

# FINANCIAL REPORT

# BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

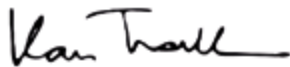
The Board of Directors provides and maintains risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to retain its assets as well as to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee\* comprising independent directors to be responsible for reviewing quality of the financial reports, internal controls, internal audit and risk management system. The Audit Committee also reviews a disclosure of related party transactions. All their

comments on these issues are presented in the Audit Committee\* Report included in this annual report.

The separate financial statements and the consolidated financial statements of the Company have been examined by an external auditor, Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, all records and related data, as requested, are provided to the auditor. The auditor's opinion is presented in the auditor's report as a part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries' consolidated financial statements for the year ended 31 December 2018. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



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



**Mr. Somchai Lertsutiwong**  
Chief Executive Officer

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

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

## TO THE SHAREHOLDERS AND BOARD OF DIRECTORS ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED

### Opinion

We have audited the consolidated financial statements of Advanced Info Service Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Advanced Info Service Public Company Limited (the “Company”) which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Advanced Info Service Public Company Limited and its subsidiaries and of Advanced Info Service Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were

addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters   | Audit Responses  |
|---|--|
| <p><b>Revenue recognition</b></p> <p>There is a risk around the accuracy of the Group's revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition. Furthermore the application of revenue recognition accounting standards is complex.</p> <p>We focused our audit on the following areas of revenue recognition specifically relating to</p> <ul style="list-style-type: none"> <li>● accounting and tariffs during the year</li> <li>● completeness of information used to recognize revenue</li> <li>● the timing of revenue recognition</li> </ul> <p>Accounting policies for revenue recognition was disclosed in Note 3.17 to the financial statements.</p> | <p><b>Key audit procedures included:</b></p> <ul style="list-style-type: none"> <li>● Evaluated the relevant IT systems and the design and implementation and operating effectiveness of controls over the capture and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated controls, including interface controls between different IT applications.</li> <li>● Evaluated the business process controls in place over the authorization of rate changes, the introduction of new plans and the input of this information to billing systems. We audited the access controls and change management controls for such systems.</li> <li>● Performed audit on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills; and testing cash receipts for a sample of customers back to the customer invoice.</li> <li>● Audited key reconciliations used by management from business support systems to billing systems to the general ledger to assess the completeness and accuracy of revenue.</li> <li>● Audited supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.</li> <li>● Validated with the assumptions and key management estimates adopted where revenue is recognized but they have not issued invoice yet and items that have been paid but still has an obligation to provide future services to customers</li> </ul> |

| Key Audit Matters   | Audit Responses   |
|---|---|
| <p><b>Significant commercial disputes and litigations</b></p> <p>The Group has a number of legal, regulatory and commercial disputes. There is a high level of judgement required in estimating the level of provisioning required.</p> <p>The Group operates under the supervision of the National Broadcasting and Telecommunications Commission (NBTC). If NBTC has acted lawfully upon any interpretation amendments and/or enactment of new rules and regulations, the Group may not lawfully file a lawsuit and/or make any claim for any indemnification.</p> <p>In addition, the Group cooperates with TOT Public Company Limited and CAT Telecom Public Company Limited. There is a risk of conflict between the entities from different interpretation in terms and conditions of contract.</p> <p>Significant events, commercial disputes and litigations were disclosed in Note 39 to the financial statements.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>● Designed and performed audit procedures in order to identify litigations and disputes involving the Group which may give rise to a risk of material misstatement, including: <ul style="list-style-type: none"> <li>- Inquired of management and in-house legal counsel about significant events, commercial disputes and litigation.</li> <li>- Reviewed minutes of meetings of those charged with governance.</li> <li>- Sent legal confirmation to external legal counsel regarding to status of significant legal cases.</li> <li>- Reviewed legal expense accounts.</li> </ul> </li> <li>● Considered compliance with laws and regulations of the Group including: <ul style="list-style-type: none"> <li>- As part of obtaining an understanding of the Group and its environment, we obtained a general understanding of: <ul style="list-style-type: none"> <li>- The legal and regulatory framework applicable to the Group and the industry or sector in which the Group operates; and</li> <li>- How the Group is complying with that framework.</li> </ul> </li> <li>- Inquired of management and those charged with governance, as to whether the Group is in compliance with such laws and regulations and inspecting correspondence, if any, with the relevant regulatory authorities such as NBTC.</li> </ul> </li> <li>● Requested management to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to us and accounted for and disclosed in accordance with Thai Financial Reporting Standards.</li> </ul> |

### Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing Group's and the Company's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



Dr. Suphamit Techamontrikul  
Certified Public Accountant (Thailand)  
Registration No. 3356

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT**

# STATEMENTS OF FINANCIAL POSITION

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

UNIT : BAHT

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

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



# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

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

UNIT : BAHT

|   | NOTES  | CONSOLIDATED         |                 | SEPARATE             |                |
|---|--------|----------------------|-----------------|----------------------|----------------|
|   |        | FINANCIAL STATEMENTS |                 | FINANCIAL STATEMENTS |                |
|   |        | As at                | As at           | As at                | As at          |
|   |        | December 31,         | December 31,    | December 31,         | December 31,   |
|   |        | 2018                 | 2017            | 2018                 | 2017           |
| LIABILITIES AND SHAREHOLDERS' EQUITY                                |        |                      |                 |                      |                |
| Current liabilities   |        |                      |                 |                      |                |
| Short-term borrowings from financial institutions                   | 17     | 5,900,000,000        | 6,500,000,000   | 2,900,000,000        | -              |
| Trade and other current payables                                    | 18, 34 | 37,679,694,758       | 32,140,894,338  | 2,846,503,529        | 2,791,995,986  |
| Accrued revenue sharing expenses                                    | 39     | 5,361,818,613        | 5,361,818,613   | 5,221,244,442        | 5,221,244,442  |
| Unearned income - mobile phone service                              |        | 3,963,530,920        | 3,409,682,237   | 9,177,072            | 9,183,807      |
| Advanced received from customers                                    | 5      | 2,220,542,185        | 2,642,633,529   | -                    | -              |
| Current portion of long-term liabilities                            | 17     | 11,203,598,605       | 3,075,569,159   | 10,504,755           | 3,038,063,962  |
| Current portion of spectrum licenses payable                        | 19     | 3,971,753,447        | 13,988,910,603  | -                    | -              |
| Short-term borrowings from related parties                          | 17, 34 | -                    | -               | 4,920,000,000        | 4,640,000,000  |
| Current income tax payable  |        | 2,412,564,709        | 2,456,516,299   | -                    | -              |
| Other current liabilities   |        | 50,952,575           | 24,750,899      | 3,539,189            | 3,682,936      |
| Total current liabilities   |        | 72,764,455,812       | 69,600,775,677  | 15,910,968,987       | 15,704,171,133 |
| Non-current liabilities   |        |                      |                 |                      |                |
| Long-term liabilities   | 17     | 92,029,626,131       | 100,101,849,676 | 25,999,851           | 29,090,497     |
| Provisions for employee benefit                                     | 20     | 2,253,764,390        | 1,855,646,009   | 263,096,606          | 235,339,712    |
| Spectrum licenses payable   | 19     | 63,516,140,746       | 59,960,851,091  | -                    | -              |
| Other non-current financial liabilities                             | 35     | -                    | 117,672,750     | -                    | -              |
| Other non-current liabilities                                       |        | 2,272,417,625        | 2,003,771,342   | 16,386,900           | 16,878,900     |
| Total non-current liabilities                                       |        | 160,071,948,892      | 164,039,790,868 | 305,483,357          | 281,309,109    |
| Total liabilities   |        | 232,836,404,704      | 233,640,566,545 | 16,216,452,344       | 15,985,480,242 |
| Shareholders' equity  |        |                      |                 |                      |                |
| Share capital   | 21     |                      |                 |                      |                |
| Authorized share capital  |        |                      |                 |                      |                |
| 4,997 million ordinary shares of                                    |        |                      |                 |                      |                |
| Baht 1.00 each  |        | 4,997,459,800        | 4,997,459,800   | 4,997,459,800        | 4,997,459,800  |
| Issued and paid share capital                                       |        |                      |                 |                      |                |
| 2,973 million ordinary shares of                                    |        |                      |                 |                      |                |
| Baht 1.00 each, fully paid  |        | 2,973,095,330        | 2,973,095,330   | 2,973,095,330        | 2,973,095,330  |
| Share premium   |        |                      |                 |                      |                |
| Share premium on ordinary shares                                    | 21     | 22,372,276,085       | 22,372,276,085  | 22,372,276,085       | 22,372,276,085 |
| Other deficits  |        |                      |                 |                      |                |
| Deficits arising from change in owanership interest in a subsidiary | 37     | (668,455,415)        | -               | -                    | -              |
| Retained earnings   |        |                      |                 |                      |                |
| Appropriated  |        |                      |                 |                      |                |
| Legal reserve   | 22     | 500,000,000          | 500,000,000     | 500,000,000          | 500,000,000    |
| Unappropriated  |        | 32,005,107,623       | 24,174,742,689  | 32,005,107,623       | 24,174,742,689 |
| Other components of shareholders' equity                            | 23     | 339,016,186          | 300,240,549     | 339,016,186          | 300,240,549    |
| Total shareholders' equity attributable                             |        |                      |                 |                      |                |
| to owners of the Company  |        | 57,521,039,809       | 50,320,354,653  | 58,189,495,224       | 50,320,354,653 |
| Non-controlling interests   |        | 147,540,956          | 106,433,070     | -                    | -              |
| Total shareholders' equity  |        | 57,668,580,765       | 50,426,787,723  | 58,189,495,224       | 50,320,354,653 |
| Total liabilities and shareholders' equity                          |        | 290,504,985,469      | 284,067,354,268 | 74,405,947,568       | 66,305,834,895 |

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

# STATEMENTS OF PROFIT OR LOSS

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

UNIT : BAHT

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

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

UNIT : BAHT

|   | NOTES | CONSOLIDATED          |                       | SEPARATE              |                       |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |       | FINANCIAL STATEMENTS  |                       | FINANCIAL STATEMENTS  |                       |
|   |       | 2018                  | 2017                  | 2018                  | 2017                  |
| <b>Profit for the years</b>   |       | 29,714,104,963        | 30,077,923,386        | 29,682,178,137        | 30,077,312,101        |
| <b>Other comprehensive income</b>   |       |                       |                       |                       |                       |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                 |       |                       |                       |                       |                       |
| Gains on remeasurements of defined benefit plans  | 20    | -                     | 1,020,431,447         | -                     | 147,629,568           |
| Share of other comprehensive income of subsidiaries   |       | -                     | -                     | -                     | 698,397,615           |
| Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss | 31    | -                     | (203,914,534)         | -                     | (29,525,914)          |
| <b>Other comprehensive income for the years, net of income tax</b>  |       | -                     | 816,516,913           | -                     | 816,501,269           |
| <b>Total comprehensive income for the years</b>   |       | <u>29,714,104,963</u> | <u>30,894,440,299</u> | <u>29,682,178,137</u> | <u>30,893,813,370</u> |
| <b>Total comprehensive income attributable to:</b>  |       |                       |                       |                       |                       |
| Owners of parent  |       | 29,682,178,137        | 30,893,813,370        | 29,682,178,137        | 30,893,813,370        |
| Non-controlling interests   |       | 31,926,826            | 626,929               | -                     | -                     |
| <b>Total comprehensive income for the years</b>   |       | <u>29,714,104,963</u> | <u>30,894,440,299</u> | <u>29,682,178,137</u> | <u>30,893,813,370</u> |

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

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# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

## CONSOLIDATED FINANCIAL STATEMENTS

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

| UNIT : BAHT   |                               |                                 |  |                            |                   |                                 |  |   |                  |  |                           |                            |
|---|-------------------------------|---------------------------------|--|----------------------------|-------------------|---------------------------------|--|---|------------------|--|---------------------------|----------------------------|
| Notes   | Issued and paid share capital | Share premium on ordinary share | Other deficits   |                            | Retained earnings |                                 | Other components of shareholders' equity |   |                  | Total shareholders' equity attributable to owners of the Company | Non-controlling interests | Total shareholders' equity |
|   |                               |                                 | Deficits arising from change in ownership interest in subsidiaries | Appropriated Legal reserve | Unappropriated    | Reserve for share-based payment | Gain on dilution of investment           | Total other components shareholders' equity |                  |  |                           |                            |
| Balance as at January 1, 2018   | 2,973,095,330                 | 22,372,276,085                  | -  | 500,000,000                | 24,174,742,689    | 139,053,886                     | 161,186,663                              | 300,240,549                                 | 50,320,354,653   | 106,433,070  | 50,426,787,723            |                            |
| Transactions with owners, recorded directly in shareholders' equity       |                               |                                 |  |                            |                   |                                 |  |   |                  |  |                           |                            |
| Contributions by and distributions to owners of the Company               |                               |                                 |  |                            |                   |                                 |  |   |                  |  |                           |                            |
| Share-based payment transaction   | 23                            | -                               | -  | -                          | -                 | 38,775,637                      | -  | 38,775,637                                  | 38,775,637       | -  | 38,775,637                |                            |
| Dividends paid  | 33, 34                        | -                               | -  | -                          | (21,851,813,203)  | -                               | -  | -   | (21,851,813,203) | (665,722)  | (21,852,478,925)          |                            |
| Total contributions by and distributions to owners of the Company         |                               | -                               | -  | -                          | (21,851,813,203)  | 38,775,637                      | -  | 38,775,637                                  | (21,813,037,566) | (665,722)  | (21,813,703,288)          |                            |
| Changes in ownership interests in a subsidiary                            |                               |                                 |  |                            |                   |                                 |  |   |                  |  |                           |                            |
| Acquisition of non-controlling interests from investment in a subsidiary  | 37                            | -                               | -  | -                          | -                 | -                               | -  | -   | -                | 220,476,756  | 220,476,756               |                            |
| Change in ownership interest in a subsidiary                              | 37                            | -                               | -  | (668,455,415)              | -                 | -                               | -  | -   | (668,455,415)    | (210,629,974)  | (879,085,389)             |                            |
| Total changes in ownership interests in subsidiary                        |                               | -                               | -  | (668,455,415)              | -                 | -                               | -  | -   | (668,455,415)    | 9,846,782  | (658,608,633)             |                            |
| Total transactions with owners, recorded directly in shareholders' equity |                               | -                               | -  | (668,455,415)              | -                 | (21,851,813,203)                | 38,775,637                               | 38,775,637                                  | (22,481,492,981) | 9,181,060  | (22,472,311,921)          |                            |
| Comprehensive income for the year   |                               |                                 |  |                            |                   |                                 |  |   |                  |  |                           |                            |
| Profit for the year   |                               | -                               | -  | -                          | -                 | 29,682,178,137                  | -  | -   | 29,682,178,137   | 31,926,826   | 29,714,104,963            |                            |
| Total comprehensive income for the year                                   |                               | -                               | -  | -                          | -                 | 29,682,178,137                  | -  | -   | 29,682,178,137   | 31,926,826   | 29,714,104,963            |                            |
| Balance as at December 31, 2018   |                               | 2,973,095,330                   | 22,372,276,085   | (668,455,415)              | 500,000,000       | 32,005,107,623                  | 177,829,523                              | 161,186,663                                 | 57,521,039,809   | 147,540,956  | 57,668,580,765            |                            |

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

## CONSOLIDATED FINANCIAL STATEMENTS

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

|   |                   | UNIT : BAHT                              |                                 |                            |                  |                            |                                 |                                |  |
|---|-------------------|--|---------------------------------|----------------------------|------------------|----------------------------|---------------------------------|--------------------------------|--|
| Notes   | Retained earnings | Other components of shareholders' equity |                                 |                            |                  | Total shareholders' equity |                                 |                                |  |
|   |                   | Issued and paid share capital            | Share premium on ordinary share | Appropriated Legal reserve | Unappropriated   |                            | Reserve for share-based payment | Gain on dilution of investment | Total other components of shareholders' equity |
| Balance as at January 1, 2017   |                   | 2,973,095,330                            | 22,388,093,275                  | 500,000,000                | 16,471,015,050   | 75,493,131                 | 161,186,663                     | 236,679,794                    | 42,568,883,449                                 |
| Transactions with owners, recorded directly in shareholders' equity       |                   |  |                                 |                            |                  |                            |                                 |                                |  |
| Share-based payment transaction   | 23                | -  | (15,817,190)                    | -                          | -                | 63,560,755                 | -                               | 63,560,755                     | 47,743,565                                     |
| Dividends paid  | 33, 34            | -  | -                               | -                          | (23,190,085,731) | -                          | -                               | -                              | (23,190,085,731)                               |
| Total transactions with owners, recorded directly in shareholders' equity |                   | -  | (15,817,190)                    | -                          | (23,190,085,731) | 63,560,755                 | -                               | 63,560,755                     | (23,142,342,166)                               |
| Comprehensive income for the year   |                   |  |                                 |                            |                  |                            |                                 |                                |  |
| Profit for the year   | 2                 | -  | -                               | -                          | 30,077,312,101   | -                          | -                               | -                              | 30,077,312,101                                 |
| Other comprehensive income  |                   | -  | -                               | -                          | 816,501,269      | -                          | -                               | -                              | 816,501,269                                    |
| Total comprehensive income for the year                                   |                   | -  | -                               | -                          | 30,893,813,370   | -                          | -                               | -                              | 30,893,813,370                                 |
| Balance as at December 31, 2017   |                   | 2,973,095,330                            | 22,372,276,085                  | 500,000,000                | 24,174,742,689   | 139,053,886                | 161,186,663                     | 300,240,549                    | 50,320,354,653                                 |



# STATEMENTS OF CASH FLOWS STATEMENTS OF CASH FLOWS

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

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



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

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

UNIT : BAHT

|   | NOTES  | CONSOLIDATED<br>FINANCIAL STATEMENTS |                         | SEPARATE<br>FINANCIAL STATEMENTS |                         |
|---|--------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
|   |        | 2018                                 | 2017                    | 2018                             | 2017                    |
| <b>Cash flows from investing activities</b>   |        |                                      |                         |                                  |                         |
| Interest received   |        | 173,093,607                          | 169,264,032             | 1,267,582,497                    | 919,998,002             |
| Purchase of property, plant, equipment and other intangible assets                      |        | (20,197,787,650)                     | (41,107,894,564)        | (26,923,095)                     | (10,089,040)            |
| Process from sale of equipment  |        | 847,166,956                          | 121,135,582             | 9,498,379                        | 25,641,463              |
| Payment of spectrum license   | 19     | (20,535,811,461)                     | (10,246,500,000)        | -                                | -                       |
| Net increase in short-term loans to related parties                                     | 34     | -                                    | -                       | (9,135,100,000)                  | (290,000,000)           |
| Cash received from capital reduction of a subsidiary                                    | 9      | -                                    | -                       | -                                | 2,266,535,420           |
| Increase in investments in an associate, a joint venture and a subsidiary               | 8, 9   | (787,498,919)                        | (44,999,850)            | (3,999,700)                      | -                       |
| Net cash paid for acquisition of business   |        | (3,375,339,629)                      | -                       | -                                | -                       |
| Net increase in other long-term investments   |        | (576,900)                            | -                       | -                                | -                       |
| Dividend received   |        | -                                    | -                       | 30,540,494,539                   | 28,454,797,153          |
| <b>Net cash provided by (used in) investing activities</b>                              |        | <u>(43,876,753,996)</u>              | <u>(51,108,994,800)</u> | <u>22,651,552,620</u>            | <u>31,366,882,998</u>   |
| <b>Cash flows from financing activities</b>   |        |                                      |                         |                                  |                         |
| Interest paid   |        | (3,290,107,981)                      | (3,055,218,734)         | (167,332,305)                    | (372,316,610)           |
| Other finance costs paid  |        | (17,105,183)                         | (71,905,624)            | (4,217,745)                      | (4,745,404)             |
| Finance lease payments  | 17     | (55,685,731)                         | (56,362,860)            | (16,898,416)                     | (16,812,394)            |
| Net increase (decrease) in short-term loans from financial institutions                 | 17     | (850,000,000)                        | (2,700,000,000)         | 2,900,000,000                    | (5,700,000,000)         |
| Net increase (decrease) in short-term borrowings from related parties                   | 17, 34 | -                                    | -                       | 280,000,000                      | (1,800,000,000)         |
| Proceed of long-term borrowings   | 17     | 3,000,000,000                        | 16,307,475,000          | -                                | -                       |
| Repayments of long-term borrowings  | 17     | (2,887,953,863)                      | (2,190,460,730)         | (2,827,953,863)                  | (1,793,260,730)         |
| Cash paid for purchase of a subsidiary from non-controlling interest                    |        | (879,085,390)                        | -                       | -                                | -                       |
| Cash returned paid to non-controlling interest from capital reduction of subsidiary     |        | -                                    | (33,427,840)            | -                                | -                       |
| Cash received for Share capital from non-controlling interest                           |        | 300                                  | -                       | -                                | -                       |
| Dividend paid   |        | (21,852,478,925)                     | (23,190,302,384)        | (21,851,813,204)                 | (23,190,085,731)        |
| <b>Net cash used in financing activities</b>  |        | <u>(26,832,416,773)</u>              | <u>(14,990,203,172)</u> | <u>(21,688,215,533)</u>          | <u>(32,877,220,869)</u> |
| Effect of exchange rate changes on balances held in foreign currencies                  |        | (6,042,459)                          | (5,054,455)             | (84,340)                         | (4,865,675)             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             |        | <u>(1,583,519,037)</u>               | <u>(575,733,311)</u>    | <u>62,181,621</u>                | <u>(141,390,194)</u>    |
| Cash and cash equivalents as at January 1,  |        | 10,650,407,393                       | 11,226,140,704          | 268,320,789                      | 409,710,983             |
| <b>Cash and cash equivalents as at December 31,</b>                                     | 4      | <u>9,066,888,356</u>                 | <u>10,650,407,393</u>   | <u>330,502,410</u>               | <u>268,320,789</u>      |
| <b>Supplemental disclosures of cash flow information</b>                                |        |                                      |                         |                                  |                         |
| <b>Non-cash transactions</b>  |        |                                      |                         |                                  |                         |
| Outstanding debts arising from investments in capital expenditures and spectrum license |        | 80,209,168,345                       | 82,929,855,917          | 1,840,617                        | 832,599                 |

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

# NOTE TO THE FINANCIAL STATEMENTS

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

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## NOTE TO THE FINANCIAL STATEMENTS

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

### 1. COMPANY OPERATIONS AND OTHER GENERAL INFORMATION

Advanced Info Service Public Company Limited (the “Company”) is incorporated in Thailand and has its registered office at 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand in November 1991.

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

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

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

- 1) The operation of a DATAKIT VIRTUAL CIRCUIT SWITCH as the operator. Advanced Datanetwork Communications Co., Ltd. (“ADC”), an indirect subsidiary, has been granted permission from TOT Public Company Limited (“TOT”), under the Agreement for operation (the “Agreement”) dated September 19, 1989, for rendering services for DATAKIT VIRTUAL CIRCUIT SWITCH in the area of the Metropolitan Telephone Exchange. Under the Agreement, ADC shall be entitled to immediately transfer the ownership right of its tools and equipment or assets for operation of DATAKIT system to TOT when the installation has been completed and ADC shall pay TOT annual revenue sharing in accordance with the Agreement at the percentage of annual revenues and any benefit from service of DATAKIT VIRTUAL CIRCUIT SWITCH prior to deducting any expenses and any tax or the minimum annual revenue sharing stipulated in the Agreement.

ADC and TOT have mutually agreed to amend the Agreement and signed the Supplemental Agreement on September 25, 1997 to extend the validity period from 10 years to 25 years (such validity period will be ended on September 24, 2022) and waive the collection of annual revenue sharing under the agreements effective from September 25, 1997. ADC issued 10.75 million ordinary shares at a par value of Baht 10 (11.23% of total shares) to TOT on March 17, 1998 in consideration of such waiver. As at December 31, 2018, TOT owns 48.12% of ADC’s total shares (2017: 48.12%).

- 2) The operation of a 2.1 GHz cellular telephone system as the operator. Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1950 MHz to 1965 MHz and 2140 MHz to 2155 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1, dated December 7, 2012. AWN started the operation commencing from December 7, 2012, ending December 6, 2027 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

## NOTE TO THE FINANCIAL STATEMENTS

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

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

On November 17, 2015, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1725 MHz to 1740 MHz and 1820 MHz to 1835 MHz, nationwide in accordance with the license certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1), dated November 25, 2015. AWN started the operation commencing from November 26, 2015, ending September 15, 2033 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

License of Spectrum for Telecommunications Service in the Frequency Band of 900 MHz.

On May 27, 2016, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 895 MHz to 905 MHz and 940 MHz to 950 MHz, nationwide in accordance with the license certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2), dated June 30, 2016. AWN started the operation commencing from July 1, 2016, ending June 30, 2031 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

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

On August 19, 2018, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1740 MHz to 1745 MHz and 1835 MHz to 1840 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.3), date September 21, 2018. AWN started the operation commencing from September 24, 2018 to September 15, 2033 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

- 3) Super Broadband Network Co., Ltd. (“SBN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) under the broadcasting network license for non - frequency business at national. The license certificate no. B1-N21331-0001-60 dated on March 20, 2017 and will be expired on March 19, 2032. In addition, SBN has been granted licenses from NBTC for the operation of television broadcasting service several channels the period of 1 - 3 years each. SBN is obliged to comply with various conditions and pay fee within the time period as specified in the License.
- 4) CS Loxinfo Public Company Limited (“CSL”), an indirect subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) under the Internet Operation License type I, type II, Telecom Operation License type I, and type III to operate and service internet data center, internet and satellite uplink-downlink services for domestic and international communications and distribute internet equipment.

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

## NOTE TO THE FINANCIAL STATEMENTS

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

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

| Name of the entities                                | Type of business   | Country of incorporation | Ownership interest (%)<br>2018 | 2017   |
|---|--|--------------------------|--------------------------------|--------|
| <b>Subsidiaries</b>                                 |  |                          |                                |        |
| Advanced Contact Center Company Limited             | Service provider of call center  | Thailand                 | 99.99                          | 99.99  |
| Digital Phone Company Limited                       | Ceased mobile phone operation  | Thailand                 | 98.55                          | 98.55  |
| Advanced Magic Card Company Limited                 | Distributor of cash card business  | Thailand                 | 99.99                          | 99.99  |
| Advanced Mpay Company Limited                       | Service provider of electronic payment and cash card   | Thailand                 | 99.99                          | 99.99  |
| AIN GlobalComm Company Limited                      | Service provider of international telephone service  | Thailand                 | 99.99                          | 99.99  |
| Advanced Wireless Network Company Limited           | Service provider of cellular telephone network in 2.1 GHz, 900 MHz and 1800 MHz frequency, distributor of handsets and international telephone service, network operator, telecom service operator and national broadcasting network services. | Thailand                 | 99.99                          | 99.99  |
| Super Broadband Network Company Limited             | Network operator and telecom service operator, including as service provider of broadcasting network and television broadcasting service several channels  | Thailand                 | 99.99                          | 99.99  |
| Wireless Device Supply Company Limited              | Importer and distributor of handsets and accessories   | Thailand                 | 99.99                          | 99.99  |
| Fax Lite Company Limited                            | Operate in land and building rental and service, and related facilities  | Thailand                 | 99.98                          | 99.98  |
| MIMO Tech Company Limited                           | Operate IT, content aggregator, and outsourcing service for billing and collection   | Thailand                 | 99.99                          | 99.99  |
| Advanced Broadband Network Company Limited          | Providing training within the Group  | Thailand                 | 99.99                          | 99.99  |
| Advanced Digital Distribution Company Limited       | Providing insurance broker service   | Thailand                 | 99.99                          | -      |
| <b>Indirect Subsidiaries</b>                        |  |                          |                                |        |
| Advanced Datanetwork Communications Company Limited | Service provider of online data communications service via telephone land line and optical fiber   | Thailand                 | 51.00*                         | 51.00* |
| CS LoxInfo Public Company Limited                   | The provision of internet data center services, internet and satellite uplink-downlink services for domestic and international communications and distribute internet equipment  | Thailand                 | 99.11*                         | -      |
| Teleinfo Media Public Company Limited               | Publishing business telephone directories and advertising  | Thailand                 | 99.99*                         | -      |
| AD Venture Public Company Limited                   | Providing mobile contents  | Thailand                 | 99.99*                         | -      |
| Yellow Pages Commerce Company Limited               | Online advertising business  | Thailand                 | 99.94*                         | -      |
| <b>Associate</b>                                    |  |                          |                                |        |
| Information Highway Company Limited                 | Transmission network provider  | Thailand                 | 29.00*                         | 29.00* |
| <b>Joint Ventures</b>                               |  |                          |                                |        |
| Amata Network Company Limited                       | Develop infrastructure of fibre optic network  | Thailand                 | 60.00*                         | 60.00* |
| Rabbit-Line Pay Company Limited                     | Providing electronic money and electronic payment service business   | Thailand                 | 33.33*                         | -      |

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

The Group and the Company have extensive transactions and relationships with the related parties. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Group and the Company had operated without such affiliation.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group and the Company maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practice generally accepted in Thailand.
- 2.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard ("TAS") No. 1 (Revised 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand ("SET") dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development dated October 11, 2016 regarding "The Brief Particulars in the Financial Statement (No. 2) B.E. 2559".
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Below is a summary of new Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future.

- 1) Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

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

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

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

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

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

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

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

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

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

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

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

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



## NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

Thai Financial Reporting Standard No.9 “Financial Instruments”

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

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



## NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

### 2.3) Thai Financial Reporting Standard Revised 2018

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

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

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

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

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

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

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

This revised financial reporting standard adds the requirements as follows.

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

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

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

1) Temporary exemption from TFRS 9

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

2) The Overlay approach

This method is not permitted to apply in Thailand.

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in an associate and joint ventures.

##### Business combinations

The Group and the Company apply the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group and the Company take into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group and the Company to the previous owners of the acquiree, and equity interests issued by the Group and the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group and the Company measure any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group and the Company incur in connection with a business combination such as legal fees, other professional and consulting fees are expensed as incurred.

##### Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the Federation of Accounting Professions.

## NOTE TO THE FINANCIAL STATEMENTS

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

### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss and the statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### Interests in equity - accounted investees

The Group's interests in equity-accounted investees comprise interests in an associate and joint ventures.

The Company's interests in equity-accounted investees comprise interests in subsidiaries.

Associate is entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Joint venture is a joint arrangement whereby the parties that have a joint control arrangement have rights to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated financial statements using the equity method and is recognized initially at cost.

Interests in an associate, subsidiaries and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated and separate financial statements include the Group's and the Company's share of profit or loss of equity-accounted investees in the profit or loss and other comprehensive income, until the date on which significant influence or joint control ceases.

### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## 3.2 Foreign currencies

### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Thai Baht) of the Group at the dates of the transactions.

## NOTE TO THE FINANCIAL STATEMENTS

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

### 3.3 Derivative financial instruments

The Group and the Company use financial instruments to manage exposure to fluctuations in foreign currency exchange and interest rates. These instruments, which mainly comprise forward foreign currency contracts, cross currency swap agreements and interest rate swap are recorded in the financial statements on the contract date. The purpose of these instruments is to mitigate risk.

Swap and forward contracts prevent effect from fluctuations in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Swap and forward contracts are recorded as other financial assets and liabilities on inception, and are translated at the end of the reporting period exchange rate. Unrealized gains or losses on transactions are recognized in the statement of profit or loss. Premiums or discounts are amortized in the statement of profit or loss on a straight-line basis over the contract period.

Interest rate swap contracts prevent effect from fluctuations in floating interest rates. Any differential to be received or paid on an interest rate swap contracts are recognized as a component of interest income or expense over the period of such instrument. Gains or losses of early termination of interest rate swap contracts or on repayment of the borrowing are recognized in the statement of profit or loss.

### 3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, cash at banks type current accounts, saving accounts and fixed accounts not exceeding 3 months excluding cash at banks used as collateral and highly liquid short-term investments with original maturities of three months or less.

### 3.5 Trade and other current receivables

Trade and other current receivables are stated at cost net of allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### 3.6 Inventories

Inventories comprise mobile phones, sim cards and spare parts used for repairs and services.

Inventories are stated at the lower of cost and net realizable value. The Group's and the Company's cost of inventories are calculated by using moving weighted average method.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## NOTE TO THE FINANCIAL STATEMENTS

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance for obsolete are decline in value are made for all deteriorated, changed, obsolete and slow-moving inventories.

### 3.7 Investments

Investments in an associate, subsidiaries and joint ventures

Investments in subsidiaries in the separate financial statements of the Company and investment in an associate and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in fixed deposit at banks other debt and equity securities

Fixed deposit at bank is classified as part of current investment with maturities over three months, not exceeding one year.

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the statement of profit or loss.

Debt securities that the Group and the Company have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortized cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences are recognized in the statement of profit or loss and other comprehensive income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the statement of profit or loss and other comprehensive income. In case of these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statement of profit or loss and other comprehensive income.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in the statement of profit or loss and other comprehensive income.



## NOTE TO THE FINANCIAL STATEMENTS

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

If the Group and the Company dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the FIFO method applied to the carrying value of the total holding of the investment.

### 3.8 Property, plant and equipment

#### Recognition and measurement

##### Owned assets

Property is stated at cost less allowance for impairment (if any).

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items for each major components of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in the statement of profit or loss.

##### Leased assets

Leases in terms of which the Group and the Company substantially assume all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and allowance for impairment losses. Lease payments are apportioned between the finance cost and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost are recognized in the statement of profit or loss.

##### Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.



## NOTE TO THE FINANCIAL STATEMENTS

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

### Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

|  |        |       |
|--|--------|-------|
| Buildings and building improvements      | 5 - 30 | years |
| Leasehold building improvements          | 5 - 10 | years |
| Computer, tools and equipment            | 3 - 20 | years |
| Furniture, fixtures and office equipment | 2 - 18 | years |
| Communication equipment for rental       | 5      | years |
| Vehicles                                 | 5      | years |

The Group and the Company have no depreciation provided on freehold land and assets under construction and installation.

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

### 3.9 Assets under the Agreements for operations

Assets under the Agreements for operations represent the cost of certain equipment and other assets which have been or have to be transferred to the grantor of the Agreements of operations and are stated at cost less accumulated depreciation, amortization and impairment losses.

#### Depreciation and amortization

Depreciation and amortization are based on the cost of the asset, or other amount substituted for cost, less its residual value.

Depreciation and amortization are recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives from the date that assets are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

|                             |    |  |
|-----------------------------|----|--|
| Datanet tools and equipment | 10 | years not exceeding the remaining period of the Agreement for operations |
|-----------------------------|----|--|

The Group and the Company have no amortization provided on assets under construction of the assets under the Agreements for operations.

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

## NOTE TO THE FINANCIAL STATEMENTS

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

### 3.10 Other intangible assets

#### Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in Note 3.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount.

#### Spectrum licenses

Spectrum licenses represent with its value measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognized as finance cost over the license fee payment period, with the cost being amortized starting on date of the license effective.

#### Other intangible assets

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

#### Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of profit or loss.

#### Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

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

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

### 3.11 Other assets

#### Deferred charges

Deferred charges represent costs of long-term leases of space for base stations, expenditures relating to the increase of power of electricity at base stations and International circuit are stated at cost less accumulated amortization and accumulated impairment losses (if any).

#### Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

|  |  |
|--|--|
| Costs of long-term leases for base stations                                    | Over the lease agreement period                                |
| Expenditures relating to the increase of power of electricity at base stations | Over the remaining period of the Agreement of operation period |
| International circuit  | Over the agreement period                                      |

### 3.12 Impairment

The carrying amounts of the Group's and the Company's assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of profit or loss and other comprehensive income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of profit or loss and other comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of profit or loss.

#### Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

## NOTE TO THE FINANCIAL STATEMENTS

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

The recoverable amount of a non-financial asset is the greater of the assets' value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in the statement of profit or loss. For financial assets carried at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of profit or loss and other comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognized in the statement of profit or loss and other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.13 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

### 3.14 Trade and other current payables

Trade and other current payables are stated at cost.

### 3.15 Employee benefits

#### Provident fund

The Group and the Company had provident funds which is a defined contribution plan. The fund's asset of the provident fund is separated from the Group's and the Company's asset and has been managed by a licensed fund manager. The provident fund receives a cash contribution from employee and the related Group and the Company. The contribution expenditure of the provident fund is recognized as expense in the statement of profit or loss of the reporting period that transaction occurred.

#### Post-employment benefit and long-term service award

The provision in respect of post-employment benefits that provide compensation according to labour law and long-term service award are recognized in the Group's and the Company's financial statements based on calculations by a qualified actuary using the projected unit credit method.

## NOTE TO THE FINANCIAL STATEMENTS

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

The Group and the Company recognized all gains (losses) on remeasurements of defined benefit plans arising from provisions for employee benefit in other comprehensive income and all expenses related to provisions for employee benefit in the statement of profit or loss.

### Termination benefits

Termination benefits are recognized as an expense in the statement of profit or loss when the Group and the Company are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy or the Group and the Company have made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the end of the reporting period, then they are discounted to their present value.

### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense in the statement of profit or loss as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### Share-based payments

The Group measured the expense of the Project by reference to the fair value of the equity instrument granted at the grant date.

The expense of the Project is recognized in the statement of profit or loss from operation corresponding to the increase in “reserve for share-based payment transaction” in shareholders’ equity over the periods in which the service conditions are fulfilled.

### 3.16 Provisions

A provision is recognized if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

### 3.17 Recognition of revenue and expense

Revenue excludes value added tax and is arrived at after deduction of trade discounts and volume rebates.

## NOTE TO THE FINANCIAL STATEMENTS

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

### Sale of goods and services rendered

Revenue from sale of goods is recognized in the statement of profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income is recognized in the statement of profit or loss as services are provided.

Revenue from mobile phone and call center services are recognized in the statement of profit or loss when services are rendered to customers.

Revenue from rendering voice/data communications via telephone line network services is recognized in the statement of profit or loss when service is rendered.

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

### Rental income

Rental income from rental equipment is recognized in the statement of profit or loss and on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income.

### Interest income

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

### Expense

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

### 3.18 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of held-for-sale financial assets, fair value losses on financial assets at fair value through the statement of profit or loss, impairment losses recognized on financial assets (other than trade receivables), and losses on hedging instruments that are recognized in the statement of profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss using the effective interest method.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 3.19 Lease

#### Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the statement of profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

#### Finance lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Group and the Company is accounted for as a finance lease. The Group and the Company capitalize the equipment at the lower of fair value of the equipment at the contractual date or estimated present value of the underlying lease payments. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest or financial charge is recognized by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognized as expenses in the statement of profit or loss.

### 3.20 Tax expense

Tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of profit or loss except to the extent that they relate to a business combination, or items recognized directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted and any tax adjustment items in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the end of the reporting period.



## NOTE TO THE FINANCIAL STATEMENTS

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

In determining the amount of current and deferred tax, the Group and the Company take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group and the Company believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group and the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the reporting period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.21 Earnings per share

The Group and the Company present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted with own shares held and the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 3.22 Segment financial information

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 3.23 Use of management's judgement

The preparation of financial statements in conformity with Thai Financial Reporting Standards ("TFRSs") also requires the Group's and the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.



## NOTE TO THE FINANCIAL STATEMENTS

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

Significant judgements in applying accounting policies are as follows:

The recognition cost of assets and depreciation method

Recognition of cost of assets incurred as part of the carrying amount of property, plant and equipment and intangible assets ended when the management has determined that the assets is in a working condition for their intended use of the management. Moreover, the accounting policies regarding to depreciation methods and estimated useful life of the asset requires management's judgments to review each financial year.

Impairment

The Group shall assess the assets balance at the statement of financial position whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

Recognition of deferred tax assets associated with tax losses carryforward

Deferred tax assets are recognized to the extent that it is probable that it will be utilized in the future and the Company has assessed it to be probable that the Company will generate taxable income sufficient to fully utilize the tax losses that exist.

Significant commercial disputes and litigations

Item required to use management judgement in provision estimation from significant disputes and litigations because the outcome of litigations has not been finalized.

### 3.24 Fair value measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements are determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

### 5. SPECIFICALLY-DESIGNATED BANK DEPOSITS

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries' held deposits at call with banks not less than to the subsidiaries' outstanding balance of advance received from customers which cannot be used for other purposes apart from payments to service providers as at December 31, 2018 amounting to Baht 2,221 million (as at December 31, 2017: Baht 2,643 million).

## NOTE TO THE FINANCIAL STATEMENTS

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

### 6. TRADE AND OTHER CURRENT RECEIVABLES

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

Aging analysis for trade receivables are as follows:

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

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

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

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

As at December 31, 2018, the Group and the Company have the outstanding balance of accrued income of revenue sharing in international direct dial service ("IDD") which is presented in overdue 12 months of Baht 1,584 million and Baht 1,574 million, respectively (as at December 31, 2017: Baht 1,584 million and Baht 1,574 million, respectively).

On January 16, 2013, the Company has submitted a dispute to the Arbitration Institute demanding TOT Public Company Limited ("TOT") to pay this receivable plus interest, the total amount of Baht 1,526 million.

## NOTE TO THE FINANCIAL STATEMENTS

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

On May 1, 2017, the Arbitral Tribunal gave the arbitration award to order TOT to pay the revenue sharing of international call service from November 2008 to September 2012 to the Company in the amount of Baht 1,355 million and plus interest since date of the arbitration award until fully repayment date at 7.5% per annum of the principal amount. Moreover, TOT has to pay the revenue sharing of international phone service from October 2012 to the ending of the Agreement for operation on September 30, 2015, or until the agreement is amended or renewed.

On September 7, 2017, the Company received a black case no.1148/2560 dated July 17, 2017, which TOT has filed to revoke the Arbitral Tribunal's award ordering TOT to pay the revenue share of international call service as mention above. Currently, the dispute has been in the process of consideration by the Central Administration Court process.

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

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

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

### 7. INVENTORIES

Inventories as at December 31, are as follows:

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

#### Investment in joint ventures

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

On December 6, 2016, Advanced Broadband Network Co., Ltd. ("ABN"), a subsidiary, invested in Amata Network Co., Ltd. ("AN"), 599,998 shares by Baht 100 per share. ABN paid share subscription of Baht 25 per share, totaling Baht 15 million representing 60% of ownership. Subsequently, on January 19, 2017, ABN paid the remaining share subscription of Baht 75 per share, totaling Baht 45 million.

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

Investments in an associate and joint ventures as at December 31, and dividend income from those investments for the years then ended are as follows:

|                       |                               | Consolidated financial statements |                 |      |        | Unit: Million Baht |      |
|-----------------------|-------------------------------|-----------------------------------|-----------------|------|--------|--------------------|------|
|                       |                               | % of Ownership interest           | Paid-up capital | Cost | Equity | Dividend income    |      |
|                       |                               | 2018                              | 2017            | 2018 | 2017   | 2018               | 2017 |
| <b>Associate</b>      |                               |                                   |                 |      |        |                    |      |
|                       | Information Highway Co., Ltd. | 29                                | 50              | 15   | 18     | -                  | -    |
| <b>Joint ventures</b> |                               |                                   |                 |      |        |                    |      |
|                       | Amata Network Co., Ltd.       | 60                                | 100             | 60   | 69     | -                  | -    |
|                       | Rabbit Line Pay Co., Ltd.     | 33.33                             | 600             | 787  | 667    | -                  | -    |

## NOTE TO THE FINANCIAL STATEMENTS

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

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

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



## NOTE TO THE FINANCIAL STATEMENTS

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

### 9. INVESTMENTS IN SUBSIDIARIES

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

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

#### Reducing in share capital of a subsidiary

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

On April 28, 2017, the Annual General shareholders' meeting of Digital Phone Co., Ltd. ("DPC") a subsidiary, approved a resolution to decrease in registered share capital from 365,546,542 shares at Baht 10 each, to 91,386,636 shares at Baht 10 which was registered with the Department of Business Development, Ministry of Commerce on June 5, 2017 and reversed deficits in the amount of Baht 442 million because DPC has no operating business to generate revenue and profit. The share capital reduction was paid to the shareholders on July 31, 2017.

#### Invested in share capital of a subsidiary

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

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

## NOTE TO THE FINANCIAL STATEMENTS

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

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

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

Unit: Million Baht

## NOTE TO THE FINANCIAL STATEMENTS

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

### 10. OTHER LONG-TERM INVESTMENTS

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

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

#### Fixed deposits at financial institutions - pledged

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

#### Other investments

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

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

# NOTE TO THE FINANCIAL STATEMENTS

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

## 11. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31, 2018

Unit: Million Baht

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

# NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

Unit: Million Baht

|   | Consolidated financial statements   |           |           |                    |                                       |
|---|-------------------------------------|-----------|-----------|--------------------|---------------------------------------|
|   | Balance as at<br>January 1,<br>2017 | Additions | Disposals | Transfer/<br>Other | Balance as at<br>December 31,<br>2017 |
| <b>Cost</b>                                   |                                     |           |           |                    |                                       |
| Land  | 524                                 | 2         | -         | -                  | 526                                   |
| Building and building improvements            | 443                                 | 1         | (25)      | -                  | 419                                   |
| Leasehold building improvements               | 1,595                               | 279       | (67)      | 12                 | 1,819                                 |
| Computer, tools and equipment                 | 151,470                             | 33,634    | (1,474)   | 6,387              | 190,017                               |
| Furniture, fixtures and office<br>equipment   | 1,205                               | 95        | (19)      | 24                 | 1,305                                 |
| Communication equipment for<br>rental         | 8                                   | -         | -         | -                  | 8                                     |
| Vehicles                                      | 212                                 | 31        | (51)      | -                  | 192                                   |
| Total   | 155,457                             | 34,042    | (1,636)   | 6,423              | 194,286                               |
| <b>Accumulated depreciation</b>               |                                     |           |           |                    |                                       |
| Building and building improvements            | (398)                               | (6)       | 24        | -                  | (380)                                 |
| Leasehold building improvements               | (864)                               | (250)     | 34        | 10                 | (1,070)                               |
| Computer, tools and equipment                 | (44,296)                            | (21,108)  | 1,350     | -                  | (64,054)                              |
| Furniture, fixtures and office<br>equipment   | (952)                               | (90)      | 17        | (10)               | (1,035)                               |
| Communication equipment for<br>rental         | (4)                                 | -         | -         | -                  | (4)                                   |
| Vehicles                                      | (125)                               | (33)      | 40        | -                  | (118)                                 |
| Total   | (46,639)                            | (21,487)  | 1,465     | -                  | (66,661)                              |
| Assets under construction and<br>installation | 9,944                               | 2,649     | (3)       | (6,424)            | 6,166                                 |
| <u>Less</u> Allowance for impairment          | (355)                               | -         | 1         | -                  | (354)                                 |
| Allowance for unused<br>equipment             | (136)                               | (722)     | -         | -                  | (858)                                 |
| <b>Property, plant and equipment</b>          | 118,271                             | 14,482    | (173)     | (1)                | 132,579                               |

Depreciation for the years ended December 31,

2018

Million Baht 24,822

2017

Million Baht 21,487

## NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2018

Unit: Million Baht

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

## NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

Unit: Million Baht

|  | Balance as at<br>January 1,<br>2017 | Separate financial statements<br>Additions | Disposals   | Transfer/<br>Other | Balance as at<br>December 31,<br>2017 |
|--|-------------------------------------|--|-------------|--------------------|---------------------------------------|
| <b>Cost</b>  |                                     |  |             |                    |                                       |
| Building and building improvements                   | 322                                 | -  | (194)       | -                  | 128                                   |
| Leasehold building improvements                      | 363                                 | 15   | (81)        | 7                  | 304                                   |
| Computer, tools and equipment                        | 4,615                               | -  | (980)       | -                  | 3,635                                 |
| Furniture, fixtures and office<br>equipment          | 652                                 | 2  | (96)        | -                  | 558                                   |
| Vehicles   | 83                                  | 19   | (28)        | -                  | 74                                    |
| Total  | 6,035                               | 36   | (1,379)     | 7                  | 4,699                                 |
| <b>Accumulated depreciation</b>                      |                                     |  |             |                    |                                       |
| Building and building improvements                   | (318)                               | (1)  | 192         | -                  | (127)                                 |
| Leasehold building improvements                      | (309)                               | (19)                                       | 74          | -                  | (254)                                 |
| Computer, tools and equipment                        | (4,424)                             | (36)                                       | 968         | -                  | (3,492)                               |
| Furniture, fixtures and office<br>equipment          | (614)                               | (13)                                       | 91          | -                  | (536)                                 |
| Vehicles   | (48)                                | (16)                                       | 22          | -                  | (42)                                  |
| Total  | (5,713)                             | (85)                                       | 1,347       | -                  | (4,451)                               |
| Assets under construction and<br>installation        | 15                                  | -  | (2)         | (7)                | 6                                     |
| <b>Property, plant and equipment</b>                 | <u>337</u>                          | <u>(49)</u>                                | <u>(34)</u> | <u>-</u>           | <u>254</u>                            |
| <b>Depreciation for the years ended December 31,</b> |                                     |  |             |                    |                                       |
| 2018   |                                     |  |             | Million Baht       | 74                                    |
| 2017   |                                     |  |             | Million Baht       | 85                                    |

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

## NOTE TO THE FINANCIAL STATEMENTS

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

### 12. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

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

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

### 13. GOODWILL

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

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



## NOTE TO THE FINANCIAL STATEMENTS

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

### 14. SPECTRUM LICENSES

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

As at December 31, 2018

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

As at December 31, 2017

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

Amortization for the years ended December 31,

|      |                     |              |
|------|---------------------|--------------|
| 2018 | <b>Million Baht</b> | <u>8,077</u> |
| 2017 | <b>Million Baht</b> | <u>7,854</u> |

On May 27, 2016, the Company was the auction winner for 900 MHz license at the bidding price of Baht 75,654 million. The Company was officially granted the license to operate 900MHz from the office of the National Broadcasting and Telecommunications Commission ("NBTC"). According to the auction terms and conditions, the Company paid the 1st installment by 11% of the fee plus VAT, totaling Baht 8,603 million on June 28, 2016 and submitted bank guarantee to pay the remaining fee to the NBTC. For the 2nd installment and the 3rd installment of 5% of the fee plus VAT each will be paid in the second year and the third year since date of the first installment, and the remaining will be paid in the fourth year.

## NOTE TO THE FINANCIAL STATEMENTS

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

On August 19, 2018, Advanced Wireless Network Company Limited (“AWN”), a subsidiary, is the auction winner for 1800 MHz license at the bidding price of Baht 12,511 million. AWN is now officially granted the license to operate 1800 MHz from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid 1<sup>st</sup> installment by 50% of the fee plus value-added tax, totaling Baht 6,693 million on September 19, 2018 and submitted bank guarantee to pay the remaining fee to the NBTC. For 2<sup>nd</sup> installment and 3<sup>rd</sup> installment of 25% of the fee plus value added-tax each will be paid in the second year and the third year since the date of first installment.

The cost of spectrum licenses are initial recognition by measuring at the cash equivalent price based on the present value of its acquisition cost.

### 15. OTHER INTANGIBLE ASSETS

Movements in other intangible assets for the years ended December 31, are as follows:

As at December 31, 2018

|                                 | Consolidated financial statements   |           |           |   |                    | Unit: Million Baht                    |
|---------------------------------|-------------------------------------|-----------|-----------|---|--------------------|---------------------------------------|
|                                 | Balance as at<br>January 1,<br>2018 | Additions | Disposals | Additions<br>from<br>acquisition of<br>business | Transfer/<br>Other | Balance as at<br>December 31,<br>2018 |
| <b>Cost</b>                     |                                     |           |           |   |                    |                                       |
| Customer relationship           | -                                   | -         | -         | 167   | -                  | 167                                   |
| Customer contracts              | -                                   | -         | -         | 139   | -                  | 139                                   |
| Fibre optics licences           | -                                   | -         | -         | 86  | -                  | 86                                    |
| Software licenses               | 8,278                               | 719       | (12)      | 114   | 204                | 9,303                                 |
| Total                           | 8,278                               | 719       | (12)      | 506   | 204                | 9,695                                 |
| <b>Accumulated amortization</b> |                                     |           |           |   |                    |                                       |
| Customer relationship           | -                                   | (33)      | -         | -   | -                  | (33)                                  |
| Customer contracts              | -                                   | (28)      | -         | -   | -                  | (28)                                  |
| Fibre optics licences           | -                                   | (8)       | -         | (53)  | -                  | (61)                                  |
| Software licenses               | (4,134)                             | (911)     | 10        | (80)  | -                  | (5,115)                               |
| Total                           | (4,134)                             | (980)     | 10        | (133)   | -                  | (5,237)                               |
| Assets under installation       | 355                                 | 483       | -         | -   | (204)              | 634                                   |
| <b>Other intangible assets</b>  | 4,499                               | 222       | (2)       | 373   | -                  | 5,092                                 |

# NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

Unit: Million Baht

|                                 | Consolidated financial statements   |           |           |                    |                                       |
|---------------------------------|-------------------------------------|-----------|-----------|--------------------|---------------------------------------|
|                                 | Balance as at<br>January 1,<br>2017 | Additions | Disposals | Transfer/<br>Other | Balance as at<br>December 31,<br>2017 |
| <b>Cost</b>                     |                                     |           |           |                    |                                       |
| Software licenses               | 7,206                               | 946       | (1)       | 127                | 8,278                                 |
| Total                           | 7,206                               | 946       | (1)       | 127                | 8,278                                 |
| <b>Accumulated amortization</b> |                                     |           |           |                    |                                       |
| Software licenses               | (3,327)                             | (808)     | 1         | -                  | (4,134)                               |
| Total                           | (3,327)                             | (808)     | 1         | -                  | (4,134)                               |
| Assets under installation       | 220                                 | 261       | -         | (126)              | 355                                   |
| <b>Other intangible assets</b>  | 4,099                               | 399       | -         | 1                  | 4,499                                 |

Amortization for the years ended December 31,

2018

Million Baht 980

2017

Million Baht 808

As at December 31, 2018

Unit: Million Baht

|                                 | Separate financial statements       |           |           |                    |                                       |
|---------------------------------|-------------------------------------|-----------|-----------|--------------------|---------------------------------------|
|                                 | Balance as at<br>January 1,<br>2018 | Additions | Disposals | Transfer/<br>Other | Balance as at<br>December 31,<br>2018 |
| <b>Cost</b>                     |                                     |           |           |                    |                                       |
| Software licenses               | 323                                 | -         | -         | -                  | 323                                   |
| Total                           | 323                                 | -         | -         | -                  | 323                                   |
| <b>Accumulated amortization</b> |                                     |           |           |                    |                                       |
| Software licenses               | (295)                               | (11)      | -         | -                  | (306)                                 |
| Total                           | (295)                               | (11)      | -         | -                  | (306)                                 |
| <b>Other intangible assets</b>  | 28                                  | (11)      | -         | -                  | 17                                    |

As at December 31, 2017

Unit: Million Baht

|                                 | Separate financial statements       |           |           |                    |                                       |
|---------------------------------|-------------------------------------|-----------|-----------|--------------------|---------------------------------------|
|                                 | Balance as at<br>January 1,<br>2017 | Additions | Disposals | Transfer/<br>Other | Balance as at<br>December 31,<br>2017 |
| <b>Cost</b>                     |                                     |           |           |                    |                                       |
| Software licenses               | 455                                 | -         | (132)     | -                  | 323                                   |
| Total                           | 455                                 | -         | (132)     | -                  | 323                                   |
| <b>Accumulated amortization</b> |                                     |           |           |                    |                                       |
| Software licenses               | (408)                               | (14)      | 127       | -                  | (295)                                 |
| Total                           | (408)                               | (14)      | 127       | -                  | (295)                                 |
| <b>Other intangible assets</b>  | 47                                  | (14)      | (5)       | -                  | 28                                    |

Amortization for the years ended December 31,

2018

Million Baht 11

2017

Million Baht 14

## NOTE TO THE FINANCIAL STATEMENTS

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

### 16. DEFERRED TAX ASSETS

Deferred tax assets and liabilities as at December 31, are as follows:

|                           | Consolidated<br>financial statements |              | Unit: Million Baht<br>Separate<br>financial statements |            |
|---------------------------|--------------------------------------|--------------|--|------------|
|                           | 2018                                 | 2017         | 2018   | 2017       |
| Deferred tax assets       | 3,300                                | 2,590        | 613  | 565        |
| Deferred tax liabilities  | (90)                                 | (28)         | -  | (5)        |
| <b>Deferred tax - net</b> | <b>3,210</b>                         | <b>2,562</b> | <b>613</b>   | <b>560</b> |

Movements in deferred tax assets and liabilities for the years ended December 31, are as follows:

As at December 31, 2018

|   | Unit: Million Baht<br>Consolidated financial statements<br>(Charged)/credited to |                   |                            |                                       |
|---|--|-------------------|----------------------------|---------------------------------------|
|   | Balance as at<br>January 1,<br>2018  | Profit<br>or loss | Acquisition<br>of business | Balance as at<br>December 31,<br>2018 |
| <b>Deferred tax assets</b>  |  |                   |                            |                                       |
| Trade receivables (allowance for doubtful accounts)                   | 269  | (12)              | 9                          | 266                                   |
| Inventories (allowance for obsolescence and decline in value)         | 77   | (30)              | -                          | 47                                    |
| Unearned income - mobile phone service (income recognized difference) | 365  | 43                | -                          | 408                                   |
| Accrued expense   | 410  | -                 | -                          | 410                                   |
| Provisions for employee benefit                                       | 394  | 40                | 32                         | 466                                   |
| Loss carry forward  | 108  | 43                | -                          | 151                                   |
| Spectrum licenses payable (deferred interest)                         | 506  | 260               | -                          | 766                                   |
| Allowance for unused equipment  | 171  | 128               | -                          | 299                                   |
| Others  | 290  | 187               | 10                         | 487                                   |
| <b>Total</b>  | <b>2,590</b>   | <b>659</b>        | <b>51</b>                  | <b>3,300</b>                          |
| <b>Deferred tax liabilities</b>                                       |  |                   |                            |                                       |
| Others  | (28)   | 18                | (80)                       | (90)                                  |
| <b>Total</b>  | <b>(28)</b>  | <b>18</b>         | <b>(80)</b>                | <b>(90)</b>                           |
| <b>Deferred tax - net</b>   | <b>2,562</b>   | <b>677</b>        | <b>(29)</b>                | <b>3,210</b>                          |

# NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

| Unit: Million Baht  |                                     |                   |   |                                       |
|---|-------------------------------------|-------------------|---|---------------------------------------|
| Consolidated financial statements                                     |                                     |                   |   |                                       |
|   | Balance as at<br>January 1,<br>2017 | Profit<br>or loss | Credited to<br>Other<br>comprehensive<br>income | Balance as at<br>December 31,<br>2017 |
| <b>Deferred tax assets</b>  |                                     |                   |   |                                       |
| Trade receivables (allowance for doubtful accounts)                   | 242                                 | 27                | -   | 269                                   |
| Inventories (allowance for obsolescence and decline in value)         | 151                                 | (74)              | -   | 77                                    |
| Unearned income - mobile phone service (income recognized difference) | 399                                 | (34)              | -   | 365                                   |
| Accrued expense   | 410                                 | -                 | -   | 410                                   |
| Provisions for employee benefit                                       | 528                                 | 70                | (204)   | 394                                   |
| Loss carry forward  | 400                                 | (292)             | -   | 108                                   |
| Spectrum licenses payable (deferred interest)                         | 199                                 | 307               | -   | 506                                   |
| Allowance for unused equipment  | 27                                  | 144               | -   | 171                                   |
| Others  | 283                                 | 7                 | -   | 290                                   |
| <b>Total</b>  | <u>2,639</u>                        | <u>155</u>        | <u>(204)</u>                                    | <u>2,590</u>                          |
| <b>Deferred tax liabilities</b>                                       |                                     |                   |   |                                       |
| Others  | (21)                                | (7)               | -   | (28)                                  |
| <b>Total</b>  | <u>(21)</u>                         | <u>(7)</u>        | <u>-</u>  | <u>(28)</u>                           |
| <b>Deferred tax - net</b>   | <u>2,618</u>                        | <u>148</u>        | <u>(204)</u>                                    | <u>2,562</u>                          |

As at December 31, 2018

| Unit: Million Baht              |                               |         |               |               |
|---------------------------------|-------------------------------|---------|---------------|---------------|
|                                 | Separate financial statements |         |               |               |
|                                 | (Charged)/credited to         |         |               |               |
|                                 | Balance as at                 | Profit  | Other         | Balance as at |
|                                 | January 1,                    | or loss | comprehensive | December 31,  |
|                                 | 2018                          |         | income        | 2018          |
| Deferred tax assets             |                               |         |               |               |
| Accrued expense                 | 410                           | -       | -             | 410           |
| Provisions for employee benefit | 47                            | 6       | -             | 53            |
| Loss carry forward              | 108                           | 42      | -             | 150           |
| Total                           | 565                           | 48      | -             | 613           |
| Deferred tax liabilities        |                               |         |               |               |
| Others                          | (5)                           | 5       | -             | -             |
| Total                           | (5)                           | 5       | -             | -             |
| Deferred tax - net              | 560                           | 53      | -             | 613           |

# NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

|                                 | Balance as at<br>January 1,<br>2017 | Separate financial statements<br>(Charged)/credited to |                                  | Balance as at<br>December 31,<br>2017 |
|---------------------------------|-------------------------------------|--|----------------------------------|---------------------------------------|
|                                 |                                     | Profit<br>or loss                                      | Other<br>comprehensive<br>income |                                       |
| <b>Deferred tax assets</b>      |                                     |  |                                  |                                       |
| Accrued expense                 | 410                                 | -  | -                                | 410                                   |
| Provisions for employee benefit | 65                                  | 12   | (30)                             | 47                                    |
| Loss carry forward              | 400                                 | (292)  | -                                | 108                                   |
| <b>Total</b>                    | <u>875</u>                          | <u>(280)</u>   | <u>(30)</u>                      | <u>565</u>                            |
| <b>Deferred tax liabilities</b> |                                     |  |                                  |                                       |
| Others                          | (7)                                 | 2  | -                                | (5)                                   |
| <b>Total</b>                    | <u>(7)</u>                          | <u>2</u>   | <u>-</u>                         | <u>(5)</u>                            |
| <b>Deferred tax - net</b>       | <u>868</u>                          | <u>(278)</u>   | <u>(30)</u>                      | <u>560</u>                            |

Deferred tax assets arising from significant temporary differences and loss carry forward that have not been recognized in the financial statements as at December 31, are as follows:

|                    | Consolidated<br>financial statements |            | Separate<br>financial statements |           |
|--------------------|--------------------------------------|------------|----------------------------------|-----------|
|                    | 2018                                 | 2017       | 2018                             | 2017      |
| Loss carry forward | 390                                  | 385        | -                                | -         |
| Others             | 93                                   | 99         | 92                               | 93        |
| <b>Total</b>       | <u>483</u>                           | <u>484</u> | <u>92</u>                        | <u>93</u> |

As at December 31, 2017, the Group have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2018 - 2022 and no maturity temporary differences under current tax legalization recognized in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.

As at December 31, 2018, the Group have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2019 - 2023 and no maturity temporary differences under current tax legalization recognized in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 17. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at December 31, are as follows:

|  | Notes | Consolidated<br>financial statements |         | Unit: Million Baht<br>Separate<br>financial statements |       |
|--|-------|--------------------------------------|---------|--|-------|
|  |       | 2018                                 | 2017    | 2018   | 2017  |
| <b>Current</b>                                   |       |                                      |         |  |       |
| Short-term loans from financial institutions     |       | 5,900                                | 6,500   | 2,900  | -     |
| Current portion of long-term liabilities         |       |                                      |         |  |       |
| - Current portion of long-term borrowings - net  |       | 3,358                                | 3,025   | -  | 3,025 |
| - Current portion of long-term debentures - net  | 34    | 7,788                                | -       | -  | -     |
| - Current portion of finance lease liabilities   | 34    | 57                                   | 51      | 11   | 13    |
| Total current portion of long-term liabilities   |       | 11,203                               | 3,076   | 11   | 3,038 |
| Short-term loans from related parties            | 34    | -                                    | -       | 4,920  | 4,640 |
| Total current                                    |       | 17,103                               | 9,576   | 7,831  | 7,678 |
| <b>Non-current</b>                               |       |                                      |         |  |       |
| Long-term liabilities                            |       |                                      |         |  |       |
| - Long-term borrowings - net                     |       | 56,571                               | 59,818  | -  | -     |
| - Long-term borrowing from a related party - net | 34    | 2,999                                | -       | -  | -     |
| - Long-term debentures - net                     | 34    | 32,382                               | 40,163  | -  | -     |
| - Finance lease liabilities                      | 34    | 78                                   | 121     | 26   | 29    |
| Total non-current                                |       | 92,030                               | 100,102 | 26   | 29    |
| <b>Total</b>                                     |       | 109,133                              | 109,678 | 7,857  | 7,707 |

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities as at December 31, are as follows:

|                                      | Consolidated<br>financial statements |         | Unit: Million Baht<br>Separate<br>financial statements |       |
|--------------------------------------|--------------------------------------|---------|--|-------|
|                                      | 2018                                 | 2017    | 2018   | 2017  |
| Within one year                      | 17,046                               | 9,525   | 7,820  | 7,665 |
| After one year but within five years | 66,459                               | 62,975  | -  | -     |
| After five years                     | 25,493                               | 37,006  | -  | -     |
| <b>Total</b>                         | 108,998                              | 109,506 | 7,820  | 7,665 |

The currencies denomination of interest-bearing liabilities as at December 31, are as follows:

|                 | Consolidated<br>financial statements |         | Unit: Million Baht<br>Separate<br>financial statements |       |
|-----------------|--------------------------------------|---------|--|-------|
|                 | 2018                                 | 2017    | 2018   | 2017  |
| Thai Baht (THB) | 109,133                              | 104,790 | 7,857  | 4,682 |
| US Dollar (USD) | -                                    | 4,888   | -  | 3,025 |
| <b>Total</b>    | 109,133                              | 109,678 | 7,857  | 7,707 |

## NOTE TO THE FINANCIAL STATEMENTS

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

### Long-term borrowings

The details of long-term borrowings as at December 31, are summarized as follows:

| Outstanding loan<br>in foreign currency<br>2018 | Interest rate<br>(per annum) | Term of<br>interest<br>payment                     | Principal payment term                  | Unit: Million Baht                           |  |
|---|------------------------------|--|---|--|--|
| 2017  |                              |  |   | Consolidated<br>financial statements<br>2018 | Separate<br>financial statements<br>2017 |
| (Million)                                       |                              |  |   | 2017   | 2017                                     |
| Advanced Info Service Public Company Limited    |                              |  |   |  |  |
| -   | USD 7.11                     | LIBOR plus margin                                  | 20 equal installments from 2008 to 2018 | -  | 233                                      |
| -   | USD 85.00                    | LIBOR plus margin                                  | Entirely redeemed in 2018               | -  | 2,792                                    |
| Advanced Wireless Network Co., Ltd.             |                              |  |   |  |  |
| -   | -                            | Fixed interest rate as stipulated in the agreement | 4 equal installments from 2019 to 2021  | 5,000  | -  |
| -   | -                            | 6MTHBFX plus margin                                | 2 equal installments in 2020            | 12,300                                       | -  |
| -   | -                            | Fixed interest rate as stipulated in the agreement | 7 equal installments from 2019 to 2022  | 5,000  | -  |
| -   | -                            | 6MTHBFX plus margin                                | Entirely redeemed in 2020               | 4,200  | -  |
| -   | -                            | 6MBIBOR plus margin                                | 6 equal installments from 2020 to 2023  | 20,000                                       | -  |
| -   | -                            | 6MBIBOR plus margin                                | 5 equal installments from 2019 to 2023  | 7,000  | -  |
| -   | -                            | 6MTHBFX plus margin                                | 6 equal installments from 2021 to 2023  | 4,500  | -  |
| -   | USD 56.70                    | 6MLIBOR plus margin                                | 2 equal installments in 2022*           | -  | 1,862                                    |
| -   | -                            | Fixed interest rate as stipulated in the agreement | 2 equal installments in 2022*           | 1,961  | -  |
| Total loans                                     |                              |  |   | 59,961                                       | -  |
| Less transaction cost                           |                              |  |   | (32)   | -  |
| Long-term borrowings                            |                              |  |   | 59,929                                       | 62,843                                   |
|   |                              |  |   | -  | -  |

\*The Group has amended long-term loan agreement with the bank to change the currency from US Dollar to Thai Baht in order to hedge for foreign exchange risk and interest rate risk. Loan tenor and other conditions remain unchanged.



## NOTE TO THE FINANCIAL STATEMENTS

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

### Long-term debentures

As at December 31, the Group's long-term debentures represent unsubordinated and unsecured debentures with a par value of Baht 1,000 each are as follows:

| Issue date                          | No. of units<br>(Million) | Amount | Interest rate<br>(per annum)    | Term of<br>interest<br>payment | Principal payment<br>term                 | Consolidated<br>financial statements |        | Unit: Million Baht<br>Separate<br>financial statements |      |
|-------------------------------------|---------------------------|--------|---------------------------------|--------------------------------|---|--------------------------------------|--------|--|------|
|                                     |                           |        |                                 |                                |   | 2018                                 | 2017   | 2018   | 2017 |
| Advanced Wireless Network Co., Ltd. |                           |        |                                 |                                |   |                                      |        |  |      |
| April 11, 2014                      | 7.79                      | 7,789  | Fixed interest rate<br>of 4.17% | Semi-annual                    | Entirely redeemed on<br>April 11, 2019    | 7,789                                | 7,789  | -  | -    |
| April 11, 2014                      | 1.78                      | 1,776  | Fixed interest rate<br>of 4.56% | Semi-annual                    | Entirely redeemed on<br>April 11, 2021    | 1,776                                | 1,776  | -  | -    |
| April 11, 2014                      | 6.64                      | 6,638  | Fixed interest rate<br>of 4.94% | Semi-annual                    | Entirely redeemed on<br>April 11, 2024    | 6,638                                | 6,638  | -  | -    |
| May 11, 2016                        | 7.82                      | 7,820  | Fixed interest rate<br>of 2.51% | Semi-annual                    | Entirely redeemed on<br>May 11, 2023      | 7,820                                | 7,820  | -  | -    |
| May 11, 2016                        | 7.18                      | 7,180  | Fixed interest rate<br>of 2.78% | Semi-annual                    | Entirely redeemed on<br>May 11, 2026      | 7,180                                | 7,180  | -  | -    |
| November 30, 2017                   | 9.00                      | 9,000  | Fixed interest rate<br>of 3.35% | Semi-annual                    | Entirely redeemed on<br>November 30, 2027 | 9,000                                | 9,000  | -  | -    |
| Total debentures                    |                           |        |                                 |                                |   | 40,203                               | 40,203 | -  | -    |
| Less bond issuing cost              |                           |        |                                 |                                |   | (33)                                 | (40)   | -  | -    |
| Long-term debentures                |                           |        |                                 |                                |   | 40,170                               | 40,163 | -  | -    |

## NOTE TO THE FINANCIAL STATEMENTS

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

Under the terms and conditions of the long-term borrowings and debentures, the Group has to comply with certain restrictions and maintain certain financial ratios.

As at December 31, 2018, the Group had undrawn borrowings amounting to Baht 17,000 million and the Company was nil. As at December 31, 2017, the Group and the Company do not have undrawn committed loans.

The carrying amount and fair values of long-term debentures (gross of issue costs) as at December 31, are as follows:

|                      | Unit: Million Baht                |        |              |        |
|----------------------|-----------------------------------|--------|--------------|--------|
|                      | Consolidated financial statements |        |              |        |
|                      | Carrying amount                   |        | Fair values* |        |
|                      | 2018                              | 2017   | 2018         | 2017   |
| Long-term debentures | 40,203                            | 40,203 | 40,662       | 41,442 |

\* Fair values for traded debentures have been determined based on quoted selling prices from The Thai Bond Market Association at the close of the business at the end of the reporting period.

Movement of interest-bearing liabilities for the years ended December 31, are as follows:

|  | Unit: Million Baht                                |  |                      |  |                      |                           |          |
|--|---|--|----------------------|--|----------------------|---------------------------|----------|
|  | Consolidated financial statements                 |  |                      |  |                      |                           |          |
|  | Short-term borrowings from financial institutions | Short-term borrowings from related parties | Long-term borrowings | Long-term borrowing from a related party | Long-term debentures | Finance lease liabilities | Total    |
| As at January 1, 2018                              | 6,500   | -  | 62,843               | -  | 40,163               | 172                       | 109,678  |
| <b>Cash flows items:</b>                           |   |  |                      |  |                      |                           |          |
| Additions  | 22,350  | 6,000                                      | -                    | 3,000                                    | -                    | -                         | 31,350   |
| Repayments   | (23,200)  | (6,000)                                    | (2,888)              | -  | -                    | (56)                      | (32,144) |
| <b>Total Cash flows items</b>                      | (850)   | -  | (2,888)              | 3,000                                    | -                    | (56)                      | (794)    |
| <b>Non-cash items:</b>                             |   |  |                      |  |                      |                           |          |
| Addition   | -   | -  | -                    | -  | -                    | 17                        | 17       |
| Borrowing cost                                     | -   | -  | -                    | (1)                                      | -                    | -                         | (1)      |
| Unrealized gain on foreign exchange rate           | -   | -  | (98)                 | -  | -                    | -                         | (98)     |
| Amortization as expense                            | -   | -  | 12                   | -  | 7                    | -                         | 19       |
| <b>Total non-cash items</b>                        | -   | -  | (86)                 | (1)                                      | 7                    | 17                        | (63)     |
| <b>Changes from acquisition of business items:</b> |   |  |                      |  |                      |                           |          |
| Increase from acquisition of business              | 250   | -  | 60                   | -  | -                    | 2                         | 312      |
| <b>As at December 31, 2018</b>                     | 5,900   | -  | 59,929               | 2,999                                    | 40,170               | 135                       | 109,133  |

# NOTE TO THE FINANCIAL STATEMENTS

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

Unit: Million Baht

|  | Consolidated financial statements                 |  |                      |                      |                           | Total          |
|--|---|--|----------------------|----------------------|---------------------------|----------------|
|  | Short-term borrowings from financial institutions | Short-term borrowings from related parties | Long-term borrowings | Long-term debentures | Finance lease liabilities |                |
| As at January 1, 2017                    | 9,200   | -  | 58,003               | 31,565               | 190                       | 98,958         |
| <b>Cash flows items:</b>                 |   |  |                      |                      |                           |                |
| Additions                                | 25,000  | 2,000                                      | 7,307                | 9,000                | -                         | 43,307         |
| Repayments                               | (27,700)  | (2,000)                                    | (1,793)              | (397)                | (56)                      | (31,946)       |
| <b>Total Cash flows items</b>            | (2,700)   | -  | 5,514                | 8,603                | (56)                      | 11,361         |
| <b>Non-cash items:</b>                   |   |  |                      |                      |                           |                |
| Addition                                 | -   | -  | -                    | -                    | 38                        | 38             |
| Borrowing cost                           | -   | -  | (24)                 | -                    | -                         | (24)           |
| Bond issuing cost                        | -   | -  | -                    | (12)                 | -                         | (12)           |
| Unrealized gain on foreign exchange rate | -   | -  | (665)                | -                    | -                         | (665)          |
| Amortization as expense                  | -   | -  | 15                   | 7                    | -                         | 22             |
| <b>Total non-cash items</b>              | -   | -  | (674)                | (5)                  | 38                        | (641)          |
| <b>As at December 31, 2017</b>           | <b>6,500</b>                                      | <b>-</b>                                   | <b>62,843</b>        | <b>40,163</b>        | <b>172</b>                | <b>109,678</b> |

Unit: Million Baht

|  | Separate financial statements                     |  |                      |                           | Total        |
|--|---|--|----------------------|---------------------------|--------------|
|  | Short-term borrowings from financial institutions | Short-term borrowings from related parties | Long-term borrowings | Finance lease liabilities |              |
| As at January 1, 2018                    | -   | 4,640                                      | 3,025                | 42                        | 7,707        |
| <b>Cash flows items:</b>                 |   |  |                      |                           |              |
| Additions                                | 8,700   | 700  | -                    | -                         | 9,400        |
| Repayments                               | (5,800)   | (420)                                      | (2,828)              | (17)                      | (9,065)      |
| <b>Total Cash flows items</b>            | <b>2,900</b>                                      | <b>280</b>                                 | <b>(2,828)</b>       | <b>(17)</b>               | <b>335</b>   |
| <b>Non-cash items:</b>                   |   |  |                      |                           |              |
| Addition                                 | -   | -  | -                    | 12                        | 12           |
| Unrealized gain on foreign exchange rate | -   | -  | (197)                | -                         | (197)        |
| <b>Total non-cash items</b>              | <b>-</b>  | <b>-</b>                                   | <b>(197)</b>         | <b>12</b>                 | <b>(185)</b> |
| <b>As at December 31, 2018</b>           | <b>2,900</b>                                      | <b>4,920</b>                               | <b>-</b>             | <b>37</b>                 | <b>7,857</b> |

## NOTE TO THE FINANCIAL STATEMENTS

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

Unit: Million Baht

|  | Separate financial statements                     |  |                      |                           |                |
|--|---|--|----------------------|---------------------------|----------------|
|  | Short-term borrowings from financial institutions | Short-term borrowings from related parties | Long-term borrowings | Finance lease liabilities | Total          |
| As at January 1, 2017                    | 5,700   | 6,440                                      | 5,355                | 43                        | 17,538         |
| <b>Cash flows items:</b>                 |   |  |                      |                           |                |
| Additions                                | 2,550   | 400  | -                    | -                         | 2,950          |
| Repayments                               | (8,250)   | (2,200)                                    | (1,793)              | (17)                      | (12,260)       |
| <b>Total Cash flows items</b>            | <b>(5,700)</b>                                    | <b>(1,800)</b>                             | <b>(1,793)</b>       | <b>(17)</b>               | <b>(9,310)</b> |
| <b>Non-cash items:</b>                   |   |  |                      |                           |                |
| Addition                                 | -   | -  | -                    | 16                        | 16             |
| Unrealized gain on foreign exchange rate | -   | -  | (539)                | -                         | (539)          |
| Amortization as expense                  | -   | -  | 2                    | -                         | 2              |
| <b>Total non-cash items</b>              | <b>-</b>  | <b>-</b>                                   | <b>(537)</b>         | <b>16</b>                 | <b>(521)</b>   |
| <b>As at December 31, 2017</b>           | <b>-</b>  | <b>4,640</b>                               | <b>3,025</b>         | <b>42</b>                 | <b>7,707</b>   |

The effective weighted interest rates as at December 31, are as follows:

|                           | Consolidated financial statements |      | Unit: Percent per annum Separate financial statements |      |
|---------------------------|-----------------------------------|------|---|------|
|                           | 2018                              | 2017 | 2018  | 2017 |
| Short-term borrowings     | 1.79                              | 1.57 | 1.38  | 1.35 |
| Long-term borrowings      | 2.80                              | 2.89 | -   | 4.46 |
| Long-term debentures      | 3.56                              | 3.56 | -   | -    |
| Finance lease liabilities | 5.37                              | 5.56 | 4.07  | 4.33 |

The effective weighted interest rates of long-term borrowings for the Group and the Company are calculated with the rate after hedging.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 18. TRADE AND OTHER CURRENT PAYABLES

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

|   | Notes | Consolidated<br>financial statements |               | Unit: Million Baht<br>Separate<br>financial statements |              |
|---|-------|--------------------------------------|---------------|--|--------------|
|   |       | 2018                                 | 2017          | 2018   | 2017         |
| <b>Trade payables</b>                         |       |                                      |               |  |              |
| Related parties                               | 34    | 73                                   | 54            | 26   | 18           |
| Other parties                                 |       | 18,349                               | 14,632        | 33   | 25           |
| <b>Total trade payables</b>                   |       | <u>18,422</u>                        | <u>14,686</u> | <u>59</u>  | <u>43</u>    |
| <b>Other payables</b>                         |       |                                      |               |  |              |
| Accrued expenses                              | 34    | 18,190                               | 16,654        | 2,773  | 2,735        |
| Valued-added tax payable                      |       | 85                                   | 50            | 9  | 9            |
| Withholding tax payable                       |       | 243                                  | 256           | 5  | 5            |
| Others  | 34    | 740                                  | 495           | -  | -            |
| <b>Total other payables</b>                   |       | <u>19,258</u>                        | <u>17,455</u> | <u>2,787</u>   | <u>2,749</u> |
| <b>Total trade and other current payables</b> |       | <u>37,680</u>                        | <u>32,141</u> | <u>2,846</u>   | <u>2,792</u> |

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

|                        | Consolidated<br>financial statements |               | Unit: Million Baht<br>Separate<br>financial statements |           |
|------------------------|--------------------------------------|---------------|--|-----------|
|                        | 2018                                 | 2017          | 2018   | 2017      |
| Thai Baht (THB)        | 5,469                                | 8,551         | 39   | 30        |
| US Dollar (USD)        | 12,808                               | 5,683         | 1  | 2         |
| Euro (EUR)             | 51                                   | 13            | -  | -         |
| Yen (JPY)              | 63                                   | 422           | -  | -         |
| Singapore Dollar (SGD) | 19                                   | 16            | 19   | 11        |
| Pound (GBP)            | 5                                    | 1             | -  | -         |
| Swiss Franc (CHF)      | 1                                    | -             | -  | -         |
| Australia Dollar (AUD) | 6                                    | -             | -  | -         |
| <b>Total</b>           | <u>18,422</u>                        | <u>14,686</u> | <u>59</u>  | <u>43</u> |

### 19. SPECTRUM LICENSES PAYABLE

Spectrum licenses payable in the consolidated financial statements as at December 31, are as follows: (separate financial statements: nil)

|   | Unit: Million Baht<br>Consolidated<br>financial statements |                 |
|---|--|-----------------|
|   | 2018   | 2017            |
| <b>Spectrum licenses payable</b>                              |  |                 |
| License certificate no. NBTC/FREQ/TEL/55/1<br>(Addendum no.1) | -  | 10,017          |
| License certificate no. NBTC/FREQ/TEL/55/1<br>(Addendum no.2) | 61,426   | 63,933          |
| License certificate no. NBTC/FREQ/TEL/55/1<br>(Addendum no.3) | 6,062  | -               |
|   | <u>67,488</u>  | <u>73,950</u>   |
| <u>Less</u> current portion of spectrum licenses payable      | <u>(3,972)</u>   | <u>(13,989)</u> |
| <b>Spectrum licenses payable</b>                              | <u>63,516</u>  | <u>59,961</u>   |

## NOTE TO THE FINANCIAL STATEMENTS

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

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

|   | Unit: Million Baht                |               |
|---|-----------------------------------|---------------|
|   | Consolidated financial statements |               |
|   | 2018                              | 2017          |
| As at January 1,                          | 73,950                            | 82,197        |
| Addition                                  | 12,303                            | -             |
| Payments                                  | (20,536)                          | (10,246)      |
| Amortization of deferred interest expense | 1,771                             | 1,999         |
| <b>As at December 31,</b>                 | <b>67,488</b>                     | <b>73,950</b> |

### 20. PROVISIONS FOR EMPLOYEE BENEFIT

The Group and the Company have provisions for employee benefit based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long - term service awards.

The defined benefit plans expose the Group and the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Provisions for employee benefit in the statement of financial position as at December 31, are as follows:

|                              | Unit: Million Baht                |       |
|------------------------------|-----------------------------------|-------|
|                              | Consolidated financial statements |       |
|                              | 2018                              | 2017  |
| Present value of obligations | 2,254                             | 1,856 |

Movements in the present value of the provisions for employee benefit for the years ended December 31, are as follows:

|   | Unit: Million Baht                |              |
|---|-----------------------------------|--------------|
|   | Consolidated financial statements |              |
|   | 2018                              | 2017         |
| Provisions for employee benefit as at January 1,          | 1,856                             | 2,555        |
| Increase from acquisition of business                     | 156                               | -            |
| Current service costs and interest                        | 268                               | 315          |
| Benefits paid   | (26)                              | (29)         |
| Transfer employee to subsidiaries                         | -                                 | -            |
| Gains on remeasurements of defined benefit plans          | -                                 | (1,021)      |
| Past service cost   | -                                 | 36           |
| <b>Provisions for employee benefit as at December 31,</b> | <b>2,254</b>                      | <b>1,856</b> |

## NOTE TO THE FINANCIAL STATEMENTS

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

Expense recognized in the statement of profit or loss for the years ended December 31, are as follows:

|                         | Consolidated<br>financial statements |            | Unit: Million Baht<br>Separate<br>financial statements |           |
|-------------------------|--------------------------------------|------------|--|-----------|
|                         | 2018                                 | 2017       | 2018   | 2017      |
| Current service costs   | 189                                  | 226        | 40   | 50        |
| Interest on obligations | 79                                   | 89         | 10   | 13        |
| Past service cost       | -                                    | 36         | -  | 4         |
| <b>Total</b>            | <b>268</b>                           | <b>351</b> | <b>50</b>  | <b>67</b> |

The Group and the Company presented the expense in the statement of profit or loss for the years ended December 31, are as follows:

|  | Consolidated<br>financial statements |            | Unit: Million Baht<br>Separate<br>financial statements |           |
|--|--------------------------------------|------------|--|-----------|
|  | 2018                                 | 2017       | 2018   | 2017      |
| Cost of rendering of services and equipment rental | 16                                   | 26         | 35   | 48        |
| Administrative expenses                            | 171                                  | 235        | 3  | 5         |
| Management benefit expenses                        | 2                                    | 1          | 2  | 1         |
| Finance costs                                      | 79                                   | 89         | 10   | 13        |
| <b>Total</b>                                       | <b>268</b>                           | <b>351</b> | <b>50</b>  | <b>67</b> |

Gains on remeasurements of defined benefit plans recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are as follows:

|  | Consolidated<br>financial statements |            | Unit: Million Baht<br>Separate<br>financial statements |            |
|--|--------------------------------------|------------|--|------------|
|  | 2018                                 | 2017       | 2018   | 2017       |
| <b>Included in retained earnings :</b> |                                      |            |  |            |
| At January 1,                          | 339                                  | 1,360      | 255  | 403        |
| Recognized during the year             | -                                    | (1,021)    | -  | (148)      |
| <b>As at December 31,</b>              | <b>339</b>                           | <b>339</b> | <b>255</b>   | <b>255</b> |

Gains on remeasurements of defined benefit plans recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are arising from:

|                       | Consolidated<br>financial statements |                | Unit: Million Baht<br>Separate<br>financial statements |              |
|-----------------------|--------------------------------------|----------------|--|--------------|
|                       | 2018                                 | 2017           | 2018   | 2017         |
| Financial assumptions | -                                    | (864)          | -  | (70)         |
| Experience adjustment | -                                    | (157)          | -  | (78)         |
| <b>Total</b>          | <b>-</b>                             | <b>(1,021)</b> | <b>-</b>   | <b>(148)</b> |

## NOTE TO THE FINANCIAL STATEMENTS

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

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

|                         | Consolidated<br>financial statements |      | Separate<br>financial statements |      |
|-------------------------|--------------------------------------|------|----------------------------------|------|
|                         | 2018                                 | 2017 | 2018                             | 2017 |
| Discount rate           | 3%                                   | 3%   | 3%                               | 3%   |
| Future salary increases | 6%                                   | 6%   | 6%                               | 6%   |

Assumptions regarding future mortality for the years ended December 31, 2018 and 2017 are based on published statistics and Thailand Mortality Ordinary Life table 2017 ("TMO17").

### Sensitivity analysis

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations as at December 31, are as follows:

|                      | Consolidated<br>financial statements |       | Unit: Million Baht<br>Separate<br>financial statements |      |
|----------------------|--------------------------------------|-------|--|------|
|                      | 2018                                 | 2017  | 2018   | 2017 |
| Discount rate        |                                      |       |  |      |
| - Increase 1%        | (301)                                | (328) | (25)   | (30) |
| - Decrease 1%        | 363                                  | 395   | 30   | 35   |
| Future salary growth |                                      |       |  |      |
| - Increase 1%        | 339                                  | 371   | 28   | 33   |
| - Decrease 1%        | (288)                                | (315) | (24)   | (29) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



## NOTE TO THE FINANCIAL STATEMENTS

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

### 21. SHARE CAPITAL

Movements of share capital for the years ended December 31, are as follows:

|                           | Par value<br>per share<br>(in Baht) | 2018               |        | (Million shares/million Baht)<br>2017 |        |
|---------------------------|-------------------------------------|--------------------|--------|---------------------------------------|--------|
|                           |                                     | Number<br>of share | Amount | Number<br>of share                    | Amount |
| <b>Authorized</b>         |                                     |                    |        |                                       |        |
| As at January 1,          |                                     |                    |        |                                       |        |
| - ordinary shares         | 1.00                                | 4,997              | 4,997  | 4,997                                 | 4,997  |
| <b>As at December 31,</b> |                                     |                    |        |                                       |        |
| - ordinary shares         | 1.00                                | 4,997              | 4,997  | 4,997                                 | 4,997  |
| <b>Issued and paid</b>    |                                     |                    |        |                                       |        |
| As at January 1,          |                                     |                    |        |                                       |        |
| - ordinary shares         | 1.00                                | 2,973              | 2,973  | 2,973                                 | 2,973  |
| <b>As at December 31,</b> |                                     |                    |        |                                       |        |
| - ordinary shares         | 1.00                                | 2,973              | 2,973  | 2,973                                 | 2,973  |

As at December 31, 2018 and 2017, the total issued number of ordinary shares is 2,973 million shares with a par value of Baht 1.00 per share. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

#### Share premium

According to the Public Companies Act B.E. 2535, Section 51 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### 22. LEGAL RESERVE

According to the Public Companies Act B.E. 2535, section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 23. OTHER COMPONENTS OF SHAREHOLDERS' EQUITY

#### Share-based payment

The performance share plan

##### Grant I

In March 2013, the Annual General Meeting of shareholders No.1/2013 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan ("ESOP-Grant I"). The major information is listed below:

|                             |  |
|-----------------------------|--|
| Approved date:              | March 27, 2013   |
| Number of warrants offered: | 405,800 Units  |
| Exercise price:             | 206.672 Baht/share                                     |
| Number of reserved shares:  | 405,800 Shares   |
| Term of the Project:        | 5 years from the date of initial offer of the warrants |
| Offered price per unit:     | Baht 0 (zero Baht)                                     |
| Exercise ratio:             | 1 unit of warrant per 1 ordinary share                 |

##### Grant II

In March 2014, the Annual General Meeting of shareholders No.1/2014 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan ("ESOP-Grant II"). The major information is listed below:

|                             |  |
|-----------------------------|--|
| Approved date:              | March 26, 2014   |
| Number of warrants offered: | 680,000 Units  |
| Exercise price:             | 211.816 Baht/share                                     |
| Number of reserved shares:  | 680,000 Shares   |
| Term of the Project:        | 5 years from the date of initial offer of the warrants |
| Offered price per unit:     | Baht 0 (zero Baht)                                     |
| Exercise ratio:             | 1 unit of warrant per 1 ordinary share                 |

##### Grant III

In March 2015, the Annual General Meeting of shareholders No.1/2015 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan ("ESOP-Grant III"). The major information is listed below:

|                             |  |
|-----------------------------|--|
| Approved date:              | March 24, 2015   |
| Number of warrants offered: | 872,200 Units  |
| Exercise price:             | 249.938 Baht/share                                     |
| Number of reserved shares:  | 872,200 Shares   |
| Term of the Project:        | 5 years from the date of initial offer of the warrants |
| Offered price per unit:     | Baht 0 (zero Baht)                                     |
| Exercise ratio:             | 1 unit of warrant per 1 ordinary share                 |

## NOTE TO THE FINANCIAL STATEMENTS

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

### Grant IV

In March 2016, the Annual General Meeting of shareholders No.1/2016 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan (“ESOP-Grant IV”). The major information is listed below:

|                             |  |
|-----------------------------|--|
| Approved date:              | March 29, 2016   |
| Number of warrants offered: | 826,900 Units  |
| Exercise price:             | 166.588 Baht/share                                     |
| Number of reserved shares:  | 826,900 Shares   |
| Term of the Project:        | 5 years from the date of initial offer of the warrants |
| Offered price per unit:     | Baht 0 (zero Baht)                                     |
| Exercise ratio:             | 1 unit of warrant per 1 ordinary share                 |

### Grant V

In March 2017, the Annual General Meeting of shareholders No.1/2017 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan (“ESOP-Grant V”). The major information is listed below:

|                             |   |
|-----------------------------|---|
| Approved date:              | March 30, 2017  |
| Number of warrants offered: | 1,410,500 Units   |
| Exercise price:             | 160.434 Baht/share  |
| Number of reserved shares:  | 1,410,500 Shares  |
| Term of the Project:        | 5 years from the date of initial offer of the warrants  |
| Offered price per unit:     | Baht 0 (zero Baht)  |
| Exercise ratio:             | 1 unit of warrant per 1 ordinary share  |
| Offer period:               | Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2017 Annual General Meeting of shareholders |

## NOTE TO THE FINANCIAL STATEMENTS

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

Movements in the number of outstanding warrants for the year ended December 31, 2018 are as follows:

|                         | As at January 1,<br>2018 | Transaction during the period |              | Unit: Thousand units<br>As at December 31,<br>2018 |
|-------------------------|--------------------------|-------------------------------|--------------|--|
|                         |                          | Issued                        | Expired      |  |
| <b>ESOP - Grant I</b>   |                          |                               |              |  |
| - Directors             | 20                       | -                             | (20)         | -  |
| - Employees             | 352                      | -                             | (352)        | -  |
|                         | <u>372</u>               | <u>-</u>                      | <u>(372)</u> | <u>-</u>   |
| <b>ESOP - Grant II</b>  |                          |                               |              |  |
| - Directors             | 30                       | -                             | -            | 30   |
| - Employees             | 612                      | -                             | -            | 612  |
|                         | <u>642</u>               | <u>-</u>                      | <u>-</u>     | <u>642</u>   |
| <b>ESOP - Grant III</b> |                          |                               |              |  |
| - Directors             | 51                       | -                             | -            | 51   |
| - Employees             | 726                      | -                             | -            | 726  |
|                         | <u>777</u>               | <u>-</u>                      | <u>-</u>     | <u>777</u>   |
| <b>ESOP - Grant IV</b>  |                          |                               |              |  |
| - Directors             | 57                       | -                             | -            | 57   |
| - Employees             | 654                      | -                             | -            | 654  |
|                         | <u>711</u>               | <u>-</u>                      | <u>-</u>     | <u>711</u>   |
| <b>ESOP - Grant V</b>   |                          |                               |              |  |
| - Directors             | 89                       | -                             | -            | 89   |
| - Employees             | 964                      | -                             | -            | 964  |
|                         | <u>1,053</u>             | <u>-</u>                      | <u>-</u>     | <u>1,053</u>                                       |
| <b>Total</b>            | <u>3,555</u>             | <u>-</u>                      | <u>(372)</u> | <u>3,183</u>                                       |

\* Above ESOP including ESOP of employees or executives who cannot exercise their rights under the items and conditions specified.

### Fair value measurement

The Group and the Company measured the expense of the Project by reference to the fair value of the equity instrument granted at the grant date using the Monte Carlo Simulation technique. The major assumptions are as below:

#### Grant II

|   |                    |
|---|--------------------|
| Weighted average fair value at the grant date | 101.617 Baht/share |
| Share price at the grant date                 | 240.000 Baht/share |
| Exercise price                                | 211.816 Baht/share |
| Expected volatility                           | 25.15%             |
| Expected dividend                             | 5.00%              |
| Risk-free interest rate                       | 3.08%              |

## NOTE TO THE FINANCIAL STATEMENTS

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

### Grant III

|   |                    |
|---|--------------------|
| Weighted average fair value at the grant date | 82.907 Baht/share  |
| Share price at the grant date                 | 236.000 Baht/share |
| Exercise price                                | 249.938 Baht/share |
| Expected volatility                           | 22.99%             |
| Expected dividend                             | 5.28%              |
| Risk-free interest rate                       | 2.34%              |

### Grant IV

|   |                    |
|---|--------------------|
| Weighted average fair value at the grant date | 67.742 Baht/share  |
| Share price at the grant date                 | 165.000 Baht/share |
| Exercise price                                | 166.588 Baht/share |
| Expected volatility                           | 27.70%             |
| Expected dividend                             | 8.48%              |
| Risk-free interest rate                       | 1.72%              |

### Grant V

|   |                    |
|---|--------------------|
| Weighted average fair value at the grant date | 111.857 Baht/share |
| Share price at the grant date                 | 172.500 Baht/share |
| Exercise price                                | 160.434 Baht/share |
| Expected volatility                           | 27.22%             |
| Expected dividend                             | 5.55%              |
| Risk-free interest rate                       | 2.01%              |

For the year ended December 31, 2018, the Group and the Company recognized share-based payment expense amounting to Baht 39 million and Baht 39 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2017: Baht 48 million and Baht 48 million, respectively).

### Unrealized gain on dilution of investment

The unrealized gain on dilution of investment comprises the cumulative net change in portion of investment until the investment is sold or otherwise disposed.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 24. SEGMENT FINANCIAL INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Chief Executive Officer (CEO) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group reportable segments.

|           |                                  |
|-----------|----------------------------------|
| Segment 1 | Mobile phone services            |
| Segment 2 | Mobile phone and equipment sales |
| Segment 3 | Datanet and broadband services   |

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Information about reportable segments

Performance for the years ended December 31, are as follows:

|   | Mobile phone services |          | Mobile phone and equipment sales |         | Datanet and broadband services |         | Unit: Million Baht<br>Total reportable segments |          |
|---|-----------------------|----------|----------------------------------|---------|--------------------------------|---------|---|----------|
|   | 2018                  | 2017     | 2018                             | 2017    | 2018                           | 2017    | 2018  | 2017     |
| External revenue                                | 136,119               | 128,124  | 25,234                           | 24,778  | 8,503                          | 4,820   | 169,856   | 157,722  |
| Investment income                               | 147                   | 157      | 12                               | 16      | 6                              | 2       | 165   | 175      |
| Finance costs                                   | (5,134)               | (5,299)  | (2)                              | (2)     | (12)                           | (1)     | (5,148)   | (5,302)  |
| Depreciation and amortization                   | (31,689)              | (28,592) | (6)                              | (7)     | (2,184)                        | (1,552) | (33,879)  | (30,151) |
| Material items of expenses                      | (15,137)              | (14,918) | (4,893)                          | (5,804) | (792)                          | (44)    | (20,822)  | (20,766) |
| Segment profit (loss) before income tax expense | 40,290                | 42,629   | (5,952)                          | (6,744) | 1,299                          | 36      | 35,637  | 35,921   |

Reportable assets and liabilities as at December 31, are as follows:

|                     | Mobile phone services |         | Mobile phone and equipment sales |       | Datanet and broadband services |       | Unit: Million Baht<br>Total reportable segments |         |
|---------------------|-----------------------|---------|----------------------------------|-------|--------------------------------|-------|---|---------|
|                     | 2018                  | 2017    | 2018                             | 2017  | 2018                           | 2017  | 2018  | 2017    |
| Segment assets      | 271,526               | 269,204 | 7,799                            | 8,205 | 11,180                         | 6,658 | 290,505   | 284,067 |
| Segment liabilities | 225,949               | 225,883 | 4,175                            | 3,976 | 2,712                          | 3,782 | 232,836   | 233,641 |

The significant amount of additions to non-current assets for the years ended December 31, are as follows:

|                     | Mobile phone services |        | Mobile phone and equipment sales |      | Datanet and broadband services |       | Unit: Million Baht<br>Total reportable segments |        |
|---------------------|-----------------------|--------|----------------------------------|------|--------------------------------|-------|---|--------|
|                     | 2018                  | 2017   | 2018                             | 2017 | 2018                           | 2017  | 2018  | 2017   |
| Capital expenditure | 33,443                | 35,343 | -                                | 3    | 2,429                          | 2,552 | 35,872  | 37,898 |

## NOTE TO THE FINANCIAL STATEMENTS

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

### Geographical segments

The Group manage and operate principally in Thailand. There are no material revenues derived from or assets located in foreign countries.

### Major Customer

No single customer represents a major customer because the Group have large number of customers, who are end users covering business and individuals.

### 25. REVENUE FROM RENDERING OF SERVICES AND EQUIPMENT RENTALS

For the years ended December 31, revenue from rendering of services and equipment rentals, are as follows:

|                         | Unit: Million Baht<br>Separate<br>financial statements |              |
|-------------------------|--|--------------|
|                         | 2018   | 2017         |
| Internet License Type 1 | -  | -            |
| Other service income    | 1,734  | 1,689        |
| <b>Total</b>            | <u>1,734</u>   | <u>1,689</u> |

### 26. INTEREST INCOME

Interest income for the years ended December 31, are as follows:

|                        | Note | Consolidated<br>financial statements |            | Unit: Million Baht<br>Separate<br>financial statements |              |
|------------------------|------|--------------------------------------|------------|--|--------------|
|                        |      | 2018                                 | 2017       | 2018   | 2017         |
| Subsidiaries           | 34   | -                                    | -          | 834  | 1,318        |
| Financial institutions |      | 165                                  | 175        | 4  | 7            |
| <b>Total</b>           |      | <u>165</u>                           | <u>175</u> | <u>838</u>   | <u>1,325</u> |

## NOTE TO THE FINANCIAL STATEMENTS

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

### 27. OTHER INCOME (REVERSAL)

Other income (reversal) for the years ended December 31, are as follows:

|                         | Notes | Consolidated<br>financial statements |            | Unit: Million Baht<br>Separate<br>financial statements |            |
|-------------------------|-------|--------------------------------------|------------|--|------------|
|                         |       | 2018                                 | 2017       | 2018   | 2017       |
| Bad debt recovery       |       | 135                                  | 117        | 11   | 16         |
| Management income       | 34    | 6                                    | -          | -  | -          |
| (Reversal) other income | 34    | -                                    | -          | (1,239)  | -          |
| Others                  | 34    | 555                                  | 458        | 65   | 124        |
| <b>Total</b>            |       | <b>696</b>                           | <b>575</b> | <b>(1,163)</b>   | <b>140</b> |

For the year ended December 31, 2018, the Company made a reversal of revenue from equipment rental with a subsidiary during 2015 - 2016 in amount of Baht 1,239 million. (For the year ended December 31, 2017 : nil)

### 28. PROVIDENT FUND

The defined contribution plans comprise provident fund established by the Group and the Company for their employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group and the Company at rates ranging from 3% to 7% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed fund manager.

For the year ended December 31, 2018, the Group's and the Company's recognized contribution paid to provident fund amounting to Baht 281 million and Baht 30 million, respectively, in the consolidated and separate statement of profit or loss (For the year ended December 31, 2017: Baht 251 and Baht 28 million, respectively).

### 29. EXPENSES BY NATURE

The statements of profit or loss for the years ended December 31, include an analysis of expenses by function. Significant expenses by nature disclosed in accordance with the requirements of various Thai Financial Reporting Standards are as follows:

|  | Notes | Consolidated<br>financial statements |        | Unit: Million Baht<br>Separate<br>financial statements |      |
|--|-------|--------------------------------------|--------|--|------|
|  |       | 2018                                 | 2017   | 2018   | 2017 |
| Depreciation of buildings and equipment              | 11    | 24,822                               | 21,487 | 75   | 85   |
| Amortization of spectrum licenses                    | 14    | 8,077                                | 7,854  | -  | -    |
| Amortization of other intangible assets              | 15    | 980                                  | 808    | 11   | 14   |
| Doubtful accounts and bad debts (bad debts recovery) | 6     | 2,175                                | 2,199  | (1)  | (12) |
| Distribution expenses                                |       | 9,550                                | 9,990  | 1  | 1    |
| Staff costs  |       | 9,098                                | 8,577  | 921  | 922  |



## NOTE TO THE FINANCIAL STATEMENTS

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

### 30. FINANCE COSTS

Finance costs for the years ended December 31, are as follows:

|  | Note | Consolidated financial statements |              | Unit: Million Baht<br>Separate financial statements |            |
|--|------|-----------------------------------|--------------|---|------------|
|  |      | 2018                              | 2017         | 2018  | 2017       |
| Interest expense                         | 34   | 3,280                             | 3,154        | 92  | 296        |
| Finance cost related to spectrum license |      | 1,771                             | 1,999        | -   | -          |
| Others                                   |      | 97                                | 149          | 14  | 18         |
| <b>Total</b>                             |      | <b>5,148</b>                      | <b>5,302</b> | <b>106</b>  | <b>314</b> |

### 31. TAX EXPENSE (INCOME)

Tax expense (income) recognized in the statements of profit or loss for the years ended December 31, are as follows:

|                                      | Note | Consolidated financial statements |              | Unit: Million Baht<br>Separate financial statements |            |
|--------------------------------------|------|-----------------------------------|--------------|---|------------|
|                                      |      | 2018                              | 2017         | 2018  | 2017       |
| <b>Current tax expense</b>           |      |                                   |              |   |            |
| Current year                         |      | 6,443                             | 6,082        | -   | -          |
| Adjustment for prior years           |      | 156                               | (91)         | -   | (5)        |
|                                      |      | <u>6,599</u>                      | <u>5,991</u> | <u>-</u>  | <u>(5)</u> |
| <b>Deferred tax expense (income)</b> | 16   |                                   |              |   |            |
| Movements in temporary differences   |      | (677)                             | (148)        | (53)  | 279        |
| <b>Total tax expense (income)</b>    |      | <b>5,922</b>                      | <b>5,843</b> | <b>(53)</b>   | <b>274</b> |

Tax expense (income) recognized in the statements of profit or loss and other comprehensive income for the year ended December 31, 2017 are as follows: (for the year ended December 31, 2018: nil)

|  | Unit: Million Baht<br>Consolidated financial statements |                       |            |
|--|---|-----------------------|------------|
|  | Before tax  | Tax (expense) benefit | Net of tax |
| Gains on remeasurements of defined benefit plans | 1,021   | (204)                 | 817        |
| <b>Total</b>                                     | <b>1,021</b>  | <b>(204)</b>          | <b>817</b> |

|  | Unit: Million Baht<br>Separate financial statements |                       |            |
|--|---|-----------------------|------------|
|  | Before tax  | Tax (expense) benefit | Net of tax |
| Gains on remeasurements of defined benefit plans | 148   | (30)                  | 118        |
| <b>Total</b>                                     | <b>148</b>  | <b>(30)</b>           | <b>118</b> |

## NOTE TO THE FINANCIAL STATEMENTS

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

Reconciliation of effective tax rate for the years ended December 31, are as follows:

|   | Unit: Million Baht                |              |          |              |
|---|-----------------------------------|--------------|----------|--------------|
|   | Consolidated financial statements |              |          |              |
|   | 2018                              |              | 2017     |              |
|   | Rate (%)                          |              | Rate (%) |              |
| Profit before income tax expense                            |                                   | 35,637       |          | 35,921       |
| Income tax using the applicable tax rate                    | 20                                | 7,127        | 20       | 7,184        |
| Expenses not deductible for tax purposes                    |                                   | 11           |          | 26           |
| Additional capital expenditure deduction                    |                                   |              |          |              |
| Allowed   |                                   | (1,288)      |          | (1,273)      |
| Recognition of previously unrecognized temporary difference |                                   | -            |          | (1)          |
| Adjustment for prior years                                  |                                   | 156          |          | (91)         |
| Effect from elimination with subsidiaries                   |                                   | (84)         |          | (2)          |
| <b>Total</b>  | 16                                | <u>5,922</u> | 16       | <u>5,843</u> |

|  | Unit: Million Baht            |             |          |            |
|--|-------------------------------|-------------|----------|------------|
|  | Separate financial statements |             |          |            |
|  | 2018                          |             | 2017     |            |
|  | Rate (%)                      |             | Rate (%) |            |
| Profit before income tax expense         |                               | 29,629      |          | 30,351     |
| Income tax using the applicable tax rate | 20                            | 5,926       | 20       | 6,070      |
| Share of profit of subsidiaries          |                               | (6,009)     |          | (5,797)    |
| Expenses not deductible for tax purposes |                               | 30          |          | 6          |
| Adjustment for prior years               |                               | -           |          | (5)        |
| <b>Total</b>                             | -                             | <u>(53)</u> | 1        | <u>274</u> |

The Group and the Company have applied the tax rate of 20% for calculated income tax expense and deferred income tax for the years ended December 31, 2018 and 2017.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 32. EARNINGS PER SHARE

#### Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, are based on the profit for the years attributable to ordinary shareholders of the Group and the Company and the weighted average number of ordinary shares outstanding during the years as follows:

|   | (in million Baht/million shares)     |               |                                  |               |
|---|--------------------------------------|---------------|----------------------------------|---------------|
|   | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|   | 2018                                 | 2017          | 2018                             | 2017          |
| Profit attributable to ordinary shareholders of the Company (basic) | <u>29,682</u>                        | <u>30,077</u> | <u>29,682</u>                    | <u>30,077</u> |
| Weighted average number of ordinary shares outstanding (basic)      | <u>2,973</u>                         | <u>2,973</u>  | <u>2,973</u>                     | <u>2,973</u>  |
| Earnings per share (basic) (in Baht)                                | <u>9.98</u>                          | <u>10.12</u>  | <u>9.98</u>                      | <u>10.12</u>  |

#### Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, are based on the profit for the years attributable to equity holders of the Group and the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

|  | (in million Baht/million shares)     |               |                                  |               |
|--|--------------------------------------|---------------|----------------------------------|---------------|
|  | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|  | 2018                                 | 2017          | 2018                             | 2017          |
| Profit attributable to equity holders of the Company (basic)     | <u>29,682</u>                        | <u>30,077</u> | <u>29,682</u>                    | <u>30,077</u> |
| Profit attributable to equity holders of the Company (diluted)   | <u>29,682</u>                        | <u>30,077</u> | <u>29,682</u>                    | <u>30,077</u> |
| Weighted average number of ordinary shares outstanding (basic)   | <u>2,973</u>                         | <u>2,973</u>  | <u>2,973</u>                     | <u>2,973</u>  |
| Weighted average number of ordinary shares outstanding (diluted) | <u>2,973</u>                         | <u>2,973</u>  | <u>2,973</u>                     | <u>2,973</u>  |
| Earnings per share (diluted) (in Baht)                           | <u>9.98</u>                          | <u>10.12</u>  | <u>9.98</u>                      | <u>10.12</u>  |

## NOTE TO THE FINANCIAL STATEMENTS

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

### 33. DIVIDENDS

At the Annual General Meeting of the shareholders of the Company held on March 30, 2017, the shareholders approved the appropriation of dividend of Baht 10.08 per share. The Company paid an interim dividend at the rate of Baht 5.79 per share on September 1, 2016, therefore the remaining dividend to be paid is Baht 4.29 per share, amounting to Baht 12,755 million. The dividend was paid to shareholders on April 26, 2017.

At the Annual General Meeting of the shareholders of the Company held on March 29, 2018, the shareholders approved the appropriation of dividend of Baht 7.08 per share. The Company paid an interim dividend at the rate of Baht 3.51 per share on August 25, 2017, therefore the remaining dividend to be paid is Baht 3.57 per share, amounting to Baht 10,614 million. The dividend was paid to shareholders on April 26, 2018.

At the Board of Director's meeting held on August 2, 2018, the Board approved to declare an interim dividend of Baht 3.78 per share, amounting to Baht 11,238 million. The interim dividend was paid to shareholders on August 29, 2018.

### 34. RELATED PARTIES

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the year, the Group and the Company have entered into a number of transactions with related parties, the terms of which are negotiated in the ordinary course of business and according to normal trade conditions. Purchases of products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading conditions. Consulting and management service fees are charged on a mutually agreed basis which calculated based on activities portion which the Company performs to counter parties in each year.

## NOTE TO THE FINANCIAL STATEMENTS

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

Relationships between the Group and the Company with related parties are as follows:

| Name of entities  | Country of incorporation/<br>nationality | Nature of relationships   |
|---|--|---|
| Subsidiaries  | Thailand                                 | Subsidiaries are entities controlled by the Group   |
| Intouch Holdings Public Company Limited (“INTOUCH”) and its related parties (“INTOUCH Group”) | Thailand and Laos                        | INTOUCH is a shareholder who has significant influence over the Company and has some joint directors. |
| Singtel Strategic Investments Pte Ltd. (“Singtel”) and its related parties (“Singtel Group”)  | Singapore                                | Singtel is a shareholder who has significant influence over the Company.                              |
| Information Highway Co., Ltd.   | Thailand                                 | Information Highway Co., Ltd is an associate.   |
| Amata Network Co., Ltd.   | Thailand                                 | Amata Network Co., Ltd. is a joint venture  |
| Rabbit-Line Pay Company Limited   | Thailand                                 | Rabbit-Line Pay Company Limited is a joint venture  |
| Other related parties   | Thailand                                 | Other parties have some joint directors and directors of related parties                              |

Significant transactions with related parties for the years ended December 31, are as follows:

|  | Consolidated<br>financial statements |            | Unit: Million Baht<br>Separate<br>financial statements |              |
|--|--------------------------------------|------------|--|--------------|
|  | 2018                                 | 2017       | 2018   | 2017         |
| <b>Revenue from rendering of service and equipment rentals</b> |                                      |            |  |              |
| Subsidiaries   | -                                    | -          | 1,733  | 1,686        |
| INTOUCH Group  | 44                                   | 35         | 1  | -            |
| Singtel Group  | 192                                  | 42         | -  | -            |
| Joint Venture  | 2                                    | -          | -  | -            |
| Other related parties  | 84                                   | 135        | -  | -            |
| <b>Total</b>   | <b>322</b>                           | <b>212</b> | <b>1,734</b>   | <b>1,686</b> |
| <b>Sales of property and other assets</b>                      |                                      |            |  |              |
| Subsidiaries   | -                                    | -          | -  | 13           |
| Joint venture  | -                                    | 7          | -  | -            |
| <b>Total</b>   | <b>-</b>                             | <b>7</b>   | <b>-</b>   | <b>13</b>    |
| <b>Dividend received from</b>                                  |                                      |            |  |              |
| Subsidiaries   | -                                    | -          | 30,540   | 16,362       |
| <b>Interest income</b>   |                                      |            |  |              |
| Subsidiaries   | -                                    | -          | 834  | 1,318        |
| <b>Other income</b>  |                                      |            |  |              |
| Subsidiaries   | -                                    | -          | (1,191)  | 58           |
| INTOUCH Group  | 1                                    | 9          | -  | 1            |
| Singtel Group  | 1                                    | -          | -  | -            |
| Joint venture  | 6                                    | -          | -  | -            |
| Associate  | -                                    | 2          | -  | -            |
| Other related parties  | 3                                    | -          | -  | -            |
| <b>Total</b>   | <b>11</b>                            | <b>11</b>  | <b>(1,191)</b>   | <b>59</b>    |

# NOTE TO THE FINANCIAL STATEMENTS

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

|  | Consolidated<br>financial statements |               | Unit: Million Baht<br>Separate<br>financial statements |               |
|--|--------------------------------------|---------------|--|---------------|
|  | 2018                                 | 2017          | 2018   | 2017          |
| <b>Rental and other service expenses</b>     |                                      |               |  |               |
| Subsidiaries                                 | -                                    | -             | 52   | 22            |
| INTOUCH Group                                | 192                                  | 387           | 1  | -             |
| Singtel Group                                | 266                                  | 139           | -  | -             |
| Joint venture                                | 34                                   | -             | -  | -             |
| Associate                                    | 89                                   | 241           | -  | -             |
| Other related parties                        | 64                                   | 24            | -  | -             |
| <b>Total</b>                                 | <b>645</b>                           | <b>791</b>    | <b>53</b>  | <b>22</b>     |
| <b>Advertising expense</b>                   |                                      |               |  |               |
| INTOUCH Group                                | 4                                    | 4             | -  | -             |
| Singtel Group                                | 3                                    | 1             | -  | -             |
| Other related parties                        | 1                                    | -             | -  | -             |
| <b>Total</b>                                 | <b>8</b>                             | <b>5</b>      | <b>-</b>   | <b>-</b>      |
| <b>Management benefit expenses</b>           |                                      |               |  |               |
| Short-term employee benefit                  | 167                                  | 131           | 148  | 131           |
| Long-term employee benefit                   | 2                                    | 1             | 2  | 1             |
| Share-based payments                         | 8                                    | 11            | 8  | 11            |
| <b>Total</b>                                 | <b>177</b>                           | <b>143</b>    | <b>158</b>   | <b>143</b>    |
| <b>Purchase of property and other assets</b> |                                      |               |  |               |
| INTOUCH Group                                | 13                                   | 25            | -  | -             |
| Associate                                    | -                                    | 14            | -  | -             |
| <b>Total</b>                                 | <b>13</b>                            | <b>39</b>     | <b>-</b>   | <b>-</b>      |
| <b>Finance costs</b>                         |                                      |               |  |               |
| Subsidiaries                                 | -                                    | -             | 60   | 77            |
| INTOUCH Group                                | 2                                    | 1             | -  | -             |
| Associate                                    | 5                                    | 6             | -  | -             |
| Other related parties                        | 50                                   | 12            | -  | -             |
| <b>Total</b>                                 | <b>57</b>                            | <b>19</b>     | <b>60</b>  | <b>77</b>     |
| <b>Dividend paid to</b>                      |                                      |               |  |               |
| INTOUCH                                      | 8,840                                | 9,380         | 8,840  | 9,380         |
| Singtel                                      | 5,096                                | 5,408         | 5,096  | 5,408         |
| <b>Total</b>                                 | <b>13,936</b>                        | <b>14,788</b> | <b>13,936</b>  | <b>14,788</b> |

## NOTE TO THE FINANCIAL STATEMENTS

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

Balances with related parties as at December 31, are as follows:

|  | Consolidated<br>financial statements |                               | Unit: Million Baht<br>Separate<br>financial statements |                               |
|--|--------------------------------------|-------------------------------|--|-------------------------------|
|  | As at<br>December 31,<br>2018        | As at<br>December 31,<br>2017 | As at<br>December 31,<br>2018                          | As at<br>December 31,<br>2017 |
| <b>Cash and cash equivalents</b>                                 |                                      |                               |  |                               |
| - Bank deposit   |                                      |                               |  |                               |
| Other related parties  | 165                                  | 101                           | 1  | 1                             |
| <b>Trade and other current receivables</b>                       |                                      |                               |  |                               |
| <b>Trade receivables</b>   |                                      |                               |  |                               |
| Subsidiaries   | -                                    | -                             | 14   | 14                            |
| INTOUCH Group  | 5                                    | 31                            | -  | 3                             |
| Singtel Group  | 87                                   | 9                             | 1  | 1                             |
| Joint Venture  | 1                                    | 7                             | -  | -                             |
| Other related parties  | 12                                   | 6                             | -  | -                             |
|  | 105                                  | 53                            | 15   | 18                            |
| <b>Accrued income</b>  |                                      |                               |  |                               |
| Subsidiaries   | -                                    | -                             | 3  | 3                             |
| INTOUCH Group  | 2                                    | 2                             | -  | -                             |
| Singtel Group  | 64                                   | 105                           | -  | -                             |
| Joint Venture  | 1                                    | -                             | -  | -                             |
| Other related parties  | 1                                    | -                             | -  | -                             |
|  | 68                                   | 107                           | 3  | 3                             |
| <b>Total trade receivables</b>                                   | 173                                  | 160                           | 18   | 21                            |
| <b>Other receivables</b>   |                                      |                               |  |                               |
| - Accrued interest income  |                                      |                               |  |                               |
| Subsidiaries   | -                                    | -                             | 98   | 523                           |
| <b>Total other receivables</b>                                   | -                                    | -                             | 98   | 523                           |
| <b>Total trade and other current receivables</b><br>(see Note 6) | 173                                  | 160                           | 116  | 544                           |
| <b>Short-term loans to related parties</b>                       |                                      |                               |  |                               |
| Subsidiaries   | -                                    | -                             | 48,669   | 39,534                        |

As at December 31, 2018, the Company has short-term loans to related parties represent promissory notes at call, bearing interest at the average rate of 1.36 % per annum (as at December 31, 2017 : average rate of 3.54 % per annum).

Movements of short-term loans to related parties for the years ended December 31, are as follows:

|  | Consolidated<br>financial statements |      | Unit: Million Baht<br>Separate<br>financial statements |          |
|--|--------------------------------------|------|--|----------|
|  | 2018                                 | 2017 | 2018   | 2017     |
| <b>Short-term loans to related parties</b> |                                      |      |  |          |
| As at January 1,                           | -                                    | -    | 39,534   | 39,244   |
| Increase                                   | -                                    | -    | 41,971   | 26,710   |
| Decrease                                   | -                                    | -    | (32,836)   | (26,420) |
| <b>As at December 31,</b>                  | -                                    | -    | 48,669   | 39,534   |

## NOTE TO THE FINANCIAL STATEMENTS

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

|   | Consolidated<br>financial statements |                               | Unit: Million Baht<br>Separate<br>financial statements |                               |
|---|--------------------------------------|-------------------------------|--|-------------------------------|
|   | As at<br>December 31,<br>2018        | As at<br>December 31,<br>2017 | As at<br>December 31,<br>2018                          | As at<br>December 31,<br>2017 |
| <b>Trade and other current payables</b>                     |                                      |                               |  |                               |
| <b>Trade payables</b>                                       |                                      |                               |  |                               |
| Subsidiaries  | -                                    | -                             | 6  | 6                             |
| INTOUCH Group   | 14                                   | 17                            | -  | -                             |
| Singtel Group   | 49                                   | 31                            | 20   | 12                            |
| Joint Venture   | 2                                    | -                             | -  | -                             |
| Associate   | 6                                    | 5                             | -  | -                             |
| Other related parties                                       | 2                                    | 1                             | -  | -                             |
| <b>Total trade payables</b>                                 | <u>73</u>                            | <u>54</u>                     | <u>26</u>  | <u>18</u>                     |
| <b>Other payables</b>                                       |                                      |                               |  |                               |
| - Accrued expenses  |                                      |                               |  |                               |
| Subsidiaries  | -                                    | -                             | 21   | 43                            |
| INTOUCH Group   | 29                                   | 43                            | 2  | -                             |
| Singtel Group   | 12                                   | 1                             | -  | -                             |
| Joint Venture   | 17                                   | 1                             | -  | -                             |
| Associate   | 28                                   | 17                            | -  | -                             |
| Other related parties                                       | 30                                   | -                             | -  | -                             |
| <b>Total other payables</b>                                 | <u>116</u>                           | <u>62</u>                     | <u>23</u>  | <u>43</u>                     |
| <b>Total trade and other current payables (see Note 18)</b> | <u>189</u>                           | <u>116</u>                    | <u>49</u>  | <u>61</u>                     |
| <b>Financial lease liabilities</b>                          |                                      |                               |  |                               |
| Associate   | <u>54</u>                            | <u>77</u>                     | <u>-</u>   | <u>-</u>                      |
| <b>Short-term borrowings from related parties</b>           |                                      |                               |  |                               |
| Subsidiaries  | <u>-</u>                             | <u>-</u>                      | <u>4,920</u>   | <u>4,640</u>                  |

As at December 31, 2018, short-term borrowings from related parties of the Company represent promissory notes at call, bearing interest at the average rate of 1.14 % per annum and unsecured. (As at December 31, 2017: average rate of 1.35% per annum).

Movements of short-term borrowings from related parties for the years ended December 31, are as follows:

|   | Consolidated<br>financial statements |          | Unit: Million Baht<br>Separate<br>financial statements |              |
|---|--------------------------------------|----------|--|--------------|
|   | 2018                                 | 2017     | 2018   | 2017         |
| <b>Short-term borrowings from related parties</b> |                                      |          |  |              |
| As at January 1,                                  | -                                    | -        | 4,640  | 6,440        |
| Increase  | 6,000                                | 2,000    | 700  | 400          |
| Decrease  | (6,000)                              | (2,000)  | (420)  | (2,200)      |
| <b>As at December 31, (see Note 17)</b>           | <u>-</u>                             | <u>-</u> | <u>4,920</u>   | <u>4,640</u> |



## NOTE TO THE FINANCIAL STATEMENTS

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

|   | Consolidated                  |                               | Unit: Million Baht            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | financial statements          |                               | Separate                      |                               |
|   | As at<br>December 31,<br>2018 | As at<br>December 31,<br>2017 | As at<br>December 31,<br>2018 | As at<br>December 31,<br>2017 |
| <b>Long-term borrowing from a related party</b> |                               |                               |                               |                               |
| Other related party                             | 2,999                         | -                             | -                             | -                             |
| <b>Total</b>                                    | <u>2,999</u>                  | <u>-</u>                      | <u>-</u>                      | <u>-</u>                      |

As at December 31, 2018, the Group has long-term borrowing from a related party, bearing interest at the rate of 6MTHBFIX plus margin and semi-annual interest payments with 14 principal installments starting from 2022 to 2028.

Movements of long-term borrowings from related parties for the years ended December 31, are as follows:

|  | Consolidated         |          | Unit: Million Baht |          |
|--|----------------------|----------|--------------------|----------|
|  | financial statements |          | Separate           |          |
|  | 2018                 | 2017     | 2018               | 2017     |
| <b>Long-term borrowings from related parties</b> |                      |          |                    |          |
| As at January 1,                                 | -                    | -        | -                  | -        |
| Addition   | 3,000                | -        | -                  | -        |
| Borrowing cost                                   | (1)                  | -        | -                  | -        |
| <b>As at December 31, (see Note 17)</b>          | <u>2,999</u>         | <u>-</u> | <u>-</u>           | <u>-</u> |

|                             | Consolidated                  |                               | Unit: Million Baht            |                               |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                             | financial statements          |                               | Separate                      |                               |
|                             | As at<br>December 31,<br>2018 | As at<br>December 31,<br>2017 | As at<br>December 31,<br>2018 | As at<br>December 31,<br>2017 |
| <b>Long-term debentures</b> |                               |                               |                               |                               |
| INTOUCH Group               | 68                            | 21                            | -                             | -                             |
| Other related parties       | 264                           | 29                            | -                             | -                             |
| <b>Total (see Note 17)</b>  | <u>332</u>                    | <u>50</u>                     | <u>-</u>                      | <u>-</u>                      |

### Significant agreements with related parties

The Group and the Company have entered into agreements with related parties. There are commitment for receipts and payments according to rates under the terms and conditions stipulated in the agreements. The significant agreements with related parties are as follows:

- 1) The Group has entered into interconnection and national roaming agreements among its related parties. The termination and suspension of the agreement are referred to the regulations and conditions of the National Telecommunications Commission.
- 2) The Group has entered into site share agreements among its related parties to provide site area including related facilities for installation of telecommunication equipment. The counterparty has a right to terminate the agreement by giving advance written notice not less than 60 days.

## NOTE TO THE FINANCIAL STATEMENTS

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

- 3) The subsidiaries have received a service of a call center from Advanced Contact Center Co., Ltd. (“ACC”), a subsidiary. ACC will provide service and required information including resolving problem for the customers of the Group.
- 4) Advanced Contact Center Co., Ltd., a subsidiary, has entered into a call center service agreement with Teleinfo Media Plc. (“TMC”), a related party. TMC will arrange the personnel and provide call center operation to execute each of incoming call service. The counterparty has a right to terminate the agreement by giving advance written notice not less than 120 days.
- 5) The Group has entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, to provide payment service for goods/service purchased through electronic payments and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 6) Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 7) The Group has entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 8) The Group has entered into an international roaming service agreement with the Singtel Group, related parties. The counterparty has a right to terminate the agreement by giving advance written notice not less than of 60 days.
- 9) The Group has entered into an agreement with MIMO Tech Co., Ltd., a subsidiary, of providing aggregating value added services on mobile network or wireless device (Content Aggregator). The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 10) The Group has entered into an agreement with its related parties to provide or aggregating value added services on mobile network or wireless device (Content Aggregator). The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 11) Advanced Wireless Network Co., Ltd. (“AWN”), has entered into a satellite transponder lease agreement with Thaicom Public Company Limited, a related party, AWN agreed to pay service fee on monthly basis according to the rate and condition specified in the agreement. The agreement is valid until November 19, 2020.
- 12) MIMO Tech Co., Ltd., a subsidiary, has entered into computer system maintenance services agreements with I.T. Applications and Services Company Limited, a related party. The agreement is valid for one year and is renewable on an annual basis. The counterparty has a right to terminate the agreement by giving advance written notice not less than 3 months.
- 13) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into fibre optic system and its site facilities agreement with Information Highway Co., Ltd. (“IH”), an associate. IH will provide installation fibre optic transmission and maintenance services in specific areas. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.

## NOTE TO THE FINANCIAL STATEMENTS

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

- 14) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into agreement with TC Broadcasting Company Limited, a related party, to receive a satellite equipment system and television signal service. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 15) Super Broadband Network Co., Ltd., a subsidiary, has entered into agreement with Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, to rent the telecommunication equipment. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 16) Advanced Wireless Network Co., Ltd., a subsidiary and CS Loxinfo Public Company Limited, its subsidiary, have entered into an agreement to develop the infrastructure of fibre optic network with Amata Network Co., Ltd., a joint venture. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 17) Advanced Mpay Co., Ltd., its subsidiary, has entered into agreement with Rabbit-Line Pay Co., Ltd., a related party, to receive electronic money and electronic payment service. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.

### 35. FINANCIAL INSTRUMENTS

#### Financial risk management policies

Risk management is integral to the whole business of the Group and the Company. The Group and the Company have a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### Capital management

The Group and the Company aim to manage its capital structure to be stronger than industry peer and commit to be investment grade rating. This will allow the Group and the Company to retain superior financial flexibility in order to capture future growth prospect. The Group's and the Company's financial flexibility means diversified source of capital, ease of funding, and appropriate cost of capital.

In 3 - 5 years, telecommunications industry in Thailand will face another phase of technology change and hence new investment will be required. The Group and the Company believe that they can leverage on their capital structure in the future and have ability to find the source of funds through the debt instrument in order to expand their businesses.

#### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's and the Company's operations and their cash flows because some of debt securities and loan interest rates are floating interest rate. The Group and the Company have interest rate risk from their borrowings (see Note 17). The Group and the Company mitigate this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest

## NOTE TO THE FINANCIAL STATEMENTS

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

### Foreign currency risk

The Group and the Company have foreign currency risk relating to expense and borrowings which are denominated in foreign currencies. The Group and the Company primarily utilize forward contracts, which are not more than 1 year, to hedge such financial liabilities denominated in foreign currencies to hedge long-term borrowings denominated in foreign currencies. The forward contracts entered into at the end of the reporting period also relate to borrowings, denominated in foreign currencies, for the subsequent period.

The Group and the Company have foreign currency risk in respect of financial assets and liabilities denominated as at December 31, are as follows:

|   | Notes | Consolidated<br>financial statements |                | Unit: Million Baht<br>Separate<br>financial statements |                |
|---|-------|--------------------------------------|----------------|--|----------------|
|   |       | 2018                                 | 2017           | 2018   | 2017           |
| <b>Cash and cash equivalents</b>                      | 4     |                                      |                |  |                |
| US Dollar (USD)                                       |       | 657                                  | 206            | 1  | 52             |
| Euro (EUR)  |       | 265                                  | 43             | 2  | 1              |
| <b>Total</b>  |       | <u>922</u>                           | <u>249</u>     | <u>3</u>   | <u>53</u>      |
| <b>Trade current receivables</b>                      | 6     |                                      |                |  |                |
| US Dollar (USD)                                       |       | 1,824                                | 2,316          | -  | -              |
| Euro (EUR)  |       | 2                                    | 17             | -  | -              |
| <b>Total</b>  |       | <u>1,826</u>                         | <u>2,333</u>   | <u>-</u>   | <u>-</u>       |
| <b>Interest-bearing liabilities</b>                   | 17    |                                      |                |  |                |
| US Dollar (USD)                                       |       | -                                    | (4,888)        | -  | (3,025)        |
| <b>Total</b>  |       | <u>-</u>                             | <u>(4,888)</u> | <u>-</u>   | <u>(3,025)</u> |
| <b>Trade current payables</b>                         | 18    |                                      |                |  |                |
| US Dollar (USD)                                       |       | (12,808)                             | (5,683)        | (1)  | (2)            |
| Euro (EUR)  |       | (51)                                 | (13)           | -  | -              |
| Yen (JPY)   |       | (63)                                 | (422)          | -  | -              |
| Singapore Dollar (SGD)                                |       | (19)                                 | (16)           | (19)   | (11)           |
| Pound Sterling (GBP)                                  |       | (5)                                  | (1)            | -  | -              |
| Swiss Franc (CHF)                                     |       | (1)                                  | -              | -  | -              |
| Australian Dollar (AUD)                               |       | (6)                                  | -              | -  | -              |
| <b>Total</b>  |       | <u>(12,953)</u>                      | <u>(6,135)</u> | <u>(20)</u>  | <u>(13)</u>    |
| <b>Gross statement of financial position exposure</b> |       | (10,205)                             | (8,441)        | (17)   | (2,985)        |
| Swap contracts  |       | -                                    | 4,731          | -  | 2,769          |
| Forward contracts                                     |       | 4,514                                | 5,610          | -  | 30             |
| <b>Net exposure</b>                                   |       | <u>(5,691)</u>                       | <u>1,900</u>   | <u>(17)</u>  | <u>(186)</u>   |

Swap and forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2018 and 2017 and to retain future purchases.

## NOTE TO THE FINANCIAL STATEMENTS

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

Net swap and forward contracts receivable (payable) as at December 31, are as follows:

|  | Consolidated<br>financial statements |             | Unit: Million Baht<br>Separate<br>financial statements |            |
|--|--------------------------------------|-------------|--|------------|
|  | 2018                                 | 2017        | 2018   | 2017       |
| <b>Swap contracts:</b>   |                                      |             |  |            |
| Swap contracts receivable  | -                                    | 4,841       | -  | 2,998      |
| Swap contracts payable*  | -                                    | (4,731)     | -  | (2,769)    |
| Total swap contracts receivable                                  | -                                    | 110         | -  | 229        |
| <b>Forward contracts:</b>  |                                      |             |  |            |
| Forward contracts receivable                                     | 4,520                                | 5,465       | -  | 27         |
| Forward contracts payable*                                       | (4,514)                              | (5,610)     | -  | (30)       |
| Total forward contracts receivable (payable)                     | 6                                    | (145)       | -  | (3)        |
| <b>Total swap and forward contracts:</b>                         |                                      |             |  |            |
| Swap and forward contracts receivable                            | 4,520                                | 10,306      | -  | 3,025      |
| Swap and forward contracts payable                               | (4,514)                              | (10,341)    | -  | (2,799)    |
| <b>Total swap and forward contracts<br/>receivable (payable)</b> | <b>6</b>                             | <b>(35)</b> | <b>-</b>   | <b>226</b> |

\* The nominal amount of swap and forward contracts is the value of the original contracts which the Company entered with the commercial banks and must be repaid at the maturity date.

Classification of swap and forward contracts in the financial statements as at December 31, are as follows:

|   | Consolidated<br>financial statements |              | Unit: Million Baht<br>Separate<br>financial statements |            |
|---|--------------------------------------|--------------|--|------------|
|   | 2018                                 | 2017         | 2018   | 2017       |
| <b>Current assets</b>                   |                                      |              |  |            |
| Other current financial assets          | 6                                    | 83           | -  | 226        |
| <b>Total current assets</b>             | <b>6</b>                             | <b>83</b>    | <b>-</b>   | <b>226</b> |
| <b>Non-current liabilities</b>          |                                      |              |  |            |
| Other non-current financial liabilities | -                                    | (118)        | -  | -          |
| <b>Total non-current liabilities</b>    | <b>-</b>                             | <b>(118)</b> | <b>-</b>   | <b>-</b>   |
| <b>Total</b>                            | <b>6</b>                             | <b>(35)</b>  | <b>-</b>   | <b>226</b> |

## NOTE TO THE FINANCIAL STATEMENTS

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

The nominal amounts and fair values of swap and forward contracts as at December 31, are as follows:

|                   | Unit: Million Baht                |               |              |               |
|-------------------|-----------------------------------|---------------|--------------|---------------|
|                   | Consolidated financial statements |               |              |               |
|                   | Nominal amounts**                 |               | Fair values* |               |
|                   | 2018                              | 2017          | 2018         | 2017          |
| Swap contracts    | -                                 | 4,731         | -            | 4,773         |
| Forward contracts | 4,514                             | 5,610         | 4,510        | 5,466         |
| <b>Total</b>      | <b>4,514</b>                      | <b>10,341</b> | <b>4,510</b> | <b>10,239</b> |

|                   | Unit: Million Baht            |              |              |              |
|-------------------|-------------------------------|--------------|--------------|--------------|
|                   | Separate financial statements |              |              |              |
|                   | Nominal amounts**             |              | Fair values* |              |
|                   | 2018                          | 2017         | 2018         | 2017         |
| Swap contracts    | -                             | 2,769        | -            | 2,949        |
| Forward contracts | -                             | 30           | -            | 27           |
| <b>Total</b>      | <b>-</b>                      | <b>2,799</b> | <b>-</b>     | <b>2,976</b> |

\* The fair value of swap and forward contracts is the adjusted value of the original contracts which the Company entered with the commercial banks with the market price. At the end of the reporting period in order to reflect the current value of the contracts.

\*\* The nominal amount of swap and forward contracts is the value of the original contracts which the Company entered with the commercial banks and must be repaid at the maturity date.

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the end of the reporting period there were no significant concentrations of credit risk.

### Liquidity risk

The Group and the Company monitor its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

## NOTE TO THE FINANCIAL STATEMENTS

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

### Fair values of financial assets and liabilities

Financial assets and liabilities not measured at fair value in the consolidated and separate statement of financial position as at December 31, are as follows: (fair value disclosure)

|                                   |                 |            |         |         | Unit: Million Baht |
|-----------------------------------|-----------------|------------|---------|---------|--------------------|
| Consolidated financial statements |                 |            |         |         |                    |
|                                   | Carrying amount | Fair value |         |         |                    |
|                                   |                 | Level 1    | Level 2 | Level 3 | Total              |
| As at December 31, 2018           |                 |            |         |         |                    |
| Swap and forward contracts        | 4,514           | -          | -       | 4,510   | 4,510              |
| Debentures                        | 40,203          | -          | 40,662  | -       | 40,662             |

|                                |        |   |        |        |        |
|--------------------------------|--------|---|--------|--------|--------|
| <b>As at December 31, 2017</b> |        |   |        |        |        |
| Swap and forward contracts     | 10,341 | - | -      | 10,239 | 10,239 |
| Debentures                     | 40,203 | - | 41,442 | -      | 41,442 |

|                                |                 | Unit: Million Baht            |         |         |       |
|--------------------------------|-----------------|-------------------------------|---------|---------|-------|
|                                | Carrying amount | Separate financial statements |         |         |       |
|                                |                 | Fair value                    |         |         |       |
|                                |                 | Level 1                       | Level 2 | Level 3 | Total |
| <b>As at December 31, 2018</b> |                 |                               |         |         |       |
| Swap and forward contracts     | -               | -                             | -       | -       | -     |
| <b>As at December 31, 2017</b> |                 |                               |         |         |       |
| Swap and forward contracts     | 2,799           | -                             | -       | 2,976   | 2,976 |

### Fair value hierarchy

The table above analyzes recurring fair value measurements for financial assets. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: other inputs than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair values for available-for-sale investments using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

For disclosure purposes, the Group determines Level 2 fair values for traded debentures have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business at the end of the reporting period.

For disclosure purposes, the Group and the Company determine Level 3 fair values for fair value of swap and forward contracts were calculated using the rates quoted by the Group's and the Company's bankers which were based on market conditions existing at the statement of financial position date.

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

The fair value of loans to and borrowings from related parties and finance lease liabilities are taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

Commitments with non-related parties as at December 31, are as follows:

The Company recorded the rental expenses under operating lease agreements in the consolidated and the separate statements of profit or loss for the year ended December 31, 2018 of Baht 14,902 million and Baht 94 million, respectively (for the year ended December 31, 2017 : Baht 8,072 million and Baht 105 million, respectively).



## NOTE TO THE FINANCIAL STATEMENTS

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

|                            | Consolidated<br>financial statements |               | Separate<br>financial statements |              |
|----------------------------|--------------------------------------|---------------|----------------------------------|--------------|
|                            | 2018                                 | 2017          | 2018                             | 2017         |
| <b>Unit: Million</b>       |                                      |               |                                  |              |
| <b>Other commitments</b>   |                                      |               |                                  |              |
| Thai Baht                  |                                      |               |                                  |              |
| Swap and forward contracts | 4,514                                | 10,341        | -                                | 2,799        |
| Bank guarantees:           |                                      |               |                                  |              |
| - Spectrum license payable | 74,739                               | 83,311        | -                                | -            |
| - Others                   | 2,513                                | 1,764         | 185                              | 182          |
| <b>Total</b>               | <b>81,766</b>                        | <b>95,416</b> | <b>185</b>                       | <b>2,981</b> |
| US Dollar                  |                                      |               |                                  |              |
| Bank guarantees:           |                                      |               |                                  |              |
| - Others                   | 1                                    | 1             | -                                | -            |
| Others                     | 5                                    | -             | -                                | -            |
| <b>Total</b>               | <b>6</b>                             | <b>1</b>      | <b>-</b>                         | <b>-</b>     |

### Significant agreements

- The Group has entered into lease and related service agreements for office space, cars, computers and base station for periods ranging from 1 year to 15 years with options to renew.
- The Group has entered into a service agreement with a company, for the Group to receive the services relating to network station and other general services as stated in the agreement. The Group shall pay a service fee for the services at the rate as stated in the agreement. Such agreement will be terminated when a party submits advance written notice not less than 90 days.
- On January 5, 2018, Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, has entered into service agreement with TOT Public Co., Ltd. ("TOT") to receive the service relating to the national roaming service for the period from March 1, 2018 to August 3, 2025. AWN has letter of irrevocable guarantee from domestic commercial banks of Baht 720 million used as collateral for the throughout the period of agreement.
- On January 5, 2018, Super Broadband Network Co., Ltd. ("SBN"), a subsidiary, has entered into rental agreement with TOT Public Co., Ltd. ("TOT") to provide the telecommunication equipment rental for the period from March 1, 2018 to August 3, 2025. SBN has letter of irrevocable guarantee from domestic commercial banks of Baht 525 million used as collateral for the throughout the period of agreement.

## NOTE TO THE FINANCIAL STATEMENTS

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

### 37. ACQUISITION OF BUSINESS

Business acquisitions during the years ended December 31, 2018 as shown below resulted in the significant change of the Group's consolidated financial position and consolidated financial performance. Other significant changes have been disclosed in other notes to the financial statements.

On October 2, 2017, the Board of Directors of the Company has considered and approved the launch of a Conditional Voluntary Tender Offer ("VTO") by the Company and/or its subsidiary to acquire all ordinary shares of CS Loxinfo Public Co., Ltd. ("CSL") in the total number of 594.51 million shares at the price of Baht 7.80 per share from all shareholders comprising:

- (1) 42.07% of the total issue shares held by DTV Service Co., Ltd. ("DTV"), a subsidiary of Thaicom Public Co., Ltd. ("THCOM")
- (2) 14.14% of the total issue shares held by Singapore Telecommunications Ltd. ("Singtel") and
- (3) 43.79% of the total issue shares held by the minority shareholders of CSL

On October 6, 2017 and October 24, 2017, Advanced Wireless Network ("AWN"), a subsidiary, has entered into the Share Tender Agreement for the acquisition of all ordinary shares in CSL with DTV and Singtel, respectively. DTV and Singtel will sell all their ordinary shares in CSL to the Company by the Tender Offer.

On December 14, 2017, AWN has submitted the Application Form for Conditional Voluntary Tender Offer of CSL to the Securities and Exchange Commission, the Stock Exchange of Thailand, the Board of Directors and securities holders of CSL.

Subsequently, on January 23, 2018, AWN as the Tender Offeror submitted the result of the Tender Offer of shares in CSL to the Securities and Exchange Commission, the Stock Exchange of Thailand and the Board of Directors and securities holders of CSL. AWN acquired shares in CSL of 476,196,534 shares or 80.10% of the total issued and paid ordinary shares of CSL. On January 25, 2018, AWN has paid that share amounting to Baht 3,714 million. CSL has been a subsidiary of AWN since then.

At the Board of Directors' meeting of AWN held on February 5, 2018, the Board of Directors approved AWN to make tender offer for the remaining 118,318,235 shares or 19.90% of the total issued shares capital of CSL's securities for delisting the entire CSL's securities from the Stock Exchange of Thailand ("SET"). Subsequently, CSL has received a letter of intention to make a tender offer for the entire securities for delisting the securities of CSL from the SET from AWN.

At the Annual General Shareholders' Meeting of CSL held on March 27, 2018, the shareholders approved the delisting of the Company's securities from SET.

On March 28, 2018, CSL has submitted form for delisting of shares from SET to the Board of Governors of the Stock Exchange of Thailand. Consequently, on April 4, 2018, CSL has received the approval letter from SET on the delisting of CSL's securities as CSL submitted.

## NOTE TO THE FINANCIAL STATEMENTS

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On May 3, 2018, CSL has received the Application Form for Tender Offer from AWN for the purpose of delisting CSL's security from being the listed securities on the Stock Exchange of Thailand. According to the latest shareholders list of CSL as at April 17, 2018, AWN is a major shareholder of CSL, holding a total of 484,345,634 ordinary shares or equivalent to approximately 81.47% of total issued and paid-up shares of CSL. AWN shall make a tender offer of the entire securities of CSL, which are not held by AWN, totaling 110,169,135 ordinary share or equivalent to approximately 18.53% of total issued and paid-up shares of CSL at a price of Baht 7.80 per share.

On July 12, 2018, AWN has submitted the results of tender offer report to Secretary-General, the Office of the Securities and Exchange Commission, President, the SET and Board of Directors and Securities Holders. AWN has purchased CSL's securities from the offerees totaling 103,983,766 ordinary shares or equivalent to 17.49% of total issued and paid-up shares of CSL at a price of Baht 7.80 per share in the total amount of Baht 811.07 million. As a result, the Group held 588,329,400 ordinary shares of CSL or equivalent to approximately owned 98.96% of total issued and paid-up shares of CSL.

On July 19, 2018, SET has approved the delisting of CSL's common stocks from July 26, 2018 onwards. Hence, July 25, 2018 was the last trading day of CSL's common stocks.

Such share purchase resulted in the Group's acquisition of CSL and its subsidiaries and an indirect subsidiary by 2 companies and 1 company, respectively ("CSL Group") as follows:

- (1) Teleinfo Media Public Company Limited ("TMC"), a subsidiary of CSL
- (2) AD Venture Public Company Limited ("ADV"), a subsidiary of CSL
- (3) Yellow Pages Commerce Company Limited ("Yellow Pages"), an indirect subsidiary of CSL

In business acquisition, the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed and allocation of fair value at the acquisition date. Fair value of the net identifiable assets acquired on the date of acquisition are as follows:

|  | <b>Unit: Million Baht</b> |
|--|---------------------------|
| Cash and cash equivalents  | 359                       |
| Trade and other current receivables - net  | 416                       |
| Inventories  | 28                        |
| Property, plant and equipment - net  | 958                       |
| Customer relationship - net  | 167                       |
| Customer contracts - net   | 139                       |
| Other intangible assets - net  | 67                        |
| Other current and non-current assets   | 23                        |
| Short term loan and current portion of borrowings  | (310)                     |
| Trade and other current payables   | (379)                     |
| Provision for employee benefit   | (156)                     |
| Other current and other non-current liabilities  | (204)                     |
| <b>Identifiable assets and liabilities - net</b>   | <b>1,108</b>              |
| Non-controlling interests<br>(calculated by acquiree's identifiable net assets according to<br>proportionate ownership held by non-controlling interest) | (221)                     |
| Consideration transferred  | (3,734)                   |
| <b>Goodwill (see Note 13)</b>  | <b>2,847</b>              |

## NOTE TO THE FINANCIAL STATEMENTS

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CSL has been a subsidiary of AWN since January 26, 2018. During January 26, 2018 to December 31, 2018, AWN has purchased additional ordinary share of 113,024,266 ordinary shares of CSL, totaling Baht 879 million representing 19.01% of total issued and paid ordinary share of CSL. As at December 31, 2018, AWN hold 589,220,800 ordinary shares of CSL or equivalent to approximately owned 99.11% of total issued and paid-up shares of CSL. Therefore, the Group recognized the difference between cash paid and the fair value of additional control of such purchased additional shares as deficits arising from change in ownership interest in a subsidiary in amount of Baht 668 million, which presented under “shareholders’ equity” in the consolidated financial statements.

The Group included revenue and net profit of CSL Group since acquisition date for the years ended December 31, 2018, of Baht 2,563 million and Baht 313 million, respectively, in the consolidated financial statements.

### 38. PROVISIONS AND CONTINGENT LIABILITIES

Pursuant to the letter dated January 18, 2013, the Revenue Department challenged the Company and Digital Phone Company Limited (“DPC”), a subsidiary, to pay surcharge of Baht 128 million and Baht 6 million, respectively, regarding the withholding tax on revenue sharing payment after excise tax deduction by giving the opinion that the excise tax is a part of revenue sharing. Therefore, the Company and DPC had paid the shortage of withholding tax amount of excise tax which came from the revenue sharing payment without excise tax deduction. The Company and DPC have submitted the appeal to the Commission of Appeal.

On July 22, 2015, DPC has filed the case to Central Tax Court to appeal for the revocation of the decision by the Commission of Appeal.

On April 29, 2016, the Central Tax Court has decided to dismiss the cases by DPC, based on the same reason that the excise tax is a part of revenue sharing which DPC should pay to the concession granter in accordance with the concession agreement. Therefore, DPC has the obligations to pay for the withholding taxes incurred to the Revenue Department, failure in such conduct has resulted in the penalty to pay surcharge at the rate of 1.5% per month, aggregately the total amount of Baht 5.59 million.

On June 28, 2016, DPC has filed an appeal for the decision of the Central Tax Court to the Supreme Court.

On November 10, 2016, the Company has filed the case to Central Tax Court to appeal for the revocation of the decision by the Commission of Appeal.

On September 29, 2017, the Central Tax Court has decided to dismiss the cases by the Company, based on the same reason that the excise tax is a part of revenue sharing which the Company should pay to the concession granter in accordance with the concession agreement. Therefore, the Company has the obligations to pay for the withholding taxes incurred to the Revenue Department, failure in such conduct has resulted in the penalty to pay surcharge at the rate of 1.5% per month, aggregately the total amount of Baht 128 million.

On July 20, 2018, the Company has filed an appeal for the decision of the Central Tax Court.

On August 27, 2018, the Central Tax Court read the judgment of Supreme Court’s red no. 2374/2561 dated April 20, 2018 that DPC has to pay surcharge of Baht 5.59 million subject to the calculation of Revenue Department.

## NOTE TO THE FINANCIAL STATEMENTS

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

As for the case between the Company and the Revenue Department, it is currently under the consideration by the Supreme Court.

The Group and the Company have already recorded as expenses in amount of Baht 134 million and Baht 128 million in the consolidated and separate financial statements for the year ended December 31, 2018, respectively.

### 39. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

#### The Group

- 1) The claim for copyright infringement on broadcasting of FIFA World Cup 2018 through AIS Play application

During 2018, the said claim was settled without considerable impact on the consolidated financial statements of the Group.

#### The Company

- 1) Interconnection agreement in accordance with the announcement of National Telecommunication Commission (“NTC”)

According to Telecommunication Business Operation Act B.E. 2544 and the announcement of National Telecommunication Commission (“NTC”) regarding the Use and Interconnect of Telecommunication Network B.E. 2549, the Company has entered into an interconnection (“IC”) agreement with other operators approved by NTC and the effective period of the agreement is listed below:

| Operators  | Effective period          |
|--|---------------------------|
| 1) Total Access Communication PCL.   | November 30, 2006 onwards |
| 2) Truemove Company Limited  | January 16, 2007 onwards  |
| 3) Digital Phone Company Limited   | June 1, 2009 onwards      |
| 4) CAT Telecom Public Company Limited  | April 7, 2010 onwards     |
| 5) Advanced Wireless Network Company Limited   | April 1, 2013 onwards     |
| 6) Dtac TriNet Company Limited   | July 1, 2013 onwards      |
| 7) True Move H Universal Communication Company Limited<br>(Formerly Real Future Company limited) | July 1, 2013 onwards      |

On August 31, 2007, TOT Public Company Limited (“TOT”) filed a lawsuit against NTC to the Central Administrative Court to revoke the announcement. On September 15, 2010, the Central Administrative Court dismissed the case which TOT filed to revoke the announcement of NTC regarding the Use and Interconnect of Telecommunication Network B.E. 2549. TOT has appealed such dismissal to the Supreme Administrative Court. On February 4, 2008, TOT sent a letter to the Company informing that the Company should wait for the final judgment of the Court. If the Company undertake the IC agreements per the NTC announcement before the final judgment of the Court, TOT shall not recognize the Company’s related actions and the Company must be responsible for such actions.

Having considered the TOT’s letter, related laws and the legal counsel’s opinion, the Company’s management has the opinion that non-compliance by the Company with the IC agreements shall be deemed violating the NTC announcement. Therefore, the Company has decided to comply with

## NOTE TO THE FINANCIAL STATEMENTS

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

According to the Agreement for operations (“the Agreement”), the Company has to pay the higher of stipulated annual minimum payment or the percentage of service revenues and other benefits that the Company should be received in each year prior to deducting expenses and taxes to TOT. However, the Company has to comply with the regulation while TOT would like to wait for the final judgment of the court. As a result, the Company anticipated entering into a negotiation with TOT in relation to a calculation method of the revenue sharing. The Company calculated the revenue sharing from the net IC revenue which is similar to other operators in the telecommunication industry on a conservative basis. The revenue sharing amount to be paid to TOT is subject to the final judgment of the court in relation to revoke the announcement of NTC and a negotiation between TOT and the Company. The Company will make adjustment in the financial statement in the period when the issue has been agreed. The Company’s management believes that it will not incur significant expense more than the revenue sharing amount which the Company has recorded.

However, after having considered the letter from TOT, the relevant laws and the legal counsel’s opinion, the management of the Company has the opinion that non-compliance with the above Interconnection Agreement would be in conflict with the announcement of NTC regarding the Use and Interconnect of Telecommunication Network. Therefore, the Company decided to comply with the said Agreements which are in line with the current legal provision in force by issuing invoices to collect the interconnection charge from the contractual parties.

On December 30, 2008, the Company remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of the Company to TOT. Later, the Company and TOT had set up the negotiation committee to seek for the conclusion but it could not be done. TOT required the Company to pay revenue sharing calculated on gross interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company had to pay to other operators. Thus, on January 26, 2011, TOT sent a letter demanding the Company had to pay the revenue sharing on the interconnection charges of the Agreement for operations year 17<sup>th</sup> - 20<sup>th</sup> in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month. However the Company disagreed and sent a letter opposing the claim to TOT and the Company submitted the dispute to the Alternative Dispute Resolution Office, the Arbitration Institute ref. black case no. 19/2554 on March 9, 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing.

On July 29, 2014, TOT submitted a dispute no. 55/2557 demanding the Company to pay additional payment for the revenue sharing on the interconnection charges of the operation years 21<sup>st</sup> - 22<sup>nd</sup> in the amount of Baht 9,984 million plus interest at 1.25% per month on its outstanding and computing from the default date until the full amount is paid. In addition, TOT requested this case to be under the same consideration with the black case no. 19/2554 to the Arbitral Tribunal.

On August 23, 2016, the Company submitted the dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, under the black case no. 83/2559 requesting the Arbitral Tribunal to give an award on the ground that TOT had no right to claim for such revenue sharing on the interconnection charges of the operation years 23<sup>rd</sup> - 25<sup>th</sup> in the amount of Baht 8,368 million plus interest at 1.25% per month on its outstanding amount for each year subject to the request by TOT.



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On August 17, 2018, the Arbitration Institute had an award for the Black case No. 19/2554 to dismiss TOT demanding to claim the Company for revenue sharing on the interconnection charges of the Agreement for operations year 17<sup>th</sup> - 20<sup>th</sup> in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month, ascribe that TOT had no right to claim for such amount, and prohibit TOT from claiming for operational bank guarantee in accordance with the agreement and minimum payment guarantee for operational year 17<sup>th</sup> - 20<sup>th</sup>. Moreover, the Arbitration Institute had dismissed a dispute No. 55/2557 and had ordered TOT to pay the Company for overpayment in revenue sharing on the interconnection charges by Baht 110 million within 60 days from receiving such award together with additional interest payment at 7.5% per annum if TOT made payment after due date. TOT has filed a petition to revoke the Arbitral Tribunal's award to the Central Administrative Court and under the process of consideration.

Currently, the dispute Black case No. 83/2559 has been considered by the Arbitration process. The Company's management believes that it will not incur significant expense more than the recorded amount.

### 2) Obligations of the bank guarantees in connection with the Agreement for operations ("the Agreement")

According to the Agreement, the Company has the duties to deliver the bank guarantees to TOT Public Company Limited ("TOT") to secure the payment of the minimum revenue sharing for each operation year and shall recover the bank guarantee of the past operation.

TOT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 17<sup>th</sup> - 21<sup>st</sup> for a total value of Baht 7,007 million by claiming that the Company had not completely paid the revenue sharing due to the deduction of the revenue sharing for the excise tax and the deduction of the Interconnection Charges. Currently, the dispute has been considered by the Arbitration process.

On May 11, 2011 and October 5, 2012, the Company submitted the disputes to the Alternative Dispute Resolution Office, the Arbitration Institute, under the black case no. 40/2554 and 119/2555 requesting the Arbitral Tribunal to award an order to TOT to return the bank guarantees to the Company because the Company had completely paid the revenue sharing for each operation year and had correctly complied with the law and the relating Agreements in all respects.

On February 10, 2014, the Arbitral Tribunal gave the arbitration award to order TOT to return the bank guarantees for the operation year 17<sup>th</sup> - 21<sup>st</sup> to the Company. On May 16, 2014, TOT submitted the black case no. 660/2557 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On May 19, 2014, the Company submitted the black case no. 666/2557 to the Central Administrative Court requesting TOT to return the bank guarantees for the 17<sup>th</sup> - 21<sup>st</sup> operation year to the Company according to the arbitration award and pay the bank guarantees fee of Baht 6.65 million which had been paid by the Company to the banks and plus interest at 7.5% per annum computing from the date that Company paid to the banks. Currently, this black case is in the Central Administrative Court procedure.

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### 3) 900 MHz subscribers migration to 3G 2100 MHz

On September 25, 2014, TOT Public Company Limited (“TOT”) submitted a dispute under the black case no. 80/2557 to the Alternative Dispute Resolution Office Arbitration Institute demanding the Company to pay compensation from the 900 MHz subscribers porting to 3G 2100 MHz provided by its subsidiary in the amount of Baht 9,126 million plus interest at 7.5% per annum from September 25, 2014 until the full amount is paid.

On March 29, 2016, TOT submitted the revision to amend the compensation amount from May 2013 to September 2015, the ending of the Agreement for operations for the amount of Baht 32,813 million plus VAT and interest at 1.25% per month from June 2013 until the full amount is paid.

Currently, the case is in the Arbitration process. The Company’s management believes that the Company has correctly and fully complied with the related conditions of the Agreement in all respects then the outcome of the dispute should be settled favourably and has no considerable impact on the financial statements of the Company.

### 4) The claim for additional revenue from the 6<sup>th</sup> and 7<sup>th</sup> Amendments to the Agreement for operations (“the Agreement”)

On September 30, 2015, the Company submitted the dispute black case no. 78/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice to decide regarding the 6<sup>th</sup> Amendment dated May 15, 2001 and the 7<sup>th</sup> Amendment dated September 20, 2002 to the Agreement for operations to conduct business of Cellular Mobile Telephone that the amendments bind the Company and TOT Public Company Limited (“TOT”) to comply with the amendments until the expiration of the Agreement for operations and the Company has no obligation to pay for the additional revenue according to the letter claimed by TOT to the Company on September 29, 2015 regarding to request the payment of additional revenue in the amount of Baht 72,036 million which TOT has claimed that the 6<sup>th</sup> and 7<sup>th</sup> Amendments were material which caused TOT to receive lower revenue than the rate as specified in the Agreement for operations.

Currently, the dispute has been considered by the arbitrators which the Company’s management believes that the 6<sup>th</sup> and 7<sup>th</sup> Amendments to the Agreement for operations are binding and effective until the expiration of the Agreement for operations on September 30, 2015 because the Company has fully complied with all concerned Agreements. Moreover, the Council of State opined on this matter that the amendments to the Agreement for operations between TOT and the Company, case no. 291/2550 that “...the amendment process of the Agreement for operations which is the administrative contract can be separated from such amendment attached hereto, the amendments have still been in effect as long as it is not revoked or terminated by time, or otherwise...”. Therefore, the outcome of the said dispute should be settled favourably and has no considerable impact on the financial statements of the Company.

Later, on November 30, 2015, TOT submitted the dispute black case no. 122/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice to decrease the amount of the revenue claimed by TOT to Baht 62,774 million according to the percentage adjustability of revenue sharing upon the Agreement for operations. This case is the same as the dispute black case no. 78/2558. The Arbitral Tribunal have merged the two cases together.



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- 5) Space rental fee for tower and equipment for service under the Agreement for operations (“the Agreement”)

On September 30, 2015, TOT Public Company Limited (“TOT”) submitted the dispute black case no. 76/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office Court of Justice to decide regarding the Company rents 11,883 base stations, which used for the installation of towers and telecommunication equipment to provide telecommunication services (Cellular Mobile Telephone Service), under the Agreement for operations for additional 2 years from the expiration of the Agreement for operations. In case that the Company cannot perform such rental, the Company shall pay the said rental and all expenses during additional 2 years in the amount of Baht 1,911 million or place the money to the court.

Currently, the dispute has been considered by the arbitrators which the Company’s management believes that the Company has no obligation to pay for the space rental fee for tower and equipment related after the expiration of the Agreement for operations because the Company has rightfully conducted everything in accordance with the Agreement for operations. Therefore, the outcome of the dispute should be settled favourably and has no considerable impact on the financial statements of the Company.

- 6) The claim for installation and connection of telecom equipment within 900 MHz frequency band on the Base Site which Digital Phone Co., Ltd. (“DPC”) has transferred the title to CAT Telecom Plc. (“CAT”) subject to the Agreement for operations regarding Cellular Telecommunication Service between CAT and DPC.

On April 29, 2016, CAT filed a lawsuit against Advanced Info Services Public Company Limited (“the Company”) to the Central Administrative Court as the black case no.613/2559 for the removal of installed and connected telecom equipment used in cellular telecommunication services within 900 MHz frequency band or other frequencies or other telecom equipment of the Company installed in 95 base sites which DPC has transferred to CAT subject to the Agreement for operations without approval from CAT. Therefore, CAT demanded the Company to compensate for the usage of assets owned by CAT during January 2013 to April 2016 in the amount of Baht 125.52 million plus interest at the rate of 7.5% per annum from the filing date until the compensation is paid in full and to pay for damages from the filing date in the amount of Baht 2.83 million per month plus interest at the rate of 7.5% per annum of the claimed amount in each month to CAT until the removal of telecom equipment is completed.

On March 19, 2018, the Central Administrative Court had an order this said case transferred to be under the Civil Court by the Black case No. 1681/2561. Currently, the case is in consideration process of the Civil Court.

The Company’s management believes that the Company has correctly complied with the related conditions of the agreement in all respects then the outcome of this case should not be considerable impact on the financial statements of the Company.

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

- 7) The claim to the Central Administrative Court for revocation of the National Telecommunication Commission (“NTC”) order regarding to revenue incurred from the temporary service for 900 MHz customer protection period after the Concession end

On May 1, 2017, the Company filed a lawsuit against office of the National Broadcasting and Telecommunication Committee (“NBTC office”), the National Telecommunication Committee (“NTC”), the National Broadcasting and Telecommunication Committee (“NBTC”) and other 5 persons to the Central Administrative Court under the black case no. 736/2560 to revoke NBTC letter and NTC resolution of the NBTC office to demanded the Company to pay revenue at remedy period from October 1, 2015 to June 30, 2016 in the amount of Baht 7,221 million plus interest.

On June 15, 2017, the Company received the indictment dated April 21, 2017 by the NBTC and the NBTC office which filed a lawsuit against the Company for the same amount to the Central Administration Court as Black case no. 661/2560 demanded the Company to pay revenue at remedy period.

The Company’s management considered that the Company has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement and the Company has obliged to submit the revenue after deducting any expenses to NBTC office but the Company has the expenses more than the revenue incurred from the service. Therefore, the Company has no remaining revenue to submit to NBTC Office as stipulated in the announcement.

Currently, this case is in the process of the Central Administrative Court.

- 8) Claim for the additional revenue sharing from the rental charge for providing transmission services

TOT Public Company Limited (“TOT”) has submitted the dispute No. A1/2017 dated December 15, 2017 to the Arbitration Institute, Ministry of Justice (“THAC”) to claim for the payment regarding the additional revenue sharing from the rental charges for providing transmission services from January 2011 to September 2012 for the total amount of Baht 19.54 million and No. A1/2018 dated January 12, 2018 to claim for the payment regarding the additional revenue sharing from the rental charges for providing transmission services from October 2012 to September 2015 in the total amount of Baht 1,121.92 million (included VAT) including default interest rate at the rate 1.25 percent per month according to TOT view that the Company shall collect the rental charges for providing transmission services as the rate specified by TOT which is higher than the rental rate charged to the tenant.

On February 8, 2018, the Company has submitted the Black case No. Kor.1/2561 to the Central Administrative Court to revoke the THAC’s order for consideration the dispute No. A1/2017.

On March 2, 2018, the Central Administrative Court has dismissed the Black case No. Kor.1/2561.

On March 5, 2018, the Company has submitted the Black case No. Kor.2/2561 to the Central Administrative Court to revoke the THAC’s order for consideration the dispute No. A1/2018.

On March 16, 2018, the Central Administrative Court has dismissed the Black case No. Kor.2/2561.

Subsequently, on April 5, 2018 and April 11, 2018, the Company had appealed the dismissal the Black case No. Kor.1/2561 and the Black case No. Kor. 2/2561, respectively.

Currently, the said disputes are in the arbitration process. The Company’s management believes that the rental rate charged at the reasonable market price by the Company and also approved by NBTC.

## NOTE TO THE FINANCIAL STATEMENTS

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

- 9) Claim for the usage of co-location, site facilities and its related equipment rental for asset under Cellular Mobile Telephone providing during the temporary customer protection period after the Concession ended of Cellular Mobile Telephone

On February 15, 2018, TOT Public Company Limited (“TOT”) has submitted the dispute No. A3/2018 to the Arbitration Institute, Ministry of Justice (“THAC”) to claim for the payment regarding the usage of co-location, site facilities and its related equipment rental for asset under Cellular Mobile Telephone providing during the temporary customer protection period after the Concession ended in the total amount of Baht 183.44 million (included VAT) plus default interest rate at 1.25 percent per month.

On April 5, 2018, the Company has submitted the Black case No. Kor.3/2561 to the Central Administrative Court to revoke the THAC’s order for consideration the dispute No. A3/2018.

On April 25, 2018, the Central Administrative Court has dismissed the Black case No. Kor.3/2561.

Subsequently, on May 21, 2018, the Company had appealed the dismissal the Black case No. Kor.3/2561.

Currently, the said case is in the arbitration process. The Company’s management believes that the Company has correctly and complied with the relating conditions of the Agreement and the announcement of the National Broadcasting and Telecommunication Committee in all respects then the outcome of the dispute should be settled favourably and has not considered to materially impact on the financial statements of the Company.

- 10) Claim for the revenue sharing from provision of roaming services

On September 27, 2018, TOT Public Company Limited (“TOT”) has submitted the dispute as Black case No. 67/2561 to the Arbitration Institute, the Alternative Dispute Resolution Office Court of Justice to claim from the Company for the additional revenue sharing from provision of roaming services from the discount of service fees without prior consent from TOT since July 2013 - September 2015 in the total amount of Baht 16,252.66 million, value added-tax plus default interest rate at 1.25% per month.

Currently, the said case is in the arbitration process. The Company’s management believes that the Company has correctly and complied with the relating conditions of the Agreement in all respects, therefore the outcome of the dispute should not materially impact the financial statements of the Company.

- 11) The transferring of tower under the Agreement for operations between TOT Public Company Limited (“TOT”) and the Company

On July 21, 2014, the Company submitted the disputes no. 53/2557 to the Dispute Reconciliation, the Court of Justice to request the Arbitral Tribunal to give an award that transferred by 13,198 towers to TOT Public Company Limited (“TOT”) are not the telecommunication equipment which the Company have the duty to transfer to TOT as stipulated in the Agreement and requested for revenue sharing from that said asset by Baht 516 million.

On March 12, 2015, TOT has submitted the objection such dispute and made a counterclaim requested for remaining additional non-transferred by 105 towers including default interest on related revenue sharing by Baht 16 million.

## NOTE TO THE FINANCIAL STATEMENTS

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

On November 17, 2018, the Company received TOT's petition and objection dated February 15, 2016, filing an objection and submitting additional counterclaims. By enforcing the Company to deliver 1,429 additional towers, which belong to the Company's subsidiary. If the delivery cannot be made, the Company will have to make a payment of Baht 1,200 million. During the period before November 17, 2018, the Company did not acknowledge such petition.

Currently, the said case is in the arbitration process. The Company's management believes that the Company has correctly and complied with the relating conditions of the Agreement in all respects, and 1,429 additional tower towers, which are not the property of the company, which TOT will exercise the right to enforce. Therefore the outcome of the dispute should not materially impact the financial statements of the Company.

### Digital Phone Company Limited ("DPC")

- 1) The deduction of excise tax from the revenue sharing between DPC and CAT Telecom Public Company Limited ("CAT")

On January 9, 2008, CAT Telecom Public Company Limited ("CAT") submitted a dispute under the black case no. 3/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice demanding DPC, a subsidiary, to pay additional payment of revenue sharing under the Digital Personal Communication Network Contract in the amount of Baht 2,449 million plus penalty at the rate of 1.25% per month of the unpaid amount of each year computing from the default date until the full payment is made which total penalty calculated up to December 2007 is Baht 1,500 million, totaling Baht 3,949 million.

Later, on October 1, 2008, CAT submitted the petition to adjust the amount claimed to Baht 3,410 million which calculated from the outstanding revenue sharing up to January 2008 including penalty in amount of Baht 790 million and value added tax in amount of Baht 171 million.

This amount is the same as an excise tax that DPC had delivered to the Excise Department during September 16, 2003 to September 15, 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated February 11, 2003 has correctly complied and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries. Moreover, CAT had sent a letter No. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet's resolution.

On March 1, 2011, the Arbitral Tribunal dismissed the case by giving the reason which can be summarized that DPC was not in breach of the Agreement since DPC has completely made the payment of the revenue sharing and all debt was paid in full. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

On June 3, 2011, CAT submitted the black case no. 1259/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On July 28, 2015, the Central Administrative Court reached its decision to dismiss such dispute made by CAT to revoke the Arbitral Tribunal's award.

On August 25, 2015, CAT appealed such dismissal to the Supreme Administrative Court under black case no. Or 1070/2558. Currently, this case has been considered by the Supreme Administrative Court.

## NOTE TO THE FINANCIAL STATEMENTS

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

- 2) The deduction of access charge from revenue sharing between DPC and CAT Telecom Public Company Limited (“CAT”)

Pursuant to the resolution of the meeting on January 14, 2004 between TOT Public Company Limited (“TOT”), CAT Telecom Public Company Limited (“CAT”), Digital Phone Company Limited (“DPC”), a subsidiary, and True Move Company Limited (“True Move”) by the Minister of the Information and Communications Technology Ministry, the Chairman, that TOT consented to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 /number/month to DPC and True Move starting from the 6<sup>th</sup> operation year as Total Access Communication Public Company Limited (“DTAC”).

On October 12, 2006, TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demand CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully payment is made.

On July 29, 2008, CAT submitted a dispute under black case no. 68/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7<sup>th</sup> -10<sup>th</sup> operation year) plus value added tax and interest at the rate 1.25 percent per month of the above principal amount starting from the default date of each year since the 7<sup>th</sup> -10<sup>th</sup> operation year until the full payment is made.

On October 15, 2009, CAT submitted a dispute under black case no. 96/2552 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 22 million (additional consideration of the 11<sup>th</sup> operation year) including the penalty at the rate of 1.25 percent per month which calculated up to October 15, 2009, total amount of claim is Baht 26 million.

On March 23, 2012, the Arbitral Tribunal dismissed the said two disputes by giving the reason which can be summarized that CAT has not yet paid the discount Baht 22/number/month to TOT. Moreover, CAT cannot prove that DPC has breached the Agreement and has made the payment of revenue sharing incorrectly. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

On June 25, 2012, CAT submitted the black case no. 1016/2555 to the Central Administrative Court to revoke the Arbitral Tribunal’s award, and on September 16, 2014, the Central Administrative Court issued the dismissal order of this case. Later, on October 15, 2014, CAT appealed such dismissal to the Supreme Administrative Court. Currently, this case has been considered by the Supreme Administrative Court.

## NOTE TO THE FINANCIAL STATEMENTS

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

- 3) Claim for the access charge payment and the deduction of access charge from revenue sharing between DPC, CAT Telecom Public Company Limited (“CAT” ) and TOT Public Company Limited (“TOT”)

On May 9, 2011, TOT Public Company Limited (“TOT”) submitted the black case no. 1099/2554 to the Central Administrative Court against CAT Telecom Public Company Limited (“CAT”) as the defendant no. 1 and Digital Phone Company Limited (“DPC”) as the defendant no. 2 demanding CAT and DPC to pay the access charge amounting to Baht 2,436 million plus value added tax and interest calculated up to May 9, 2011, total amount of claim is Baht 2,954 million plus interest until the full payment is made as follows:

- 1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 432 million.
- 2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 2,331 million.
- 3) The discount of access charge at the rate of Baht 22/number/month that DPC deducted from the revenue sharing, in the amount of Baht 191 million. Part of this demand is the same amount as CAT has claimed according to the dispute under black case no. 68/2551 mentioned above but different in terms of the calculation period and interest.

Later, on July 31, 2014, TOT submitted a petition for revision to adjust the access charge amounting to Baht 5,454 million calculated up to September 16, 2013 which is the date of the Agreement for operation period ended plus valued add tax and interest calculated up to July 10, 2014, plus interest calculated from July 10, 2014 until full payment is made as follows:

- 1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 1,289 million.
- 2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 3,944 million.
- 3) The discount of access charge at the rate of Baht 22/number/month that DPC deducted from the revenue sharing, in the amount of Baht 221 million.

Currently, this case has been considered by the Central Administrative Court. The Company’s management believes that the outcome of this case shall be in favour of DPC and have no material impact on the consolidated financial statements of the Group since DPC has correctly complied with the law and the relating Agreements in all respects.



## NOTE TO THE FINANCIAL STATEMENTS

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

- 4) The reduction of roaming fee between DPC and CAT Telecom Public Company Limited (“CAT”)

CAT Telecom Public Company Limited (“CAT”) allowed Digital Phone Company Limited (“DPC”), a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for three-month period several times until March 31, 2007. After that, CAT did not notify DPC of any changes until on March 24, 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from April 1, 2007. On May 8, 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On March 31, 2009, CAT approved DPC to charge roaming fee at Baht 1.10 per minute during January 1, 2009 - March 31, 2009. Moreover, DPC entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission (“NTC”) on June 16, 2009.

On July 15, 2010, CAT submitted a dispute under black case no. 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10<sup>th</sup> - 12<sup>th</sup> operation year that DPC reduced roaming fee per minute from Baht 2.10 to Baht 1.10 during April 1, 2007 - December 31, 2008 in amount of Baht 1,636 million plus penalty computing up to March 2010 of Baht 364 million, totaling Baht 2,000 million and penalty at the rate of 1.25 percent per month from April 2010 until the full amount is paid by alleging that CAT approved the said roaming fee reduction up to March 31, 2007 only.

On September 12, 2011, CAT submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute under black case no. 89/2554 demanding DPC to make additional payment of revenue sharing of 12<sup>th</sup> operation year which DPC reduced roaming fee from Baht 2.10 per minute to Baht 1.10 per minute during April 1, 2009 - June 15, 2009 in the amount of Baht 113 million plus penalty at the rate of 1.25% per month from April 1, 2009 until the full amount is paid.

Currently, the dispute has been considered by the Arbitration process. The Company’s management believes that the outcome of this dispute shall have no material impact on the consolidated financial statements of the Group since DPC has correctly complied with the law and the relating Agreements in all respects.

- 5) The damage arisen from uncollectible international call service charges between DPC and CAT Telecom Public Company Limited (“CAT”)

On April 8, 2011, CAT Telecom Public Company Limited (“CAT”) submitted a dispute under black case no. 32/2554 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding DPC to pay Baht 33 million including interest at the rate of 15% per annum of the claimed amount, total amount of claim Baht 35 million by alleging that DPC has committed a breach of the Digital PCN (Personal Communication Network) Service Agreement due to subscriber fraud on the Digital PCN Service Agreement between DPC and subscribers for 1,209 numbers during 1997 - 2003 causing damages to CAT where CAT was unable to collect the international call service charges occurred from the use of such numbers.

## NOTE TO THE FINANCIAL STATEMENTS

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

On May 28, 2013, the Arbitral Tribunal reached its decision to dismiss such dispute by stating that it is not about breach of the agreement but whether there has been a wrongful act. Therefore, the dispute is not within the Jurisdiction of the Arbitral Tribunal.

On September 6, 2013, CAT submitted the black case no. 1767/2556 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Currently, this case has been considered by the Central Administrative Court process.

### 6) Revenue sharing on interconnection charge between DPC and CAT Telecom Public Company Limited ("CAT")

On August 24, 2012, CAT submitted a dispute under black case no. 110/2555 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of the 10<sup>th</sup> - 14<sup>th</sup> operation year totaling Baht 183 million and penalty at the rate of 1.25% per month of the above principal amount starting from the default date of each year until the full amount is paid.

On April 1, 2014, CAT submitted a dispute under black case no. 26/2557 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 15<sup>th</sup> - 16<sup>th</sup> operation year totaling Baht 203 million plus default interest at the rate of 7.5% per annum and penalty at the rate of 1.25% per month of the above principal amount starting from the default date of each year until the full payment is made. Such amount represents the revenue sharing which CAT calculated on gross interconnection charge received by DPC from other operators at the percentage rate specified in the Agreement without deduction of interconnection charge which DPC has to pay to other operators.

Currently, the dispute has been considered by the Arbitration procedures. The Company's management believes that the outcome of this dispute shall be settled favourably and has no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the related conditions of the Agreement in all respects.

### 7) Obligations of the bank guarantees in connection with the Agreements for Operations

According to the Agreement for Operations, Digital Phone Company Limited ("DPC") has the duties to deliver the bank guarantees to CAT Telecom Public Company Limited ("CAT") to secure the payment of the minimum revenue sharing for each operation year and shall recover the bank guarantee of the previous operating year.

CAT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 10<sup>th</sup> - 14<sup>th</sup> for a total value of Baht 2,606 million by claiming that DPC had not completely paid the revenue sharing due to the deduction of the revenue sharing for the Excise Tax and the deduction of the Interconnection Charges, the discount of Access Charges and the reduction of the rate of roaming charge where the disputes of which have been pending the consideration of the Arbitral Tribunal.

On October 8, 2012, DPC submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, black case no. 120/2555 requesting the Arbitral Tribunal to award an order to CAT to return the bank guarantees to DPC because DPC has completely paid the revenue sharing for each operation year and has correctly complied with the law and the relating Agreements in all respects.



## NOTE TO THE FINANCIAL STATEMENTS

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

On May 28, 2015, the Arbitral Tribunal reached its decision to award an order to CAT to return the bank guarantees and its bank fees to DPC. Later, on September 15, 2015, CAT has submitted the black case no. 1671/2558 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

Later on September 13, 2018, the Central Administrative Court has dismissed the CAT's Black case No. 1671/2558 that revoke the Arbitral Tribunal's award, on the reason that the award is correct and in compliance with law. The award by Arbitral Tribunal did not affect public interests and good morals, therefore such award by Tribunal Arbitral is perfectly effective. However, CAT has appealed to the Supreme Administrative Court. Currently, it is under the consideration of the Supreme Administrative Court.

The Group's management believes that the outcomes of this dispute shall be settled favourably since DPC has correctly complied with the related conditions of the Agreement in all respects as the Arbitral tribunal's and the Central Administration Court's decision.

- 8) The claim for the usage/revenue arising from the use of telecommunication equipment and telecommunication network during the temporary customer protection period after the Concession ended

On May 20, 2015, CAT Telecom Public Company Limited ("CAT") filed a lawsuit against office of the National Broadcasting and Telecommunication Committee ("NBTC Office"), National Telecommunication Committee ("NTC"), National Broadcasting and Telecommunication Committee ("NBTC"), Truemove Company Limited ("True Move"), and Digital Phone Company Limited ("DPC") to the Central Administrative Court black case no.918/2558 to pay for the fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT during the temporary customer protection period, subject to the announcement of NBTC regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement, calculated from September 16, 2013 to September 15, 2014, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 24,117 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 18,025 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 6,083 million plus interest at the rate of 7.5% per annum.

On September 11, 2015, CAT filed a lawsuit to the Central Administrative Court black case no. 1651/2558 claimed for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT from September 16, 2014 to July 17, 2015, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 6,521 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 4,991 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,635 million plus interest at the rate of 7.5% per annum.

## NOTE TO THE FINANCIAL STATEMENTS

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

On May 27, 2016, CAT filed a lawsuit to the Central Administrative Court black case no. 741/2559 claimed for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT from July 18, 2015 to November 25, 2015, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 2,857 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 2,184 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 673 million plus interest at the rate of 7.5% per annum.

Currently, the dispute has been considered by the Central Administrative Court which the management of the Company believes that DPC has no obligation to pay for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network as claimed by CAT due to DPC has complied in accordance with the announcement of NBTC. Therefore, the outcome of the said dispute should be settled favourably and has no considerable impact on the consolidated financial statements of the Group.

- 9) The claim to the Central Administrative Court for revocation of the NTC order regarding to revenue incurred from the temporary service for customer protection period after the Concession end

On November 16, 2015, Digital Phone Company Limited (“DPC”), filed a lawsuit against the National Broadcasting and Telecommunication Committee (“NBTC”) to the Central Administrative Court under case no. 1997/2558 to revoke NTC resolution which office of the NBTC has demanded DPC to deliver revenue at remedy period starting from September 16, 2013 to July 17, 2014 in the amount of Baht 628 million.

In the same case, on September 16, 2016, NBTC and office of the National Broadcasting and Telecommunication Committee (“NBTC office”) filed a complaint to the Central Administrative Court as the Black Case No. 1441/2559 requesting DPC to submit the revenue sharing during remedy period, from September 16, 2013 to July 17, 2014 in the amount of Baht 680 million (including interest up to submitted date by Baht 52 million) plus interest at the rate of 7.5% per annum of the claim amount from the next day of the submit date until DPC deliver all revenue sharing in full.

On September 7, 2018, the office issued a letter informing the resolution of the NBTC to allow DPC to send money from the service income during the protection of all subscribers, totaling Baht 869 million and when the NBTC had ever the order for DPC to send money for the first period until the amount of Baht 628 million, the remaining amount to be paid is Baht 241 million. On 7 December 2018, DPC filed a lawsuit with the Central Administrative Court to revoke such resolution of NTC.

The Company’s management considered that DPC has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2013, and the Company has obliged to submit the revenue after deducting any expenses to NBTC but DPC has the expenses more than the revenue incurred from the service. Therefore, DPC has no revenue remaining in order to submit to NBTC as stipulated in the announcement.

Currently, the said case is in the process of the Central Administrative Court.

## NOTE TO THE FINANCIAL STATEMENTS

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

- 10) The claim for providing of telecom equipment and the telecommunication networks under the Agreement for operations regarding cellular telecommunication services (“the Agreement”) between CAT Telecom Public Company Limited (“CAT”) and Digital Phone Company Limited (“DPC”) to other operators to use.

On June 30, 2016, CAT submitted a dispute under black case no. 57/2559 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to remove telecom equipment and the telecommunication networks used in cellular telecommunication services under 2100 MHz and the other telecom equipment owned by Advanced Wireless Network Company Limited (“AWN”) and under 900 MHz owned by Advanced Info Service Public Company Limited (“the Company”) which is installed in 97 base stations subject to the Agreement operated by DPC without the approval from CAT.

In case that DPC does not agree to remove such disputes assets for whatsoever reasons, CAT shall demand DPC to pay in the amount of Baht 4.84 million per month plus interest at the rate of 7.5% per annum from the next day of the submit date of such dispute until the completion date of such removal of telecom equipment and to pay for damages for the consent for AWN and the Company to use its disputed assets which owned by CAT in 97 base stations during January 2013 until June 2016 in the total of Baht 175.19 million plus interest at the rate of 7.5% per annum of the claimed amount and also prohibited DPC to provide such disputed assets to other operator without written consent from CAT.

Currently, the dispute has been considered by the Alternative arbitration process. The Company’s management believes that DPC has correctly and fully complied with the related conditions of such Agreement in all respects then the outcome of the said dispute should not be considerable impact on the consolidated financial statements of the Group.

- 11) The claim for transferring telecom equipment under the Agreement for operations regarding cellular telecommunication services (“the Agreement”) between CAT Telecom Public Company Limited (“CAT”) and Digital Phone Company Limited (“DPC”).

On March 28, 2018, DPC received a Black Dispute No. 6/2561 dated January 31, 2018, which CAT submitted it to the Alternative Dispute Resolution Office, the Arbitration Institute, to claim for transferring telecom equipment under the Agreement such as Tower, Container, Power Supply, Mobile Number Portability Enable and Call Center System including opportunity cost totaling Baht 13,431 million plus default interest rate at 7.5% per annum on principle amount or payment by the same amount instead of transfers such disputed equipment.

Currently, the dispute is in the arbitration process. The Company’s managements believe that DPC has correctly and fully complied with the related conditions of such Agreement in all respects then the outcome of the said dispute should not be significant impact on the consolidated financial statements of the Group.

- 12) The claim for transferring towers and containers under the Agreement for operations regarding cellular telecommunication services (“the Agreement”) between CAT Telecom Public Company Limited (“CAT”) and Digital Phone Company Limited (“DPC”).

On July 15, 2014, DPC submitted the disputes no. 49/2557 to the Thai Arbitration Institute. Dispute Resolution Bureau Office of the Judiciary to request the Arbitral Tribunal to give an award that transferred by 152 towers and 115 containers to CAT Telecom Public Company Limited (“CAT”) are not the telecommunication equipment which DPC have the duty to transfer to CAT as stipulated in the Agreement and requested for revenue sharing from that said asset by Baht 2 million.

## NOTE TO THE FINANCIAL STATEMENTS

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

On November 14, 2018, DPC received a Black No. 76/2561 date October 31, 2018 which CAT Telecom Public Company Limited (“CAT”) submitted it to the Thai Arbitration Institute, Dispute Resolution Bureau Office of the Judiciary in order to have a decision for DPC to deliver 155 towers (telecommunication towers), if DPC unable to deliver, DPC will have to pay damages in the amount of Baht 72 million as well as business opportunity cost for the use of poles and use of containers including interest totaling Baht 284 million and Baht 145 million, respectively. The total amount is Baht 501 million.

Currently, the dispute is in the arbitration process. The Company’s managements believe that DPC has correctly and fully complied with the related conditions of such Agreement in all respects then the outcome of the said dispute should not be significant impact on the consolidated financial statements of the Group

### **Advanced Wireless Network Company Limited (“AWN”)**

- 1) The claim for installation and connection of 2100 MHz frequency band telecom equipment of AWN on the Base Site which Digital Phone Co., Ltd. (“DPC”) already transferred the title to CAT Telecom Public Company Limited. (“CAT”) subject to the Agreement for Operations regarding Cellular Telecommunication Service between CAT and DPC (“the Agreement”)

On June 30, 2016, CAT filed a lawsuit to the Central Administrative Court as the black case No.1039/2559 against Advanced Wireless Network Company Limited (“AWN”) for the removal of such installed and connected telecom equipment used in cellular telecommunication services within 2100 MHz frequency band or other frequencies or other telecom equipment of AWN installed in 67 base stations which DPC has transferred to CAT subject to the Agreement for Operations without the approval from CAT. Therefore, CAT demanded AWN to pay the damages for the usage of such assets owned by CAT during January 2013 until June 2016 in the amount of Baht 57.53 million plus interest at the rate of 7.5% per annum from the filing date until the compensation is paid in full and to pay for damages from the filing date in the amount of Baht 2 million per month plus interest at the rate of 7.5% per annum of the accrued damages in each month to CAT until the removal of telecom equipment is completed and also prohibited AWN to install and connect its telecom equipment used in cellular telecommunication services in 2100 MHz frequency band or other frequencies or other telecom equipment of AWN on base sites owned by CAT under the Agreement between CAT and DPC without written consent from CAT.

On March 19, 2018 the Central Administrative Court had an order this said case transferred to be under the Civil Court by Black case No. 1680/2561. Currently, the case is in consideration process of the Civil Court.

The Company’s management believes that AWN has correctly and fully complied with the related conditions of the Agreement in all respects then the outcome of the said case should not be considerable impact on the consolidated financial statements of the Group.

## NOTE TO THE FINANCIAL STATEMENTS

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

- 2) The claim of payment for usage in telecom equipment and networks, internal building transmission and electricity co-usage under the Agreement for operations between Advanced Info Service Public Company Limited (“AIS”) and TOT Public Company Limited (“TOT”)

On February 11, 2017, Advanced Wireless Network Company Limited (“AWN”) received the Complaint Civil Black Case No. 454/2560 dated January 31, 2017 which TOT Public Company Limited (“TOT”) filed a lawsuit against AWN to pay usage regarding telecom equipment and networks, internal building transmission and electricity co-usage which the Company has use of such assets during October 1, 2015 until June 30, 2016 in the amount of Baht 559.62 million and interest of Baht 15.87 million from the default date. Total principal and interest amount are Baht 575.48 million plus interest of 7.5% per annum of principal amount, Baht 559.62 million, counting from the date of filing until the payment has been made in full.

On May 31, 2018 the Civil court gave the decision and order AWN to pay for usage regarding telecom equipment and networks, internal building transmission and electricity co-usage to TOT.

On November 19, 2018 AWN had appealed such decision. The Company’s management believes that the outcome of the said case should not be considerable impact on the consolidated financial statements of the Group.

#### 40. EVENT AFTER THE REPORTING PERIOD

##### **Dividends**

On February 7, 2019, the Board of Directors’ meeting passed a resolution proposing to the Annual General Shareholders’ Meeting the payment of dividends for the year 2018, at the rate of Baht 7.08 per share, Baht 3.78 each of which was paid as an interim dividend on August 29, 2018. The proposed dividends shall be approved by the shareholders.

#### 41. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 7, 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Maintained leadership in mobile business

In FY18 competition in mobile industry remained elevated particularly on data pricing with fixed speed unlimited price plan while handset subsidies were more locally-focused compared to last year. With accumulation of fixed-speed unlimited subscribers, revenue and ARPU have been pressured. However, from 3Q18 onward AIS along with other operators have rebalanced pricing structure to ease impact on ARPU. As a result, AIS's mobile revenue for FY18 was Bt124,601mn, softly growing 1.3% YoY. While 4G demand continues to rise, AIS aiming to strengthen our leadership position in delivering the best mobile data network decided to bid for an additional 1800MHz spectrum, resulting in AIS having the largest bandwidth of 2x60MHz in the industry. Consequently, we have evidently seen an improvement of network quality against peers while brand perception enhanced. That said, we have well added 1mn mobile customers in 2H18.

## Expanded fixed broadband and strengthened digital services

AIS Fibre continued to grow healthily, despite intense competition, with revenue reaching Bt4,436mn, a 42% increase YoY. The growth was driven by added subscribers of 209,300 or around (estimated) 20% share of industry which totaled year-end subscribers at 730,500. On other digital services, AIS continued to scale up several platforms to serve both consumers and enterprises. Our VDO platform called AIS PLAY received higher awareness and was listed among the top five of video-viewing applications with current active subscribers climbing to 1.7mn. The mobile money platform under a joint venture, Rabbit LINE Pay, expanded its payment coverage to the sky train mass transit and grew monthly active users to 850,000. The enterprise business strengthened by CSL acquisition helped enhance AIS's capability to serve enterprise

segment in areas such as enterprise data service and cloud which grew double digit while both AIS and CSL continued to have presence as strong brands in the market.

## Implemented company-wide cost optimization

With low growth market, AIS has been focusing on optimizing and digitizing the core operation including network and service. This resulted in overall network OPEX (excluding cost of TOT partnership) to stay flat YoY or remained at 8% of core service revenue. The focus on effective spending amidst intense competition also translated into a 4% reduction in total marketing expenses YoY. FY18 CAPEX was lowered as 4G coverage was mostly completed and investment of Bt20bn was to mainly support added capacity and FBB network.

## Expect mid-single digit growth in FY19

In summary, AIS delivered Bt133,429mn of core service revenue for FY18, a growth of 3.8% YoY. EBITDA increased 4.7% YoY to stand at Bt73,792mn or a margin (excluding equipment rental) of 45.2%, up from 44.7% in FY17. With continued network investment, net profit was reported at Bt29,682mn, slightly declining 1.3% YoY. For FY19, AIS expects to grow mid-single digit driven by all business segments. EBITDA margin is expected to be stable while budgeted for CAPEX of Bt20-25bn (see guidance on page 257).

## Significant Event for FY19

Since 1 January 2019, AIS has adopted Thai Financial Reporting Standards (TFRS) 15, Revenue from Contracts with Customers. The standard affects the accounting of handset campaigns which are contracted with price plans. Prior to 2019, AIS fully expensed handset subsidy as either handset loss or marketing expense. With the effect of TFRS 15, key financial changes, compared to prior to 2019, will be as follows:



- Device subsidy previously recognized as handset loss will be reallocated between device sales and service revenue weighted by fair market values of the handset price and full-contract price plan. As a result, device sales would increase and service revenue would decrease. Also, device subsidy recognized as marketing expense will be capitalized as contract assets and amortized against the service revenue over the customer contract term.

- On balance sheet, there will be a new item namely “Contract assets”, representing the difference between the revenue recognized and the upfront cash received from customers as well as capitalized device subsidies.

Considering the entire contract term, profitability of the contract remains the same. Please note that our guidance for FY19 provided on page 257 does not take into account TFRS 15 and is based on the same accounting principle as in FY18. Please see note 2 for more detail on TFRS 15.

### Market and Competitive Environment

Following the softened mobile growth last quarter, operators have gradually stopped providing fixed-speed unlimited price plans and expect the impact of suppressed ARPU to slowly be unwind. Handset subsidies remained elevated in 4Q18 due to seasonality while aggressive campaigns remained in targeted areas. After completing spectrum auctions in 3Q18, overall 4G networks have improved following the deployment of the additional bandwidth, which is expected to help control operator’s investment plans in the following year.

Competition in fixed broadband in 4Q18 was stable from the last quarter without prominent price cut. However, throughout the year the standard speed of the market has shifted from 30Mbps in 2017 to 50Mbps

in 2018 with a similar price range of around Bt600. Overall, pure broadband operators mainly used pricing strategy while integrated operators increasingly emphasized convergence offerings highlighting on higher package value. This has resulted in the narrowing price gap between pure and convergence price plans.

### 4Q18 Financial and Operational Summary

In 4Q18, core service revenue was Bt33,683mn, increasing 3.3% YoY and 1.7% QoQ, driven by both mobile and fixed broadband business. Mobile subscribers continued the improving trend with total net addition of 522,200, 66% of which was from prepaid. Price-plan rebalancing focusing on offering full 4G speed and increasing 4G adoption to 59% resulted in mobile revenue of Bt31,364mn, growing 1.1% YoY and 1.6% QoQ while ARPU declined 0.7% YoY but improved 0.2% QoQ. Growth in postpaid segment continued to expand to 20% of total subscribers, compared to 18% last year. AIS Fibre maintained the focus on quality acquisition in 57 key cities gaining a net addition of 53,800 subscribers, similar pace to that of 3Q18. However, with price competition, ARPU declined to Bt574 from Bt635 in 4Q17 but stabilized from 3Q18.

Regulatory fee was Bt1,420mn and accounted for 4.2% of core service revenue, steady from last quarter. Network OPEX was Bt7,366mn, increasing 47% YoY and 2% QoQ as we concluded the partnership contract with TOT. Excluding the accounting impact from recording cost of partnership with TOT, network OPEX would increase 6.5% YoY and 2.1% QoQ following ongoing cost optimization. To support brand awareness and seasonal handset campaigns, marketing expenses and handset loss were Bt3,045mn in total, increasing 27% YoY and 11% QoQ. Total SG&A hence increased 9.9% YoY and 2.6% QoQ to stand at Bt6,968mn.

EBITDA stood at Bt18,071mn, decreasing 2.1% YoY but increasing 1.4% QoQ, a 42.6% EBITDA margin (excluding equipment rental). Depreciation and amortization were Bt8,767mn, increasing 9% YoY and

4.4% QoQ from the new 1800MHz spectrum license as well as investment in 4G and fixed broadband. As a result, net profit was Bt6,839mn, decreasing 11% YoY but increasing 0.6% QoQ.

| Mobile Business               |                   |                   |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Subscribers                   | 4Q17              | 1Q18              | 2Q18              | 3Q18              | 4Q18              |
| Postpaid                      | 7,390,100         | 7,617,100         | 7,822,600         | 8,014,700         | 8,189,900         |
| Prepaid                       | 32,665,400        | 32,432,900        | 32,272,100        | 32,632,300        | 32,979,300        |
| <b>Total subscribers</b>      | <b>40,055,500</b> | <b>40,050,000</b> | <b>40,094,700</b> | <b>40,647,000</b> | <b>41,169,200</b> |
| <b>Net additions</b>          |                   |                   |                   |                   |                   |
| Postpaid                      | 163,300           | 227,000           | 205,500           | 192,100           | 175,200           |
| Prepaid                       | -294,100          | -232,500          | -160,800          | 360,200           | 347,000           |
| <b>Total net additions</b>    | <b>-130,800</b>   | <b>-5,500</b>     | <b>44,700</b>     | <b>552,300</b>    | <b>522,200</b>    |
| <b>ARPU (Baht/sub/month)</b>  |                   |                   |                   |                   |                   |
| Postpaid                      | 581               | 578               | 574               | 562               | 571               |
| Prepaid                       | 183               | 184               | 183               | 178               | 176               |
| <b>Blended</b>                | <b>256</b>        | <b>257</b>        | <b>258</b>        | <b>253</b>        | <b>254</b>        |
| <b>MOU (minute/sub/month)</b> |                   |                   |                   |                   |                   |
| Postpaid                      | 257               | 251               | 242               | 241               | 244               |
| Prepaid                       | 151               | 148               | 136               | 124               | 121               |
| <b>Blended</b>                | <b>170</b>        | <b>168</b>        | <b>156</b>        | <b>147</b>        | <b>145</b>        |



| VOU (GB/data sub/month)       |            |            |            |             |             |
|-------------------------------|------------|------------|------------|-------------|-------------|
| Postpaid                      | 8.3        | 9.2        | 10.9       | 12.7        | 14.0        |
| Prepaid                       | 6.2        | 7.0        | 8.2        | 9.2         | 9.8         |
| <b>Blended</b>                | <b>6.7</b> | <b>7.6</b> | <b>8.9</b> | <b>10.1</b> | <b>10.9</b> |
| Device Penetration            |            |            |            |             |             |
| 4G-handset penetration        | 46%        | 50%        | 54%        | 57%         | 59%         |
| Fixed Broadband Business      |            |            |            |             |             |
| FBB subscriber                | 521,200    | 571,800    | 623,400    | 676,700     | 730,500     |
| FBB net addition              | 39,700     | 50,600     | 51,600     | 53,300      | 53,800      |
| FBB ARPU<br>(Baht/user/month) | 635        | 618        | 610        | 573         | 574         |

## FY18 Financial Summary

### Revenue

In 2018, **total revenue** was Bt169,856mn increasing 7.7% YoY attributed by growth in service revenue, consolidation of CSL, and equipment rental from partnership with TOT.

**Service revenue** was Bt144,005mn, increasing 8.3% YoY. Excluding IC & equipment rental, **core service revenue** was Bt133,429mn increasing 3.8% YoY, in line with our guidance, driven by higher mobile data usage and increasing fixed broadband subscribers.

- **Mobile revenue** was Bt124,601mn increasing 1.3% YoY due to higher data consumption reaching 11 GB/data sub/month amidst pricing competition. Improving network quality and brand awareness has resulted in a net subscriber addition of 1.1mn, 72% of which was from postpaid.

- **Fixed broadband revenue** was Bt4,436mn increasing 42% YoY. In 2018, AIS Fibre has gained 209,300 of net subscriber addition and now has 730,500 total subscribers. ARPU in 4Q18 was Bt574, a decline from Bt635 in 4Q17, reflecting pricing competition and discounts to re-contract customers

- **Other service revenues**, which included revenues from CSL, enterprise data services and others, were Bt4,391mn, increasing 77% YoY mainly due to a full-year recognition of CSL revenue in 2018.

- **Interconnection charge (IC) and equipment rental** were Bt10,576mn, increasing 142% YoY due to full-year recognition of equipment rental incurred from the change in accounting on partnership with TOT since Mar-18, partially offset by lower IC from a decline in IC rate.

**SIM & device sales** were Bt25,851mn increasing 4.3% YoY. SIM and device margin in 2018 was -3.5%, same level as in 2017, following continued handset campaigns.

### Cost & Expense

In 2018, **cost of service** was Bt76,700mn increasing 15% YoY due to higher D&A and cost of the partnership with TOT, offset by lower regulatory fee.

- **Regulatory fee** was Bt5,723mn declining 8.7% YoY mainly from the lower license fee rate. Currently, regulatory fee to core service revenue represented 4.3%, compared to 4.9% in 2017.

- **Depreciation and amortization** was Bt33,282mn, increasing 12% YoY due to network expansion of both mobile and fixed broadband as well as the newly acquired 1800MHz license amortization.

- **Network OPEX** was Bt26,929mn increasing 34% YoY due mainly to the change in accounting on partnership with TOT. Excluding the TOT cost, network OPEX slightly increased 1.6% YoY following the cost optimization program.

- **Other costs of service**, which included cost of content, prepaid commission, and IC cost, were Bt10,766mn increasing 1.9% YoY due to higher cost of content offset by lower prepaid commission.

**SG&A expenses** were Bt26,295mn increasing 4.9% YoY mainly due to higher admin expenses offset by lower marketing expense.

- **Marketing expenses** were Bt9,550mn declining 4.4% YoY due to more targeted handset campaigns. This has resulted in a reduction of %marketing expenses to total revenue from 6.3% in 2017 to 5.6% in 2018.

● **Admin and other expenses** were Bt16,745mn increasing 11% YoY mainly from higher staff cost, shop expansion & renovation, and the one-time expense of Bt134mn regarding withholding tax in 3Q18. In 2018, %bad debt to postpaid revenue declined to 3.8%, compared to 4.3% in 2017 following a focus on quality acquisition in both mobile and fixed broadband.

**Net FX gain** was Bt119mn decreasing from Bt225mn in 2017. FX gain/loss was incurred from CAPEX payables due to currency fluctuation whereas foreign debts were all fully hedged.

**Finance cost** was Bt5,148mn decreasing 2.9% YoY due to lower deferred interest from spectrum licenses. Average cost of borrowing was maintained at 3.1% per year.

#### Profit

In 2018, **EBITDA** was Bt73,792mn, increasing 4.7% YoY due to the improved operational results from both service revenue growth and cost optimization. Reported EBITDA margin was 43.4%. However, **excluding equipment rental, EBITDA margin** would be 45.2%, in line with the guidance of 45–47% and improved from 44.7% in 2017. In summary, AIS reported a **net profit** of Bt29,682mn, a slight decline of 1.3% YoY, following a pressure in D&A.

#### Financial position

As at December 2018, AIS had total assets of Bt290,505mn increasing 2.3% YoY mainly from the new 1800MHz spectrum license. Total current assets were Bt34,905mn stable from 2017 as higher account receivables, following a larger base of postpaid customers, was offset by lower cash. Total non-current assets were Bt255,600mn increasing 2.6% YoY from spectrum license, goodwill and investment in Rabbit LINE Pay (RLP).

Total liabilities were Bt232,836mn, stable from 2017 as payments for existing spectrum licenses were offset by the 1800MHz license acquisition. Total equity was Bt57,669mn increasing 14% YoY from higher retained earnings. As a result, AIS's financial position remained strong with a current ratio and an interest coverage ratio of 0.5x and 12x, respectively. At the end of 2018, AIS had interest-bearing debt of Bt109,100mn with a net debt to EBITDA of 1.3x, stable from 2017, while maintained an investment grade credit rating at BBB+ for S&P.

#### Cash Flow

In 2018, AIS generated Bt69,132mn of operating cash flow (after tax) increasing 5.5% YoY following the improved EBITDA. Cash CAPEX was Bt20,198mn, largely declining from Bt41,108mn in 2017 following controlled investment and the negotiation with suppliers for longer payment term. Also, AIS has paid license installments totaling Bt20,536mn to the NBTC. As a result, free cash flow was Bt28,398mn (OCF less CAPEX less license fee), improving from Bt14,174mn in 2017. AIS paid Bt5,042mn for the acquisition of CSL and the investment in RLP as well as dividend of Bt21,852mn. With net repayments of Bt738mn, cash outstanding was Bt9,067mn.

| Income statement (Bt mn)               | 4Q17            | 3Q18            | 4Q18            | %YoY         | %QoQ         | FY17            | FY18             | %YoY         |
|--|-----------------|-----------------|-----------------|--------------|--------------|-----------------|------------------|--------------|
| Mobile revenue                         | 31,016          | 30,862          | 31,364          | 1.1%         | 1.6%         | 122,979         | 124,601          | 1.3%         |
| Fixed broadband revenue                | 956             | 1,117           | 1,212           | 27%          | 8.6%         | 3,128           | 4,436            | 42%          |
| Other service revenues                 | 639             | 1,155           | 1,107           | 73%          | -4.1%        | 2,476           | 4,391            | 77%          |
| <b>Core service revenue</b>            | <b>32,611</b>   | <b>33,134</b>   | <b>33,683</b>   | <b>3.3%</b>  | <b>1.7%</b>  | <b>128,583</b>  | <b>133,429</b>   | <b>3.8%</b>  |
| IC and equipment rental                | 1,107           | 3,111           | 3,202           | 189%         | 2.9%         | 4,364           | 10,576           | 142%         |
| <b>Service revenue</b>                 | <b>33,717</b>   | <b>36,245</b>   | <b>36,885</b>   | <b>9.4%</b>  | <b>1.8%</b>  | <b>132,947</b>  | <b>144,005</b>   | <b>8.3%</b>  |
| SIM and device sales                   | 7,488           | 5,865           | 7,699           | 2.8%         | 31%          | 24,775          | 25,851           | 4.3%         |
| <b>Total revenues</b>                  | <b>41,205</b>   | <b>42,110</b>   | <b>44,584</b>   | <b>8.2%</b>  | <b>5.9%</b>  | <b>157,722</b>  | <b>169,856</b>   | <b>7.7%</b>  |
| Regulatory fee                         | (1,301)         | (1,429)         | (1,420)         | 9.2%         | -0.6%        | (6,272)         | (5,723)          | -8.7%        |
| Depreciation & Amortization            | (8,044)         | (8,401)         | (8,767)         | 9.0%         | 4.4%         | (29,686)        | (33,282)         | 12%          |
| Network operating expense              | (5,012)         | (7,223)         | (7,366)         | 47%          | 2.0%         | (20,080)        | (26,929)         | 34%          |
| Other costs of services                | (2,661)         | (2,781)         | (2,830)         | 6.3%         | 1.7%         | (10,566)        | (10,766)         | 1.9%         |
| <b>Cost of service</b>                 | <b>(17,018)</b> | <b>(19,835)</b> | <b>(20,383)</b> | <b>20%</b>   | <b>2.8%</b>  | <b>(66,604)</b> | <b>(76,700)</b>  | <b>15%</b>   |
| Cost of SIM and device sales           | (7,534)         | (6,189)         | (8,032)         | 6.6%         | 30%          | (25,654)        | (26,756)         | 4.3%         |
| <b>Total costs of service and sale</b> | <b>(24,552)</b> | <b>(26,023)</b> | <b>(28,414)</b> | <b>16%</b>   | <b>9.2%</b>  | <b>(92,259)</b> | <b>(103,456)</b> | <b>12%</b>   |
| <b>Gross profit</b>                    | <b>16,653</b>   | <b>16,087</b>   | <b>16,170</b>   | <b>-2.9%</b> | <b>0.5%</b>  | <b>65,463</b>   | <b>66,400</b>    | <b>1.4%</b>  |
| <b>SG&amp;A</b>                        | <b>(6,338)</b>  | <b>(6,794)</b>  | <b>(6,968)</b>  | <b>9.9%</b>  | <b>2.6%</b>  | <b>(25,078)</b> | <b>(26,295)</b>  | <b>4.9%</b>  |
| Marketing Expense                      | (2,357)         | (2,426)         | (2,713)         | 15%          | 12%          | (9,990)         | (9,550)          | -4.4%        |
| Admin and others                       | (3,982)         | (4,368)         | (4,255)         | 6.9%         | -2.6%        | (15,088)        | (16,745)         | 11%          |
| <b>Operating profit</b>                | <b>10,315</b>   | <b>9,293</b>    | <b>9,202</b>    | <b>-11%</b>  | <b>-1.0%</b> | <b>40,385</b>   | <b>40,105</b>    | <b>-0.7%</b> |
| Net foreign exchange gain (loss)       | 21              | 12              | 129             | 502%         | 939%         | 225             | 119              | -47%         |
| Other income (expense)                 | 223             | 119             | 118             | -47%         | -0.8%        | 613             | 560              | -8.5%        |
| Finance cost                           | (1,346)         | (1,277)         | (1,288)         | -4.3%        | 0.9%         | (5,302)         | (5,148)          | -2.9%        |
| Income tax                             | (1,512)         | (1,345)         | (1,320)         | -13%         | -1.8%        | (5,843)         | (5,923)          | 1.4%         |
| Non-controlling interest               | (1.4)           | (1)             | (1)             | -7.7%        | 39%          | (0.6)           | (32)             | 5125%        |
| <b>Net profit for the period</b>       | <b>7,701</b>    | <b>6,800</b>    | <b>6,839</b>    | <b>-11%</b>  | <b>0.6%</b>  | <b>30,077</b>   | <b>29,682</b>    | <b>-1.3%</b> |

| EBITDA (Bt mn)                    | 4Q17          | 3Q18          | 4Q18          | %YoY         | %QoQ        | FY17          | FY18          | %YoY        |
|-----------------------------------|---------------|---------------|---------------|--------------|-------------|---------------|---------------|-------------|
| Operating Profit                  | 10,315        | 9,293         | 9,202         | -11%         | -1.0%       | 40,385        | 40,105        | -0.7%       |
| Depreciation & amortization       | 8,164         | 8,556         | 8,919         | 9%           | 4.2%        | 30,151        | 33,879        | 12%         |
| (Gain) loss on disposals of PPE   | 7             | 12            | (20)          | -377%        | -270%       | 164           | 2             | -99%        |
| Management benefit expense        | (24)          | (41)          | (32)          | 35%          | -22%        | (143)         | (177)         | 24%         |
| Other financial cost              | (8)           | (2)           | 2             | -123%        | -230%       | (60)          | (18)          | -71%        |
| <b>EBITDA</b>                     | <b>18,454</b> | <b>17,817</b> | <b>18,071</b> | <b>-2.1%</b> | <b>1.4%</b> | <b>70,498</b> | <b>73,792</b> | <b>4.7%</b> |
| <b>Reported EBITDA margin (%)</b> | <b>44.8%</b>  | <b>42.3%</b>  | <b>40.5%</b>  |              |             | <b>44.7%</b>  | <b>43.4%</b>  |             |

| Financial Position (Bt mn/% to total asset) | 4Q17           |             | 4Q18           |             |
|---|----------------|-------------|----------------|-------------|
| Cash  | 10,650         | 3.7%        | 9,067          | 3.1%        |
| ST investment                               | 2,643          | 0.9%        | 2,221          | 0.8%        |
| Trade receivable                            | 14,179         | 5.0%        | 16,361         | 5.6%        |
| Inventories                                 | 3,951          | 1.4%        | 3,823          | 1.3%        |
| Others                                      | 3,418          | 1.2%        | 3,433          | 1.2%        |
| <b>Current Assets</b>                       | <b>34,841</b>  | <b>12%</b>  | <b>34,905</b>  | <b>12%</b>  |
| Spectrum license                            | 107,524        | 38%         | 111,749        | 38%         |
| Network and PPE                             | 132,579        | 47%         | 130,212        | 45%         |
| Intangible asset                            | 4,499          | 1.6%        | 5,092          | 1.8%        |
| Defer tax asset                             | 2,562          | 0.9%        | 3,210          | 1.1%        |
| Others                                      | 2,062          | 0.7%        | 5,337          | 1.8%        |
| <b>Total Assets</b>                         | <b>284,067</b> | <b>100%</b> | <b>290,505</b> | <b>100%</b> |

| Financial Position (Bt mn/% to total asset) | 4Q17           |            | 4Q18           |            |
|---|----------------|------------|----------------|------------|
| Trade payable                               | 14,686         | 5.2%       | 18,422         | 6.3%       |
| ST loan & CP of LT loans                    | 9,575          | 3.4%       | 17,104         | 5.9%       |
| Accrued R/S expense                         | 5,362          | 1.9%       | 5,362          | 1.8%       |
| Others                                      | 39,977         | 14%        | 31,877         | 11%        |
| <b>Current Liabilities</b>                  | <b>69,601</b>  | <b>25%</b> | <b>72,764</b>  | <b>25%</b> |
| Debenture & LT loans                        | 100,102        | 35%        | 92,030         | 32%        |
| Others                                      | 63,938         | 23%        | 68,042         | 23%        |
| <b>Total Liabilities</b>                    | <b>233,641</b> | <b>82%</b> | <b>232,836</b> | <b>80%</b> |
| Retained earnings                           | 24,675         | 8.7%       | 32,505         | 11%        |
| Others                                      | 25,752         | 9.1%       | 25,163         | 8.7%       |
| <b>Total Equity</b>                         | <b>50,427</b>  | <b>18%</b> | <b>57,669</b>  | <b>20%</b> |

| Key Financial Ratio                     | 4Q17 | 3Q18 | 4Q18 |
|---|------|------|------|
| Interest-bearing debt to equity (times) | 2.2  | 2.2  | 1.9  |
| Net debt to equity (times)              | 1.9  | 2.0  | 1.7  |
| Net debt to EBITDA (times)              | 1.4  | 1.4  | 1.3  |
| Current Ratio (times)                   | 0.5  | 0.4  | 0.5  |
| Interest Coverage (times)               | 14   | 13   | 12   |
| Debt Service Coverage Ratio (times)     | 3.4  | 4.4  | 2.9  |
| Return on Equity                        | 65%  | 66%  | 55%  |

Figures from P&L are annualized YTD.

| Debt Repayment Schedule |           |        | License payment schedule |        |
|-------------------------|-----------|--------|--------------------------|--------|
| Bt mn                   | Debenture | Loan   | 1800MHz                  | 900MHz |
| 2019                    | 7,789     | 9,264  | -                        | 4,020  |
| 2020                    | -         | 24,829 | 3,128                    | 59,574 |
| 2021                    | 1,776     | 12,079 | 3,128                    | -      |
| 2022                    | -         | 13,440 | -                        | -      |
| 2023                    | 7,820     | 6,550  | -                        | -      |
| 2024                    | 6,638     | 150    | -                        | -      |
| 2025                    | -         | 300    | -                        | -      |
| 2026                    | 7,180     | 750    | -                        | -      |
| 2027                    | 9,000     | 750    | -                        | -      |
| 2028                    | -         | 750    | -                        | -      |

#### Credit Rating

Fitch National rating: AA+ (THA),  
Outlook: Stable

S&P BBB+, Outlook: Stable

| Source and Use of Fund: FY18 |               |  |  | (Bt mn)       |
|------------------------------|---------------|--|--|---------------|
| Source of fund               |               | Use of fund                            |  |               |
| Operating cash flow          | 75,895        | CAPEX & Fixed assets                   |  | 20,198        |
| Sale of equipment            | 847           | Payment of spectrum license            |  | 20,536        |
| Interest received            | 173           | Dividend paid                          |  | 21,852        |
| Proceed from ST borrowings   | 3,000         | Income tax paid                        |  | 6,763         |
| Cash decrease                | 1,577         | Finance cost and financial lease paid  |  | 3,363         |
|                              |               | Repayment of ST borrowings             |  | 850           |
|                              |               | Repayment of LT borrowings             |  | 2,888         |
|                              |               | Investment in joint venture and others |  | 788           |
|                              |               | Cash paid for business acquisition     |  | 4,254         |
| <b>Total</b>                 | <b>81,492</b> | <b>Total</b>                           |  | <b>81,492</b> |

## 2019 MANAGEMENT OUTLOOK & STRATEGY

|                                   |   |
|-----------------------------------|---|
| <b>Core service revenue</b>       | ● Mid-single digit growth (Pre TFRS 15) |
| <b>Consolidated EBITDA margin</b> | ● Stable from last year                 |
| <b>Budgeted CAPEX</b>             | ● Bt20–25bn                             |
| <b>Dividend policy</b>            | ● Minimum 70% of net profit             |

### Core service revenue is expected to grow mid-single digit

In 2019, AIS strives to continue strengthening core mobile business while putting more focus on growing fixed broadband and enterprise as well as continue the building blocks of new digital services. We target to achieve core service revenue growth of mid-single digit YoY with the focus on being competitive to gain fair market share and hence retain or expand our scale in respective businesses.

For mobile business, 4G adoption and demand is expected to continue rising following improved customer perception of our 4G network supported by the competitive spectrum portfolio. As a leading operator, AIS aims to be competitive in maintaining our mobile business scale as well as enhancing our product and brand proposition to better penetrate and serve certain growing segments.

Having been in the market for four years, AIS Fibre continues to grow with subscriber market share reaching 8%. Our focus on quality acquisition has brought in healthy revenue stream and provided us vital customer access at home. In 2019, deployment of FMC (Fixed-Mobile Convergence) strategy will be more pronounced as we aim to increase ARPU per household (ARPH) leveraging the high-value mobile customer

base and deeper household personalization. That said, we aim to achieve 1mn fibre customers milestone this year, implying an estimated market share of 10%.

Post the acquisition of CSL in 2018, strategic alignment has been actively executed. In 2019, we aim to continue our growth in Enterprise Data Service (EDS) while the integrated capability of AIS and CSL shall strongly support our provision of Cloud, Data Centers, ICT managed services as well as other enterprise verticals. Overall, the enterprise revenue, currently representing 10% of core service revenue including revenue from mobile airtime, should continue delivering high-single digit growth in 2019.

### EBITDA expands with a margin stable from last year and CAPEX planned at Bt20–25bn

As we have executed the company-wide cost management, our cost structure has been continually optimized amidst the competitive landscape. To support our aspiration in 2019, we ensure to allocate sufficient capital to marking our core mobile leadership and expanding other businesses. As process digitization continues, operating expense is expected to be controlled, offset by the cost to support network growth in all businesses. As a result, we expect EBITDA margin (EBITDA over total revenue) to be stable from last year (43.4% in 2018). With the full range of spectrum



portfolio in 900/1800/2100MHz to support more 4G and continued 3G, we plan to invest at a similar range to the previous year with Bt20–25bn in total, of which Bt4–5bn allocated for fixed broadband. This budgeted CAPEX is mainly for 4G capacity expansion incorporating our plan to ensure 5G-compatible architecture and our focus to carefully balancing investment with return.

**Dividend policy at minimum 70% of net profit**

AIS is committed to driving long-term growth while delivering return to shareholders. We place importance in maintaining strong financial health and flexibility to pursue future growth. Our dividend policy is to pay a minimum 70% of net profit. By preserving cash flow, we ensure that we have the financial flexibility to lead, compete, and pursue growth prospect in any changing circumstances.

The dividend payment shall still be made twice a year and is based on consolidated earnings and subjected to the availability of retained earnings on the separate financial statements. In all cases, dividend payment shall depend on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not adversely affect the Company and subsidiaries ongoing operations.

**Disclaimer**

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “intend”, “estimate”, “continue” “plan” or other similar words. The statements are based

on our management’s assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.

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