

# FINANCIAL REPORT

# Board of Directors' Responsibility for Financial Statements

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.

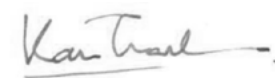
The Board of Directors provides and maintains risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to retain its assets as well as to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit and Risk Committee comprising independent directors to be responsible for reviewing quality of the financial reports, internal controls, internal audit and risk management system. The Audit and Risk Committee also

reviews a disclosure of related party transactions. All their comments on these issues are presented in the Audit and Risk 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 2019. 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

# 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, 2019, 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, 2019, 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.

### Emphasis of Matter

We draw attention to Note 24 to the financial statements that Advanced Info Service Public Company Limited and its subsidiaries have adopted Thai Financial Reporting Standard 15 "Revenue from contracts with customers" ("TFRS 15") which become effective for fiscal years beginning on or after January 1, 2019. The Group and the Company elect to recognize the cumulative effect of initially applying this Standard as an adjustment to the beginning balance of retained earnings of the reporting period. Our opinion is not modified in respect of this matter.

### 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

### Revenue recognition

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.

We focused our audit on the following areas of revenue recognition specifically relating to

- accounting and tariffs during the year;
- the accuracy of revenue recognition

Accounting policies for revenue recognition was disclosed in Notes 3.17 to the financial statements.

## Audit Responses

Key audit procedures included:

- 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.
- 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.
- 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.
- 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.
- Audited supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.
- 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



## Key Audit Matters

### Significant commercial disputes and litigations

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.

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.

In addition, the Group cooperates with state-owned enterprises such as 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.

Significant events, commercial disputes and litigations were disclosed in Note 40 to the financial statements.

## Audit Responses

Key audit procedures included:

- 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:
  - Inquired of management and in-house legal counsel about significant events, commercial disputes and litigation.
  - Reviewed minutes of meetings of those charged with governance.
  - Sent legal confirmation to external legal counsel regarding to status of significant legal cases.
  - Reviewed legal expense accounts.
- Considered compliance with laws and regulations of the Group including:
  - As part of obtaining an understanding of the Group and its environment, we obtained a general understanding of:
    - The legal and regulatory framework applicable to the Group and the industry or sector in which the Group operates; and
    - How the Group is complying with that framework.
  - 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.
- 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.

## 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

BANGKOK

February 6, 2020

Registration No. 3356

Certified Public Accountant (Thailand)

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

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# STATEMENTS OF FINANCIAL POSITION

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2019

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
ASSETS					
Current assets					
Cash and cash equivalents	4	19,636,627,466	9,066,888,356	1,975,219,680	330,502,410
Specifically-designated bank deposits	5	1,989,089,050	2,220,542,185	-	-
Trade and other current receivables	6, 35	18,297,896,427	19,241,653,605	1,825,357,904	1,786,094,183
Contract assets	7	1,868,738,312	-	-	-
Short-term loans to related parties	35	-	-	50,499,000,000	48,669,000,000
Inventories	8	4,828,455,683	3,822,985,486	-	-
Current tax assets		317,086,768	116,987,006	60,345,445	67,950,252
Other current financial assets	36	-	5,772,175	-	-
Other current assets		204,257,782	429,844,303	4,913,629	53,738
Total current assets		47,142,151,488	34,904,673,116	54,364,836,658	50,853,600,583
Non-current assets					
Investment in an associate	9	24,612,629	17,793,644	-	-
Investments in subsidiaries	10	-	-	27,928,202,917	22,158,565,396
Investments in joint ventures	9	635,509,431	735,995,899	-	-
Other long-term investments	11	67,032,210	59,976,210	46,999,310	47,999,310
Property, plant and equipment	12	125,510,307,301	130,211,973,802	69,709,331	217,277,086
Assets under the Agreements for operations	13	-	-	-	-
Goodwill	14	2,881,699,659	2,881,699,659	-	-
Spectrum licenses	15	103,074,017,347	111,749,059,137	-	-
Other intangible assets	16	5,468,375,759	5,091,828,807	11,053,367	17,336,436
Deferred tax assets	17	3,490,521,588	3,210,339,722	549,988,735	612,954,066
Other non-current assets		1,374,894,316	1,641,645,473	283,036,590	498,214,691
Total non-current assets		242,526,970,240	255,600,312,353	28,888,990,250	23,552,346,985
Total assets		289,669,121,728	290,504,985,469	83,253,826,908	74,405,947,568

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings from financial institutions	18	-	5,900,000,000	-	2,900,000,000
Trade and other current payables	19, 35, 39	41,376,819,746	37,679,694,758	2,904,665,726	2,846,503,529
Provision for revenue sharing	40	5,248,416,692	5,361,818,613	5,107,842,520	5,221,244,442
Unearned income - mobile phone service		4,189,025,479	3,963,530,920	9,176,967	9,177,072
Advanced received from customers	5	1,989,089,050	2,220,542,185	-	-
Current portion of long-term liabilities	18	24,871,789,053	11,203,598,605	15,326,846	10,504,755
Current portion of spectrum licenses payable	20	24,490,134,874	3,971,753,447	-	-
Short-term borrowings from related parties	18, 35	-	-	4,920,000,000	4,920,000,000
Current income tax payable		2,892,323,884	2,412,564,709	-	-
Other current financial liabilities	36	140,659,105	-	-	-
Other current liabilities		57,041,933	50,952,575	-	3,539,189
Total current liabilities		105,255,299,816	72,764,455,812	12,957,012,059	15,910,968,987
Non-current liabilities					
Long-term liabilities	18, 35	69,171,920,043	92,029,626,131	15,422,866	25,999,851
Provisions for employee benefit	21	2,859,529,007	2,253,764,390	329,248,695	263,096,606
Spectrum licenses payable	20	37,298,912,437	63,516,140,746	-	-
Unrealized adjustment value of spectrum license	1, 20	3,283,532,804	-	-	-
Other non-current liabilities		2,405,757,999	2,272,417,625	16,386,900	16,386,900
Total non-current liabilities		115,019,652,290	160,071,948,892	361,058,461	305,483,357
Total liabilities		220,274,952,106	232,836,404,704	13,318,070,520	16,216,452,344
Shareholders' equity					
Share capital					
Authorized share capital	22				
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	24	2,973,178,632	2,973,095,330	2,973,178,632	2,973,095,330
Share premium					
Share premium on ordinary shares	22	22,386,069,897	22,372,276,085	22,386,069,897	22,372,276,085
Other deficits					
Deficits arising from change in ownership interest in a subsidiary	38	(669,657,282)	(668,455,415)	-	-
Retained earnings					
Appropriated					
Legal reserve	23	500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		43,725,576,066	32,005,107,623	43,725,576,066	32,005,107,623
Other components of shareholders' equity	24	350,931,793	339,016,186	350,931,793	339,016,186
Total shareholders' equity attributable to owners of the Company		69,266,099,106	57,521,039,809	69,935,756,388	58,189,495,224
Non-controlling interests		128,070,516	147,540,956	-	-
Total shareholders' equity		69,394,169,622	57,668,580,765	69,935,756,388	58,189,495,224
Total liabilities and shareholders' equity		289,669,121,728	290,504,985,469	83,253,826,908	74,405,947,568

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, 2019

UNIT : BAHT					
	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Revenues</b>					
Revenues from rendering of services and equipment rentals	26, 35	150,128,820,094	144,004,927,501	1,727,511,000	1,733,820,000
Revenue from sale of goods	35	30,764,865,144	25,850,919,656	-	-
<b>Total revenues</b>		<u>180,893,685,238</u>	<u>169,855,847,157</u>	<u>1,727,511,000</u>	<u>1,733,820,000</u>
<b>Costs</b>					
Cost of rendering of services and equipment rentals	30, 35	(81,487,209,457)	(76,700,066,883)	(1,341,462,262)	(1,185,153,576)
Cost of sale of goods		(30,412,235,356)	(26,755,621,910)	-	-
<b>Total costs</b>		<u>(111,899,444,813)</u>	<u>(103,455,688,793)</u>	<u>(1,341,462,262)</u>	<u>(1,185,153,576)</u>
<b>Gross profit</b>		68,994,240,425	66,400,158,364	386,048,738	548,666,424
<b>Distribution costs and administrative expenses</b>					
Distribution costs	30	(7,861,311,589)	(9,549,510,004)	(1,710,419)	(1,251,230)
Administrative expenses	30	(19,879,238,500)	(16,745,333,213)	(192,516,104)	(375,886,050)
<b>Total distribution costs and administrative expenses</b>		<u>(27,740,550,089)</u>	<u>(26,294,843,217)</u>	<u>(194,226,523)</u>	<u>(377,137,280)</u>
<b>Profit from services, equipment rentals and sales of goods</b>					
		41,253,690,336	40,105,315,147	191,822,215	171,529,144
Interest income	27, 35	197,602,961	164,949,049	610,340,003	838,310,045
Other income (reversal)	28, 35	648,896,450	695,878,287	67,516,380	(1,162,752,777)
Share of profit (loss) of an associate, subsidiaries and joint ventures	9, 10	(85,867,508)	(122,974,184)	30,590,075,960	30,044,590,383
Net gain on foreign exchange rate		308,410,189	118,631,111	2,786,812	995,394
Management benefit expenses	35	(144,365,024)	(177,470,136)	(144,335,024)	(157,857,302)
Finance costs	31, 35	(4,776,605,533)	(5,147,685,400)	(72,649,111)	(105,657,456)
<b>Profit before income tax (expense) income</b>		37,401,761,871	35,636,643,874	31,245,557,235	29,629,157,431
Tax (expense) income	32	(6,209,242,358)	(5,922,538,911)	(55,986,548)	53,020,706
<b>Profit for the years</b>		<u>31,192,519,513</u>	<u>29,714,104,963</u>	<u>31,189,570,687</u>	<u>29,682,178,137</u>
<b>Profit attributable to:</b>					
Owners of the Company		31,189,570,687	29,682,178,137	31,189,570,687	29,682,178,137
Non-controlling interests		2,948,826	31,926,826	-	-
<b>Profit for the years</b>		<u>31,192,519,513</u>	<u>29,714,104,963</u>	<u>31,189,570,687</u>	<u>29,682,178,137</u>
<b>Earnings per share (in Baht)</b>					
Basic earnings per share	33	10.49	9.98	10.49	9.98
Diluted earnings per share		10.49	9.98	10.49	9.98

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, 2019

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Profit for the years</b>		31,192,519,513	29,714,104,963	31,189,570,687	29,682,178,137
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that</b>					
<b>will not be subsequently reclassified to profit or loss</b>					
Gains on remeasurements of defined benefit plans	21	279,643,232	-	34,893,915	-
Share of other comprehensive income of subsidiaries	10	-	-	195,825,589	-
Income tax relating to components of other comprehensive income that will not be subsequently reclassified to profit or loss	32	(55,778,079)	-	(6,978,783)	-
<b>Other comprehensive income for the years, net of income tax</b>		223,865,153	-	223,740,721	-
<b>Total comprehensive income for the years</b>		<u>31,416,384,666</u>	<u>29,714,104,963</u>	<u>31,413,311,408</u>	<u>29,682,178,137</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		31,413,311,408	29,682,178,137	31,413,311,408	29,682,178,137
Non-controlling interests		3,073,258	31,926,826	-	-
<b>Total comprehensive income for the years</b>		<u>31,416,384,666</u>	<u>29,714,104,963</u>	<u>31,413,311,408</u>	<u>29,682,178,137</u>

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 FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes			Other deficits	Retained earnings		Other components of shareholders' equity			Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
		Issued and paid share capital	Share premium on ordinary share	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 of 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	24	-	-	-	-	-	38,775,637	-	38,775,637	38,775,637	-	38,775,637
Dividends paid	34, 35	-	-	-	-	(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	38	-	-	-	-	-	-	-	-	-	220,476,756	220,476,756
Change in ownership interest in a subsidiary	38	-	-	(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	339,016,186	57,521,039,809	147,540,956	57,668,580,765



# 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, 2019

UNIT : BAHT

	Notes												
		Issued and paid share capital		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 of shareholders' equity				
Balance as at January 1, 2019 - as under previous Thai Financial Reporting Standards													
Effect from adoption Thai Financial Reporting Standard 15	2.4	-	-	-	-	1,355,917,425	-	-	-	1,355,917,425	33,674	1,355,951,099	
Balance as at January 1, 2019 - as under new Thai Financial Reporting Standards													
Transactions with owners, recorded directly in shareholders' equity		2,973,095,330	22,372,276,085	(668,455,415)	500,000,000	33,361,025,048	177,829,523	161,186,663	339,016,186	58,876,957,234	147,574,630	59,024,531,864	
Contributions by and distributions to owners of the Company													
Increase in share capital	22	83,302	13,793,812	-	-	-	(13,877,114)	-	(13,877,114)	-	-	-	
Share-based payment transaction	24	-	-	-	-	-	25,792,721	-	25,792,721	25,792,721	-	25,792,721	
Dividends paid	34, 35	-	-	-	-	(21,048,760,390)	-	-	-	(21,048,760,390)	(1,477,858)	(21,050,238,248)	
Total contributions by and distributions to owners of the Company													
		83,302	13,793,812	-	-	(21,048,760,390)	11,915,607	-	11,915,607	(21,022,967,669)	(1,477,858)	(21,024,445,527)	
Changes in ownership interests in a subsidiary													
Change in ownership interest in a subsidiary	38	-	-	(1,201,867)	-	-	-	-	-	(1,201,867)	(21,099,514)	(22,301,381)	
Total changes in ownership interests in subsidiary		-	-	(1,201,867)	-	-	-	-	-	(1,201,867)	(21,099,514)	(22,301,381)	
Total transactions with owners, recorded directly in shareholders' equity													
		83,302	13,793,812	(1,201,867)	-	(21,048,760,390)	11,915,607	-	11,915,607	(21,024,169,536)	(22,577,372)	(21,046,746,908)	
Comprehensive income for the year													
Profit for the year		-	-	-	-	31,189,570,687	-	-	-	31,189,570,687	2,948,826	31,192,519,513	
Other comprehensive income		-	-	-	-	223,740,721	-	-	-	223,740,721	124,432	223,865,153	
Total comprehensive income for the year		-	-	-	-	31,413,311,408	-	-	-	31,413,311,408	3,073,258	31,416,384,666	
Balance as at December 31, 2019		2,973,178,632	22,386,069,897	(669,657,282)	500,000,000	43,725,576,066	189,745,130	161,186,663	350,931,793	69,266,099,106	128,070,516	69,394,169,622	

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



## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY SEPARATE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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
<b>Balance as at January 1, 2018</b>		2,973,095,330	22,372,276,085	500,000,000	24,174,742,689	139,053,886	161,186,663	300,240,549
<b>Transactions with owners, recorded directly in shareholders' equity</b>								
Share-based payment transaction	24	-	-	-	-	38,775,637	-	38,775,637
Dividends paid	34, 35	-	-	-	(21,851,813,203)	-	-	-
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		-	-	-	(21,851,813,203)	38,775,637	-	38,775,637
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	29,682,178,137	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	29,682,178,137	-	-	-
<b>Balance as at December 31, 2018</b>		2,973,095,330	22,372,276,085	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186



## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

### SEPARATE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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
<b>Balance as at January 1, 2019 - as under previous Thai Financial Reporting Standards</b>		2,973,095,330	22,372,276,085	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186
Effect from adoption Thai Financial Reporting Standard 15	2.4	-	-	-	1,355,917,425	-	-	-
<b>Balance as at January 1, 2019 - as under new Thai Financial Reporting Standards</b>		2,973,095,330	22,372,276,085	500,000,000	33,361,025,048	177,829,523	161,186,663	339,016,186
<b>Transactions with owners, recorded directly in shareholders' equity</b>								
Increase in share capital	22	83,302	13,793,812	-	-	(13,877,114)	-	(13,877,114)
Share-based payment transaction	24	-	-	-	-	25,792,721	-	25,792,721
Dividends paid	34, 35	-	-	-	(21,048,760,390)	-	-	-
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		83,302	13,793,812	-	(21,048,760,390)	11,915,607	-	11,915,607
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	31,189,570,687	-	-	-
Other comprehensive income		-	-	-	223,740,721	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	31,413,311,408	-	-	-
<b>Balance as at December 31, 2019</b>		2,973,178,632	22,386,069,897	500,000,000	43,725,576,066	189,745,130	161,186,663	350,931,793

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



# STATEMENTS OF CASH FLOWS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Cash flows from operating activities</b>					
Profit for the years		31,192,519,513	29,714,104,963	31,189,570,687	29,682,178,137
Adjustments for					
Depreciation	12, 30	27,342,646,641	24,821,823,859	62,579,414	74,574,891
Amortization of intangible assets	15, 16, 30	9,886,173,071	9,057,267,056	6,401,580	10,486,524
Interest income	27, 35	(197,602,961)	(164,949,049)	(610,340,003)	(838,310,045)
Finance costs	31, 35	4,776,605,533	5,147,685,400	72,649,111	105,657,456
(Reversal of) doubtful accounts and bad debts expenses	6	2,520,818,756	2,174,515,136	(200,000)	(1,013,216)
Share-based payment transaction	24	25,792,721	38,775,637	25,792,721	38,775,637
Reversal of loss for obsolete, decline in value and write-off inventories	8	(15,611,282)	(151,790,130)	-	-
Loss for unused equipment		952,433,692	635,294,073	-	-
Loss on terminate contract assets	2.4	746,805,695	-	-	-
Loss from impairment on other long-term investment	11	1,000,000	-	1,000,000	-
(Gain) loss on sales and write-off of assets		177,909,650	2,255,237	35,557,433	(8,647,990)
Unrealized (gain) loss on foreign exchange rate		(416,414,806)	201,914,179	(499,486)	24,686,142
Share of (profit) loss from investment in an associate, subsidiaries and joint ventures	9, 10	85,867,508	122,974,184	(30,590,075,960)	(30,044,590,383)
Employee benefit expense		844,012,892	188,448,953	110,446,463	28,106,147
Tax expense (income)	32	6,209,242,358	5,922,538,911	55,986,548	(53,020,706)
Cash provided by (used in) operation before changes in operating assets and liabilities		84,132,198,981	77,710,858,409	358,868,508	(981,117,406)
<b>Changes in operating assets and liabilities</b>					
Specifically-designated bank deposits		231,453,135	422,091,345	-	-
Trade and other current receivables		(1,602,313,048)	(3,889,748,918)	10,954,645	4,991,435
Contract assets		(920,605,134)	-	-	-
Inventories		(989,858,916)	307,110,764	-	-
Other current assets		342,464,732	7,245,801	63,090,360	(2,479,928)
Other non-current assets		266,751,157	260,384,837	215,178,101	22,184,384
Trade and other current payables		1,904,589,590	1,344,423,499	53,326,532	129,096,074
Provision for revenue sharing		(113,401,922)	-	(113,401,922)	-
Unearned income - mobile phone service		225,494,559	553,848,683	(105)	(6,735)
Advanced received from customers		(231,453,135)	(422,091,345)	-	-
Other current liabilities		6,089,356	3,450,146	(3,539,189)	(143,746)
Other financial assets (liabilities)		146,431,280	(401,038,134)	-	4,273,549
Other non-current liabilities		(3,588,355)	23,411,135	-	-
Cash generated by (used in) operating activities		83,394,252,280	75,919,946,222	584,476,930	(823,202,373)
Employee benefit paid		(45,600,833)	(25,551,782)	(20,273,104)	(9,918,501)
Income tax paid		(6,721,408,874)	(6,762,700,249)	(60,345,445)	(67,950,252)
<b>Net cash provided by (used in) operating activities</b>		<b>76,627,242,573</b>	<b>69,131,694,191</b>	<b>503,858,381</b>	<b>(901,071,126)</b>

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Cash flows from investing activities</b>					
Interest received		188,219,053	173,093,607	560,321,637	1,267,582,497
Purchase of property, plant, equipment and other intangible assets		(23,029,006,645)	(20,197,787,650)	(10,934,441)	(26,923,095)
Proceeds from sale of equipment		76,690,654	847,166,956	62,118,468	9,498,379
Payment of spectrum license	20	(4,020,000,000)	(20,535,811,461)	-	-
Net increase in short-term loans to related parties	35	-	-	(1,830,000,000)	(9,135,100,000)
Increase in investments in joint ventures	9	-	(787,498,919)	-	-
Increase in investments in subsidiaries	10	-	-	(1,000,000)	(3,999,700)
Net cash paid for acquisition of business		-	(3,375,339,629)	-	-
Net increase in other long-term investments		(8,056,000)	(576,900)	-	-
Dividend received		7,799,974	-	26,373,181,453	30,540,494,539
<b>Net cash provided by (used in) investing activities</b>		<b>(26,784,352,964)</b>	<b>(43,876,753,996)</b>	<b>25,153,687,117</b>	<b>22,651,552,620</b>
<b>Cash flows from financing activities</b>					
Finance cost paid		(3,106,139,500)	(3,307,213,164)	(63,706,504)	(171,550,050)
Net increase (decrease) in short-term loans from financial institutions	18	(5,900,000,000)	(850,000,000)	(2,900,000,000)	2,900,000,000
Net increase in short-term borrowings from related parties	18, 35	-	-	-	280,000,000
Proceed of long-term borrowings	18	2,000,000,000	3,000,000,000	-	-
Repayments of long-term liabilities	18	(11,153,580,000)	(2,887,953,863)	-	(2,827,953,863)
Proceeds from issue of ordinary shares		-	-	7,844,796	-
Finance lease payments	18	(56,226,064)	(55,685,731)	(8,205,362)	(16,898,416)
Cash paid for purchase of a subsidiary from non-controlling interest		(22,301,381)	(879,085,390)	-	-
Cash received for share capital from non-controlling interest		-	300	-	-
Dividend paid		(21,050,238,248)	(21,852,478,925)	(21,048,760,390)	(21,851,813,204)
<b>Net cash used in financing activities</b>		<b>(39,288,485,193)</b>	<b>(26,832,416,773)</b>	<b>(24,012,827,460)</b>	<b>(21,688,215,533)</b>
Effect of exchange rate changes on balances held in foreign currencies					
		15,334,694	(6,042,459)	(768)	(84,340)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>10,569,739,110</b>	<b>(1,583,519,037)</b>	<b>1,644,717,270</b>	<b>62,181,621</b>
Cash and cash equivalents as at January 1,		9,066,888,356	10,650,407,393	330,502,410	268,320,789
<b>Cash and cash equivalents as at December 31,</b>	<b>4</b>	<b>19,636,627,466</b>	<b>9,066,888,356</b>	<b>1,975,219,680</b>	<b>330,502,410</b>
<b>Supplemental disclosures of cash flow information</b>					
<b>Non-cash transactions</b>					
Outstanding debts arising from investments in capital expenditures and spectrum license		76,777,034,340	80,209,168,345	1,261,780	1,840,617

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, 2019

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# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 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, 2019, Intouch Holdings Public Company Limited is a major shareholder, holding 40.45% (as at December 31, 2018 : 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, 2018 : 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 and the Company and its subsidiaries (the “Group”) is 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, 2019, TOT owns 48.12% of ADC’s total shares (As at December 31, 2018 : 48.12%).

ADC and TOT have mutually agreed to terminate the Agreement for operation which signed the terminated agreement on August 21, 2018. The Company has terminated data communication services to service receiver on December 31, 2018. The entitled of the Company under the Agreement for operation shall terminated except the letter of bank guarantee in force until the Company’s obligations and responsibilities under agreement has relieved and partial of assets under Agreement for operation shall be turned to TOT.

- 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.

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 (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.2), dated June 30, 2016 at the bidding price of Baht 75,654 million. 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.

According to the auction terms and conditions, AWN 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.

On April 11, 2019, the National Council for Peace and Order (“NCPO”) issued NCPO Order no. 4/2562 specified that The National Broadcasting and Telecommunications Commission (“NBTC”) shall consider dividing the total amount of auction payment which the licensee of 890-915 MHz/935-960 MHz are required to pay into ten installments, one payment per year, in equal amount. The licensee who cannot pay the spectrum auction fee according to their original payment term shall notify in writing to NBTC within 30 days from the date of the NCPO order becomes effective. However, the condition specified in NCPO order mention that the licensee is required to participate in the 700 MHz spectrum allocation which shall be allocated by NBTC.

On May 10, 2019, AWN submitted a letter to the Office of National Broadcasting and Telecommunications Commission (“Office of NBTC”) regarding the extension of the 900 MHz spectrum license payment period.

On June 19, 2019 AWN participated in the 700 MHz spectrum allocation to the Office of NBTC and has been allocated one block of 700 MHz spectrum. Subsequently, AWN received the letter from the Office of NBTC confirming that AWN has complied with the conditions determined by NCPO Order No.4/2562. As a result, AWN is entitled to divide the payment for 900 MHz spectrum into ten installments, in equal amount, as specified by NCPO Order No. 4/2562. AWN has remeasured 900 MHz spectrum license payable by determine change in payment term and participation in the 700 MHz spectrum allocation. The difference from measurement 900 MHz spectrum license payable between previous terms and conditions and new terms and conditions is recognized as Unrealized adjustment value of spectrum license in the consolidated statement of financial position which will be recorded as part of the cost of spectrum license 700 MHz when AWN receives a license.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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.

Allocation License of Spectrum for Telecommunications Service in the Frequency Band of 700 MHz.

On June 19, 2019, AWN has been allocated the frequency band 700 MHz from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) frequency between 723 MHz to 733 MHz and 778 MHz to 788 MHz for 15 years from October 1, 2020 or until the NBTC will determine otherwise at the price of Baht 17,584 million according to the terms and conditions in the notification of NBTC dated June 5, 2019. AWN is obliged to comply with various conditions and pay fees within the time period as specified in the license. AWN will pay the first installment at least 15 days before the start of the license to use the 700 MHz frequency by 10% of the license price plus value added-tax, totaling Baht 1,881 million and bank guarantee will be issued for the remaining license price to the NBTC. The remaining amount will be paid in the second year to the tenth year on equal installment amount and bank guarantee will be issued for the remaining license price to the NBTC.

In case of the applicant who obtained the right to be granted the spectrum license fails to completely and correctly comply with the conditions precedent within the prescribed period, the applicant shall be deemed to have waived the right to be granted the spectrum license. As well, such applicant has to pay for penalties consisting of the preliminary damages at least of Baht 2,638 million and other damages caused by the recall of spectrum including the voiding of permission to divide the payment as specified in the NCPO Order No. 4/2562 which must be returned to pay in accordance with conditions for payment of 900 MHz spectrum and the additional spectrum auction in accordance with the regulations specified in the NBTC’s announcement regarding rules and procedures for the Spectrum Licensing for Telecommunications Business in the spectrum band of 895 MHz to 905 MHz and 940 MHz to 950 MHz as prior conditions.

- 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 (the “License”) 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.

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 (%) 2019	2018
<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	Service provider of electronic payment network	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/gateway	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, telecommunication service operator and internet	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	Service provider of operate in space, land and building services, and related facilities	Thailand	99.98	99.98
MIMO Tech Company Limited	Developer of IT system service provider of content aggregator, and outsourcing service for billing and collection	Thailand	99.99	99.99
Advanced Broadband Network Company Limited	Service provider of training within the Group	Thailand	99.99	99.99
Advanced Digital Distribution Company Limited	Service provider of insurance broker	Thailand	99.99	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	Service provider of internet data center services, internet and satellite uplink-downlink services for domestic and international communications and distribute internet equipment	Thailand	99.58*	99.11*
Teleinfo Media Public Company Limited	Service provider of publishing telephone directories and advertising	Thailand	99.99*	99.99*
AD Venture Public Company Limited	Providing mobile contents and develop application	Thailand	99.99*	99.99*
Yellow Pages Commerce Company Limited	Service provider of online advertising business	Thailand	99.94*	99.94*
<b>Associate</b>				
Information Highway Company Limited	Service provider of transmission network	Thailand	29.00*	29.00*
<b>Joint Ventures</b>				
Amata Network Company Limited	Service provider of infrastructure developer of fibre optic network	Thailand	60.00*	60.00*
Rabbit-Line Pay Company Limited	Service provider of electronic money and electronic payment service business	Thailand	33.33*	33.33*

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

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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.

### 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 2018) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2019 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 (see Note 3).
- 2.4 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, 2019. 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 Thai Financial Reporting Standards ("TFRSs").

TFRS 15 "Revenue from contracts with customers" ("TFRS 15")

The core principle of this TFRS 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 this TFRS, 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.

This TFRS supersedes 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".

This TFRS 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 reporting period. The Group and the Company elect to recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the reporting period. The effect of related transactions are as follows:

The consolidated statement of financial position as at January 1, 2019

	Balance as at January 1, 2019 as under previous TFRSs	Effect from adoption TFRS 15	Unit: Million Baht Balance as at January 1, 2019 as under new TFRSs
<b>Assets</b>			
<b>Current assets</b>			
Contract assets	-	1,695 <sup>a-c</sup>	1,695
<b>Non-current assets</b>			
Deferred tax assets	3,210	(339) <sup>d</sup>	2,871
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	32,005	1,356	33,361

The consolidated statement of financial position as at December 31, 2019

	Balance as at December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 to beginning balance	Effect from adoption TFRS 15 in current period	Unit: Million Baht Balance as at December 31, 2019 as under new TFRSs
<b>Assets</b>				
<b>Current assets</b>				
Contract assets	-	1,695	174	1,869
<b>Non-current assets</b>				
Deferred tax assets	3,864	(339)	(35)	3,490
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	42,231	1,356	139	43,726



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

The consolidated statements of profit or loss and profit or loss and other comprehensive income for the year ended December 31, 2019

	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	Unit: Million Baht For the year ended December 31, 2019 as under new TFRSs
Revenues from rendering of services and equipment rentals	154,010	(3,881) <sup>a-b</sup>	150,129
Revenue from sale of goods	29,422	1,343 <sup>a</sup>	30,765
Distribution costs	(11,320)	3,459 <sup>b</sup>	(7,861)
Administrative expenses	(19,130)	(747) <sup>c</sup>	(19,877)
Tax expense	(6,174)	(35) <sup>d</sup>	(6,209)
Profit for the year	31,054	139	31,193
Basic earnings per share (Baht)	10.44	0.05	10.49
Diluted earnings per share (Baht)	10.44	0.05	10.49
Total comprehensive income for the year	31,277	139	31,416

The consolidated statement of cash flows for the year ended December 31, 2019

	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	Unit: Million Baht For the year ended December 31, 2019 as under new TFRSs
Profit for the year	31,054	139	31,193
Adjustments for			
Loss on terminate contract assets	-	747	747
Tax expense	6,174	35	6,209
Changes in operating assets and liabilities			
Contract assets	-	(921)	(921)

Notes:

<sup>a</sup> Revenue from contracts with multiple elements are allocated by fair value of standalone selling price which increasing in revenue from sale of goods and decreasing in revenue from rendering of service vice versa. The difference between revenue recognized and performance obligations of contracts is capitalized as contract assets and decrease according to monthly service billing to customers from rendering of services over the customer contract period.

<sup>b</sup> Subsidy of device paid to dealer is capitalized as contract assets and decrease according to monthly service billing to customers from rendering of services over the customer contract period.

<sup>c</sup> Contract assets that is terminated or expected to be terminated before end of customer contract period is reduced and recognized as loss from terminate contract assets.

<sup>d</sup> Deferred tax is recognized from temporary difference between the carrying amount of contract assets for financial reporting purposes and amount used for taxation purposes.

The separate statement of financial position as at January 1, 2019

	Balance as at January 1, 2019 as under previous TFRSs	Effect from adoption TFRS 15	Unit: Million Baht Balance as at January 1, 2019 as under new TFRSs
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	22,159	1,356	23,515
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	32,005	1,356	33,361

The separate statement of financial position as at December 31, 2019

	Balance as at December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 to beginning balance	Effect from adoption TFRS 15 in current period	Unit: Million Baht Balance as at December 31, 2019 as under new TFRSs
<b>Assets</b>				
<b>Non-current assets</b>				
Investments in subsidiaries	26,433	1,356	139	27,928
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	42,231	1,356	139	43,726

The separate statements of profit or loss and profit or loss and other comprehensive income for the year ended December 31, 2019

	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	Unit: Million Baht For the year ended December 31, 2019 as under new TFRSs
Share of profit from investment in an associate, subsidiaries and joint ventures	30,451	139	30,590
Profit for the year	31,051	139	31,190
Basic earnings per share (Baht)	10.44	0.05	10.49
Diluted earnings per share (Baht)	10.44	0.05	10.49
Total comprehensive income for the year	31,274	139	31,413

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

The separate statement of cash flows for the year ended December 31, 2019

	Unit: Million Baht		
	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	For the year ended December 31, 2019 as under new TFRSs
Profit for the year	31,051	139	31,190
Adjustments for			
Share of (profit) loss from investment in an associate, subsidiaries and joint ventures	(30,451)	(139)	(30,590)

### 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

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

#### Group of Financial Instruments Standards

##### **Thai Accounting Standards ("TAS")**

TAS 32 Financial Instruments: Presentation

##### **Thai Financial Reporting Standards ("TFRS")**

TFRS 7 Financial Instruments: Disclosures  
TFRS 9 Financial Instruments

##### **Thai Financial Reporting Standard Interpretations ("TFRIC")**

TFRIC 16 Hedges of a Net Investment in a Foreign Operation  
TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

#### Thai Financial Reporting Standard No. 16 "Leases"

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether an Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

#### Thai Accounting Standard No.12 (Revised 2019) "Income Taxes"

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

#### Thai Accounting Standard No.19 (Revised 2019) "Employee Benefits"

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

#### Thai Accounting Standard No.23 (Revised 2019) "Borrowing Costs"

This revised accounting standard clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This accounting standard requires prospective method for such amendment. Earlier application is permitted.

#### Thai Accounting Standard No.28 (Revised 2019) "Investments in Associates and Joint Ventures"

This revised accounting standard clarifies about the application of TFRS 9, including its impairment requirements, to long-term interests. An entity does not take into account adjustments to their carrying amount required by TAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with TAS 28). This accounting standard requires retrospective method for such amendment. Earlier application is permitted.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### Thai Financial Reporting Standard No.3 (Revised 2019) “Business Combinations”

This revised financial reporting standard clarifies that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

### Thai Financial Reporting Standard No.11 (Revised 2019) “Joint Arrangements”

This revised financial reporting standard clarifies that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint control, the entity does not remeasure its previously held interest in the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Except for Note 2.4 to the financial statements, 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.

##### 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.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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.

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.





# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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 in other comprehensive income. 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.

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.

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.





## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 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
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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.

#### 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.

#### 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



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 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.

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 and equity 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 directly 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.

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



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 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 recognition

Revenue is measured at the fair value of the standalone selling price of each performance obligation in contracts.

Revenue from sale of goods recognized in statement of profit or loss when control is passed to the buyer.

Revenue from rendering of services from providing internet and other services recognized when the services are transferred to customers.

Revenue from design contract and installation of internet network, computer and communication (“ICT”) recognize based on percentage of completion at the end of reporting period and in the period which the services were provided.

Revenue from contracts with multiple elements are allocated by fair value of standalone selling price in each performance obligation. In case of contracts have both obligations to perform at point of time and overtime, difference from revenue recognition and performance obligations at the beginning of contracts is recognized as contract assets or contract liabilities and recognized over the contracts periods.

Contract assets stated at net book value after allowance for terminate contracts

Allowance for terminate contracts is mostly assessed primarily on analysis of payment histories, future expectations of customer payments and cancellation contracts history. Contract assets will be written off when contracts are cancelled.

##### Costs of obtaining a contract

Cost of obtaining the contract is the commission paid to acquire the contract with the customers is recorded as an asset stated at net book value after allowance for impairment (if any) and recognized as an expense systematically over the contract periods in accordance with the revenue recognition from contracts. In case of costs of obtaining a contract’s amortization period is less than 1 year, the Group and the Company will recognized costs of obtaining a contract as expenses when incurred.

##### 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.

#### 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.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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.

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 basis.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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.

#### 4. CASH AND CASH EQUIVALENTS

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

Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Cash on hand	6	6	1	1
Cash at bank - current accounts	35	630	567	3
Cash at bank - saving accounts	35	19,828	10,625	1,971
Cash at bank - fixed accounts not exceeding 3 months		1,027	1	-
Highly liquid short-term investment		135	88	-
		21,626	11,287	1,975
				331
Less Specifically-designated bank deposits	5	(1,989)	(2,220)	-
<b>Total</b>		<b>19,637</b>	<b>9,067</b>	<b>1,975</b>

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Thai Baht (THB)	18,263	8,145	1,975	328
US Dollar (USD)	1,096	657	-	1
Euro (EUR)	278	265	-	2
<b>Total</b>	<b>19,637</b>	<b>9,067</b>	<b>1,975</b>	<b>331</b>

As at December 31, 2019, the effective interest rate of the Group and the Company on cash and cash equivalents are 0.04% - 2.57% and 0.04% - 1.40% per annum, respectively (as at December 31, 2018 : 0.04% - 1.30% and 0.04% - 1.25% 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 in the consolidated financial statements as at December 31, 2019 amounting to Baht 1,989 million (as at December 31, 2018 : Baht 2,221 million).

#### 6. TRADE AND OTHER CURRENT RECEIVABLE

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

Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Trade receivables</b>				
Related parties	35			
Trade receivables	39	105	10	15
Accrued income	25	68	-	3
	<u>64</u>	<u>173</u>	<u>10</u>	<u>18</u>
Other parties				
Trade receivables	9,993	9,672	180	180
Accrued income	7,985	7,957	1,574	1,575
	<u>17,978</u>	<u>17,629</u>	<u>1,754</u>	<u>1,755</u>
<b>Total trade receivables</b>	<b>18,042</b>	<b>17,802</b>	<b>1,764</b>	<b>1,773</b>
Less allowance for doubtful accounts	(1,765)	(1,441)	(98)	(99)
<b>Trade receivables - net</b>	<b>16,277</b>	<b>16,361</b>	<b>1,666</b>	<b>1,674</b>
<b>Other receivables</b>				
Prepaid expense	1,817	2,240	10	13
Account receivables - cash card/ refill on mobile	94	137	-	-
Value-added tax receivable	51	428	-	-
Others	59	76	149	99
<b>Total other receivables</b>	<b>2,021</b>	<b>2,881</b>	<b>159</b>	<b>112</b>
<b>Total trade and other current receivables</b>	<b>18,298</b>	<b>19,242</b>	<b>1,825</b>	<b>1,786</b>
(Reversal of) Bad and doubtful debts expense for the years ended December 31,	<u>2,521</u>	<u>2,175</u>	<u>(1)</u>	<u>(1)</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Aging analysis for trade receivables are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Related parties</b>				
Current - overdue 3 months	58	171	10	18
Overdue 3 - 6 months	4	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue over 12 months	2	2	-	-
	<u>64</u>	<u>173</u>	<u>10</u>	<u>18</u>
<b>Other parties</b>				
Current - overdue 3 months	15,051	14,472	-	-
Overdue 3 - 6 months	767	669	-	-
Overdue 6 - 12 months	175	582	-	-
Overdue over 12 months	1,985	1,906	1,754	1,755
	<u>17,978</u>	<u>17,629</u>	<u>1,754</u>	<u>1,755</u>
Less allowance for doubtful accounts	(1,765)	(1,441)	(98)	(99)
	<u>16,213</u>	<u>16,188</u>	<u>1,656</u>	<u>1,656</u>
<b>Trade receivables - net</b>	<u>16,277</u>	<u>16,361</u>	<u>1,666</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 financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Thai Baht (THB)	15,217	14,535	1,666	1,674
US Dollar (USD)	984	1,824	-	-
Euro (EUR)	76	2	-	-
<b>Total</b>	<u>16,277</u>	<u>16,361</u>	<u>1,666</u>	<u>1,674</u>

As at December 31, 2019, 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, 2018 : 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.

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. 11/2553 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. CONTRACT ASSETS

Contract assets as at December 31, 2019 are as follows: (as at December 31, 2018 : nil) (separate financial statements : nil)

	Unit: Million Baht Consolidated financial statements 2019
<b>Current assets</b>	
Sales of device and monthly service contract	2,219
Less Allowance for terminate contract or expected to be terminated before end of customer contract period	(350)
<b>Contract assets - net</b> (see Note 2.4)	<u>1,869</u>
Loss on terminate contract for the year ended December 31, 2019	<u>747</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Contract assets are from sales of device and monthly service contract with customers. The contract assets are from price allocation to device sales which are recognized revenues at point in time, when the Group transferred control of device to customers. Contract asset will decrease relative to monthly service in each month. Monthly network service are recognized revenues at over time and percentage of completion.

Contract assets which is terminated or expected to be terminated before end of contract period are reduced and recognized as loss from terminate contract.

#### 8. INVENTORIES

Inventories as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Finished goods	4,920	3,916	-	-
Supplies and spare parts	1	2	-	-
Spare parts for mobile phone network maintenance	129	505	-	363
	5,050	4,423	-	363
Less allowance for obsolescence and decline in value of inventory	(222)	(600)	-	(363)
<b>Inventories - net</b>	<b>4,828</b>	<b>3,823</b>	<b>-</b>	<b>-</b>

The Group and the Company recognized expenses in respect of reversal of allowance for obsolescence and decline in value of inventory for the year ended December 31, 2019 in consolidated financial statements of Baht 378 million and separate financial statements of Baht 363 million. (for the year ended December 31, 2018 : in consolidated financial statements of Baht 174 million (separate financial statements : nil)).

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

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

	Unit: Million Baht Consolidated financial statements	
	2019	2018
As at January 1,	18	31
Share of profit (loss) from investment in an associate	7	(13)
<b>As at December 31,</b>	<b>25</b>	<b>18</b>

For the years ended December 31, 2019 and 2018, the Group has no purchase and sale transactions of investment in an associate.

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

	Unit: Million Baht Consolidated financial statements	
	2019	2018
As at January 1,	736	59
Additional investments	-	787
Dividends received during the years	(8)	-
Share of loss from investment in joint ventures	(92)	(110)
<b>As at December 31,</b>	<b>636</b>	<b>736</b>

#### Investments in joint ventures

##### Dividend income

During the year 2019, the Group received dividend income from a joint venture by Baht 13 per share, amounting to Baht 8 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 FOR THE YEAR ENDED DECEMBER 31, 2019

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:

	Unit: Million Baht									
	% of Ownership interest		Paid-up capital		Consolidated financial statements Cost		Equity		Dividend received for the years	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Associate</b>										
Information Highway Co., Ltd.	29	29	50	50	<u>15</u>	<u>15</u>	<u>25</u>	<u>18</u>	<u>-</u>	<u>-</u>
<b>Joint ventures</b>										
Amata Network Co., Ltd.	60	60	100	100	<u>60</u>	<u>60</u>	<u>87</u>	<u>69</u>	<u>8</u>	<u>-</u>
Rabbit Line Pay Co., Ltd.	33.33	33.33	600	600	<u>787</u>	<u>787</u>	<u>549</u>	<u>667</u>	<u>-</u>	<u>-</u>





## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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

Unit: Million Baht											
	Reporting date	% of Ownership interest	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Profit/(loss)
<b>2019</b>											
<b>Associate</b>											
Information Highway Co., Ltd.	December 31	29	<u>94</u>	<u>445</u>	<u>539</u>	<u>421</u>	<u>39</u>	<u>460</u>	<u>143</u>	<u>145</u>	<u>(2)</u>
<b>Joint ventures</b>											
Amata Network Co., Ltd.	December 31	60	<u>64</u>	<u>102</u>	<u>166</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>74</u>	<u>31</u>	<u>43</u>
Rabbit Line Pay Co., Ltd.	December 31	33.33	<u>844</u>	<u>197</u>	<u>1,041</u>	<u>357</u>	<u>4</u>	<u>361</u>	<u>163</u>	<u>527</u>	<u>(364)</u>
<b>2018</b>											
<b>Associate</b>											
Information Highway Co., Ltd.	December 31	29	<u>126</u>	<u>499</u>	<u>625</u>	<u>503</u>	<u>46</u>	<u>549</u>	<u>145</u>	<u>163</u>	<u>(18)</u>
<b>Joint ventures</b>											
Amata Network Co., Ltd.	December 31	60	<u>62</u>	<u>90</u>	<u>152</u>	<u>37</u>	<u>-</u>	<u>37</u>	<u>40</u>	<u>21</u>	<u>19</u>
Rabbit Line Pay Co., Ltd.	December 31	33.33	<u>1,414</u>	<u>197</u>	<u>1,611</u>	<u>571</u>	<u>5</u>	<u>576</u>	<u>215</u>	<u>590</u>	<u>(375)</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Reconciliation of the above summarized financial information to the carrying amount of the interest in joint ventures recognized in the consolidated financial statements is as follows:

	<b>Unit: Million Baht</b>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2019</b>	<b>2018</b>
<b>Rabbit - Line Pay Co., Ltd.</b>		
Net assets of the joint ventures	680	1,035
Proportion of the Group's ownership interest in the joint ventures (%)	33.33	33.33
	227	345
Goodwill	322	322
Carrying amount of the Group's interest in the joint venture	549	667

#### 10. INVESTMENTS IN SUBSIDIARIES

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

		<b>Unit: Million Baht</b>	
		<b>Separate</b>	
		<b>financial statements</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Subsidiaries</b>			
As at January 1, as under previous TFRSs		22,159	22,650
Effect from adoption TFRS 15	2.4	1,356	-
As at January 1, as under new TFRSs		23,515	22,650
Dividend received during the years		(26,373)	(30,540)
Share of profit from investment in subsidiaries		30,590	30,045
Share of other comprehensive income of subsidiaries		195	-
Invested in share capital of a subsidiary		1	4
<b>As at December 31,</b>		<b>27,928</b>	<b>22,159</b>

#### 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. Subsequently, on February 8, 2018, ADD registered in share capital of Baht 4 million or 40,000 ordinary shares at Baht 100 each, with the Department of Business Development Ministry. The Company invested in ADD 39,997 shares at Baht 100 each, totaling Baht 4 million, representing 99.99% of authorized share capital.

On April 26, 2019, Advanced Digital Distribution Co., Ltd. ("ADD"), a subsidiary, registered to increase in the share capital from Baht 4 million which is 40,000 ordinary shares at Baht 100 each to Baht 5 million which is 50,000 ordinary shares at Baht 100 each with the Ministry of Commerce. The purpose of increasing in share capital is to comply with conditions of Office of Insurance Commission ("OIC"). The Company paid additional investment in such subsidiary for the increased 10,000 ordinary shares at Baht 100 each, totaling Baht 1 million, representing 99.99% of authorized share capital.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Unit: Million Baht									
	Ownership interest		Paid-up capital		Separate financial statements Cost		Investment as equity method		Dividend received for the years	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%								
<b>Subsidiaries</b>										
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	367	316	111	226
Digital Phone Co., Ltd.	98.55	98.55	914	914	10,226	10,226	4,155	4,117	-	-
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	276	292	17	37
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	841	711	487	543
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	143	141	41	55
Advanced Wireless Network Co., Ltd.	99.99	99.99	1,350	1,350	1,485	1,485	17,751	11,169	16,936	23,720
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	1,491	1,507	2,397	642
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	215	198	273	283
Fax Lite Co., Ltd.	99.98	99.98	1	1	1	1	2,144	2,290	4,427	3,265
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	402	1,279	1,631	1,769
Advanced Broadband Network Co., Ltd.	99.99	99.99	75	75	75	75	141	139	53	-
Advanced Digital Distribution Co., Ltd.	99.99	99.99	5	4	5	4	2	-	-	-
<b>Total</b>					<u>13,689</u>	<u>13,688</u>	<u>27,928</u>	<u>22,159</u>	<u>26,373</u>	<u>30,540</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 11. OTHER LONG-TERM INVESTMENTS

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Fixed deposit at financial institutions - pledged	11	11	-	-
Other long-term investments	56	49	47	48
<b>Total</b>	<b>67</b>	<b>60</b>	<b>47</b>	<b>48</b>

##### Fixed deposits at financial institutions - pledged

As at December 31, 2019, the Group has fixed deposit at a financial institution in the amount of Baht 11 million (as at December 31, 2018 : Baht 11 million), which have been pledged with a bank in respect of the contract's compliance.

##### Other long-term 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 0.58% of authorized share capital. The purpose of this investment is to serve digital transformation strategy.

On August 16, 2019, Advanced Mpay Co., Ltd. ("AMP"), a subsidiary, had additional investment in NDID by 80,560 shares by Baht 100 per share, totaling Baht 8.06 million, then new holding representing 2.47% of authorized share capital.

##### Pracharath Rak Samakkee Social Enterprise Co. Ltd.

The Group and the Company recognized a loss from impairment of investment for the year ended December 31, 2019 of Baht 1 million from assess the carrying amount of investment in Pracharath Rak Samakkee Social Enterprise Co. Ltd ("PRS") by comparing carrying amount of investment in PRS with the recoverable amount of such investment.

#### 12. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31, 2019

	Consolidated financial statements				Unit: Million Baht
	Balance as at January 1, 2019	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2019
<b>Cost</b>					
Land	797	4	(98)	-	703
Building and building improvements	702	4	-	31	737
Leasehold building improvements	1,997	264	(191)	(19)	2,051
Computer, tools and equipment	213,064	19,937	(2,333)	3,222	233,890
Furniture, fixtures and office equipment	1,990	76	(49)	6	2,023
Vehicles	182	23	(64)	-	141
<b>Total</b>	<b>218,732</b>	<b>20,308</b>	<b>(2,735)</b>	<b>3,240</b>	<b>239,545</b>
<b>Accumulated depreciation</b>					
Building and building improvements	(421)	(17)	-	-	(438)
Leasehold building improvements	(1,308)	(294)	154	1	(1,447)
Computer, tools and equipment	(88,218)	(26,853)	2,205	-	(112,866)
Furniture, fixtures and office equipment	(1,443)	(155)	46	(1)	(1,553)
Vehicles	(120)	(24)	45	-	(99)
<b>Total</b>	<b>(91,510)</b>	<b>(27,343)</b>	<b>2,450</b>	<b>-</b>	<b>(116,403)</b>
Assets under construction and installation	4,483	3,571	-	(3,240)	4,814
<b>Less Allowance for unused equipment</b>	<b>(1,493)</b>	<b>(953)</b>	<b>-</b>	<b>-</b>	<b>(2,446)</b>
<b>Property, plant and equipment</b>	<b>130,212</b>	<b>(4,417)</b>	<b>(285)</b>	<b>-</b>	<b>125,510</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

Unit: Million Baht						
Consolidated financial statements						
	Balance as at January 1, 2018	Additions	Disposals	Additions from acquisition of business	Transfer/ Other	Balance as at December 31, 2018
<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 equipment	1,305	103	(39)	559	62	1,990
Communication equipment for rental	8	-	(8)	-	-	-
Vehicles	192	28	(50)	12	-	182
Total	194,286	20,393	(2,629)	2,127	4,555	218,732
<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 equipment	(1,035)	(149)	34	(290)	(3)	(1,443)
Communication equipment for rental	(4)	-	4	-	-	-
Vehicles	(118)	(32)	38	(8)	-	(120)
Total	(66,661)	(24,822)	1,393	(1,169)	(251)	(91,510)
Assets under construction and installation	6,166	2,611	(42)	-	(4,252)	4,483
<u>Less</u> Allowance for impairment	(354)	-	406	-	(52)	-
Allowance for unused equipment	(858)	(635)	-	-	-	(1,493)
<b>Property, plant and equipment</b>	132,579	(2,453)	(872)	958	-	130,212

Depreciation for the years ended December 31,

2019	Million Baht	27,343
2018	Million Baht	24,822

As at December 31, 2019

Unit: Million Baht

	Separate financial statements			
	Balance as at January 1, 2019	Additions	Disposals	Balance as at December 31, 2019
<b>Cost</b>				
Building and building improvements	128	-	-	128
Leasehold building improvements	310	1	(5)	306
Computer, tools and equipment	3,636	1	(3,570)	67
Furniture, fixtures and office equipment	553	4	(21)	536
Vehicles	64	9	(15)	58
Total	4,691	15	(3,611)	1,095
<b>Accumulated depreciation</b>				
Building and building improvements	(127)	-	-	(127)
Leasehold building improvements	(266)	(18)	4	(280)
Computer, tools and equipment	(3,523)	(24)	3,482	(65)
Furniture, fixtures and office equipment	(531)	(10)	21	(520)
Vehicles	(33)	(11)	11	(33)
Total	(4,480)	(63)	3,518	(1,025)
Assets under construction and installation	6	-	(6)	-
<b>Property, plant and equipment</b>	<b>217</b>	<b>(48)</b>	<b>(99)</b>	<b>70</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

	Unit: Million Baht				
	Balance as at January 1, 2018	Separate financial statements Additions	Disposals	Transfer/ Other	Balance as at December 31, 2018
<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 equipment	558	12	(17)	-	553
Vehicles	74	18	(28)	-	64
<b>Total</b>	<b>4,699</b>	<b>38</b>	<b>(52)</b>	<b>6</b>	<b>4,691</b>
<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 equipment	(536)	(11)	16	-	(531)
Vehicles	(42)	(13)	22	-	(33)
<b>Total</b>	<b>(4,451)</b>	<b>(74)</b>	<b>45</b>	<b>-</b>	<b>(4,480)</b>
Assets under construction and installation	6	6	-	(6)	6
<b>Property, plant and equipment</b>	<b>254</b>	<b>(30)</b>	<b>(7)</b>	<b>-</b>	<b>217</b>

#### Depreciation for the years ended December 31,

2019	Million Baht	63
2018	Million Baht	74

Net book value of assets under finance lease liabilities in the consolidated financial statements and separate financial statements as at December 31, 2019 are Baht 101 million and Baht 17 million, respectively (in the consolidated financial statements and separate financial statements as at December 31, 2018 : Baht 135 million and Baht 25 million, respectively).

### 13. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

Movements in assets under the Agreements for operations in the consolidated financial statements for the year ended December 31, 2018 are as follows: (for the year ended December 31, 2019 : nil)

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

### 14. GOODWILL

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

	Unit: Million Baht	
	Consolidated financial statements 2019	2018
<b>Cost</b>		
As at January 1,	17,199	14,352
Increased from business acquisition (see Note 37)	-	2,847
<b>As at December 31,</b>	<b>17,199</b>	<b>17,199</b>
<b>Accumulated amortization</b>		
As at January 1,	(7,662)	(7,662)
<b>As at December 31,</b>	<b>(7,662)</b>	<b>(7,662)</b>
<b>Allowance for impairment</b>		
<b>Total</b>	<b>2,882</b>	<b>2,882</b>

## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 15. SPECTRUM LICENSES

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

As at December 31, 2019

	Consolidated financial statements			Unit: Million Baht
	Balance as at January 1, 2019	Additions	Balance as at December 31, 2019	
<b>Cost</b>				
Spectrum licenses	136,444	-	136,444	
Total	136,444	-	136,444	
<b>Accumulated Amortization</b>				
Spectrum licenses	(24,695)	(8,675)	(33,370)	
Total	(24,695)	(8,675)	(33,370)	
<b>Spectrum licenses</b>	<b>111,749</b>	<b>(8,675)</b>	<b>103,074</b>	

As at December 31, 2018

	Consolidated financial statements			Unit: Million Baht
	Balance as at January 1, 2018	Additions	Balance as at December 31, 2018	
<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>	

Amortization for the years ended December 31,

2019	Million Baht	8,675
2018	Million Baht	8,077

On May 27, 2016, Advanced Wireless Network Company Limited ("AWN"), a subsidiary, is 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. Subsequently on June 19, 2019, AWN is entitled to divide such payment term into ten installments since first payment date (see Note 1).

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 1st installment by 50% of the fee plus value added-tax, totalling Baht 6,693 million on September 19, 2018 and submitted bank guarantee to pay the remaining fee to the NBTC. For 2nd installment and 3rd 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 costs of spectrum licenses are initially recognized by measuring at the cash equivalent price based on the present value of its acquisition cost.

#### 16. OTHER INTANGIBLE ASSETS

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

As at December 31, 2019

	Consolidated financial statements				Unit: Million Baht
	Balance as at January 1, 2019	Additions	Disposals	Transfer/ Other	
<b>Cost</b>					
Customer relationship	167	-	-	-	167
Customer contracts	139	-	-	-	139
Fibre optics licences	86	-	-	-	86
Software licenses	9,303	1,488	(4)	634	11,421
Total	9,695	1,488	(4)	634	11,813
<b>Accumulated amortization</b>					
Customer relationship	(33)	(36)	-	-	(69)
Customer contracts	(28)	(31)	-	-	(59)
Fibre optics licences	(61)	(8)	-	-	(69)
Software licenses	(5,115)	(1,136)	2	-	(6,249)
Total	(5,237)	(1,211)	2	-	(6,446)
Assets under installation	634	137	(36)	(634)	101
<b>Other intangible assets</b>	<b>5,092</b>	<b>414</b>	<b>(38)</b>	<b>-</b>	<b>5,468</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

	Consolidated financial statements					Unit: Million Baht
	Balance as at January 1, 2018	Additions	Disposals	Additions from acquisition of business	Transfer/ Other	Balance as at December 31, 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
<b>Total</b>	<b>8,278</b>	<b>719</b>	<b>(12)</b>	<b>506</b>	<b>204</b>	<b>9,695</b>
<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)
<b>Total</b>	<b>(4,134)</b>	<b>(980)</b>	<b>10</b>	<b>(133)</b>	<b>-</b>	<b>(5,237)</b>
Assets under installation	355	483	-	-	(204)	634
<b>Other intangible assets</b>	<b>4,499</b>	<b>222</b>	<b>(2)</b>	<b>373</b>	<b>-</b>	<b>5,092</b>
<b>Amortization for the years ended December 31,</b>						
2019					Million Baht	1,211
2018					Million Baht	980

As at December 31, 2019

	Separate financial statements				Unit: Million Baht
	Balance as at January 1, 2019	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2019
<b>Cost</b>					
Software licenses	323	-	-	-	323
<b>Total</b>	<b>323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>
<b>Accumulated amortization</b>					
Software licenses	(306)	(6)	-	-	(312)
<b>Total</b>	<b>(306)</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(312)</b>
<b>Other intangible assets</b>	<b>17</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>11</b>

As at December 31, 2018

	Separate financial statements				Unit: Million Baht
	Balance as at January 1, 2018	Additions	Disposals	Transfer/ Other	Balance as at December 31, 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
<b>Amortization for the years ended December 31,</b>					
2019				Million Baht	6
2018				Million Baht	11

#### 17. DEFERRED TAX ASSETS

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

	Consolidated financial statements		Unit: Million Baht	
	2019	2018	2019	2018
Deferred tax assets	3,939	3,300	550	613
Deferred tax liabilities	(448)	(90)	-	-
<b>Deferred tax - net</b>	<b>3,491</b>	<b>3,210</b>	<b>550</b>	<b>613</b>

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

As at December 31, 2019

	Consolidated financial statements				Unit: Million Baht
	Balance as at January 1, 2019	(Charged)/credited to Profit or loss	Other Comprehensive Income	Effect from Adoption TFRS 15	Balance as at December 31, 2019
<b>Deferred tax assets</b>					
Trade receivables (allowance for doubtful accounts)	266	60	-	-	326
Inventories (allowance for obsolescence and decline in value)	47	(3)	-	-	44
Unearned income - mobile phone service (income recognized difference)	408	59	-	-	467
Accrued expense	410	-	-	-	410
Provisions for employee benefit	466	178	(56)	-	588
Loss carry forward	151	(76)	-	-	75
Spectrum licenses payable (deferred interest)	766	225	-	-	991
Allowance for unused equipment	299	149	-	-	448
Others	487	103	-	-	590
<b>Total</b>	<b>3,300</b>	<b>695</b>	<b>(56)</b>	<b>-</b>	<b>3,939</b>
<b>Deferred tax liabilities</b>					
Contract assets	-	(35)	-	(339)	(374)
Others	(90)	16	-	-	(74)
<b>Total</b>	<b>(90)</b>	<b>(19)</b>	<b>-</b>	<b>(339)</b>	<b>(448)</b>
<b>Deferred tax - net</b>	<b>3,210</b>	<b>676</b>	<b>(56)</b>	<b>(339)</b>	<b>3,491</b>





## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

	Unit: Million Baht		
	Consolidated financial statements		
	Balance as at January 1, 2018	(Charged)/credited to Profit or loss	Balance as at December 31, 2018
<b>Deferred tax assets</b>			
Trade receivables (allowance for doubtful accounts)	269	(12)	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	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	487
<b>Total</b>	<b>2,590</b>	<b>659</b>	<b>3,300</b>
<b>Deferred tax liabilities</b>			
Others	(28)	18	(90)
<b>Total</b>	<b>(28)</b>	<b>18</b>	<b>(90)</b>
<b>Deferred tax - net</b>	<b>2,562</b>	<b>677</b>	<b>3,210</b>

As at December 31, 2019

	Unit: Million Baht		
	Separate financial statements		
	Balance as at January 1, 2019	(Charged)/credited to Profit or loss	Balance as at December 31, 2019
<b>Deferred tax assets</b>			
Accrued expense	410	-	410
Provisions for employee benefit	53	20	66
Loss carry forward	150	(76)	74
<b>Deferred tax - net</b>	<b>613</b>	<b>(56)</b>	<b>550</b>

As at December 31, 2018

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

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:

	Unit: Million Baht		
	Consolidated financial statements	Separate financial statements	
	2019	2018	2019
Loss carry forward	104	390	-
Others	20	93	20
<b>Total</b>	<b>124</b>	<b>483</b>	<b>92</b>

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.

As at December 31, 2019, the Group have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2020 - 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, 2019

#### 18. INTEREST-BEARING LIABILITIES

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

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
<b>Current</b>					
Short-term borrowing from financial institutions		-	5,900	-	2,900
Current portion of long-term liabilities					
- Current portion of long-term borrowings from financial institution		24,819	3,358	-	-
- Current portion of long-term debentures	35	-	7,788	-	-
- Current portion of finance lease liabilities	35	53	57	15	11
Total current portion of long-term liabilities		24,872	11,203	15	11
Short-term borrowings from related parties	35	-	-	4,920	4,920
Total current		24,872	17,103	4,935	7,831
<b>Non-current</b>					
Long-term liabilities					
- Long-term borrowings from Financial institution - net		33,757	56,571	-	-
- Long-term borrowing from a related party - net	35	2,999	2,999	-	-
- Long-term debentures - net	35	32,388	32,382	-	-
- Finance lease liabilities - net	35	28	78	16	26
Total long-term liabilities		69,172	92,030	16	26
<b>Total</b>		94,044	109,133	4,951	7,857

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Within one year	24,819	17,046	4,920	7,820
After one year but within five years	49,430	66,459	-	-
After five years	19,714	25,493	-	-
<b>Total</b>	93,963	108,998	4,920	7,820

Interest-bearing liabilities as at December 31, 2019 and 2018 are denominated entirely in Thai Baht.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### Long-term borrowings

The details of long-term borrowings as at December 31, are summarized as follows: (separate financial statement : nil)

Interest rate (per annum)	Term of interest payment	Principal payment term	Unit: Million Baht Consolidated financial statements	
			2019	2018
Advanced Wireless Network Co., Ltd.				
Fixed interest rate as stipulated in the agreement	Semi-annual	4 equal installments from 2019 to 2021	3,750	5,000
6MTHBFIX plus margin	Semi-annual	2 equal installments in 2020	12,300	12,300
Fixed interest rate as stipulated in the agreement	Semi-annual	7 equal installments from 2019 to 2022	4,286	5,000
6MTHBFIX plus margin	Semi-annual	Entirely redeemed in 2020	4,200	4,200
6MBIBOR plus margin	Semi-annual	6 equal installments from 2020 to 2023	20,000	20,000
6MBIBOR plus margin	Semi-annual	5 equal installments from 2019 to 2023	5,600	7,000
6MTHBFIX plus margin	Semi-annual	6 equal installments from 2021 to 2023	4,500	4,500
Fixed interest rate as stipulated in the agreement	Semi-annual	2 equal installments in 2022*	1,961	1,961
6MTHBFIX plus margin	Semi-annual	6 equal installments from 2023 to 2026	2,000	-
Total loans			58,597	59,961
Less transaction cost			(21)	(32)
Long-term borrowings			58,576	59,929

\* 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 FOR THE YEAR ENDED DECEMBER 31, 2019

### 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: (separate financial statement : nil)

						Unit: Million Baht	
Issue date	No. of units (Million)	Amount	Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements 2019	2018
Advanced Wireless Network Co., Ltd.							
April 11, 2014	7.79	7,789	Fixed interest rate of 4.17%	Semi-annual	Entirely redeemed on April 11, 2019	-	7,789
April 11, 2014	1.78	1,776	Fixed interest rate of 4.56%	Semi-annual	Entirely redeemed on April 11, 2021	1,776	1,776
April 11, 2014	6.64	6,638	Fixed interest rate of 4.94%	Semi-annual	Entirely redeemed on April 11, 2024	6,638	6,638
May 11, 2016	7.82	7,820	Fixed interest rate of 2.51%	Semi-annual	Entirely redeemed on May 11, 2023	7,820	7,820
May 11, 2016	7.18	7,180	Fixed interest rate of 2.78%	Semi-annual	Entirely redeemed on May 11, 2026	7,180	7,180
November 30, 2017	9.00	9,000	Fixed interest rate of 3.35%	Semi-annual	Entirely redeemed on November 30, 2027	9,000	9,000
Total debentures						32,414	40,203
Less bond issuing cost						(26)	(33)
Long-term debentures						32,388	40,170



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019 and 2018, the Group had undrawn borrowings amounting to Baht 15,000 million and Baht 17,000 million, respectively. (as at December 31, 2019 and 2018, the Company was nil)

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		Fair values*	
	Carrying amount			
	2019	2018	2019	2018
Long-term debentures	32,414	40,203	34,388	40,662

\* 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 arising from financing activities 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 from Financial institutions	Long-term borrowing from a related party	Long-term debentures	Finance lease liabilities	Total
As at January 1, 2019	5,900	-	59,929	2,999	40,170	135	109,133
Cash flows items:							
Additions	4,500	4,000	2,000	-	-	-	10,500
Repayments	(10,400)	(4,000)	(3,365)	-	(7,789)	(56)	(25,610)
Total Cash flows items	(5,900)	-	(1,365)	-	(7,789)	(56)	(15,110)
Non-cash items:							
Addition	-	-	-	-	-	2	2
Amortization as expense	-	-	12	-	7	-	19
Total non-cash items	-	-	12	-	7	2	21
As at December 31, 2019	-	-	58,576	2,999	32,388	81	94,044

	Unit: Million Baht						
	Consolidated financial statements					Total	
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings from financial institutions	Long-term borrowing from a related party	Long-term debentures	Finance lease liabilities	
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)

#### Changes from acquisition of business items:

Increase from acquisition of business	250	-	60	-	-	2	312
<b>As at December 31, 2018</b>	<b>5,900</b>	<b>-</b>	<b>59,929</b>	<b>2,999</b>	<b>40,170</b>	<b>135</b>	<b>109,133</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, 2019	2,900	4,920	-	37	7,857
<b>Cash flows items:</b>					
Additions	-	800	-	-	800
Repayments	(2,900)	(800)	-	(8)	(3,708)
<b>Total Cash flows items</b>	(2,900)	-	-	(8)	(2,908)
<b>Non-cash items:</b>					
Addition	-	-	-	2	2
<b>Total non-cash items</b>	-	-	-	2	2
<b>As at December 31, 2019</b>	<b>-</b>	<b>4,920</b>	<b>-</b>	<b>31</b>	<b>4,951</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit: Million Baht			
	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
<b>Cash flows items:</b>				
Additions	8,700	700	-	-
Repayments	(5,800)	(420)	(2,828)	(17)
<b>Total Cash flows items</b>	2,900	280	(2,828)	(17)
<b>Non-cash items:</b>				
Addition	-	-	-	12
Unrealized gain on foreign exchange rate	-	-	(197)	-
<b>Total non-cash items</b>	-	-	(197)	12
<b>As at December 31, 2018</b>	2,900	4,920	-	37

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

	Consolidated financial statements		Unit: Percent per annum Separate financial statements	
	2019	2018	2019	2018
Short-term borrowings	-	1.79	1.12	1.38
Long-term borrowings	2.82	2.80	-	-
Long-term debentures	3.41	3.56	-	-
Finance lease liabilities	5.18	5.37	4.04	4.07

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

#### 19. TRADE AND OTHER CURRENT PAYABLES

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

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
<b>Trade payables</b>					
Related parties	35	63	73	14	26
Other parties		21,974	18,349	29	33
<b>Total trade payables</b>		22,037	18,422	43	59
<b>Other payables</b>					
Accrued expenses	35	17,991	18,190	2,848	2,773
Valued-added tax payable		324	85	8	9
Withholding tax payable		312	243	6	5
Others	35	712	740	-	-
<b>Total other payables</b>		19,339	19,258	2,862	2,787
<b>Total trade and other current payables</b>		41,376	37,680	2,905	2,846

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Thai Baht (THB)	9,181	5,469	34	39
US Dollar (USD)	12,744	12,808	1	1
Euro (EUR)	22	51	-	-
Yen (JPY)	82	63	-	-
Singapore Dollar (SGD)	8	19	8	19
Pound (GBP)	-	5	-	-
Swiss Franc (CHF)	-	1	-	-
Australia Dollar (AUD)	-	6	-	-
<b>Total</b>	22,037	18,422	43	59

#### 20. SPECTRUM LICENSES PAYABLE

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

	Note	Unit: Million Baht Consolidated financial statements	
		2019	2018
<b>Spectrum licenses payable</b>			
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2)	1	55,642	61,426
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.3)		6,147	6,062
		61,789	67,488
<u>Less</u> current portion of spectrum licenses payable		(24,490)	(3,972)
<b>Spectrum licenses payable</b>		37,299	63,516

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

	Note	Unit: Million Baht Consolidated financial statements	
		2019	2018
As at January 1,		67,488	73,950
Addition		-	12,303
Payments		(4,020)	(20,536)
Amortization of deferred interest expense		1,605	1,771
Unrealized adjustment value of spectrum license	1	(3,284)	-
<b>As at December 31,</b>		61,789	67,488



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 21. 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.

On April 5, 2019, The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette which will be effective in 30 days after the announce date. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Group and the Company already reflected the effect of such change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss in amount of Baht 636 million and Baht 72 million, respectively.

The defined benefit plans expose the Group and the Company to actuarial risks, such as longevity 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:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Present value of obligations	2,860	2,254	329	263

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Provisions for employee benefit as at January 1,	2,254	1,856	263	235
Increase from acquisition of business	-	156	-	-
Current service costs and interest	297	268	55	50
Benefits paid	(47)	(26)	(20)	(10)
Transfer employee to subsidiaries	-	-	(6)	(12)
Gains on remeasurements of defined benefit plans	(280)	-	(35)	-
Past service cost	636	-	72	-
<b>Provisions for employee benefit as at December 31,</b>	<b>2,860</b>	<b>2,254</b>	<b>329</b>	<b>263</b>

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Current service costs	210	189	38	28
Interest on obligations	87	79	11	10
Past service cost	636	-	72	-
<b>Total</b>	<b>933</b>	<b>268</b>	<b>121</b>	<b>38</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 financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Cost of rendering of services and equipment rental	49	16	99	24
Administrative expenses	794	171	8	2
Management benefit expenses	3	2	3	2
Finance costs	87	79	11	10
<b>Total</b>	<b>933</b>	<b>268</b>	<b>121</b>	<b>38</b>

(Gains) loss 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 financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Included in retained earnings :</b>				
At January 1,	339	339	255	255
Recognized during the year	(280)	-	(35)	-
<b>As at December 31,</b>	<b>59</b>	<b>339</b>	<b>220</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 financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Financial assumptions	(135)	-	(12)	-
Experience adjustment	(145)	-	(23)	-
<b>Total</b>	<b>(280)</b>	<b>-</b>	<b>(35)</b>	<b>-</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2.4%	3%	2.4%	3%
Future salary increases	5%	6%	5%	6%

Assumptions regarding future mortality for the years ended December 31, 2019 and 2018 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 provisions for employee benefit as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Discount rate				
- Increase 1%	(353)	(301)	(41)	(25)
- Decrease 1%	422	363	49	30
Future salary growth				
- Increase 1%	398	339	46	28
- Decrease 1%	(337)	(288)	(40)	(24)

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.

#### 22. SHARE CAPITAL

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

Par value per share (in Baht)	2019		(Million shares/million Baht) 2018	
	Number of share	Amount	Number of share	Amount
<b>Authorized</b>				
As at January 1,				
- ordinary shares	1.00	4,997	4,997	4,997
<b>As at December 31,</b>				
- ordinary shares	1.00	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
<b>As at December 31,</b>				
- ordinary shares	1.00	2,973	2,973	2,973

As at December 31, 2019 and 2018, 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.

On June 5, 2019, the Company has registered the increase in share capital with the Department of Business Development, Ministry of Commerce for 83,302 ordinary shares at a par value of Baht 1 each that results from the exercise of the warrant offered to directors and employees of the Group and the Company for 83,302 units which the exercise price on the warrant is Baht 166.588 per share. The increasing in share capital results to increase in paid-up share capital and share premium of Baht 83,302 and Baht 13 million, respectively.

#### 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.

#### 23. 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, 2019

#### 24. OTHER COMPONENTS OF SHAREHOLDERS' EQUITY

##### Share-based payment

The performance share plan

##### 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

##### 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

Movements in the number of outstanding warrants for the year ended December 31, 2019 are as follows:

	As at January 1, 2019	Transaction during the period			Unit: Thousand units As at December 31, 2019
		Issued	Exercised	Expired	
			(See Note 22)		
<b>ESOP - Grant II</b>					
- Directors	30	-	-	(30)	-
- Employees	612	-	-	(612)	-
	642	-	-	(642)	-
<b>ESOP - Grant III</b>					
- Directors	51	-	-	-	51
- Employees	726	-	-	-	726
	777	-	-	-	777
<b>ESOP - Grant IV</b>					
- Directors	57	-	(7)	-	50
- Employees	654	-	(76)	-	578
	711	-	(83)	-	628
<b>ESOP - Grant V</b>					
- Directors	89	-	-	-	89
- Employees	964	-	-	-	964
	1,053	-	-	-	1,053
<b>Total</b>	3,183	-	(83)	(642)	2,458

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



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 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%

#### 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, 2019, the Group and the Company recognized share-based payment expense amounting to Baht 26 million and Baht 26 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2018: Baht 39 million and Baht 39 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.

### 25. SEGMENT FINANCIAL INFORMATION AND DISAGGREGATION OF REVENUE

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 Total reportable segments	
	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	141,418	136,119	29,879	25,234	9,597	8,503	180,894	169,856
Investment income	181	147	7	12	10	6	198	165
Finance costs	(4,764)	(5,134)	(2)	(2)	(11)	(12)	(4,777)	(5,148)
Depreciation and amortization	(34,761)	(31,689)	(5)	(6)	(2,463)	(2,184)	(37,229)	(33,879)
Material items of expenses	(18,063)	(15,137)	(2,510)	(4,893)	(569)	(792)	(21,142)	(20,822)
Segment profit (loss) before income tax expense	38,018	40,290	(2,442)	(5,952)	1,826	1,299	37,402	35,637

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 Total reportable segments	
	2019	2018	2019	2018	2019	2018	2019	2018
Segment assets	271,628	271,526	7,664	7,799	10,377	11,180	289,669	290,505
Segment liabilities	212,870	225,949	3,993	4,175	3,412	2,712	220,275	232,836

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 Total reportable segments	
	2019	2018	2019	2018	2019	2018	2019	2018
Capital expenditure	21,974	33,443	1	-	2,988	2,429	24,963	35,872



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### Revenue

##### Disaggregation of revenue

The Group has recognized revenue from sale of goods and rendering of services to customer at a point in time and overtime by type of goods or main services according to the disclosure of segment financial information and disaggregation of revenue for the years ended December 31, are as follows:

		2019	Unit: Million Baht 2018
<b>External revenue</b>			
Segment 1	- Mobile phone services	141,418	136,119
Segment 2	- Mobile phone and equipment sales	29,879	25,234
Segment 3	- Datanet and broadband services	9,597	8,503
<b>Total</b>		<b>180,894</b>	<b>169,856</b>

##### Timing of revenue recognition

Point in time			
Segment 2	- Mobile phone and equipment sales	29,879	25,234
Segment 3	- Datanet and broadband services	886	617
		30,765	25,851
Overtime			
Segment 1	- Mobile phone services	141,418	136,119
Segment 3	- Datanet and broadband services	8,711	7,886
		150,129	144,005
<b>Total</b>		<b>180,894</b>	<b>169,856</b>

##### 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.

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

The Company has revenue from rendering of services from internet and telecommunication services under licenses granted by The National Broadcasting and Telecommunications Commission ("NBTC") for the years ended December 31, are classified as follows:

	Unit: Million Baht Separate financial statements	2019	2018
Internet License Type 1	-	-	-
Other service income	1,728	1,734	1,734
<b>Total</b>	<b>1,728</b>	<b>1,734</b>	<b>1,734</b>

#### 27. INTEREST INCOME

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

	Note	Consolidated financial statements	2019	2018	Unit: Million Baht Separate financial statements	2019	2018
Subsidiaries	35	-	-	-	591	834	
Financial institutions		198	165		19	4	
<b>Total</b>		<b>198</b>	<b>165</b>		<b>610</b>	<b>838</b>	

#### 28. OTHER INCOME (REVERSAL)

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

	Notes	Consolidated financial statements	2019	2018	Unit: Million Baht Separate financial statements	2019	2018
Bad debt recovery		174	135		11	11	
Management income	35	-	6		-	-	
(Reversal) other income	35	-	-		-	(1,239)	
Others	35	475	555		57	65	
<b>Total</b>		<b>649</b>	<b>696</b>		<b>68</b>	<b>(1,163)</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, 2019: nil).

#### 29. PROVIDENT FUND

The defined contribution plans comprise provident fund established by the Group and the Company for their employees. Membership of 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, 2019, the Group and the Company recognized contribution paid to provident fund amounting to Baht 292 million and Baht 31 million, respectively, in the consolidated and separate statement of profit or loss (For the year ended December 31, 2018: Baht 281 million and Baht 30 million, respectively).



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 30. 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 financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
Depreciation of buildings and equipment	12	27,343	24,822	63	75
Amortization of spectrum licenses	15	8,675	8,077	-	-
Amortization of other intangible assets	16	1,211	980	6	11
Doubtful accounts and bad debts (bad debts recovery)	6	2,521	2,175	(1)	(1)
Loss on terminate contract assets	7	747	-	-	-
Distribution expenses		7,861	9,550	2	1
Staff costs		10,760	9,098	1,091	921

#### 31. FINANCE COSTS

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

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
Interest expense	35	3,085	3,280	58	92
Finance cost related to spectrum license		1,604	1,771	-	-
Others		88	97	15	14
<b>Total</b>		<b>4,777</b>	<b>5,148</b>	<b>73</b>	<b>106</b>

#### 32. 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 Separate financial statements	
		2019	2018	2019	2018
<b>Current tax expense</b>					
Current year		6,886	6,443	-	-
Adjustment for prior years		(2)	156	-	-
		6,884	6,599	-	-
<b>Deferred tax expense (income)</b>	17				
Movements in temporary differences		(675)	(677)	56	(53)
<b>Total tax expense (income)</b>		<b>6,209</b>	<b>5,922</b>	<b>56</b>	<b>(53)</b>

Tax expense (income) recognized in the statements of profit or loss and other comprehensive income for the year ended December 31, 2019 are as follows: (for the year ended December 31, 2018: nil)

#### Unit: Million Baht Consolidated financial statements

	Before tax	Tax (expense) benefit	Net of tax
Gains on remeasurements of defined benefit plans	280	(56)	224
<b>Total</b>	<b>280</b>	<b>(56)</b>	<b>224</b>

#### Unit: Million Baht Separate financial statements

	Before tax	Tax (expense) benefit	Net of tax
Gains on remeasurements of defined benefit plans	35	(7)	28
<b>Total</b>	<b>35</b>	<b>(7)</b>	<b>28</b>

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

#### Unit: Million Baht Consolidated financial statements

	Rate (%)	2019	Rate (%)	2018
Profit before income tax expense		37,402		35,637
Income tax using the applicable tax rate	20	7,480	20	7,127
Expenses not deductible for tax purposes		32		11
Additional capital expenditure deduction Allowed		(1,245)		(1,288)
Recognition of previously unrecognized temporary difference		(72)		-
Adjustment for prior years		(2)		156
Effect from elimination with subsidiaries		16		(84)
<b>Total</b>	17	<b>6,209</b>	17	<b>5,922</b>

#### Unit: Million Baht Separate financial statements

	Rate (%)	2019	Rate (%)	2018
Profit before income tax expense		31,245		29,629
Income tax using the applicable tax rate	20	6,249	20	5,926
Share of profit of subsidiaries		(6,118)		(6,009)
Expenses not deductible for tax purposes		-		30
Additional expenditure deduction allowed net		(3)		-
Recognition of previously unrecognized temporary difference		(72)		-
<b>Total</b>	-	<b>56</b>	-	<b>(53)</b>

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, 2019 and 2018.

## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 33. 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 financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to ordinary shareholders of the Company (basic)	31,190	29,682	31,190	29,682
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Earnings per share (basic) (in Baht)	10.49	9.98	10.49	9.98

##### 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 financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to equity holders of the Company (basic)	31,190	29,682	31,190	29,682
Profit attributable to equity holders of the Company (diluted)	31,190	29,682	31,190	29,682
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Weighted average number of ordinary shares outstanding (diluted)	2,973	2,973	2,973	2,973
Earnings per share (diluted) (in Baht)	10.49	9.98	10.49	9.98

#### 34. DIVIDENDS

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.

At the Annual General Meeting of the shareholders of the Company held on March 28, 2019, the shareholders approved the appropriation of dividend of Baht 7.08 per share. The Company paid an interim dividend at the rate of Baht 3.78 per share on August 29, 2018, therefore the remaining dividend to be paid is Baht 3.30 per share, amounting to Baht 9,811 million. The dividend was paid to shareholders on April 18, 2019.

At the Board of Director's meeting held on August 5, 2019, 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 September 3, 2019.

#### 35. 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, 2019

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

Name of entities	Country of incorporation/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 and has some joint directors.
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 financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Revenue from rendering of service and equipment rentals</b>				
Subsidiaries	-	-	1,727	1,733
INTOUCH Group	55	44	1	1
Singtel Group	125	192	-	-
Joint Venture	6	2	-	-
Other related parties	95	84	-	-
<b>Total</b>	<b>281</b>	<b>322</b>	<b>1,728</b>	<b>1,734</b>
<b>Sales of property and other assets</b>				
Subsidiaries	-	-	42	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>
<b>Dividend received from</b>				
Subsidiaries	-	-	26,373	30,540
Joint Venture	8	-	-	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>26,373</b>	<b>30,540</b>
<b>Interest income</b>				
Subsidiaries	-	-	591	834
Other related parties	64	-	-	-
<b>Total</b>	<b>64</b>	<b>-</b>	<b>591</b>	<b>834</b>
<b>Other income (reversal)</b>				
Subsidiaries	-	-	37	(1,191)
INTOUCH Group	1	1	-	-
Singtel Group	3	1	-	-
Joint venture	6	6	-	-
Other related parties	-	3	-	-
<b>Total</b>	<b>10</b>	<b>11</b>	<b>37</b>	<b>(1,191)</b>

### Rental and other service expenses

Subsidiaries	-	-	55	52
INTOUCH Group	210	192	5	1
Singtel Group	279	266	-	-
Joint venture	51	34	-	-
Associate	82	89	-	-
Other related parties	67	64	-	-
<b>Total</b>	<b>689</b>	<b>645</b>	<b>60</b>	<b>53</b>

### Advertising expense

INTOUCH Group	11	4	-	-
Singtel Group	2	3	-	-
Other related parties	1	1	-	-
<b>Total</b>	<b>14</b>	<b>8</b>	<b>-</b>	<b>-</b>

### Management benefit expenses

Short-term employee benefit	137	167	137	148
Long-term employee benefit	3	2	3	2
Share-based payments	4	8	4	8
<b>Total</b>	<b>144</b>	<b>177</b>	<b>144</b>	<b>158</b>

### Purchase of property and other assets

INTOUCH Group	69	13	-	-
<b>Total</b>	<b>69</b>	<b>13</b>	<b>-</b>	<b>-</b>

### Finance costs

Subsidiaries	-	-	54	60
INTOUCH Group	2	2	-	-
Associate	3	5	-	-
Other related parties	192	50	-	-
<b>Total</b>	<b>197</b>	<b>57</b>	<b>54</b>	<b>60</b>

### Dividend paid to

INTOUCH	8,515	8,840	8,515	8,840
Singtel	4,909	5,096	4,909	5,096
<b>Total</b>	<b>13,424</b>	<b>13,936</b>	<b>13,424</b>	<b>13,936</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Cash and cash equivalents</b>				
- Bank deposit				
Other related parties	113	165	1	1
<b>Trade and other current receivables</b>				
<b>Trade receivables</b>				
Subsidiaries	-	-	9	14
INTOUCH Group	10	5	1	-
Singtel Group	18	87	-	1
Joint Venture	2	1	-	-
Other related parties	9	12	-	-
	39	105	10	15
<b>Accrued income</b>				
Subsidiaries	-	-	-	3
INTOUCH Group	1	2	-	-
Singtel Group	22	64	-	-
Joint Venture	1	1	-	-
Other related parties	1	1	-	-
	25	68	-	3
<b>Total trade receivables</b>	64	173	10	18
<b>Other receivables</b>				
- Accrued interest income				
Subsidiaries	-	-	148	98
<b>Total other receivables</b>	-	-	148	98
<b>Total trade and other current receivables</b> (see Note 6)	64	173	158	116
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	50,499	48,669

As at December 31, 2019, the Company has short-term loans to related parties represent promissory notes at call, bearing interest at the average rate of 1.14 % per annum (as at December 31, 2018 : average rate of 1.36 % per annum).

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Short-term loans to related parties</b>				
As at January 1,	-	-	48,669	39,534
Increase	-	-	14,160	41,971
Decrease	-	-	(12,330)	(32,836)
<b>As at December 31,</b>	-	-	50,499	48,669

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Trade and other current payables</b>				
<b>Trade payables</b>				
Subsidiaries	-	-	4	6
INTOUCH Group	15	14	1	-
Singtel Group	31	49	9	20
Joint Venture	8	2	-	-
Associate	7	6	-	-
Other related parties	2	2	-	-
<b>Total trade payables</b>	63	73	14	26
<b>Other payables</b>				
- Accrued expenses				
Subsidiaries	-	-	18	21
INTOUCH Group	52	29	-	2
Singtel Group	2	12	-	-
Joint Venture	5	17	-	-
Associate	3	28	-	-
Other related parties	49	30	-	-
<b>Total other payables</b>	111	116	18	23
<b>Total trade and other current payables (see Note 19)</b>	174	189	32	49
<b>Financial lease liabilities</b>				
Associate	29	54	-	-
<b>Short-term borrowings from related parties</b>				
Subsidiaries	-	-	4,920	4,920

As at December 31, 2019, short-term borrowings from related parties represent promissory notes at call, bearing interest at the average rate of 1.12 % per annum and unsecured. (As at December 31, 2018 : average rate of 1.14% per annum).

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Short-term borrowings from related parties</b>				
As at January 1,	-	-	4,920	4,640
Increase	-	6,000	800	700
Decrease	-	(6,000)	(800)	(420)
<b>As at December 31, (see Note 18)</b>	-	-	4,920	4,920

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Long-term borrowing from a related party</b>				
Other related party	2,999	2,999	-	-
<b>Total</b>	<b>2,999</b>	<b>2,999</b>	<b>-</b>	<b>-</b>

As at December 31, 2019 and 2018, the Group has long-term borrowing from a related party, bearing interest at the rate of 6MTHBFX 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 financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Long-term borrowings from related parties</b>				
As at January 1,	2,999	-	-	-
Addition	-	3,000	-	-
Borrowing cost	-	(1)	-	-
<b>As at December 31, (see Note 18)</b>	<b>2,999</b>	<b>2,999</b>	<b>-</b>	<b>-</b>

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Long-term debentures</b>				
INTOUCH Group	52	68	-	-
Other related parties	24	264	-	-
<b>Total (see Note 18)</b>	<b>76</b>	<b>332</b>	<b>-</b>	<b>-</b>

### 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:

- The Group has entered into interconnection agreements among its related parties. The termination and suspension of the agreement are referred to the regulations and conditions of the National Telecommunications Commission.
- 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.

- 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.
- Advanced Contact Center Co., Ltd., a subsidiary, and High Shopping Co., Ltd., a related party have 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 30 days.
- 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.
- 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.
- 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.
- 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 60 days.
- The Group has entered into an agreement with MIMO Tech Co., Ltd. And AD venture Public Co., Ltd., a subsidiaries, 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.
- 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.
- 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.
- 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.
- 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.





## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

- 14) 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.
- 15) 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.
- 16) Advanced Mpay Co., Ltd., a subsidiary, has entered into agreement with Rabbit-Line Pay Co., Ltd., a joint venture, 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.
- 17) Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary hired MIMO Tech Co., Ltd. ("MMT"), a subsidiary to operate point management and arranging activities to exchange products or services for the AWN's customers. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.

#### 36. 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 18). 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 rates on specific debt securities and borrowings.

##### 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 financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Cash and cash equivalents</b>	4			
US Dollar (USD)	1,096	657	-	1
Euro (EUR)	278	265	-	2
<b>Total</b>	<u>1,374</u>	<u>922</u>	<u>-</u>	<u>3</u>
<b>Trade current receivables</b>	6			
US Dollar (USD)	984	1,824	-	-
Euro (EUR)	76	2	-	-
<b>Total</b>	<u>1,060</u>	<u>1,826</u>	<u>-</u>	<u>-</u>
<b>Trade current payables</b>	19			
US Dollar (USD)	(12,744)	(12,808)	(1)	(1)
Euro (EUR)	(22)	(51)	-	-
Yen (JPY)	(82)	(63)	-	-
Singapore Dollar (SGD)	(8)	(19)	(8)	(19)
Pound Sterling (GBP)	-	(5)	-	-
Swiss Franc (CHF)	-	(1)	-	-
Australian Dollar (AUD)	-	(6)	-	-
<b>Total</b>	<u>(12,856)</u>	<u>(12,953)</u>	<u>(9)</u>	<u>(20)</u>
<b>Gross statement of financial position exposure</b>				
Forward contracts	(10,422)	(10,205)	(9)	(17)
	5,536	4,514	-	-
<b>Net exposure</b>	<u>(4,886)</u>	<u>(5,691)</u>	<u>(9)</u>	<u>(17)</u>

Forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2019 and 2018 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, 2019

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Forward contracts receivable	5,395	4,520	-	-
Forward contracts payable*	(5,536)	(4,514)	-	-
<b>Total forward contracts receivable (payable)</b>	<b>(141)</b>	<b>6</b>	<b>-</b>	<b>-</b>

\* The nominal amount of 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 forward contracts in the financial statements as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Current assets</b>				
Other current financial assets	-	6	-	-
<b>Total current assets</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Other current financial liabilities	(141)	-	-	-
<b>Total non-current liabilities</b>	<b>(141)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(141)</b>	<b>6</b>	<b>-</b>	<b>-</b>

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

	Consolidated financial statements		Unit: Million Baht	
	Nominal amounts**	Fair values*		
	2019	2018	2019	2018
Forward contracts	5,536	4,514	5,409	4,510
<b>Total</b>	<b>5,536</b>	<b>4,514</b>	<b>5,409</b>	<b>4,510</b>

\* The fair value of 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 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.

#### Fair values of financial assets and liabilities

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

	Carrying amount	Unit: Million Baht Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<b>As at December 31, 2019</b>					
Forward contracts	5,536	-	-	5,409	5,409
Debentures	32,414	-	34,388	-	34,388
<b>As at December 31, 2018</b>					
Forward contracts	4,514	-	-	4,510	4,510
Debentures	40,203	-	40,662	-	40,662



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 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 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.

The fair value of trade and other current receivables and trade and other current payables are taken to approximate the carrying value.

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.

#### 37. COMMITMENTS WITH NON-RELATED PARTIES

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

Note	Consolidated financial statements		Unit: Million Separate financial statements	
	2019	2018	2019	2018
<b>Capital commitments</b>				
Unrecognized contractual commitments				
<b>Buildings and equipment</b>				
Thai Baht (THB)	6,464	7,853	11	2
US Dollar (USD)	163	213	-	-
Euro (EUR)	-	1	-	-
<b>Spectrum license</b>				
Thai Baht (THB)	1	17,584*	-	-
<b>Service maintenance</b>				
Thai Baht (THB)	1,926	1,986	49	33
US Dollars (USD)	26	22	-	-
<b>Purchase orders for goods and supplies</b>				
Thai Baht (THB)	4,942	5,949	-	-
US Dollars (USD)	11	2	-	-

\* The difference from measurement 900 MHz spectrum license payable between previous terms and conditions and new terms and conditions by Baht 3,284 million will be adjusted the cost of spectrum license 700 MHz when Awn receives such license.

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Non-cancellable operating lease commitments</b>				
Within one year	6,789	2,387	101	106
After one year but within five years	21,586	2,757	177	17
After five years	21,078	63	-	-
<b>Total</b>	<b>49,453</b>	<b>5,207</b>	<b>278</b>	<b>123</b>

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

The Group and 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, 2019 of Baht 16,773 million and Baht 88 million, respectively (for the year ended December 31, 2018 : Baht 14,902 million and Baht 94 million, respectively).

	Consolidated financial statements		Unit: Million Separate financial statements	
	2019	2018	2019	2018
<b>Other commitments</b>				
Thai Baht				
Forward contracts	5,536	4,514	-	-
Bank guarantees:				
- Spectrum license payable	71,318	74,739	-	-
- Others	3,053	2,513	176	185
<b>Total</b>	<b>79,907</b>	<b>81,766</b>	<b>176</b>	<b>185</b>
US Dollar				
Bank guarantees:				
- Others	-	1	-	-
Others	3	5	-	-
<b>Total</b>	<b>3</b>	<b>6</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.
- On September 4, 2019, the Group has mutually agreed with TOT Public Co., Ltd. ("TOT") entering into a Dispute Resolution Agreement and Providing the Telecommunication Equipment Tower Service (see Note 40). The group receive rental service of the telecommunication equipment tower from TOT for the period from January 1, 2019 to December 31, 2028. The Group has letter of irrevocable guarantee from domestic commercial banks of Baht 434 million used as collateral for the throughout the period of agreement.

### 38. ACQUISITION OF BUSINESS

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. Subsequently, Advanced Wireless Network ("AWN"), a subsidiary, entered into the Share Tender Agreement for the acquisition of all ordinary shares in CSL with major shareholders which they will sell all their ordinary shares in CSL to AWN by the Tender Offer.

On January 23, 2018, 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. The Group owned identified assets and liabilities - net amount of Baht 1,108 million, had consideration transferred amount of Baht 3,734 million. Therefore, the Group recognized the difference between cash paid and the fair value is goodwill amount of Baht 2,847 million. CSL has been a subsidiary of AWN since then.

Since February - December, 2018, AWN had purchased additional 113,024,266 ordinary shares of CSL, totaling Baht 879 million representing 19.01% of total issued and paid-up 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 book value of additional control of such purchased additional shares as deficits arising from change in ownership interest in subsidiaries in amount of Baht 668 million, which presented under "shareholders' equity" in the consolidated financial statements.

After AWN had purchased CSL's securities through the appropriate processes of the Securities and Exchange Commission, the Stock Exchange of Thailand and the Board of Directors and securities holders of CSL, CSL's securities was delisting the entire CSL's securities from the Stock Exchange of Thailand ("SET").

For the year ended December 31, 2019, AWN has purchased additional 2,777,424 ordinary shares of CSL, totaling Baht 22 million representing 0.47% of total issued and paid-up ordinary share of CSL. Then, AWN holds 591,998,224 ordinary shares of CSL or equivalent to approximately owned 99.58% of total issued and paid-up shares of CSL. Therefore, The Group recognized the difference between cash paid and the book value of additional control of such purchased additional shares as deficits arising from change in ownership interest in subsidiaries. As at December 31, 2019, AWN has deficits arising from change in ownership interest in subsidiaries in amount of Baht 670 million, which presented under "shareholders' equity" in the consolidated financial statements.

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 39. PROVISIONS LIABILITIES FROM WITHHOLDING TAX

Pursuant to the letter dated January 18, 2013, the Revenue Department demanded the Company to pay surcharge of Baht 128 million 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 had paid the shortage of withholding tax amount of excise tax which came from the revenue sharing payment without excise tax deduction. The Company has submitted the appeal to the Commission of Appeal. The Commission of Appeal predicate that the Company has to submit the said surcharge.

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 grantor 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 March 11, 2019, the Central Tax Court read the decision of the Court of Appeal to dismiss the cases.

On July 10, 2019, the Company has filed a petition to the Supreme Court.

The Company has already recorded as provision for such surcharge in amount of Baht 128 million in the consolidated and separate financial statements for the year ended December 31, 2018.

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

#### The Company

- 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) Dtae TriNet Company Limited	July 1, 2013 onwards
7) True Move H Universal Communication Company Limited (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.

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.

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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.

On April 30, 2019, the majority of arbitrators decided the Company for the Black case No. 83/2559 to pay the net revenue sharing amount of Baht 224 million with interest, which the Company agreed to pay to TOT by using the revenue sharing of interconnection charges in dispute 55/2557 amount of Baht 111 million and the remaining interest must be paid Baht 144 million. However, TOT did not accept, the Company therefore put the money on the Property Office on May 22, 2019.

On August 6, 2019, The Company received TOT's revocation the Arbitration's resolution by the Black case No.1713/2562 dated July 25, 2019 which TOT has submitted to the Central Administrative Court to revoke the above Arbitration's resolution. Currently, the case is in the process of the Central Administrative Court.

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.

### 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 Arbitration Institute demanding the Company to pay compensation from the breach of the Concession Agreement between the Company and TOT in relation to the 900 MHz subscribers porting to 3G 2100 MHz provided by Advanced Wireless Network Co., Ltd. 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.

On February 14, 2019, the Arbitration Institute dismissed the said dispute by giving the reason which the Company was not in breach of the Agreement.

On May 15, 2019, TOT has submitted the Black case No.951/2562 to the Central Administrative Court to revoke the Arbitration's resolution. Currently, the said case is in the process of the Central Administrative Court.

The Company's management believes that 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.



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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 adjustment of revenue sharing upon the Agreement for operations. This case is the same as the dispute Black case No. 78/2558. The Arbitral Tribunal has merged the two cases together.

The Company received the award from the Arbitral Tribunal dated January 23, 2020 with a majority vote. The Tribunal ordered the Company to pay additional remuneration in the amount of Baht 31,076 million with interest of 1.25 percent per month after November 30, 2015 to TOT until the payment is complete.

The Company disagreed with the decision and will proceed to file a request for revocation of the award to the Central Administrative Court within 90 days from the date of receiving the award. According to the dispute has not yet been finalized and the Company considers that the result of the above ruling should not be considerable impact on the financial statements of the Company.

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.

On April 3, 2019, TOT submitted a petition to the arbitrators to request the removal of the above dispute.

On June 18, 2019, the arbitrators issued an order allowing TOT to withdraw the claim according to the dispute proposal and dispose of the Black case No.76/2558 from the case list. The case is terminated.

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 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.

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% 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.





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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.

- 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 by Thailand Arbitration Center ("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% 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.

On October 29, 2019, TOT has filed a petition to withdraw the dispute from THAC and further submitted to the Central Administrative Court.

Currently, there is no decision from Arbitration Tribunal and there is no legal proceeding to Administrative Court.

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.

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.

On September 4, 2019, the Company and TOT entered into a dispute resolution agreement and services regarding the delivery of telecommunication towers (see Note 37).

Later on September 26, 2019, the arbitrators issued an order to withdraw the claim and dispose of the Black case No.53/2557 and counterclaim by TOT from the case list. The case is terminated.

#### 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 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. DPC has correctly complied with such Cabinet's resolution 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.





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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.

- 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, DPC, a subsidiary, and True Move Company Limited ("True Move") by the Minister of the Information and Communications Technology Ministry, the Chairman, in order to be competitive in all three operators, therefore 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 TOT gave a discount to 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% 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% 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.

On October 15, 2014, CAT appealed such dismissal to the Supreme Administrative Court.

Later on August 7, 2019, the Central Administrative Court read the judgment of the Supreme Administrative Court which upheld the judgment of the Central Administrative Court. The case is terminated.

- 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 as the defendant no. 1 and 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 the administrative Court 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.

On May 31, 2019, the Central Administrative Court revoke the Black case No.1099/2554 for the reason that the access charge is not in accordance with the law and the Notifications of National Telecommunication Commission regarding the Use and Interconnect of Telecommunication Network by calculating from the access charge according to such notifications.

TOT and DPC did not appeal to Supreme Administrative Court so the case was terminated. Currently TOT and DPC are under negotiation to calculate network connection fees to be paid in accordance with the Central Administrative Court's judgment.

The Company's management believes that the outcome of this negotiation shall be in favour of DPC and have no material impact on the consolidated financial statement of the Group.

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## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 4) The reduction of roaming fee between DPC and CAT Telecom Public Company Limited ("CAT")

CAT allowed 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 for 3 months started from July 1, 2006, onwards. DPC obtained the approval from CAT to 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% 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.

On April 5, 2019, DPC received the Arbitration Institute's decision dated March 28, 2019 of all the aforementioned disputes which the majority had made decision that the agreement regarding the revenue sharing of Roaming fees (at the rate of Baht 2.10) is legitimate and the reduction of Roaming fees is CAT's rights and authority who may or may not give approval. Therefore, DPC has to pay additional payment of revenue sharing of 10<sup>th</sup> - 12<sup>th</sup> operation year totalling amount of Baht 1,749 million plus penalty in the amount of Baht 364 million at the rate of 1.25% per month of the principle amount from April 2010 until the full amount is paid.

On July 3, 2019, DPC submitted a petition to the Central Administrative Court under Black Case No. 1582/2562 to request dismissal of such award.

Currently, this case has been considered by the Central Administrative Court process which the management of the Company believes that the outcome of this dispute shall have no material impact on the consolidated financial statements of the Group.

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

On April 8, 2011, 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.

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.

On September 30, 2019, DPC received the decision for Black case No. 26/2557 by the arbitration committee dated September 26, 2019, and on October 11, 2019, DPC received the decision for Black case No. 110/2555 by the Arbitration committee dated October 10, 2019, with major votes to dismiss CAT's two disputes.

On December 17, 2019, CAT has filed by Black case No. 2754/2562 to revoke the Arbitral Tribunal's award in Black case No. 110/2555 to the Central Administrative Court.

On December 25, 2019, CAT has filed by Black case No. 2908/2562 to revoke the Arbitral Tribunal's award in Black case No. 26/2557 to the Central Administrative Court.

Currently, the two said cases are under the consideration of the Central Administrative Court.

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 Group since DPC has correctly and fully complied with the law and the related conditions of the Agreement in all respects.



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## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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

According to the Agreement for Operations, 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.

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 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.

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.

During December, 2019, DPC received a request to amend the petition filed by CAT dated September 24, 2019 from the Central Administrative Court to revise the claim amount to be as follows:

Black case No. 918/2558

- 1) NBTC Office, NTC and NBTC in the amount of Baht 5,109 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 3,651 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,457 million plus interest at the rate of 7.5% per annum.

Black case No. 1651/2558

- 1) NBTC Office, NTC and NBTC in the amount of Baht 4,169 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 2,946 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,223 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, 2019

Black case No. 741/2559

- 1) NBTC Office, NTC and NBTC in the amount of Baht 1,858 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 1,336 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 522 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, 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 consumer protection 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 consumer protection 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 December 7, 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.

- 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 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 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, Court of Justice, 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 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 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, 2019

On November 14, 2018, DPC received a Black No. 76/2561 date October 31, 2018 which 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 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.

- 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, AWN received the Complaint Civil Black Case No. 454/2560 dated January 31, 2017 which TOT filed a lawsuit against AWN to pay usage regarding telecom equipment and networks, internal building transmission and electricity co-usage which AWN 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 ordered AWN to pay for usage regarding telecom equipment and networks, internal building transmission and electricity co-usage including interest to TOT.

On November 19, 2018 AWN had appealed such decision of the Civil Court to the Court of Appeal.

On September 25, 2019, TOT and AWN entered into the dispute resolution agreement which AWN paid for usage of telecommunication equipment fees including interest to TOT as the Civil Court's judgement.

On October 2, 2019, AWN filed for revocation of its appeal to the Court of Appeal and TOT did not object such revocation. Therefore, the case will be discontinued. Currently, the case is in consideration process of the Court of Appeal.

### 41. EVENT AFTER THE REPORTING PERIOD

#### Dividends

On February 6, 2020, the Board of Directors' meeting passed a resolution proposing the payment of dividends for the year 2019, at the rate of Baht 7.34 per share, Baht 3.78 each of which was paid as an interim dividend on September 3, 2019. The proposed dividends shall be approved by the shareholders' meeting of the Company

### 42. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 6, 2020.



# Executive Summary

## Mobile business grew amid competition



In FY19, despite slow economic growth and continued competition, AIS mobile service revenue was Bt130,062mn, grew 4.2% YoY based on subscriber growth of 2% and ARPU growth of 2%. Overall, price competition improved from FY18 when unlimited data plans were offered on broad base. In 2H19, unlimited data pricing re-emerged in prepaid segment and continued into early 2020. As a result of unlimited data plans as well as continued shift of customers from prepaid to postpaid, 4G data consumption rose 17% YoY to an average of 12.7 GB/user/month while 4G penetration has increased to 71% of total subscriber base.

## AIS Fibre achieved 1 million subscribers



AIS Fibre, our fixed broadband business (FBB), grew strongly achieving the target of 1 million subscribers in FY19 and increased subscriber market share to 10% from 8% in FY18. The solid growth was driven by a competitive offering of fiber-to-home and the focus on cross selling to the existing mobile subscriber. FBB revenue in FY19 was Bt5,722mn, increased 29% YoY and accounted for 4% of AIS core service revenue. FBB started its positive contribution to NPAT.

## Continued growth in digital services



AIS digital services continued to scale in size focusing on growing user base both in consumer segment and enterprise customers. AIS Play, the video platform, steadily grew in consumer awareness and views, reaching more than 2mn monthly active users in FY19. Enterprise business (i.e. enterprise data service (EDS), cloud & data center, mobile services for enterprise customers, etc.) accounted for 10% of service revenue. With the growing market demand as well as AIS and CSL strong positioning, the business grew along with the guidance.

## FY19 performance & FY20 outlook



FY19 performance tracked in-line with all guidance. Service revenue of Bt140,454mn grew 5.3% YoY vs guidance of mid-single digit growth. EBITDA reported Bt78,463mn grew 6.3% supported by cost management, with margin 42.8% vs guidance of to maintain EBITDA margin. Net profit was Bt31,051mn, increased 4.6% YoY and invested CAPEX was Bt20mn versus the guidance budget of 20-25bn.

For FY20, AIS will focus on maintaining its mobile business leadership with superior network quality, competitive pricing and enhanced retention program. Fixed broadband business is targeted to grow in scale leveraging subscriber base of mobile segment. Enterprise and digital services will continue to drive user base momentum and expand partnership. Operational and financial target of FY20 is subjected to the result from the spectrum auction that will be held on 16 February 2020. Official financial guidance will be released after the auction.

## Significant Event in FY19

1. Since 1 Jan 2019, AIS adopted Thai Financial Reporting Standards (TFRS) 15 regarding revenue from contracts with customers. The standard affects accounting of handset campaigns with price plan contract. This resulted in reallocation between sales and service revenue as well as marketing expenses while device subsidy is capitalized as contract assets and amortized against the service revenue over the customer contract term. In this MDA material, we present financial income statement based on pre-TFRS for comparison with FY18.

2. In 2Q19, AIS received an allocation of 700MHz spectrum (2x10MHz bandwidth). The license is expected to commence around 4Q20.

3. In 3Q19, AIS entered into two settlements with TOT on tower dispute and equipment rental. Effectively, net cost of tower rental was reduced by Bt100mn per month while equipment rent was discontinued from 3Q19 and incurred a one-time expense of Bt121mn in the same quarter.

**New accounting standard effective in FY20:** From 1 Jan 2020, AIS will adopt TFRS 9 and 16.

### TFRS 9: Financial Instrument

The standard governs marking financial instruments to fair value or marking impairment (provision) in reserve for the expected loss from the financial instruments.

### TFRS 16: Lease (replacing IAS17: Operating lease and Finance lease)

Based on TFRS 16, operating lease expense is to be reclassified as 'Lease Liabilities' and 'Right of Use'. This applies to the long term contracts including tower lease agreement, site rental, office & shop building rental, and roaming on TOT's 2100MHz spectrum. Key changes are as follows:

a. Lease liability is a present value of the remaining lease payments and is subjected to an interest rate and decreases as lease payments are made throughout the periods.

b. Right of Use (ROU) is recorded under assets (property, plant and equipment) at the same amount as the lease liability and is depreciated over the contract life on a straight line basis.





## Market and Competitive Environment



Overall, mobile market competition improved from previous year with price adjustment seen in 1H19 in both postpaid and prepaid segments. However, prepaid unlimited data plans has re-emerged in 2H19. Bundling attractive discounts on mobile handset with data plan have remained a key strategy for operators in drawing customers looking to purchase handsets in conjunction with postpaid packages.

In fixed broadband market, competition remained intense both on pricing and aggressive customer acquisition. Operators continued to offer steep half-price discounts to prevent churn of customers, as well as to attract new customers. In addition to the attractive pricing, operators are offering package with higher speed at the same price as another marketing tools. Therefore, standard monthly plan speed was doubled to 200Mbps while tariff remained around Bt600.

## FY19 Operational summary



At the end of 2019, total mobile subscribers grew to 42mn, increasing 2.1% YoY. Postpaid segment continued to grow strongly, adding 918k, driven by promotional handset discounts and prepaid-to-postpaid migration, while prepaid subscribers remained about the same. This has resulted in a larger proportion of postpaid subscribers from 20% of total subscribers in FY18 to 22% in FY19. Postpaid ARPU gradually improved to Bt572 or +0.1% YoY while prepaid ARPU declined 1.7% YoY to Bt173 as a result of aggressive prepaid price plans putting pressure on ARPU. However, blended APRU improved 2.0% YoY to Bt260 at the end of FY19.

For fixed broadband, AIS Fibre had total subscribers of 1mn, growing 42% YoY or a net addition of 307k. However, amidst pricing competition, ARPU declined 7.2% YoY to Bt533.





Mobile Business	4Q18	3Q19	4Q19	%YoY	%QoQ
<b>Subscribers</b>					
Postpaid	8,189,900	9,001,700	9,107,400	11%	1.2%
Prepaid	32,979,300	32,556,400	32,906,400	-0.2%	1.1%
<b>Total subscribers</b>	<b>41,169,200</b>	<b>41,558,100</b>	<b>42,013,800</b>	<b>2.1%</b>	<b>1.1%</b>
<b>Net additions</b>					
Postpaid	175,200	208,200	105,700	-40%	-49%
Prepaid	347,000	-114,500	350,000	0.9%	406%
<b>Total net additions</b>	<b>522,200</b>	<b>93,700</b>	<b>455,700</b>	<b>-13%</b>	<b>386%</b>
<b>ARPU (Baht/sub/month)</b>					
Postpaid	571	569	572	0.1%	0.4%
Prepaid	176	179	173	-1.7%	-3.2%
<b>Blended</b>	<b>255</b>	<b>263</b>	<b>260</b>	<b>2.0%</b>	<b>-1.1%</b>
Postpaid (TFRS 15)	-	531	537	-	1.1%
Postpaid (TFRS 15)	-	179	173	-	-3.2%
<b>Blended (TFRS 15)</b>	<b>-</b>	<b>254</b>	<b>252</b>	<b>-</b>	<b>-0.9%</b>
<b>MOU (minute/sub/month)</b>					
Postpaid	244	225	212	-13%	-5.8%
Prepaid	121	82	92	-24%	12%
<b>Blended</b>	<b>145</b>	<b>113</b>	<b>118</b>	<b>-19%</b>	<b>4.4%</b>

Mobile Business	4Q18	3Q19	4Q19	%YoY	%QoQ
<b>VOU (GB/data sub/month)</b>					
Postpaid	14.0	16.2	16.6	19%	2.5%
Prepaid	9.8	10.5	11.1	13%	5.7%
<b>Blended</b>	<b>10.9</b>	<b>12.1</b>	<b>12.7</b>	<b>17%</b>	<b>5.0%</b>
<b>Device Penetration</b>					
<b>4G-handset penetration</b>	<b>59%</b>	<b>69%</b>	<b>71%</b>	<b>-</b>	<b>-</b>

Fixed Broadband Business	4Q18	3Q19	4Q19	%YoY	%QoQ
FBB subscribers	730,500	937,000	1,037,600	42%	11%
FBB net addition	53,800	81,600	100,600	87%	23%
FBB ARPU (Baht/user/month)	574	549	533	-7.2%	-2.8%



## 4Q19 Snapshot



In 4Q19, total revenue was Bt49,464mn, increasing 11% YoY and 8.8% QoQ, mainly driven by device sales. SIM & device sales were Bt10,449mn, rising 36% YoY and 85% QoQ due to newly-launched iPhone in 4Q19. Core service revenue was Bt35,571mn, increasing 5.6% YoY from both mobile and fixed broadband. However, QoQ core service revenue was flat underpinned by prepaid ARPU pressure due to fixed-speed unlimited plans offset by a net addition of 456k.

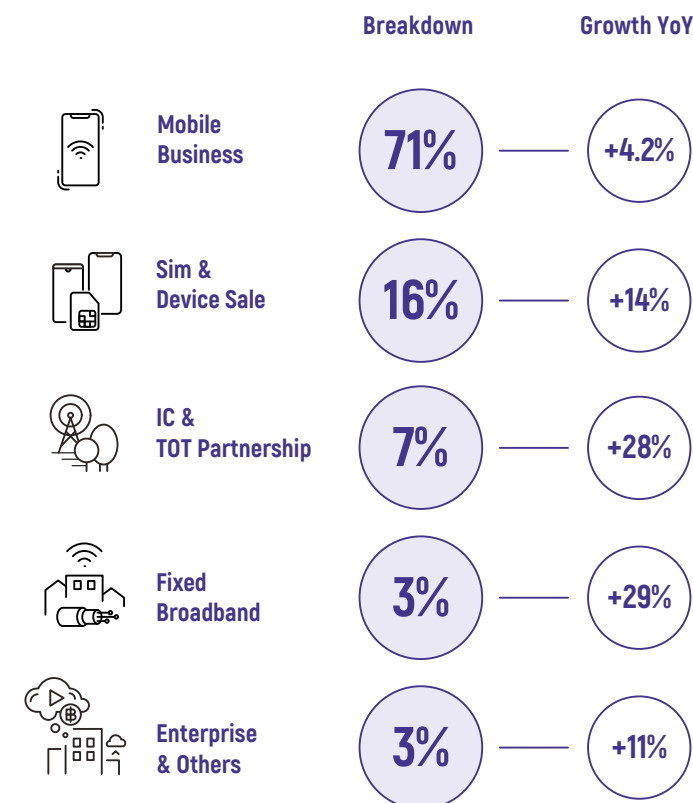
With continued expansion of 4G capacity and FBB network, cost of service was Bt20,752mn, slightly increased 1.8% YoY and flat QoQ. This was partly supported by rent saving after settling disputes with TOT. Total SG&A increased 26% YoY and 22% QoQ to stand at Bt8,807mn as there were increased brand perception, handset subsidies and seasonal activities.

In summary, EBITDA stood at Bt19,305mn, increasing 6.8% YoY but decreasing 8.7% QoQ, with 39% EBITDA margin. Net profit was Bt7,032mn, increasing 2.8% YoY but decreasing 19% QoQ due to the gain recognized in 3Q19 on lower tower rent.

## FY19 Financial Summary (Pre -TFRS 15)



### Revenue contribution and growth by business



## Revenue

In 2019, total revenue was Bt183,432mn, increasing 8.0% YoY, continued its growing trend with improvement in core service revenue. Mobile business still be the biggest contribution among core service revenue followed by double digit growth in fixed broadband business. Enterprise services and solutions, recorded in other revenue, also growing in number of partners and its subscribers led to double digit growth at the end of 2019.

**Core service revenue** (excluding IC and TOT partnership) recorded Bt140,454mn, increasing 5.3% YoY, in line with the guidance. The main driver for strong growth came from an increased subscriber in both postpaid segment and fixed broadband.

- **Mobile revenue** reported Bt130,062mn, increasing 4.2%YoY, driven by postpaid subscriber growth and ARPU improvement from price uplift in 1H19. Although competition in prepaid pricing escalated in 2H19, there was a slight increase in blended ARPU from Bt254 to Bt259 for the year.

- **Fixed broadband revenue** was Bt5,722mn, increasing 29% YoY. In 2019, AIS Fibre achieved its target of 1mn subscribers with 307k net add. The focus was to deliver promising network quality & after-sell service while offering competitive price. Acquisition strategy targeted to cross-sell to the existing mobile subscribers with bundled offerings of broadband, mobile and content.

- **Other service revenues** which included revenues from enterprise data service and others, were Bt4,670mn, increasing 11% YoY, mainly driven from Enterprise Data Service (EDS) as well as cloud & data center.

**Revenue from interconnection charge (IC) and TOT partnership** reported at Bt13,557mn, grew 28% YoY, resulted from the new tower agreement with TOT, which recognized revenue from space rental and maintenance. Such revenue is to offset against the cost paid to TOT for tower rental recorded under cost of service.

**SIM & Device sales** reported Bt29,422mn, increasing 14% YoY following continued handset campaign and the newly launched iPhone 11.

## Cost & Expense

In 2019, **Cost of service** was Bt81,487mn, increasing 6.2% YoY, due to network expansion.

- **Regulatory fee** was Bt5,792mn, increased 1.2% YoY along with increase in core service revenue. Regulatory fee represented 4.1% of core service revenue, compared to 4.3% in 2018.

- **Depreciation & amortization** was Bt36,598mn, increasing 10% YoY, due to continued investment in 4G network, fixed broadband, and 1800MHz spectrum license acquired in Sep-18.

- **Network OPEX & TOT partnership cost (net of revenue)** was Bt19,073mn, decreasing 5.5% YoY from lower rent after settling disputes with TOT

- **Other costs of service**, which included cost of content, prepaid commission, and IC cost, were Bt9,699mn, decreasing 9.9% YoY, mainly due to lower IC cost.

**SG&A expenses** were Bt30,526mn, increasing 16% YoY, mainly driven by marketing activities and staff cost.

- **Marketing expenses** were Bt11,320mn, increasing 19% YoY from continued investment in brand perception and handset subsidies.

- **Admin & other expenses** were Bt19,205mn, increasing 15% YoY, driven by one-time expense of legal severance pay<sup>1</sup> provision in 2Q19 and employee remuneration in 4Q19.

**Net FX gain** was Bt308mn, increasing from Bt119mn in FY18, which was mostly unrealized gain from fluctuated currency whereas foreign debts were fully hedged.

**Finance cost** was Bt4,777mn, decreased 7.2% YoY, due to the repayment of interest bearing debt approximately Bt15,000mn. At the end of FY19, the total amount of interest bearing debt was of Bt94,128mn, decreasing from Bt109,128mn at the end of FY18. The average cost of debt remained approximately 3.0% per year.

### Profit

In 2019, EBITDA was Bt78,463mn, increasing 6.3% YoY, due to the improved operational results from both service

revenue growth and cost saving from TOT dispute settlement. Reported EBITDA margin was 42.8% in line with the guidance. In summary, AIS reported a net profit of Bt31,051mn, increasing 4.6% YoY.

### Financial position (Post TFRS-15)

As of 30 December 2019, total assets were Bt289,669mn, slightly decreasing 0.3% YoY due to amortization of spectrum licenses. However, some of the effect was offset by an increase in cash from Bt9,067mn to Bt19,637mn at the end of FY19, which mainly contributed from operating activities. Inventories at the end of FY19 was Bt4,828.5mn, increasing 26% YoY, due to an increase in mobile phone inventory in preparation for the growing handset sale. Inventory turnover day stood at 51 days, same level as last year. Net trade receivable amounted to Bt16,277mn, was flat YoY and the collection period slightly increasing from 35 days to 36 days in 2019. However, allowance for doubtful debt was Bt1,765mn, increasing 23% YoY following the growth in fixed broadband and postpaid segment.

Total liabilities of Bt220,275mn, decreasing 5.4% YoY, was mainly driven by 25% decrease in long-term borrowing at the end of 2019. However, trade payable was Bt22,037mn, increasing 20%YoY from vender financing on network

expansion. As a result, account payable day slightly increased from 58 days to 65 days. A Total equity was Bt69,394mn, increasing 20% YoY from higher retained earnings. As a result, AIS financial position remained strong with a current ratio and an interest coverage (EBIT over interest expense) ratio of 0.4x and 13x, respectively. At the end of FY19, interest-bearing debt amounted to Bt94,128mn with a net debt to EBITDA of 1.0x, decreasing from 1.3x at the end of FY18.

### Cash flow

In FY19, AIS generated significant operating cash flow (after tax) of Bt76,627mn, increasing 11% YoY following the improved EBITDA. For investing activities, CAPEX was Bt23,029mn, up from Bt20,198mn in FY18, and represented 16% of service revenue. Besides, AIS paid spectrum license installment totaling Bt4,020mn. As a result, AIS generated free cash flow of Bt33,062mn (OCF less CAPEX & license payment), improved from Bt28,398mn in FY18. For financing activities, net repayments were Bt15,054mn and total dividend paid was Bt21,050mn. In summary, net cash increase in FY19 was Bt10,570mn, resulting in an outstanding cash of Bt19,637mn.

<sup>1</sup> The Labor Protection Act [No. 7] B.E. 2562, effective from 5-May-19, stipulates additional legal severance pay rates for employees who have worked for a period of 20 years or more to be entitled to receive not less than 400 days' compensation, compared to 300 days previously



Income statement (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
Mobile revenue	31,426	32,880	32,716	4.1%	-0.5%	124,784	130,062	4.2%
Fixed broadband revenues	1,212	1,475	1,579	30%	7.0%	4,436	5,722	29%
Other service revenues	1,045	1,172	1,276	22%	8.9%	4,208	4,670	11%
<b>Core service revenue</b>	<b>33,683</b>	<b>35,527</b>	<b>35,571</b>	<b>5.6%</b>	<b>0.1%</b>	<b>133,429</b>	<b>140,454</b>	<b>5.3%</b>
IC and TOT partnership	3,202	4,278	3,443	7.5%	-20%	10,576	13,557	28%
<b>Service revenue</b>	<b>36,885</b>	<b>39,804</b>	<b>39,014</b>	<b>5.8%</b>	<b>-2.0%</b>	<b>144,005</b>	<b>154,010</b>	<b>6.9%</b>
SIM and device sales	7,699	5,652	10,449	36%	85%	25,851	29,422	14%
<b>Total revenues</b>	<b>44,584</b>	<b>45,457</b>	<b>49,464</b>	<b>11%</b>	<b>8.8%</b>	<b>169,856</b>	<b>183,432</b>	<b>8.0%</b>
Regulatory fee	(1,420)	(1,467)	(1,459)	2.7%	-0.6%	(5,723)	(5,792)	1.2%
Depreciation & Amortization	(8,767)	(9,410)	(9,600)	9.5%	2.0%	(33,282)	(36,598)	10%
Network OPEX and TOT partnership	(7,366)	(7,416)	(7,293)	-1.0%	-1.7%	(26,929)	(29,399)	9.2%
Other costs of services	(2,830)	(2,455)	(2,401)	-15%	-2.2%	(10,766)	(9,699)	-9.9%
<b>Cost of service</b>	<b>(20,383)</b>	<b>(20,748)</b>	<b>(20,752)</b>	<b>1.8%</b>	<b>0.0%</b>	<b>(76,700)</b>	<b>(81,487)</b>	<b>6.2%</b>
Cost of SIM and device sales	(8,032)	(5,889)	(10,656)	33%	81%	(26,756)	(30,412)	14%
<b>Total costs of service and sale</b>	<b>(28,414)</b>	<b>(26,637)</b>	<b>(31,408)</b>	<b>11%</b>	<b>18%</b>	<b>(103,456)</b>	<b>(111,899)</b>	<b>8.2%</b>
<b>Gross profit</b>	<b>16,170</b>	<b>18,820</b>	<b>18,056</b>	<b>12%</b>	<b>-4.1%</b>	<b>66,400</b>	<b>71,533</b>	<b>7.7%</b>
<b>SG&amp;A</b>	<b>(6,968)</b>	<b>(7,227)</b>	<b>(8,807)</b>	<b>26%</b>	<b>22%</b>	<b>(26,295)</b>	<b>(30,526)</b>	<b>16%</b>
Marketing Expense	(2,713)	(2,570)	(3,447)	27%	34%	(9,550)	(11,320)	19%
Admin and others	(4,255)	(4,656)	(5,360)	26%	15%	(16,745)	(19,205)	15%
<b>Operating profit</b>	<b>9,202</b>	<b>11,594</b>	<b>9,248</b>	<b>0.5%</b>	<b>-20%</b>	<b>40,105</b>	<b>41,009</b>	<b>2.2%</b>



Income statement (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
Net foreign exchange gain (loss)	129	(44)	16	-88%	-136%	119	308	160%
Other income (expense)	118	127	234	99%	84%	560	687	23%
Finance cost	(1,288)	(1,195)	(1,171)	-9.1%	-2.0%	(5,148)	(4,777)	-7.2%
Income tax	(1,320)	(1,803)	(1,295)	-2.0%	-28%	(5,923)	(6,174)	4.3%
Non-controlling interest	(1.3)	(0.8)	(1)	-35%	0%	(32)	(3)	-91%
<b>Net profit for the period</b>	<b>6,839</b>	<b>8,679</b>	<b>7,032</b>	<b>2.8%</b>	<b>-19%</b>	<b>29,682</b>	<b>31,051</b>	<b>4.6%</b>
<b>Network OPEX &amp; TOT partnership cost (net of revenue)</b>	<b>5,185</b>	<b>3,953</b>	<b>4,730</b>	<b>-8.8%</b>	<b>-20%</b>	<b>20,192</b>	<b>19,073</b>	<b>-5.5%</b>
EBITDA (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
Operating Profit	9,202	11,594	9,248	0.5%	-20%	40,105	41,007	2.3%
Depreciation & amortization	8,919	9,572	9,758	9.4%	1.9%	33,879	37,229	9.9%
(Gain) loss on disposals of PPE	(20)	(3)	331	-1777%	-10487%	2	371	15443%
Management benefit expense	(33)	(30)	(33)	5.7%	15%	(177)	(144)	-18%
Other financial cost	2	3	(0)	-113%	-110%	(18)	(0)	-100%
<b>EBITDA</b>	<b>18,071</b>	<b>21,135</b>	<b>19,305</b>	<b>6.8%</b>	<b>-8.7%</b>	<b>73,792</b>	<b>78,463</b>	<b>6.3%</b>
<b>EBITDA margin (%)</b>	<b>40.5%</b>	<b>46.5%</b>	<b>39.0%</b>			<b>43.4%</b>	<b>42.8%</b>	



Normalized profitability (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
<b>EBITDA</b>	<b>18,071</b>	<b>21,135</b>	<b>19,305</b>	<b>6.8%</b>	<b>-8.7%</b>	<b>73,792</b>	<b>78,463</b>	<b>6.3%</b>
Withholding tax	-	-	-	NA	NA	134	-	NA
Legal severance provision (before tax)	-	-	-	NA	NA	-	636	NA
TOT Partnership (before tax)	-	-479	-	NA	NA	-	-479	NA
<b>Normalized EBITDA</b>	<b>18,071</b>	<b>20,656</b>	<b>19,305</b>	<b>6.8%</b>	<b>-6.5%</b>	<b>73,926</b>	<b>78,620</b>	<b>6.4%</b>
Normalized EBITDA margin (%)	40.5%	45.4%	39.0%	-	-	43.5%	42.9%	-
<b>Net Profit</b>	<b>6,839</b>	<b>8,679</b>	<b>7,032</b>	<b>2.8%</b>	<b>-19%</b>	<b>29,682</b>	<b>31,051</b>	<b>4.6%</b>
Withholding tax	-	-	-	NA	NA	134	-	NA
Legal severance provision (after tax)	-	-	-	NA	NA	-	509	NA
TOT Partnership (after tax)	-	-383	-	NA	NA	-	-383	NA
<b>Normalized net profit</b>	<b>6,839</b>	<b>8,296</b>	<b>7,032</b>	<b>2.8%</b>	<b>-15%</b>	<b>29,789</b>	<b>31,176</b>	<b>4.7%</b>



Financial Position (Bt mn/% to total asset)	Post-TFRS 15			
	4Q18		4Q19	
Cash	9,067	3.1%	19,637	6.8%
ST investment	2,221	0.8%	1,989	0.7%
Trade receivable	16,361	5.6%	16,277	5.6%
Inventories	3,823	1.3%	4,828	1.7%
Others	3,433	1.2%	4,411	1.5%
<b>Current Assets</b>	<b>34,905</b>	<b>12%</b>	<b>47,142</b>	<b>16%</b>
Spectrum license	111,749	38%	103,074	36%
Defer tax asset	3,210	1.1%	3,491	1.2%
Others	5,337	1.8%	4,984	1.7%
<b>Total Assets</b>	<b>290,505</b>	<b>100%</b>	<b>289,669</b>	<b>100%</b>
Trade payable	18,422	6.3%	22,037	7.6%
ST loan & CP of LT loans	17,104	5.9%	24,872	8.6%
Accrued R/S expense	5,362	1.8%	5,248	1.8%
Others	31,877	11%	53,097	18%
<b>Current Liabilities</b>	<b>72,764</b>	<b>25%</b>	<b>105,255</b>	<b>36%</b>
Debenture & LT loans	92,030	32%	69,172	24%
Others	68,042	23%	45,848	16%

Financial Position (Bt mn/% to total asset)	Post-TFRS 15			
	4Q18		4Q19	
<b>Total Liabilities</b>	<b>232,836</b>	<b>80%</b>	<b>220,275</b>	<b>76%</b>
Retained earnings	32,505	11%	44,226	15%
Others	25,163	8.7%	25,169	8.7%
<b>Total Equity</b>	<b>57,669</b>	<b>20%</b>	<b>69,394</b>	<b>24%</b>

Key Financial Ratio	Post-TFRS 15		
	4Q18	3Q19	4Q19
Interest-bearing debt to equity (times)	1.9	1.6	1.4
Net debt to equity (times)	1.7	1.4	1.0
Net debt to EBITDA (times)	1.3	1.0	1.0
Current Ratio (times)	0.5	0.4	0.4
Interest Coverage (times)	11	15	13
Debt Service Coverage Ratio (times)	2.9	4.1	2.2
Return on Equity	50%	55%	43%

Figures from P&L are annualized YTD.





## Debt Repayment Schedule

Bt mn	Debenture	Loan	1800MHz	900MHz
2020	-	14,829	3,128	21,747
2021	1,776	12,079	3,128	7,565
2022	-	13,440	-	7,565
2023	7,820	6,883	-	7,565
2024	6,638	5,817	-	7,565
2025	-	5,967	-	7,565
2026	7,180	1,083	-	-
2027	9,000	750	-	-
2028		750	-	-

## License payment schedule

## Source and Use of Fund: FY19

Source of fund	(Bt mn)	Use of fund	(Bt mn)
Operating cash flow	83,348	CAPEX & Fixed assets	23,029
Proceed from LT borrowings	2,000	Dividend Paid	21,050
Dividend & interest received	196	Repayment of borrowing	17,054
Sale of equipment	77	Income tax paid	6,721
		Payment of spectrum license	4,020
		Finance cost and other	3,192
		Cash increase	10,555
<b>Total</b>	<b>85,621</b>	<b>Total</b>	<b>85,621</b>

-700MHz license has not yet officially allocated Hence the first payment for the spectrum will begin around Oct - 2020

## Credit Rating

Fitch National rating: AA+ (THA),  
Outlook: Stable

S&P BBB+, Outlook: Stable



## Appendix

Income statement (Bt mn)	Post TFRS 15					
	1Q19	2Q19	3Q19	4Q19	%QoQ	FY19
Mobile revenue	30,678	32,042	31,851	31,770	-0.3%	126,341
Fixed broadband revenue	1,288	1,380	1,475	1,579	7.0%	5,722
Other service revenues	1,078	1,083	1,136	1,213	6.8%	4,509
<b>Core service revenue</b>	<b>33,044</b>	<b>34,505</b>	<b>34,461</b>	<b>34,562</b>	<b>0.3%</b>	<b>136,572</b>
IC and TOT partnership	2,995	2,841	4,278	3,443	-20%	13,557
<b>Service revenue</b>	<b>36,039</b>	<b>37,346</b>	<b>38,739</b>	<b>38,005</b>	<b>-1.9%</b>	<b>150,129</b>
SIM and device sales	7,222	6,736	5,994	10,813	80%	30,765
<b>Total revenues</b>	<b>43,262</b>	<b>44,081</b>	<b>44,733</b>	<b>48,818</b>	<b>9.1%</b>	<b>180,894</b>
Regulatory fee	(1,403)	(1,462)	(1,467)	(1,459)	-0.6%	(5,792)
Depreciation & Amortization	(8,691)	(8,896)	(9,410)	(9,600)	2.0%	(36,598)
Network OPEX and TOT partnership	(7,371)	(7,320)	(7,416)	(7,293)	-1.7%	(29,399)
Other costs of services	(2,352)	(2,492)	(2,455)	(2,401)	-2.2%	(9,699)
<b>Cost of service</b>	<b>(19,817)</b>	<b>(20,170)</b>	<b>(20,748)</b>	<b>(20,752)</b>	<b>0.0%</b>	<b>(81,487)</b>
Cost of SIM and device sales	(7,159)	(6,709)	(5,889)	(10,656)	81%	(30,412)
<b>Total costs of service and sale</b>	<b>(26,976)</b>	<b>(26,879)</b>	<b>(26,637)</b>	<b>(31,408)</b>	<b>18%</b>	<b>(111,899)</b>



Income statement (Bt mn)	Post TFRS 15					FY19
	1Q19	2Q19	3Q19	4Q19	%QoQ	
<b>Gross profit</b>	<b>16,286</b>	<b>17,202</b>	<b>18,096</b>	<b>17,410</b>	<b>-3.8%</b>	<b>68,994</b>
<b>SG&amp;A</b>	<b>(6,262)</b>	<b>(7,047)</b>	<b>(6,331)</b>	<b>(8,100)</b>	<b>28%</b>	<b>(27,740)</b>
Marketing Expense	(1,934)	(1,906)	(1,499)	(2,523)	68%	(7,861)
Admin and others	(4,328)	(5,141)	(4,833)	(5,577)	15%	(19,879)
<b>Operating profit</b>	<b>10,024</b>	<b>10,155</b>	<b>11,765</b>	<b>9,310</b>	<b>-21%</b>	<b>41,254</b>
Net foreign exchange gain (loss)	84	252	(44)	16	-136%	308
Other income (expense)	203	91	108	214	99%	616
Finance cost	(1,217)	(1,194)	(1,195)	(1,171)	-2.0%	(4,777)
Income tax	(1,523)	(1,550)	(1,833)	(1,303)	-29%	(6,209)
Non-controlling interest	(1.0)	(0.3)	(0.8)	(0.8)	0%	(3)
<b>Net profit for the period</b>	<b>7,570</b>	<b>7,754</b>	<b>8,800</b>	<b>7,065</b>	<b>-20%</b>	<b>31,190</b>
<b>EBITDA</b>	<b>18,868</b>	<b>19,169</b>	<b>21,307</b>	<b>19,366</b>	<b>-9.1%</b>	<b>78,710</b>

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