement under which TOT Public Company Limited (TOT) provided consent to the Company to use the telecommunication network to offer to other operators in support of National Roaming Services for which the Company agreed to pay a share of revenue to TOT at the rate specified under Section 30 of the Concession Agreement; the Company has entered into a National Roaming Agreement with Advanced Wireless Network Company Limited (AWN) and requested the fees for such usage in accordance with the National Roaming Service Agreement. Having received the fees from AWN, the Company calculated the revenue share payment to be made to TOT at the rate specified under the Concession Agreement.

Subsequently, TOT issued a letter to the Company notifying it that since July 2013, the Company has not paid TOT the full share of revenue owed from the National Roaming Service. TOT considered that the Company has received the usage fees from AWN at a rate lower than the rate specified under the Concession Agreement, regarding which the Company neither informed nor received written consent from TOT. As a result, TOT has requested the Company to pay TOT an additional share of revenue from the National Roaming Service from July 2013 to June 2015 in the amount of Baht 13,341 million. However, the Company did not agree with this decision and has issued a letter in opposition to TOT. The Company considers that such lower service fees received from AWN were the rates applied under a promotional scheme for sending a large volume of roaming traffic. In addition, such promotional scheme provided to AWN was also notified and provided to all operators using the National Roaming Service. Moreover, the fees under such promotional scheme did not exceed the fee rate of National Roaming Service specified under the 7th Amendment of the Concession Agreement. As a result, the rates for such promotional scheme did not need approval from TOT.

In this case, should TOT bring this issue to the arbitration process, the management of the Company believes that this issue can be opposed because the Company has done everything correctly subject to the Concession Agreement. Moreover, at present, the supervision and control of service fees are regulated by NBTC.

1.9 Dispute between Advanced Info Service Public Company Limited (AIS) and TOT Public Company Limited (TOT) regarding the titles of towers

The Company submitted a dispute (Case No. Black 53/57) to the Dispute Resolution Office of the Arbitration Institute on 21 July 2014 to request the arbitral tribunal to find that the Company's signaling towers are not equipment and assets to be transferred to TOT and that the Company owns the signaling towers; and to request TOT to return the associated revenue which it had already been paid by the Company.

The Company considers that its signaling towers are not equipment and tools included in the operation of the 900 MHz Cellular Telephone System subject to the Concession Agreement. Therefore, the Company is not under any obligation to transfer such signaling towers to TOT.

Presently the dispute is under the arbitration process. The management of the Company believes that the dispute will end favorably because the Company and TOT are currently negotiating to become business partners.

1.10 Dispute regarding the request from TOT Public Company Limited (TOT) to Advanced Info Service Public Company Limited (AIS) to transfer additional equipment used for the operation of the 900MHz Cellular Telephone System

Subject to the claim from TOT requesting that the Company transfer equipment used in the operation of the 900MHz Cellular Telephone System, namely the Billing System, Intelligence Network (IN) System, Value Added Service System, Customer Relation Management System, Systems Application and Product (SAP) System, Payment System, Equipment and Tools, Production and Usage Control of Cash Card System, Customer Service and Billing Statement System, Management of Telewiz and Dealer System, Network Management System, Customer Database System, Computer and Software for VAS, Intangible Assets and Spare Parts, to TOT in accordance with the Concession Agreement, TOT considers that such assets are equipment and tools which the Company provides for the operation of 900 MHz Cellular Telephone System and the Company is under obligation to TOT as defined in the Concession Agreement. However the Company considers that such 6 systems as requested by TOT are not equipment and tools for the operation of the 900 MHz Cellular Telephone System as defined under the Concession Agreement, and that such systems are only support systems for providing service to subscribers.

Should TOT bring this dispute to the arbitration process, the management of the Company believes that the dispute can be settled via negotiation since currently the Company and TOT are currently negotiating to become business partners.

1.11 Claim for additional revenue from the 6th and 7th Amendments to the Concession Agreement

On 30 September 2015, the Company submitted a dispute (Case No. Black 78/2558) to the Arbitration Institute of the Alternative Dispute Resolution Office of Thailand regarding the 6th Amendment dated 15 May 2001 and 7th Amendment dated 20 September 2002 to the Concession Agreement to conduct the business of Cellular Mobile Telephone services. Under said dispute, the Company requested the Arbitration Institute to resolve that the amendments between the Company and TOT Public Company Limited (“TOT”) are binding and must be complied until the expiration of the Concession Agreement. Additionally, the Company also requested that the Company has no obligation to pay the additional revenue claimed by TOT as in a letter submitted to the Company on 29 September 2015 regarding a request for the payment of additional revenue in the amount of Baht 72,036 million. TOT claimed such additional payment based on the ground that the 6th and 7th Amendments were of significant amendment which caused TOT to receive lower revenue than the rate as specified in the Concession Agreement.

Later, on 30 November 2015, TOT submitted a new dispute (Case No. Black 122/2558) to the Arbitration Institute of the Alternative Dispute Resolution Office of Thailand to decrease the amount of revenue claimed by TOT to Baht 62,773 million according to the percentage adjustability of revenue sharing under the Concession Agreement. This case is the same as dispute Case No. Black 78/2558.

At present, the dispute is under the consideration of the arbitrators. The management of the Company believes that the 6th and 7th Amendments to the Concession Agreement are binding and effective until the expiration of the Concession Agreement on 30 September 2015, and that the Company has fully complied with all concerned Agreements. Moreover, the Council of State opined on this matter that the amendments to the Concession Agreement between TOT and the Company (Case No. 291/2550) that "...the amendment process of the Concession Agreement which is the administrative contract can be separated from such amendment attached hereto, the amendments have still been in effect as long as it is not revoked or terminated by time, or otherwise...".

Furthermore, the 6th and the 7th Amendments had never been revised or revoked until the 30th September 2015, which is the ending date of the Concession Agreements. Therefore, the outcome of the said dispute should be settled favorably and have no considerable impact on the business of the Company.

2. Operational Risk

2.1 Risk from intensive competition in the telecommunication business

With the mobile telecommunication market in Thailand continuing to be highly competitive, operators occasionally use pricing to attract consumers. As the market sees higher growth of data demand, there could continue to be high competition in pricing, promotions and marketing campaigns, which the Company must strategically respond to in a timely manner and cost-effective way in order to maintain its market leader position.

In addition, as the NBTC tries to promote free and fair competition, new entrants are somewhat encouraged by the rules and regulations set by the NBTC. An example of this is from the 900 and 1800 MHZ spectrum auctions, which new operators joined, and could potentially intensify the competition in the market. New operators may apply aggressive price policies to increase their market share. The Company, as a leader in the market, is confident that the Company has the ability to compete on price, packages and promotions. Our brand image, cost-efficient operations, and integrated product and service offerings also enable us to build differentiation from others and to provide better responses to customers' needs and satisfaction requirements.

2.2 Risk to IT security

With advanced technology, users are able to access any desired data and service via the internet from anywhere, such as for online shopping, making financial transactions, or storing data on cloud computing systems. In response to demand, the Company has rapidly developed a variety of products and services to serve customers' needs. However, the advanced technology comes with threats to the Company's security system and information security system, which can be compromised from both the deficiency of the Company's own system and external threats.

The Company places emphasis on preventing any risks that may affect information security in order to protect the Company's data security from system compromise or from hackers, as well as to deliver quality services and enhance customer's confidence on data privacy management of the Company. The Company has established information and IT Security Regulations; implemented the Exchange ActiveSync communications protocol for the receiving and transmitting of the Company's data via portable devices, with enforced compliance from both executives and employees at all levels in the organization; and performed data security risk assessment of important systems in accordance with the Company's plan to mitigate possible risks from information theft or system failure. In addition, the Company has implemented data security management systems, such as Payment Card Industry - Data Security Standard (PCI-DSS) and ISO 27001 Information Security Management, in order to ensure the security of the Company's data. The Company has already received ISO 27001 certification in 2015. Employees have also received training and internal communications to promote continued awareness.

2.3 Risk of disaster, natural disaster and force majeure

In the event of any disaster, natural disaster or force majeure which may affect the Company's operating systems, property and/or employees, leading to an interruption of business, the Company has established a business continuity management plan and system, with regular exercises and reviews. In order to efficiently manage the Company's resources to cope with any disaster, which causes damage to the Company's office building or operation centers, alternative sites will be prepared to ensure continuity of the Company's business and minimize effects to the mobile phone network to ensure that the Company can maintain its position as a leader in network quality and retain consumer confidence in our service when disasters occur.

2.4 Reputation risk due to community's lack of understanding on health issues arising from radio waves

In 2015, the Company increased its number of base stations to service the growing demand for data usage and prepare for the launch of the 4G service. One of the barriers that may prevent the Company from being able to build base stations as planned is the understanding of the concerned communities on health issues arising from radio waves nearby the Company's base stations, which may lead to resistance to the construction and/or appeals to related parties. The Company has taken measures to prevent this situation by setting up specific teams to communicate to the relevant communities before construction, in line with NBTC's regulations. These teams conduct public hearings and confer with community leaders and people in the relevant areas, starting from the planning phase to find the most appropriate installation site. These measures can help the Company to analyze the relationship between the Company and the community and also to gather information from the community on the issues of concern to them. The community is encouraged to participate with the Company at every step to ensure their confidence on safety issues. The Company will prepare construction blueprints of the base stations that have been certified by professional civil engineers to meet the standards of the Engineering Institute of Thailand. These blueprints are then presented to the district office for municipal approval of the construction. Once the construction is approved, a licensed engineering team will oversee the construction in accordance with the approved plans and to ensure that it strictly meets the standards for the safety of both workers and the surrounding community.

2.5 Risk arising from the Company's failure to respond in a timely manner to customers' needs/issues via various social media platforms which may affect the Company's corporate image

With the unlimited connectivity of social networks today, communicating or sharing information can be completed rapidly and easily. In response to customers' behaviors of connecting with various social media platforms, the sharing of product and service information, the handling of enquiries and the resolution of complaints must be performed in a prompt manner with the accurate information. This is to prevent the spread out misleading information, which may have a negative impact on the Company's corporate image.

The Company has implemented tools to monitor related information in various social media and also appoint specialized staff to monitor and respond to customer needs specifically via online channels. This is to ensure a timely response with accurate information to meet customer needs to have the best experience.

4. Assets used in operations

4.1 Property, Plant and Equipment

Land, Buildings and improvements, and leasehold building improvements are possessed by the Company and its subsidiaries. The Company has many branches all over the country. Furniture, fixtures and office equipment compose of tools and equipment, hardware, computer software and value added service equipment for mobile phone service.

As at 31 December 2015, Property, Plant and Equipment of the Company and its subsidiaries are as follows:

	Estimated Useful Life(years)	Million Baht
Property, Plant and Equipment		
Land	-	524.68
Buildings and improvements	5 and 20	477.06
Leasehold building improvements ^{1/}	5 and 10	1,383.00
Furniture, fixtures and office equipment	2 - 5	1,629.36
Tools and Equipment	2 - 20	91,503.48
Computer Software	5-10	8,301.81
Vehicles	5	236.35
Assets under construction and installation	-	13,778.04
Communication equipment for rental	duration of contract and 3	7.48
Total		117,841.26
Less accumulate depreciation/amortization		(33,550.16)
Net Book value		84,291.10

^{1/} Leasehold building improvements is expense for improvement service office

The Company and its subsidiaries include the financial leases value Baht 280.86 million in furniture, fixtures and office equipment, tools, equipment and vehicles.

As at the end of December 2015, the Company and its subsidiaries rent office spaces to run the business as follows:

1. The 17,827 square metres office space from SC Asset Corporation at 414 AIS Tower 1, Phaholyothin Road, Phayathai, Bangkok for 3 years contract (1 January 2014 to 31 December 2016) at the rate of Baht 11,825,485 per month. The 3 years contract will be automatically continued, except in the case of the Company want to cancel by notifying at least 30 days prior to the expiration date. At present, the contract has been renewed for more than 10 years.
2. The 12,963 square metres office space from SC Asset Corporation at 1291/1 AIS Tower 2, Phaholyothin Road, Phayathai, Bangkok for 3 years contract (1 January 2014 to 31 December 2016) at the rate of Baht 7,278,538 per month. The 3 years contract will be automatically continued except in the case of the Company want to cancel by notifying at least 30 days prior to the expiration date. At present, the contract has been renewed for more than 10 years.
3. The 558 square metres office space from SC Asset Corporation at 1010 SC Asset Tower 3, Vibhavadi-Rangsit Road, Chatuchak, Bangkok for 3 years contract ended 31 December 2016 with a rental fee of Baht 326,430 per month. The 3 years contract will be automatically continued except in the case of the Company want to cancel by notifying at least 30 days prior to the expiration date.
4. The 8,375 square metres office space from ESV Asset Co., Ltd. at 1 & 1293/9 ESV Tower, Phaholyothin 9, Phayathai, Bangkok at the rate of Baht 3,789,354 per month. The existing contract will be ended on 28 February 2016.
5. The 20,013 square metres office space at 408 Phaholyothin Place, Phayathai, Bangkok from Phahol 8 Company Ltd., Siam Real Estate Development Co., Ltd., BB Suzuki Auto Co.,Ltd, Nathawut and Karn Co.,Ltd, Solar lunar Co.,Ltd., Pantip Network Co.,Ltd., Merit Holdings Co.,Ltd, TOT Public Company Limited, Allianz Ayudhya Assurance Plc, Pathlab (Thailand) Ltd., Miss.Sandra Thaibunchakit, Mr.Teerawat Chewattanak, Mr.Nontawat Pumchusri, Miss.Prattra Wanichawattana. The contract is done separately by each floor. The rental fee is Baht 7,770,044 per month. The current contract will be ended on 31 December 2017

6. The 5,130 square metres office space from Three Pals Co., Ltd. at 404 Phaholyothin Center, Phaholyothin Road, Phayathai, Bangkok at the rate of Baht 1,772,155 per month. The current contract is end on 31 August 2017
7. The 1,070 square metres office space from S.P. Building Co., Ltd. at 388, Phaholyothin Road, Phayathai, Bangkok at the rate of Baht 518,950 per month. The current contract is end on 28 February 2018
8. The 4,351 square metres office space from B.B.D.Development Co., Ltd. at 626, Jinda Tawil Soi, Rama 4 Road, Mahaprutharam, Bang Rak, Bangkok at the rate of Baht 1,435,830 per month. The current contract is end on 28 February 2018
9. The space rental for branch offices totaling of 17,117 square metres at Chiang Mai, Surat Thani, Nakhon Sawan, Nakhon Ratchasima, Nakhon Pathom, Phitsanulok, Hadyai, Chon Buri, Ayutthaya, Rayong, Phuket, Udon Thani, Khon Kaen, Ubonratchathani, Samut prakan, Chachoengsao, Chiang Rai, Lampang, Phrae, Mae Sot, Surin, Roi ed, Mahasarakham, Mukdahan, Hua Hin, Prachin Buri, Saraburi and Bangkok The contract is done separately by each province and the rental fee total of Baht 32,877,837 a month.

4.2 The Cellular Mobile Telephone Service Agreement (the “Agreement”)

Investment costs of the cellular network of the Company and its subsidiaries are the main items under the Agreement and have to be transferred to the Agreement’s grantor. The Company and its subsidiaries have the rights to operate assets under the Agreement as long as the end of the contract date. The Agreement of the Company and its subsidiaries is made with TOT and CAT, so the Company and its subsidiaries have the rights to run the business under the Agreement. Assets under the Agreement as at 31 December 2014 as follows:

Asset type	Cost (million baht)	Useful Life of Amortization	Year to be amortized	Net book value (million baht)
Capital Investment of the Company				
Digital Network Equipment - GSM	78,636.41	10 years not over 2015	1 - 10	-
Analogue Network Equipment - NMT	116.36	End of September 2002	1 - 10	-
Transmission Equipment	19,187.07	10 years not over 2015	1 - 10	-
Others	26,407.10	10 years not over 2015	1 - 10	-
Capital Investment of ADC				
Tools and Equipment	1,246.95	10 years	1 - 10	-
Total	125,593.89			-
Capital Investment of DPC				
Digital Network Equipment - GSM and Transmission equipment	-	10 years not over 2013	1 - 9	-
Total Capital Investment of the company and its subsidiaries	125,593.89			-

Main agreements and licenses of the Company and its subsidiaries are as follows:

1. The Cellular Mobile Telephone Service Agreement between Advanced Info Service Public Company Limited (AIS) and The Telephone Organization of Thailand (former name of TOT)

Period of Agreement : 25 years (1 October 1990 - 30 September 2015)

Significant terms and condition : AIS has been granted BTO agreement to operate the following services:

 1. Nationwide NMT and GSM 900MHz cellular network
 2. Network equipment transmission and media network
 3. Prepaid service
 4. Roaming service between AIS and another third party. In this regards, AIS shall inform TOT in writing before allowing the third party to use roaming network and before AIS use other roaming network.

Benefits : 1. AIS agrees to share the benefit to TOT at 15% - 30% of service revenue and other benefits before deducting the expense and tax (upon the service year), and 20% of its prepaid revenue. Such mentioned revenue sharing shall not be less than the minimum

amount specified in the Agreement. TOT agrees to share revenue with AIS for the International Direct Dialing Service (IDD) and such revenue share must be subjected to sharing to TOT as specified in the main agreement.

2. AIS agrees to share the benefit from roaming service to TOT at the rate and condition as specified in the main agreement.

Note: A concession agreement between TOT and AIS has terminated since 30 Sep 15. Now, the service is provided under remedy process, regarding NBTC resolution, until NBTC issues 900MHz license to operator who wins an auction.

2. The Data Communication Service Agreement (Data kit Virtual Circuit Switch) between Advanced Data Network Communications Company Limited (ADC) and TOT Public Company Limited (TOT)

Period of Agreement : 25 years (25 September 1997 - 24 September 2022)

Significant terms and condition :

1. ADC has been granted the right to operate data communication service using Frame Relay and Data kit Virtual Circuit Switch and/or other data communication system. However, ADC shall rent transmission from TOT or TOT's partner. Unless TOT can provide that transmission, ADC can invest in its own data transmission or rent from others.
2. ADC can expand its business to provincial areas where the revenue sharing to TOT will be paid at agreed rate as specified in the Memorandum.
3. ADC agrees to upgrade its data communication service by using ADSL and ATM Switch in addition to its existing systems. However, the service fee, rental fee or any other fees from customers will based on market rate; which ADC is not obliged to ask TOT for permission in advance.
4. ADC is allowed to provide digital contents by asking for TOT permission in advance.

Benefit : ADC shall provide the new ordinary share of Baht 107.52 million which is 23.5% of registered capital to TOT without TOT's payment for shares.

3. Advanced Magic Card Co., Ltd. (AMC) attained License for Electronics Payment Service, issued by the Electronic Transaction Commission, under the Ministry of Information and Communication Technology to provide electronic payment services. The license period is 10 years from 13 May 2009 - 12 May 2019

4. License of Advanced mPAY Co., Ltd. (AMP) are as follows:

4.1 Electronic Card Business License

Grantor : Ministry of Finance (MOF)
Grant Period : since 24 June 2005
Significant terms and condition : AMP is licensed to operate electronic money cards for goods or services payments instead of cash payments.

4.2 License for Electronics Payment Service

Grantor : Electronic Transaction Commission : Ministry of Information and Communication Technology
Grant Period : 10 years (30 May 2009 - 12 May 2019)
Significant terms and condition : AMP is licensed to provide electronic payment services.

5. Telecommunications Business License Type 3 of AIN GlobalComm Co., Ltd. (AIN), issued by the National Broadcasting and Telecommunications Commission (NBTC)

Grant Period : 20 years (26 July 2006 - 25 July 2026)

Significant terms and condition : AIN is licensed to provide international telephone services, value added services to international telephone service, and other related services to international telephone service and international telephone network services..

Benefit : AIN is obligated to pay for the license and any fees within the time period as specified by the NBTC

6. License of Super Broadband Co., Ltd. (SBN) which is issued by the NBTC are as follows:

6.1 International Internet Gateway License Type 2 and Telecommunications Business License Type 2 (Telecommunication network services with its own network for specific group of customer)

Grant Period : 5 years (15 October 2012 - 14 October 2017)

Significant terms and condition : SBN is licensed to provide all service related international internet service and internet gateway.

Benefit : SBN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

6.2 Telecommunications Business License Type 3

Grant Period : 20 years (16 August 2007- 15 August 2027)

Significant terms and condition : SBN is licensed to provide telecommunication network services with its own network for fixed line, IDSN, Public Broadband Multimedia Service, and additional service.

Benefit : SBN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

7. Telecom Business License of Advanced Wireless Network Co., Ltd. (AWN) which is issued by the NBTC are as follows:

7.1 Telecommunications Business License Type 3

Grant Period : 19 years (7 December 2008 - 6 December 2027)

Significant terms and condition : AWN provides telecommunication network services with its own network for fixed line, Wifi internet, Public Broadband Multimedia Service, integrated digital network service, as well as fixed and wireless telecommunication network service. AWN is also granted the 2.1GHz license to operate provide International Mobile Telecommunications -IMT on 7 December 2012 until 6 December 2027.

Benefit : AWN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

7.2 Spectrum License for Telecommunications Service (2.1GHz)

Grant Period : 15 years (7 December 2012 - 6 December 2027)

Significant terms and condition : 1. License to operate 3 slots of spectrum bandwidth on 2.1GHz covering 1950MHz to 1965MHz pairing to 2140MHz to 2155MHz

2. AWN shall provide the service by itself and shall not transfer the provision of service completely or partially or authorize other persons to provisioning the service.

3. AWN shall comply with the condition prior to the end of the service as specified by NBTC.

Benefit : AWN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

7.3 Spectrum License for Telecommunications Service (1800MHz)

Grant Period	: 18 years (25 November 2015 to 15 September 2033)
Significant terms and condition	: 1. Telecom license 1800MHz includes: 1725-1740MHz pair with 1820-1835MHz 2. AWN shall provide the service by itself and shall not transfer the provision of service completely or partially or authorize other persons to provisioning the service. 3. AWN shall comply with the condition prior to the end of the service as specified by NBTC.
Benefit	: AWN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

8. Internet License Type 1 of Advanced Internet Revolution Co., Ltd. (AIR), issued by the NBTC

Grant Period	: 5 years (17 December 2010 - 16 December 2015)
Significant terms and condition	: AIR provides internet services through the network of licensees who have their own telecommunication network.
Benefit	: AIR is obligated to pay for the license fee within the time period as specified by the NBTC.

Note: AIR notified NBTC that AIR would like to withdraw internet type 1 license, because the competition in internet market is too high. AIR is unable to bear all cost incurred, so it would like to withdraw the license. NBTC approved that AIR internet license type 1 has been terminated since 8 September 2014.

4.3 Policy to invest in subsidiaries and associate companies

AIS currently focuses on telecom service business only. We thereby invest in subsidiaries and other companies for the purpose of supporting our main business or operating other related services which is beneficial to our business. AIS has appointed directors and executives as our representative in those companies for the purpose of shareholder's benefit and value maximization. The meeting of board of directors of those companies is scheduled to convene at least on quarterly basis. The shareholders' meeting is scheduled on annual basis.

5. Legal Disputes

5.1 Legal Disputes of Advanced Info Service Public Company Limited (the Company)

Litigant	TOT Public Company Limited (TOT)
Submitted Date	22 January 2008
Tribunal	Central Administrative Court
Dispute topic	TOT demanded payment by the Company of the additional remuneration in the amount of Baht 31,463 million. Such sum of revenue sharing is the same amount as excise tax which the Company had delivered to the Excise Department.
Result of case	On 20 May 2011, the Arbitral Tribunal dismissed all disputes on the ground that the Company had lawfully paid the revenue sharing. Therefore, the Company has not committed a breach of the Concession Agreement.
Status of case	On 22 September 2011, TOT has submitted request to the Central Administrative Court to revoke the award of the Arbitral Tribunal which is presently pending consideration of the Central Administrative Court.

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	7 March 2008
Tribunal	The Supreme Court
Dispute Topic	CAT filed a lawsuit against the Company as the defendant no.1 and AIN GlobalComm Company Limited (AIN), a subsidiary, as the defendant no.2 demanding us to jointly pay for damage in the amount of Bath 583 million concerning the change of the connection setting of the international direct dialing service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN during 1 March 2007 - 7 March 2008.
Result of case	On 17 December 2009, the Civil Court dismissed the case as the facts cannot be proven that the Company has infringed any rights of CAT resulting that AIN also has not infringed CAT. On 27 June 2013, the Appeal Court reached the judgment confirming the judgment of the Civil Court.
Status of Case	On 16 September 2013, CAT has submitted the petition to the Supreme Court against the judgment of the Appeal Court which is presently pending consideration of the Supreme Court.

Litigant	True Move Company Limited (True Move)
Submitted date	11 June 2010
Tribunal	Thai Arbitration Institute
Dispute Topic	The Company submitted a dispute to Thai Arbitration Institute against True Move to pay the interconnection charge of April to May 2008 under the Interconnection Agreement for Bath 89 million plus interest at the rate of 7.5 percent per annum calculated from the default date until full payment is made.
Result of case	On 13 February 2015, the Company had entered into the Compromise and Settlement Agreement with True Move. Consequently, True Move agreed to pay the interconnection charge according to the Company demand ..
Status of Case	On 2 November 2015, True Move has already made the full payment.

Litigant	National Broadcasting and Telecommunications Commission (NBTC) (Formerly National Telecommunications Commission) and the Secretary General of NBTC (Formerly the Secretary General of NTC)
Submitted date	15 November 2010
Tribunal	Central Administrative Court
Dispute Topic	The Company filed a lawsuit to the Central Administrative Court to revoke the resolution and order of NBTC to collect the information from existing subscribers using Pre-Paid Mobile Service to be completed within 180 days from the announcement date of the Notification of NBTC Re: The Criteria for the Allocation of Numbers B.E. 2551 come into force on 24 October 2008 and an order requiring the Company to pay administrative fines per day for Baht 80,000 commencing on 6 July 2012 until the Company has completely performed.
Result of case	On 19 November 2015, the Central Administrative Court reached the judgment which revoked the resolution and order given on the administrative fines on the ground that such order enforced the operators to store subscriber data retrospective which the subscribers are required to disclose its personal information; however, NBTC did not issue any measure for enforcement by service suspension or termination. Moreover, there are a large number of subscribers. This is the difficulty to do so without cooperation from the subscribers. In this regard, such NBTC's resolution and order are unlawful because NBTC uses the power and discretion beyond the scope of regulatory which creates a huge burden impact to the operators. The claim that this is for safety and security is not the authority of the NBTC.
Status of Case	On 18 December 2015, NBTC has submitted the appeal to the Supreme Administrative Court which is presently pending consideration of the Supreme Administrative Court.

Litigant	TOT Public Company Limited (TOT)
Submitted date	9 March 2011
Tribunal	Thai Arbitration Institute
Dispute Topic	The Company has submitted a dispute to Thai Arbitration Institute to make an award that TOT has no right to demand the Company to pay the interconnection charges of the 17th - 20th concession year by not allowing the Company to deduct the interconnection charges which the Company has to pay to other operators before sharing the revenue to TOT in the amount of Baht 17,803 million plus interest at the rate of 1.25 percent per month according to TOT' letter dated 26 January 2011. Thereafter, TOT has raised a dispute demanding the Company to pay additional payment of the 21st - 22nd concession year of Baht 9,984 million plus interest at the rate of 1.25 percent per month.
Result of case	-
Status of Case	The case is pending on the consideration of Thai Arbitration Institute.

Litigant	TOT Public Company Limited (TOT)
Submitted date	11 May 2011
Tribunal	Central Administrative Court
Dispute Topic	The Company demanded TOT to surrender the letter of guarantee for the remuneration of the 17 th -21 st concession year and prohibit TOT to claim any money from the bank and to pay the bank commission for the letter of guarantee including the damage for the Company's reputation and financial credit in the amount of Baht 30 million and also for the letter of guarantee of the 21 st concession year for the amount of Baht 20 million to the Company.
Result of case	On 10 February 2014, Arbitral Tribunal made the award that TOT has to surrender the letter of guarantee and pay Baht 6,653,016 plus penalty at the rate of 7.5 percent per annum calculated from the date that the Company paid such amount to the bank.
Status of Case	On 19 May 2014, the Company has requested the Central Administrative Court to recognize and enforce the award. TOT has also requested the Central Administrative Court to revoke the award. Therefore, the Central Administrative Court has ordered the Company and TOT to be tried together as one and the same case.

Litigant	National Broadcasting and Telecommunications Commission (NBTC) (Formerly National Telecommunications Commission) and the Secretary General of NBTC (Formerly the Secretary General of NTC)
Submitted date	27 May 2011
Tribunal	Central Administrative Court
Dispute Topic	The Company has filed a lawsuit to the Central Administrative Court to revoke the order of NTC notifying the Company to amend the drafted Pre-Paid Mobile Service Agreement which prohibited the condition concerning the validity term.
Result of case	-
Status of Case	The case is pending on the consideration of the Central Administrative Court.

Litigant	National Broadcasting and Telecommunications Commission and the Secretary General of NBTC
Submitted date	2 July 2012
Tribunal	Central Administrative Court
Dispute Topic	The Company has filed a lawsuit to the Central Administrative Court to revoke the NBTC Re: Maximum Rate of Service Fee for Domestic Mobile Phone Voice Services B.E. 2555 requiring the collection of domestic voice services fee at the rate of not exceeding 0.99 Baht/minute and enforceable only on the significant market dominance because the Company is of the opinion that it is the wrongful order and unfair treatment.
Result of case	-
Status of Case	The case is pending on the consideration of the Central Administrative Court.

Litigant	TOT Public Company Limited (TOT)
Submitted date	16 January 2013
Tribunal	Thai Arbitration Institute
Dispute Topic	The Company has submitted a dispute to Thai Arbitration Institute against TOT to pay revenue sharing of international direct dial service according to the Amendment no. 3 and 4 which TOT has been in default of payment to the Company since November 2008 - September 2012 for the total amount of Baht 1,528 million plus interest rate as stipulated in the agreement.
Result of case	-
Status of Case	The case is pending on the consideration of Thai Arbitration Institute.

Litigant	TOT Public Company Limited (TOT)
Submitted date	25 September 2014
Tribunal	Thai Arbitration Institute
Dispute Topic	TOT has submitted a dispute to Thai Arbitration Institute to make an award ordering the Company to cease number portability method for its subscribers by pressing *988* because it breached the Concession Agreement. TOT has also demanded the Company to pay for damage in the amount of Baht 9,126 million plus interest at the rate of 7.5 percent per annum.
Result of case	-
Status of Case	The case is pending on the consideration of Thai Arbitration Institute.

Litigant	TOT Public Company Limited (TOT)
Submitted date	30 September 2015
Tribunal	Thai Arbitration Institute
Dispute Topic	The Company has submitted a dispute to Thai Arbitration Institute to make an award regarding the 6 th and 7 th amendments to the Concession Agreement that the said amendments bind the Company and TOT. The Company has no obligation to pay for the additional remuneration in the amount of Baht 72,036 million which TOT has claimed the amendments were material which caused TOT to receive lower remuneration than the rate as specified in the Concession Agreement.
Result of case	-
Status of Case	The case is pending on the consideration of Thai Arbitration Institute.

Litigant	TOT Public Company Limited (TOT)
Submitted date	30 September 2015
Tribunal	Thai Arbitration Institute
Dispute Topic	TOT has submitted a dispute to Thai Arbitration Institute to make an award that the Company rents 11,883 base stations, which used for the installation of towers and telecommunication equipment to provide telecommunication services under the Concession Agreement for additional 2 years from the expiration of the Concession Agreement. In case that the Company cannot perform such rental, the Company shall pay the said rental and all relevant expenses during such additional 2 years in the amount of Baht 1,911 million or to place the money to the court.
Result of case	-
Status of Case	The case is pending on the consideration of Thai Arbitration Institute.

5.2 Legal Disputes of Digital Phone Company Limited (DPC), a subsidiary of the Company

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	9 January 2008
Tribunal	Supreme Administrative Court
Dispute Topic	CAT demanded DPC to pay additional remuneration of Baht 2,449 million under the Digital PCN (Personal Communication Network) Agreement plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year, calculated from the default date until full payment is made, totaling Baht 3,949 million. However, DPC claimed that those amount is the same as the excise tax which DPC paid during 16 September 2003 - 15 September 2007, and also deducted from revenue sharing pursuant to the cabinet resolution dated 11 February 2003.
Result of case	On 1 March 2011, the Arbitral Tribunal dismissed the dispute as the original debt had completely been paid and extinguished. DPC then has not committed the breach of the agreement. However, on 3 June 2011, CAT has submitted request to the Central Administrative Court to revoke the award of the Arbitral Tribunal. On 28 July 2015, the Central Administrative Court dismissed the request of CAT by giving the reason that CAT was the one who sent a letter declaring its intention to change the criteria of revenue share payment according to cabinet resolution and had accepted the revenue share amount after deducting the excise and returned to DPC the letter of guarantee without raising any objections. The award of Arbitral Tribunal was ,therefore, in compliance with the provisions of laws and the provisions of the Agreement.
Status of Case	On 3 September 2015, CAT has submitted the appeal to the Supreme Administrative Court which is presently pending consideration of the Supreme Administrative Court

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	29 July 2008
Tribunal	Supreme Administrative Court
Dispute Topic	CAT demanded DPC to pay the Access Charge which DPC had deducted and has not yet delivered to CAT as follows: 1) Additional charge of 7th-10th concession years of Baht 165 million including VAT plus penalty at the rate of 1.25 percent per month, calculated as on 31 July 2008, totaling Baht 222 million. 2) Additional charge of 11th concession year of Baht 23 million including VAT plus penalty at the rate of 1.25 percent per month, calculated as on 15 October 2009, totaling Baht 26 million. The total claimed amount of both cases is Baht 248 million.
Result of case	On 23 March 2012, the Arbitral Tribunal dismissed all disputes on the ground that CAT has not yet paid the interconnection charge for the part of which DPC has to pay to TOT as stipulated in the Interconnection Agreement, therefore, CAT has no right to claim those charge from DPC. And in attestation, it is not admissible that the consideration paid by DPC in each year is regarded as a breach of the agreement. On 25 June 2012, CAT submitted the request to the Central Administrative Court to revoke the award of the Arbitral Tribunal. On 16 September 2014, Central Administrative Court dismissed the request of CAT.
Status of Case	On 15 October 2014, CAT has submitted the appeal to the Supreme Administrative Court which is presently pending consideration of the Supreme Administrative Court

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	3 February 2009
Tribunal	Central Administrative Court
Dispute Topic	CAT demanded DPC to deliver and transfer an ownership of 3,343 towers and 2,653 power supply equipment under the Digital PCN (Personal Communication Network) Agreement. Failure to do so, DPC must reimburse Baht 2,230 million to CAT. However, DPC rebutted that all disputed assets are not the property as stipulated in clause 2.1 of the Agreement which DPC is obligated to deliver and transfer an ownership.
Result of case	On 18 July 2012, the Arbitral Tribunal dismissed all disputes of CAT by referring to Clause 12 of the Digital PCN Agreement. Under such Agreement CAT can demand DPC to deliver all the objects after 60 days as from the termination date of the agreement. Therefore, the submission of a dispute is regarded as a premature exercise of the right under the Agreement.
Status of Case	On 25 October 2012, CAT has submitted the request to Central Administrative Court to revoke the Arbitral Tribunal award which is presently pending consideration of the Central Administrative Court.

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	7 April 2010
Tribunal	Thai Arbitration Institute
Dispute Topic	DPC submitted a dispute to the Arbitration Tribunal to make an award ordering CAT to revoke its allegation that DPC has breached the Agreement for having entered into an agreement for the use of DPC network with the Company without consent of CAT and also demanding CAT to pay for damage in the amount of Baht 50 million. On 15 July 2010, CAT requested DPC to pay additional remuneration for the 10th -12th concession year incurred due to DPC has reduced the roaming charge rate between DPC - AIS from Baht 2.10 to Baht 1.10 during the period of 1 April 2007 - 31 December 2008 without approval of CAT in the amount of Baht 1,640 million plus penalty calculated up to March 2010 in the amount of Baht 365 million totaling Baht 2,000 million and also the penalty at the rate of 1.25 percent per month calculated from April 2010. On 12 September 2011, CAT has submitted additional demanding additional remuneration for the 12th concession year for a period of 1 April 2009 - 15 June 2009 in the amount of Baht 113 million.
Result of case	-
Status of Case	The Arbitration Institute has ordered all 3 disputes to be tried together as one and the same case and such disputes are presently pending consideration of Thai Arbitration Institute.

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	8 April 2011
Tribunal	Central Administrative Court
Dispute Topic	CAT demanded DPC to pay the remuneration in the amount of Baht 33 million including interest at the rate of 15 percent per annum, Baht 35 million in total. CAT claimed that DPC has committed breach of Digital PCN Agreement since there are fraudulent of documents/signature of the subscribers during the year 1997 - 2003 for the amount of 1,209 numbers. Such fraudulent has caused damage to CAT since CAT could not collect the fee for international call service when the fraudulent numbers have used the international call service of CAT.
Result of case	On 28 May 2013, the Arbitral Tribunal dismissed all disputes of CAT by giving the reason which can be summarized that such disputes are the act of tort, DPC has not committed breach of the agreement. Therefore, the dispute of this case is not within the jurisdiction of the Arbitral Tribunal.
Status of Case	On 6 September 2013, CAT has submitted request to the Central Administrative Court to revoke the award of the Arbitral Tribunal which is presently pending consideration of the Central Administrative Court.

Litigant	TOT Public Company Limited (TOT)
Submitted date	9 May 2011
Tribunal	Central Administrative Court
Dispute Topic	TOT has filed a lawsuit to the Central Administrative Court against CAT and DPC to jointly pay the Access Charge under the Interconnection Agreement of DPC dated 8 September 1997, as follows: 1) The Access Charge, which TOT has requested to increase the demanded Access Charge calculated up to the date that the lawsuit has been filed (9 May 2011) to be the date of the end of the Concession Agreement (15 September 2013) which DPC has to pay to TOT calculated on the amount of the mobile number which DPC had rendered the service in each month at the of Baht 200 per number, in the amount of Baht 1,289 million; 2) The Access Charge, which CAT has to pay to TOT calculated on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 3,944 million; and 3) The Access Charge, which CAT did not fully pay to TOT due to the deduction of the Access Charge at the rate of Baht 22 / number / month, in the amount of Baht 222 million. The total amount of claim is Baht 5,454 million plus interest.
Result of case	-
Status of Case	The case is pending consideration of the Central Administrative Court.

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	24 August 2012
Tribunal	Thai Arbitration Institute
Dispute Topic	CAT has submitted a dispute to Thai Arbitration Institute against DPC to pay additional remuneration for the 10 th -14 th concession year in addition to the interconnection charge received (gross income) before deduction of the interconnection charge paid in the amount of Baht 183 million plus penalty at the rate of 1.25 percent per month. Then, CAT has also demanded DPC to pay additional remuneration for concession year 15 th in the amount of Baht 141 million plus penalty at the rate of 1.25 per month. The total claimed amount is Baht 324 million.
Result of case	-
Status of Case	The case is pending on the consideration of Thai Arbitration Institute.

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	8 October 2012
Tribunal	Central Administrative Court
Dispute Topic	DPC demanded CAT to surrender the letter of guarantee for the remuneration of the 10 th -14 th concession year and prohibit CAT to claim any money from the bank. DPC also demanded CAT to pay the bank commission for the letter of guarantee including the damage for DPC's reputation and financial credit in the amount of Baht 109 million.
Result of case	On 28 May 2015, Thai Arbitration Institute awarded an order to CAT to return the letter of guarantee and pay the bank commission for the letter of guarantee to DPC.
Status of Case	On 15 September 2015, CAT has submitted the request to the Central Administrative Court to revoke the award of Thai Arbitration Institute which is presently pending on the consideration of the Central Administrative Court

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	28 August 2013
Tribunal	Thai Arbitration Institute
Dispute Topic	CAT has submitted a dispute to Thai Arbitration Institute against DPC to re-send the letter of guarantee for the revenue sharing of the 15 th – 16 th concession year claiming that the present letter of guarantee submitted by DPC contained faulted clause and does not comply with the agreement.
Result of case	-
Status of Case	The case is pending on the consideration of Thai Arbitration Institute.

Litigant	CAT Telecom Public Company Limited (CAT)
Submitted date	20 May 2015
Tribunal	Central Administrative Court
Dispute Topic	CAT submitted a lawsuit to the Central Administrative Court against NBTC Office, NTC, NBTC, True Move and DPC for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT during the temporary customer protection period, subject to the NBTC Re: the Temporary Customer Protection Plan Following the Expiration of the Concession Agreement or Telecommunication Service Agreement, calculated from 16 September 2013 to 15 September 2014. The total amounts are as follows: 1) NBTC Office, NTC and NBTC in the amount of Baht 24,117 million including interest at the rate of 7.5 per annum. 2) True Move with NBTC Office, NTC and NBTC in the amount of Baht 18,025 million including interest at the rate of 7.5 per annum. 3) DPC with NBTC Office, NTC and NBTC in the amount of Baht 6,083 million including interest in the rate of 7.5 per annum. Later, on 11 September 2015, CAT has requested the Central Administrative Court claiming for the additional usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT calculated from 16 September 2014 to 17 July 2015, total amounts are as follows: 1) NBTC Office, NTC and NBTC in the amount of Baht 6,521 million including interest at the rate of 7.5 per annum. 2) True Move with NBTC Office, NTC and NBTC in the amount of Baht 4,991 million including interest at the rate of 7.5 per annum. 3) DPC with NBTC Office, NTC and NBTC in the amount of Baht 1,635 million including interest in the rate of 7.5 per annum
Result of case	-
Status of Case	The case is pending on the consideration of the Central Administrative Court.

Litigant	Office of the National Broadcasting and Telecommunications Commission, National Telecommunication Committee, and National Broadcasting and Telecommunication Commission
Submitted date	16 November 2015
Tribunal	Central Administrative Court
Dispute Topic	DPC has submitted a lawsuit to the Central Administrative Court to revoke the resolution and order of NBTC to pay the revenue arising from the mobile service within the temporary customer protection period, since announcement of the NBTC Re: the Temporary Customer Protection Plan Following the Expiration of the Concession Agreement or Telecommunication Service Agreement until the announcement of an order from National Council for Peace and Order; in other words, from 16 September 2013 to 17 July 2014 (First Period) in the amount of Baht 628 million with all interest accrued therefrom.
Result of case	-
Status of Case	The case is pending on the consideration of Central Administrative Court.

6. General information and other significant information

6.1 General information of the Company

The Company name	: Advanced Info Service Public Company Limited
Symbol for trading	: ADVANC
Registered date on the SET	: 5 November 1991
Market capitalization	: Baht 451,910.49 million (as of 30 December 2015)
Registered capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,095,330
Total shareholders	: 34,071 persons (as of 17 August 2015, the latest book closing date for the rights to receive dividend)
Free float	: 36.22%
Type of business	: Provide mobile telephone service in the 900MHz*
Head office	: 414, AIS Tower 1, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	: 0107535000265
Corporate website	: http://www.ais.co.th
IR website	: http://investor.ais.co.th/
Telephone	: (66) 2029 5000
Facsimile	: (66) 2029 5165

American Depositary Receipt

ADR ticker symbol	: AVIFY
Exchange	: Over The Counter (OTC)
Depository	: The Bank of New York Mellon
ADR to ORD share ratio	: 1:1
ADR CUSIP number	: 00753G103

Note: * The Company will discontinue 900MHz operation when the NBTC announces to stop remedy period.

6.2 General information of subsidiaries and affiliates

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Digital Phone Co.,Ltd. (DPC) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of digital mobile phone network	365.55	10	3,655.47	98.55
Advanced Datanetwork Communications Co.,Ltd. (ADC) (an indirect subsidiary via DPC) 408/157 Phaholyothin Place Tower, 38 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.adc.co.th	Service provider of online data communication service via telephone landlines and optical fiber	95.75	10	957.52	51.00 ^{1/}
Advanced Contact Center Co.,Ltd. (ACC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Call center service	27.2	10	272	99.99
Advanced mPAY Co.,Ltd. (AMP) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of electronic payment and cash card	30	10	300	99.99
Advanced Magic Card Co.,Ltd. (AMC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Distributor of cash card business	25	10	250	99.99
AIN GlobalComm Co.,Ltd. (AIN) 408/127 Phaholyothin Place Tower, 29 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.ain.co.th	International telephone service gateway	2	100	100	99.99
Super Broadband Network Co.,Ltd. (SBN) 408/157 Phaholyothin Place Tower, 38 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.sbn.co.th	Network operator and telecom service operator i.e. internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), voice over IP, and IP Television	3	100	300	99.99

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Wireless Device Supply Co.,Ltd. (WDS) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Importer and distributor of handsets and accessories	0.5	100	50	99.99
Advanced Wireless Network Co.,Ltd. (AWN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Telecommunication service provider of 2.1GHz and 1800MHz license, distributor of handsets, international telephone service, network operator, telecom service operator and national broadcasting network services.	13.5	100	1,350	99.99
MIMO Tech Co.,Ltd. (MMT) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Operate IT, and content aggregator businesses and outsourcing service for billing and collection	0.5	100	50	99.99
Fax Lite Co.,Ltd. (FXL) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Operate in acquiring and/or lease building, and related facilities for telecommunications business	0.01	100	1	99.98
Advanced Broadband Network Co.,Ltd. (ABN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok	Currently not start the operation	0.15	100	15	99.99

Joint Venture	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Clearing House for Number Portability Co.,Ltd. (CLH) 598 Q House Ploenchit Building, 6 th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok Tel : (66) 2646 2523 Fax : (66) 2168 7744	Jointly invested, operate the information system and the centralized database for the mobile number portability service	0.02	100	2	20.00
Bridge Mobile Pte. Ltd. (BMB) 750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000 Tel : (65) 6424 6270 Fax : (65) 6745 9453	Jointly invested, provide international roaming service (incorporated in Singapore)	9	USD 1	USD 9 Million	10.00
Information Highway Co.,Ltd. 52/1 Moo 5 Bang Kruai-Sai Noi Road, Bangsitong, Bang Kruai, Nonthaburi	Transmission network provider	0.5	100	14.5 ³⁾	29.00

Notes: 1. The remaining 49% shareholding is non-related person.
 2. The dissolution of Advanced Internet Revolution Co.,Ltd. (AIR) is now finished.
 3. On 15 July 2015, ABN paid the last installment in IH which increased IH's paid-up capital to 14.5 million baht

6.3 Other references

Ordinary Share Registrar

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Auditor

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