

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE BOARD OF DIRECTORS
ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED**

We have reviewed the consolidated statement of financial position of Advanced Info Service Public Company Limited and its subsidiaries and the separate statement of financial position of Advanced Info Service Public Company Limited as at March 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 three-month period ended March 31, 2019, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2.2 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.

BANGKOK
May 9, 2019

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

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2019

UNIT : THOUSAND BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		March 31,	December 31,	March 31,	December 31,
		2019	2018	2019	2018
		“Unaudited”		“Unaudited”	
ASSETS					
Current assets					
Cash and cash equivalents	16	20,498,415	9,066,888	10,640,885	330,502
Specifically-designated bank deposits	3	1,997,327	2,220,542	-	-
Trade and other current receivables	4, 16	17,997,176	19,241,654	1,944,544	1,786,094
Contract assets	2.2	1,638,731	-	-	-
Short-term loans to related parties	16	-	-	47,341,000	48,669,000
Inventories		3,614,558	3,822,986	-	-
Current tax assets		14,781	116,987	13,229	67,950
Other current financial assets	17	-	5,772	-	-
Other current assets		277,287	429,844	-	54
Total current assets		46,038,275	34,904,673	59,939,658	50,853,600
Non-current assets					
Investments in an associate	5	24,464	17,793	-	-
Investments in subsidiaries	6	-	-	18,984,218	22,158,565
Investments in joint ventures	5	712,520	735,996	-	-
Other long-term investments	7	59,976	59,976	47,999	47,999
Property, plant and equipment	8	127,833,385	130,211,974	199,185	217,277
Assets under the Agreements for operations	8	-	-	-	-
Goodwill		2,881,700	2,881,700	-	-
Spectrum licenses	8	109,610,008	111,749,059	-	-
Other intangible assets	8	5,115,711	5,091,829	15,308	17,337
Deferred tax assets		2,871,373	3,210,340	565,646	612,954
Other non-current assets		1,486,155	1,641,645	285,656	498,215
Total non-current assets		250,595,292	255,600,312	20,098,012	23,552,347
Total assets		296,633,567	290,504,985	80,037,670	74,405,947

See condensed notes to the financial statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2019

UNIT : THOUSAND BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		March 31,	December 31,	March 31,	December 31,
		2019	2018	2019	2018
		“Unaudited”		“Unaudited”	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings from financial institutions	9	-	5,900,000	-	2,900,000
Trade and other current payables	10, 16	39,381,828	37,679,695	2,748,040	2,846,504
Dividend payable	15, 16	9,811,214	-	9,811,214	-
Accrued revenue sharing expenses		5,361,756	5,361,819	5,221,182	5,221,244
Unearned income - mobile phone service		4,033,853	3,963,531	9,177	9,177
Advance received from customers		1,997,327	2,220,542	-	-
Current portion of long-term liabilities	9, 16	11,205,981	11,203,599	11,836	10,505
Current portion of spectrum licenses payable		3,995,804	3,971,753	-	-
Short-term borrowings from related parties	9, 16	-	-	4,620,000	4,920,000
Current income tax payable		3,457,729	2,412,565	-	-
Other current financial liabilities	17	84,343	-	-	-
Other current liabilities		34,685	50,952	5,133	3,539
Total current liabilities		79,364,520	72,764,456	22,426,582	15,910,969
Non-current liabilities					
Long-term liabilities	9, 16	92,020,550	92,029,626	22,988	26,000
Provision for employee benefit		2,299,514	2,253,764	260,470	263,096
Spectrum licenses payable		63,885,327	63,516,141	-	-
Other non-current liabilities		2,295,054	2,272,418	16,387	16,387
Total non-current liabilities		160,500,445	160,071,949	299,845	305,483
Total liabilities		239,864,965	232,836,405	22,726,427	16,216,452

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2019

UNIT : THOUSAND BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		March 31, 2019 “Unaudited”	December 31, 2018	March 31, 2019 “Unaudited”	December 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
Shareholders' equity					
Share capital					
Authorized share capital					
4,997 million ordinary shares of					
Baht 1.00 each					
		4,997,460	4,997,460	4,997,460	4,997,460
Issued and paid share capital					
2,973 million ordinary shares of					
Baht 1.00 each, fully paid					
		2,973,095	2,973,095	2,973,095	2,973,095
Share premium					
Share premium on ordinary shares					
		22,372,276	22,372,276	22,372,276	22,372,276
Other deficits					
Deficits arising from change in ownership interest					
in a subsidiary					
	19	(669,657)	(668,455)	-	-
Retained earnings					
Appropriated					
Legal reserve					
		500,000	500,000	500,000	500,000
Unappropriated					
		31,119,871	32,005,108	31,119,871	32,005,108
Other components of shareholders' equity					
		346,001	339,016	346,001	339,016
Total shareholders' equity attributable to owners					
of the Company					
		56,641,586	57,521,040	57,311,243	58,189,495
Non-controlling interests					
		127,016	147,540	-	-
Total shareholders' equity					
		56,768,602	57,668,580	57,311,243	58,189,495
Total liabilities and shareholders' equity					
		296,633,567	290,504,985	80,037,670	74,405,947

See condensed notes to the financial statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

“UNAUDITED”

UNIT : THOUSAND BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Revenues					
Revenues from rendering of services and equipment rentals	16	36,039,224	34,565,480	432,834	433,155
Revenue from sale of goods	16	7,222,456	6,367,938	-	-
Total revenues		<u>43,261,680</u>	<u>40,933,418</u>	<u>432,834</u>	<u>433,155</u>
Costs					
Cost of rendering of services and equipment rentals	16	(19,817,282)	(17,281,055)	(292,038)	(287,526)
Cost of sale of goods		(7,158,564)	(6,437,430)	-	-
Total costs		<u>(26,975,846)</u>	<u>(23,718,485)</u>	<u>(292,038)</u>	<u>(287,526)</u>
Gross profit		16,285,834	17,214,933	140,796	145,629
Distribution costs and administrative expenses					
Distribution costs		(1,933,679)	(2,249,735)	(215)	(259)
Administrative expenses		(4,328,178)	(4,086,105)	(22,943)	(146,577)
Total distribution costs and administrative expenses		<u>(6,261,857)</u>	<u>(6,335,840)</u>	<u>(23,158)</u>	<u>(146,836)</u>
Profit (loss) from rendering of services, equipment rentals and sales					
		10,023,977	10,879,093	117,638	(1,207)
Interest income	16	44,968	48,275	150,933	286,685
Other income	16	209,895	259,958	18,160	23,487
Share of profit (loss) from investments in an associate, subsidiaries and joint ventures		(16,805)	(12,578)	7,385,725	7,854,100
Net gain (loss) on foreign exchange rate		84,063	(129,117)	235	(49)
Management benefit expenses	16	(35,013)	(47,675)	(34,983)	(36,925)
Finance costs	16	(1,216,794)	(1,292,249)	(20,373)	(39,769)
Profit before income tax expense		9,094,291	9,705,707	7,617,335	8,086,322
Tax expense	13	(1,523,270)	(1,657,576)	(47,309)	(49,023)
Profit for the periods		<u>7,571,021</u>	<u>8,048,131</u>	<u>7,570,026</u>	<u>8,037,299</u>
Profit attributable to					
Owners of the Company		7,570,026	8,037,299	7,570,026	8,037,299
Non-controlling interests		995	10,832	-	-
Profit for the periods		<u>7,571,021</u>	<u>8,048,131</u>	<u>7,570,026</u>	<u>8,037,299</u>
Earnings per share (in Baht)					
Basic earnings per share	14	2.55	2.70	2.55	2.70
Diluted earnings per share		2.55	2.70	2.55	2.70

See condensed notes to the financial statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
 “UNAUDITED”

UNIT : THOUSAND BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Profit for the periods	7,571,021	8,048,131	7,570,026	8,037,299
Total comprehensive income for the periods	<u>7,571,021</u>	<u>8,048,131</u>	<u>7,570,026</u>	<u>8,037,299</u>
Total comprehensive income attributable to				
Owners of the Company	7,570,026	8,037,299	7,570,026	8,037,299
Non-controlling interests	995	10,832	-	-
Total comprehensive income for the periods	<u>7,571,021</u>	<u>8,048,131</u>	<u>7,570,026</u>	<u>8,037,299</u>

See condensed notes to the financial statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
"UNAUDITED"

UNIT : THOUSAND BAHT

	Notes	Issued and paid share capital	Share premium	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	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	22,372,276	-	500,000	24,174,743	139,054	161,187	300,241	50,320,355	106,433	50,426,788
Transactions with owners, recorded directly in shareholders' equity												
Contributions by and distributions to owners of the Company												
Share-based payment transaction	11	-	-	-	-	-	9,150	-	9,150	9,150	-	9,150
Dividends paid	15	-	-	-	-	(10,613,951)	-	-	-	(10,613,951)	(163)	(10,614,114)
Total contributions by and distributions to owners of the Company		-	-	-	-	(10,613,951)	9,150	-	9,150	(10,604,801)	(163)	(10,604,964)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests from investment in subsidiaries	19	-	-	-	-	-	-	-	-	-	220,478	220,478
Change in ownership interest in subsidiaries	19	-	-	(41,343)	-	-	-	-	-	(41,343)	(13,324)	(54,667)
Total changes in ownership interests in subsidiaries		-	-	(41,343)	-	-	-	-	-	(41,343)	207,154	165,811
Total transactions with owners, recorded directly in shareholders' equity		-	-	(41,343)	-	(10,613,951)	9,150	-	9,150	(10,646,144)	206,991	(10,439,153)
Comprehensive income for the period												
Profit for the period		-	-	-	-	8,037,299	-	-	-	8,037,299	10,832	8,048,131
Total comprehensive income for the period		-	-	-	-	8,037,299	-	-	-	8,037,299	10,832	8,048,131
Balance as at March 31, 2018		<u>2,973,095</u>	<u>22,372,276</u>	<u>(41,343)</u>	<u>500,000</u>	<u>21,598,091</u>	<u>148,204</u>	<u>161,187</u>	<u>309,391</u>	<u>47,711,510</u>	<u>324,256</u>	<u>48,035,766</u>

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SEPARATE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
"UNAUDITED"

UNIT : THOUSAND BAHT

	Notes	Issued and paid share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
				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	22,372,276	500,000	24,174,743	139,054	161,187	300,241	50,320,355
Transactions with owners, recorded directly in shareholders' equity									
Share-based payment transaction	11	-	-	-	-	9,150	-	9,150	9,150
Dividends paid	15	-	-	-	(10,613,951)	-	-	-	(10,613,951)
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	(10,613,951)	9,150	-	9,150	(10,604,801)
Comprehensive income for the period									
Profit for the period		-	-	-	8,037,299	-	-	-	8,037,299
Total comprehensive income for the period		-	-	-	8,037,299	-	-	-	8,037,299
Balance as at March 31, 2018		<u>2,973,095</u>	<u>22,372,276</u>	<u>500,000</u>	<u>21,598,091</u>	<u>148,204</u>	<u>161,187</u>	<u>309,391</u>	<u>47,752,853</u>
Balance as at January 1, 2019 - as under previous									
Thai Financial Reporting Standards		2,973,095	22,372,276	500,000	32,005,108	177,829	161,187	339,016	58,189,495
Effect from adoption Thai Financial Reporting Standard 15	2.2	-	-	-	1,355,951	-	-	-	1,355,951
Balance as at January 1, 2019 - as under new		<u>2,973,095</u>	<u>22,372,276</u>	<u>500,000</u>	<u>33,361,059</u>	<u>177,829</u>	<u>161,187</u>	<u>339,016</u>	<u>59,545,446</u>
Transactions with owners, recorded directly in shareholders' equity									
Share-based payment transaction	11	-	-	-	-	6,985	-	6,985	6,985
Dividends paid	15	-	-	-	(9,811,214)	-	-	-	(9,811,214)
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	(9,811,214)	6,985	-	6,985	(9,804,229)
Comprehensive income for the period									
Profit for the period		-	-	-	7,570,026	-	-	-	7,570,026
Total comprehensive income for the period		-	-	-	7,570,026	-	-	-	7,570,026
Balance as at March 31, 2019		<u>2,973,095</u>	<u>22,372,276</u>	<u>500,000</u>	<u>31,119,871</u>	<u>184,814</u>	<u>161,187</u>	<u>346,001</u>	<u>57,311,243</u>

See condensed notes to the financial statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

		UNIT : THOUSAND BAHT			
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Cash flows from operating activities					
Profit for the periods		7,571,021	8,048,131	7,570,026	8,037,299
Adjustments for					
Depreciation	8	6,447,775	5,918,093	17,870	18,311
Amortization of intangible assets	8	2,399,337	2,161,311	2,028	2,680
Interest income		(44,968)	(48,275)	(150,933)	(286,685)
Finance costs		1,216,794	1,292,249	20,373	39,769
(Reversal of) doubtful accounts and bad debts expenses	4	528,247	535,771	(100)	(18)
Share-based payment transaction	11	6,985	9,150	6,985	9,150
Reversal of loss for obsolete, decline in value and write-off inventories		(20,704)	(89,033)	-	-
Loss on unused equipment	8	161,338	166,874	-	-
Loss on terminate contract assets	2.2	147,337	-	-	-
(Gain) loss on sales, disposals and write-off of assets		126,222	(10,319)	(228)	(1,445)
Unrealized (gain) loss on foreign exchange rate		(159,152)	320,372	(126)	28,423
Share of (profit) loss from investments in an associate, subsidiaries and joint ventures	5, 6	16,805	12,578	(7,385,725)	(7,854,100)
Employee benefit expense		52,212	45,252	6,707	1,423
Tax expense		1,523,270	1,657,576	47,309	49,023
Cash provided by operation before changes in operating assets and liabilities		19,972,519	20,019,730	134,186	43,830
Changes in operating assets and liabilities					
Specifically-designated bank deposits		223,215	235,770	-	-
Trade and other current receivables		693,398	(1,316,448)	(20,769)	(6,682)
Contract assets	2.2	(91,129)	-	-	-
Inventories		229,132	(602,292)	-	-
Other current assets		269,365	250,656	54,775	41,449
Other non-current assets		155,490	(194,796)	225,787	(37,927)
Trade and other current payables		(233,529)	10,615	(107,494)	(91,474)
Accrued revenue sharing expenses		(63)	-	(62)	-
Unearned income - mobile phone service		70,322	(497)	-	-
Advance received from customers		(223,215)	(235,770)	-	-
Other current liabilities		(40,464)	(11,134)	1,594	162
Other financial assets (liabilities)		90,115	(59,831)	-	4,372
Other non-current liabilities		17,217	974	-	-
Cash generated from operating activities		21,132,373	18,096,977	288,017	(46,270)
Employee benefit paid		(28,261)	(11,365)	(11,883)	(6,470)
Income tax paid		(492,729)	(351,393)	(13,229)	(21,280)
Net cash provided by (use in) operating activities		20,611,383	17,734,219	262,905	(74,020)

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

“UNAUDITED”

UNIT : THOUSAND BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Cash flows from investing activities					
Interest received		36,194	55,065	13,352	738,655
Purchase of property, plant, equipment and other intangible assets		(3,122,991)	(6,467,303)	(2,235)	(1,527)
Proceed from sale of equipment		18,764	310,564	1,331	434
Net (increase) decrease in short-term loans to related parties		-	-	1,328,000	(12,861,000)
Increase in investments in joint ventures	5	-	(787,499)	-	-
Increase in investments in subsidiaries	6	-	-	-	(3,999)
Net cash paid for acquisition of business		-	(3,375,339)	-	-
Net increase in other long-term investments		-	(577)	-	-
Dividends received		-	-	11,916,024	14,894,257
Net cash provided by (used in) investing activities		(3,068,033)	(10,265,089)	13,256,472	2,766,820
Cash flows from financing activities					
Interest paid		(200,671)	(274,417)	(5,981)	(74,737)
Other finance costs paid		(5,960)	(5,531)	(1,257)	(1,193)
Net decrease in short-term loans from financial institutions		(5,900,000)	(6,700,000)	(2,900,000)	-
Net decrease in short-term borrowings from related parties		-	-	(300,000)	-
Repayments of long-term borrowings		-	(2,584,880)	-	(2,584,880)
Finance lease payments		(11,658)	(12,119)	(1,680)	(3,221)
Cash paid for purchase of a subsidiary from non-controlling interests		-	(42,731)	-	-
Dividends paid to non-controlling interests		(465)	(163)	-	-
Net cash used in financing activities		(6,118,754)	(9,619,841)	(3,208,918)	(2,664,031)
Effect of exchange rate changes on balances held in foreign currencies		6,931	(811)	(76)	(284)
Net increase (decrease) in cash and cash equivalents		11,431,527	(2,151,522)	10,310,383	28,485
Cash and cash equivalents as at January 1,		9,066,888	10,650,407	330,502	268,321
Cash and cash equivalents as at March 31,		20,498,415	8,498,885	10,640,885	296,806
Supplemental disclosures of cash flow information					
Non-cash transactions					
Outstanding debts arising from investments in capital expenditures and spectrum license		82,109,415	83,727,531	486	1,440

See condensed notes to the financial statements

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

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18.	Commitments with non-related parties
19.	Acquisition of business
20.	Provision liabilities from withholding tax
21.	Significant events, commercial disputes and litigations
22.	Event after the reporting period
23.	Approval of interim financial statements

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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 March 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. 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 principle 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 Agreement 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 March 31, 2019, TOT owns 48.12% of ADC’s total shares (As at December 31, 2018: 48.12%).

- 2) The operation of a 2.1 GHz CELLULAR TELEPHONE SYSTEM as the operator. Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1950 MHz to 1965 MHz and 2140 MHz to 2155 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1, date 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.

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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 (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.1), date 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), date June 30, 2016. AWN started the operation commencing from July 1, 2016 to June 30, 2031 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

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

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

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

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Details of subsidiaries, associate and joint ventures as at March 31, 2019 and December 31, 2018 are as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			As at March 31, 2019	As at December 31, 2018
Subsidiaries				
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, telecom 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 handset and accessories	Thailand	99.99	99.99
Fax Lite Company Limited	Service provider of operation in space, land and building services, and related facilities	Thailand	99.98	99.98
MIMO Tech Company Limited	Developer of IT systems 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
Indirect Subsidiaries				
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	Service provider of providing mobile contents	Thailand	99.99*	99.99*
Yellow Pages Commerce Company Limited	Service provider of online advertising business	Thailand	99.94*	99.94*

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Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			As at March 31, 2019	As at December 31, 2018
Associate				
Information Highway Company Limited	Service provider of transmission network provider	Thailand	29.00*	29.00*
Joint Ventures				
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.

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 OF PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 These interim consolidated and separate financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2018) “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.

2.2 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, 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 interim financial statements except for the following Thai Financial Reporting Standards (“TFRSs”).

TFRS 15 “Revenue from contracts with customers” (“TFRS 15”)

Since January 1, 2019, the Group and the Company have adopted TFRS 15 “Revenue from contracts with customers” whereby the core principle of such 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:

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

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

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

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

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

TFRS 15 will supersede the following revenue Standards and Interpretations upon its effective date: Thai Accounting Standard No.11 “Construction Contracts”, Thai Accounting Standard No.18 “Revenue”, Thai Accounting Standard Interpretation No.31 “Revenue-Barter Transactions Involving Advertising Services”, Thai Financial Reporting Standard Interpretation No.13 “Customer Loyalty Programs, Thai Financial Reporting Standard Interpretation No.15 “Agreements for the Construction of Real Estate” and Thai Financial Reporting Standard Interpretation No.18 “Transfers of Assets from Customers”.

TFRS 15 requires retrospective method in accordance with Thai Accounting Standard No.8 “Accounting Policies, Changes in Accounting Estimates and Errors” or recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the annual reporting period. The 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. The effect of related transactions are as follow:

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

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

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

	Unit: Million Baht			
	Balance as at March 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 to beginning balance	Effect from adoption TFRS 15 in current period	Balance as at March 31, 2019 as under new TFRSs
Assets				
Current assets				
Contract assets	-	1,695 ^{a - c}	(56) ^{a - c}	1,639
Non-current assets				
Deferred tax assets	3,199	(339) ^d	11 ^d	2,871
Shareholders' equity				
Retained earnings - unappropriated	29,809	1,356	(45)	31,120

The consolidated statements of profit or loss and profit or loss and other comprehensive income for the three-month period ended March 31, 2019

	Unit: Million Baht		
	For the three- month period ended March 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15	For the three- month period ended March 31, 2019 as under new TFRSs
Revenues from rendering of services and equipment rentals	36,957	(918) ^{a - b}	36,039
Revenue from sale of goods	6,867	355 ^a	7,222
Distribution costs	(2,588)	654 ^b	(1,934)
Administrative expenses	(4,181)	(147) ^c	(4,328)
Tax expense	(1,534)	11 ^d	(1,523)
Profit for the period	7,616	(45)	7,571
Basic earnings per share (Baht)	2.57	(0.02)	2.55
Diluted earnings per share (Baht)	2.57	(0.02)	2.55
Total comprehensive income for the period	7,616	(45)	7,571

The consolidated statements of cash flows for the three-month period ended March 31, 2019

	Unit: Million Baht		
	For the three- month period ended March 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 current period	For the three- month period ended March 31, 2019 as under new TFRSs
Profit for the period	7,616	(45)	7,571
Adjustments for			
Loss on terminate contract assets	-	147	147
Tax expense	1,534	(11)	1,523
Changes in operating assets and liabilities			
Contract assets	-	(91)	(91)

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Notes:

- a. 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 amortized against revenue from rendering of services over the customer contract period.
- b. Subsidy of device paid to dealer is capitalized as contract assets and amortized against revenue from rendering of services over the customer contract period.
- c. 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.
- d. 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

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

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

	Unit: Million Baht			
	Balance as at March 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 - to beginning balance	Effect from adoption TFRS 15 - in current period	Balance as at March 31, 2019 as under new TFRSs
Assets				
Non-current assets				
Investments in subsidiaries	17,673	1,356	(45)	18,984
Shareholders' equity				
Retained earnings - unappropriated	29,809	1,356	(45)	31,120

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The separate statements of profit or loss and profit or loss and other comprehensive income for the three-month period ended March 31, 2019

	Unit: Million Baht		
	For the three-month period ended March 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15	For the three-month period ended March 31, 2019 as under new TFRSs
Share of profit from investment in an associate, subsidiaries and joint ventures	7,431	(45)	7,386
Profit for the period	7,615	(45)	7,570
Basic earnings per share (Baht)	2.57	(0.02)	2.55
Diluted earnings per share (Baht)	2.57	(0.02)	2.55
Total comprehensive income for the period	7,615	(45)	7,570

The separate statement of cash flows for the three-month period ended March 31, 2019

	Unit: Million Baht		
	For the three-month period ended March 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15	For the three-month period ended March 31, 2019 as under new TFRSs
Profit for the period	7,615	(45)	7,570
Adjustments for			
Share of profit (loss) from investment in an associate, subsidiaries and joint ventures	(7,431)	45	(7,386)

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

Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

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 financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. An entity shall consider the terms and conditions of contracts and all relevant facts and circumstances when applying this Standard. An entity shall apply this Standard consistently to contracts with similar characteristics and in similar circumstances.

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 this TFRSs on the financial statements of the Group in the period of initial application.

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- 2.4 The consolidated and separate statements of financial position as at December 31, 2018, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Group and the Company for the year then ended which had been previously audited.
- 2.5 The unaudited results of operations presented in the three-month period ended March 31, 2019 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.6 Certain financial information which is normally included in the annual financial statements prepared in accordance with Thai Financial Reporting Standards, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month period ended March 31, 2019 should be read in conjunction with the audited financial statements for the year ended December 31, 2018.
- 2.7 Material intercompany transactions between the Company and its subsidiaries have been eliminated from these interim consolidated financial statements. The interim consolidated financial statements for the three-month period ended March 31, 2019 have included the subsidiaries' interim financial statements for the three-month period ended March 31, 2019 which were reviewed.

2.8 Judgments and estimates

The preparation of interim financial statements in conformity with Thai Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of 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 period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's and the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018.

2.9 Significant accounting policies

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2018 except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers, as described in Note 2.2.

TFRS 15 “Revenue from Contracts with Customers”

TFRS 15 “Revenue from Contracts with Customers” has resulted in changes in accounting policies as follows:

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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 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.

3. 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 the subsidiaries' outstanding balance of advance receipts from customers which cannot be used for other purposes apart from payments to service providers as at March 31, 2019 amounting to Baht 1,997 million. (As at December 31, 2018: Baht 2,221 million).

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Aging analysis for trade receivables are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Related parties				
Current - overdue 3 months	114	171	42	18
Overdue over 12 months	2	2	-	-
	<u>116</u>	<u>173</u>	<u>42</u>	<u>18</u>
Other parties				
Current - overdue 3 months	14,068	14,472	-	-
Overdue 3 - 6 months	946	669	-	-
Overdue 6 - 12 months	253	582	-	-
Overdue over 12 months	1,951	1,906	1,754	1,755
	<u>17,218</u>	<u>17,629</u>	<u>1,754</u>	<u>1,755</u>
<u>Less</u> Allowance for doubtful accounts	<u>(1,447)</u>	<u>(1,441)</u>	<u>(98)</u>	<u>(99)</u>
	<u>15,771</u>	<u>16,188</u>	<u>1,656</u>	<u>1,656</u>
Trade receivables - net	<u>15,887</u>	<u>16,361</u>	<u>1,698</u>	<u>1,674</u>

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

As at March 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 IDD from November 2008 to September 2012 to the Company in the amount of Baht 1,355 million 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 IDD 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 sharing of IDD as mention above. Currently, the dispute has been in the process of consideration by the Central Administrative 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.

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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.

5. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

Movements in investment in an associate in the consolidated financial statements for the three-month periods ended March 31, are as follows (Separate financial statements: 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	(5)
As at March 31,	<u>25</u>	<u>26</u>

For the three-month periods ended March 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 three-month periods ended March 31, are as follows (Separate financial statements: nil):

	Unit: Million Baht	
	Consolidated	
	financial statements	
	2019	2018
As at January 1,	736	59
Additional investments	-	788
Share of loss from investment in joint ventures	(23)	(8)
As at March 31,	<u>713</u>	<u>839</u>

Investment in joint ventures

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.

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6. INVESTMENTS IN SUBSIDIARIES

Movements in investments in subsidiaries for the three-month periods ended March 31, are as follows:

		Unit: Million Baht	
		Separate	
		financial statements	
	Note	2019	2018
Subsidiaries			
As at January 1, as under previous TFRSs		22,159	22,650
Effect from adoption TFRS 15	2.2	1,356	-
As at January 1, as under new TFRSs		23,515	22,650
Dividends received during the periods		(11,916)	(14,894)
Share of profit from investments in subsidiaries		7,386	7,854
Invested in share capital of a subsidiary		-	4
As at March 31,		<u>18,985</u>	<u>15,614</u>

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 the 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 ownership.

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Investments in subsidiaries as at March 31, 2019 and December 31, 2018 and dividend received for the three-month periods ended March 31, are as follows:

	Unit: Million Baht									
	Ownership interest		Paid-up capital		Separate financial statement Cost		Investment as equity method		Dividend received for the three-month Periods ended March 31,	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	2019	2018
	%	%								
Subsidiaries										
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	374	316	17	180
Digital Phone Co., Ltd.	98.55	98.55	914	914	10,226	10,226	4,128	4,117	-	-
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	275	292	17	14
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	755	711	150	230
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	132	141	20	36
Advanced Wireless Network Co., Ltd.	99.99	99.99	1,350	1,350	1,485	1,485	10,761	11,169	6,790	12,649
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	1,016	1,507	1,176	113
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	120	198	143	153
Fax Lite Co., Ltd.	99.98	99.98	1	1	1	1	1,004	2,290	2,288	787
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	319	1,279	1,272	732
Advanced Broadband Network Co., Ltd.	99.99	99.99	75	75	75	75	102	139	43	-
Advanced Digital Distribution Co., Ltd.	99.99	99.99	4	4	4	4	(1)	-	-	-
Total					<u>13,688</u>	<u>13,688</u>	<u>18,985</u>	<u>22,159</u>	<u>11,916</u>	<u>14,894</u>

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7. OTHER LONG-TERM INVESTMENTS

Other long-term investments as at March 31, 2019 and December 31, 2018 are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2019	2018	2019	2018
Fixed deposit at financial institutions - pledged	11	11	-	-
Other investments	49	49	48	48
Total	60	60	48	48

Fixed deposit at a financial institution - pledged

As at March 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 investments

National Digital ID Co., Ltd.

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

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8. CAPITAL EXPENDITURES

Movements in capital expenditures for the three-month periods ended March 31, are as follows:

As at March 31, 2019

	Unit: Million Baht			
	Consolidated financial statements			
	Balance as at January 1, 2019	Increase	Decrease	Balance as at March 31, 2019
Cost:				
Property, plant and equipment	223,215	4,377	(259)	227,333
Assets under the agreements for operations	-	-	-	-
Spectrum licenses	136,445	-	-	136,445
Other intangible assets	10,329	284	-	10,613
Total	<u>369,989</u>	<u>4,661</u>	<u>(259)</u>	<u>374,391</u>
Accumulated depreciation, amortization and allowance for unused equipment:				
Plant and equipment	(93,003)	(6,609)	112	(99,500)
Assets under the agreements for operations	-	-	-	-
Spectrum licenses	(24,696)	(2,139)	-	(26,835)
Other intangible assets	(5,237)	(260)	-	(5,497)
Total	<u>(122,936)</u>	<u>(9,008)</u>	<u>112</u>	<u>(131,832)</u>
Net book value:				
Property, plant and equipment	130,212			127,833
Assets under the agreements for operations	-			-
Spectrum licenses	111,749			109,610
Other intangible assets	5,092			5,116
Total	<u>247,053</u>			<u>242,559</u>

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As at March 31, 2018

Unit: Million Baht

	Consolidated financial statements				Balance as at March 31, 2018
	Balance as at January 1, 2018	Increase	Decrease	Increase from acquisition of business	
Cost:					
Property, plant and equipment	200,450	6,724	(478)	2,127	208,823
Assets under the agreements for operations	1,248	-	-	-	1,248
Spectrum licenses	124,142	-	-	-	124,142
Other intangible assets	8,633	211	(4)	506	9,346
Total	<u>334,473</u>	<u>6,935</u>	<u>(482)</u>	<u>2,633</u>	<u>343,559</u>
Accumulated depreciation, amortization and allowance for unused equipment:					
Plant and equipment	(67,871)	(6,085)	166	(1,169)	(74,959)
Assets under the agreements for operations	(1,248)	-	-	-	(1,248)
Spectrum licenses	(16,618)	(1,937)	-	-	(18,555)
Other intangible assets	(4,134)	(224)	2	(133)	(4,489)
Total	<u>(89,871)</u>	<u>(8,246)</u>	<u>168</u>	<u>(1,302)</u>	<u>(99,251)</u>
Net book value:					
Property, plant and equipment	132,579				133,864
Assets under the agreements for operations	-				-
Spectrum licenses	107,524				105,587
Other intangible assets	4,499				4,857
Total	<u>244,602</u>				<u>244,308</u>
Depreciation, amortization and allowance for unused equipment for the three-month periods ended March 31,					
2019				Million Baht	<u>9,008</u>
2018				Million Baht	<u>8,246</u>

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As at March 31, 2019

	Separate financial statements			Unit: Million Baht
	Balance as at January 1, 2019	Increase	Decrease	Balance as at March 31, 2019
Cost:				
Property, plant and equipment	4,697	1	(2)	4,696
Other intangible assets	323	-	-	323
Total	<u>5,020</u>	<u>1</u>	<u>(2)</u>	<u>5,019</u>
Accumulated depreciation and amortization:				
Plant and equipment	(4,480)	(18)	1	(4,497)
Other intangible assets	(306)	(2)	-	(308)
Total	<u>(4,786)</u>	<u>(20)</u>	<u>1</u>	<u>(4,805)</u>
Net book value:				
Property, plant and equipment	217			199
Other intangible assets	17			15
Total	<u>234</u>			<u>214</u>

As at March 31, 2018

	Separate financial statements			Unit: Million Baht
	Balance as at January 1, 2018	Increase	Decrease	Balance as at March 31, 2018
Cost:				
Property, plant and equipment	4,705	3	(17)	4,691
Other intangible assets	323	-	-	323
Total	<u>5,028</u>	<u>3</u>	<u>(17)</u>	<u>5,014</u>
Accumulated depreciation and amortization:				
Plant and equipment	(4,451)	(18)	16	(4,453)
Other intangible assets	(295)	(3)	-	(298)
Total	<u>(4,746)</u>	<u>(21)</u>	<u>16</u>	<u>(4,751)</u>
Net book value:				
Property, plant and equipment	254			238
Other intangible assets	28			25
Total	<u>282</u>			<u>263</u>

Depreciation and amortization for the three-month periods ended March 31,

2019	Million Baht	<u>20</u>
2018	Million Baht	<u>21</u>

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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

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

9. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at March 31, 2019 and December 31, 2018 are as follows:

	Note	Unit: Million Baht			
		Consolidated		Separate	
		As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Current					
Short-term borrowings from financial institutions		-	5,900	-	2,900
Current portion of long-term liabilities					
- Current portion of long-term borrowings		3,358	3,358	-	-
- Current portion of long-term debentures	16	7,789	7,788	-	-
- Current portion of finance lease liabilities	16	59	57	12	11
Total current portion of long-term liabilities		11,206	11,203	12	11
Short-term borrowings from related parties	16	-	-	4,620	4,920
Total current		11,206	17,103	4,632	7,831
Non-current					
Long-term liabilities					
- Long-term borrowings - net		56,574	56,571	-	-
- Long-term borrowing from a related party - net	16	2,999	2,999	-	-
- Long-term debentures - net	16	32,383	32,382	-	-
- Finance lease liabilities - net	16	64	78	23	26
Total long-term liabilities		92,020	92,030	23	26
Total		103,226	109,133	4,655	7,857

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

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The carrying amounts and fair values of long-term debentures (gross of issue costs) as at March 31, 2019 and December 31, 2018 are as follows:

	Unit: Million Baht			
	Consolidated financial statements			
	Carrying amount		Fair values*	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Long-term debentures	40,203	40,203	40,668	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 on the reporting date.

Movements of interest-bearing liabilities arising from financing activities for the three-month periods ended March 31, are as follows:

	Unit: Million Baht					
	Consolidated financial statements					
	Short-term borrowings from financial institutions	Long-term borrowings	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:						
Repayments	(5,900)	-	-	-	(12)	(5,912)
Total Cash flows items	(5,900)	-	-	-	(12)	(5,912)
Non-cash changes items:						
Amortization as expense	-	3	-	2	-	5
Total non-cash changes items	-	3	-	2	-	5
As at March 31, 2019	-	59,932	2,999	40,172	123	103,226

	Unit: Million Baht				
	Consolidated financial statements				
	Short-term borrowings from financial institutions	Long-term borrowings	Long-term debentures	Finance lease liabilities	Total
As at January 1, 2018	6,500	62,843	40,163	172	109,678
Cash flows items:					
Additions	2,950	-	-	-	2,950
Repayments	(9,650)	(2,585)	-	(12)	(12,247)
Total Cash flows items	(6,700)	(2,585)	-	(12)	(9,297)
Non-cash changes items:					
Unrealized gain on foreign exchange rate	-	(299)	-	-	(299)
Amortization as expense	-	3	2	-	5
Total non-cash changes items	-	(296)	2	-	(294)
Changes from acquisition of business items:					
Increase from acquisition of business	250	60	-	2	312
As at March 31, 2018	50	60,022	40,165	162	100,399

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	Unit: Million Baht				
	Short-term borrowings from financial institutions	Separate financial statements Short-term borrowings from related parties		Finance lease liabilities	Total
As at January 1, 2019	2,900	4,920		37	7,857
Cash flows items:					
Repayments	(2,900)	(300)		(2)	(3,202)
Total Cash flows items	(2,900)	(300)		(2)	(3,202)
As at March 31, 2019	-	4,620		35	4,655

	Unit: Million Baht				
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings	Finance lease liabilities	Total
As at January 1, 2018	-	4,640	3,025	42	7,707
Cash flows items:					
Additions	2,900	-	-	-	2,900
Repayments	(2,900)	-	(2,585)	(3)	(5,488)
Total Cash flows items	-	-	(2,585)	(3)	(2,588)
Non-cash changes items:					
Unrealized gain on foreign exchange rate	-	-	(217)	-	(217)
Total non-cash changes items	-	-	(217)	-	(217)
As at March 31, 2018	-	4,640	223	39	4,902

10. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at March 31, 2019 and December 31, 2018 are as follows:

		Unit: Million Baht			
	Note	Consolidated financial statements		Separate financial statements	
		As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Trade payables					
Related parties	16	68	73	31	26
Other parties		18,636	18,349	31	33
Total		18,704	18,422	62	59
Other payables	16	20,678	19,258	2,686	2,787
Total trade and other current payables		39,382	37,680	2,748	2,846

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11. 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

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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 three-month period ended March 31, 2019 are as follows:

	As at January 1, 2019	Transaction during the period			Unit: Thousand units As at March 31, 2019
		Issued	Exercised	Expired	
ESOP - Grant II					
- Directors	30	-	-	-	30
- Employees	612	-	-	-	612
	<u>642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>642</u>
ESOP - Grant III					
- Directors	51	-	-	-	51
- Employees	726	-	-	-	726
	<u>777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>777</u>
ESOP - Grant IV					
- Directors	57	-	-	-	57
- Employees	654	-	-	-	654
	<u>711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>711</u>
ESOP - Grant V					
- Directors	89	-	-	-	89
- Employees	964	-	-	-	964
	<u>1,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053</u>
Total	<u>3,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,183</u>

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

Fair value measurement

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

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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 three-month periods ended March 31, 2019, the Group and the Company recognized share-based payment expense amounting to Baht 7 million and Baht 7 million, respectively, in the consolidated and separate financial statements (For the three-month periods ended March 31, 2018 : Baht 9 million and Baht 9 million, respectively).

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12. SEGMENT FINANCIAL INFORMATION

The Group comprises the following operating segments:

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

Information about reportable segments

Performance for the three-month periods ended March 31,

	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	33,841	32,767	7,035	6,286	2,386	1,880	43,262
Segment profit (loss) before income tax expense	9,578	10,649	(895)	(1,380)	411	437	9,094	9,706

Reportable assets as at March 31, 2019 and December 31, 2018, are as follows:

	Mobile phone services		Mobile phone and equipment sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
	Segment assets	277,780	271,526	7,630	7,799	11,224	11,180	296,634

13. TAX EXPENSE

Tax expense is recognized based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective tax rates in respect of operations for the three-month period ended March 31, 2019 for the Group is 16.75% and the Company is 0.62% (For the three-month period ended March 31, 2018 : the Group was 17.08% and the Company was 0.61%). These changes in the separate financial statement’s effective tax rate were caused mainly by income which is not subjected to tax.

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14. EARNINGS PER SHARE

Basic earnings per share

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

For the three-month periods ended March 31,

	(in million Baht / million shares)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Profit attributable to ordinary shareholders of the Company (basic)	7,570	8,037	7,570	8,037
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Earnings per share (basic) (in Baht)	2.55	2.70	2.55	2.70

Diluted earnings per share

The calculation of diluted earnings per share for the three-month periods ended March 31, are based on the profit for the periods attributable to ordinary shareholders of the Group and the Company and the weighted average number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares are as follows:

For the three-month periods ended March 31,

	(in million Baht / million shares)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Profit attributable to equity holders of the Company (basic)	7,570	8,037	7,570	8,037
Profit attributable to equity holders of the Company (diluted)	7,570	8,037	7,570	8,037
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)	2.55	2.70	2.55	2.70

15. 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.

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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.

16. 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 period, 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.

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.
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

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Significant transactions with related parties for the three-month periods ended March 31, are as follows:

For the three-month periods ended March 31,

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Revenue from rendering of services and equipment rentals				
Subsidiaries	-	-	433	433
INTOUCH Group	15	11	-	-
Singtel Group	32	70	-	-
Joint Ventures	2	-	-	-
Other related parties	22	15	-	-
Total	71	96	433	433
Dividend received from				
Subsidiaries	-	-	11,916	14,894
Interest income				
Subsidiaries	-	-	147	286
Other related parties	8	-	-	-
Total	8	-	147	286
Other income				
Subsidiaries	-	-	11	13
INTOUCH Group	-	1	-	-
Joint Ventures	1	1	-	-
Total	1	2	11	13
Rental and other service expenses				
Subsidiaries	-	-	9	8
INTOUCH Group	43	63	1	-
Singtel Group	60	58	-	-
Associate	20	16	-	-
Joint Ventures	11	3	-	-
Other related parties	17	18	-	-
Total	151	158	10	8
Advertising expense				
INTOUCH Group	2	-	-	-
Singtel Group	1	1	-	-
Total	3	1	-	-
Management benefit expenses				
Short-term employee benefit	34	46	34	35
Share-based payment	1	2	1	2
Total	35	48	35	37

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	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Purchase of property and other assets				
INTOUCH Group	3	1	-	-
Finance costs				
Subsidiaries	-	-	14	16
INTOUCH Group	1	-	-	-
Associate	1	1	-	-
Other related parties	33	-	-	-
Total	35	1	14	16
Dividend paid to				
INTOUCH	3,969	4,294	3,969	4,294
Singtel	2,288	2,475	2,288	2,475
Total	6,257	6,769	6,257	6,769

Balances with related parties as at March 31, 2019 and December 31, 2018 are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Cash and cash equivalents				
- Bank deposit				
Other related parties	146	165	1	1
Trade and other current receivables				
Trade receivables				
Subsidiaries	-	-	38	14
INTOUCH Group	5	5	-	-
Singtel Group	16	87	1	1
Joint Ventures	2	1	-	-
Other related parties	11	12	-	-
	34	105	39	15

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	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Accrued income				
Subsidiaries	-	-	3	3
INTOUCH Group	5	2	-	-
Singtel Group	76	64	-	-
Joint Ventures	-	1	-	-
Other related parties	1	1	-	-
	<u>82</u>	<u>68</u>	<u>3</u>	<u>3</u>
Total trade receivables	<u>116</u>	<u>173</u>	<u>42</u>	<u>18</u>
Other receivables				
- Accrued interest income				
Subsidiaries	-	-	232	98
Total other receivables	<u>-</u>	<u>-</u>	<u>232</u>	<u>98</u>
Total trade and other current receivables	<u>116</u>	<u>173</u>	<u>274</u>	<u>116</u>
Short-term loans to related parties				
Subsidiaries	-	-	47,341	48,669

As at March 31, 2019, the Company has short-term loans to related parties represent promissory notes at call, bearing interest at the average rate of 1.28% per annum (As at December 31, 2018 : average rate of 1.36% per annum).

Movements of short-term loans to related parties for the three-month periods ended March 31, are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2019	2018	2019	2018
Short-term loans to related parties				
As at January 1,	-	-	48,669	39,534
Increase	-	-	3,422	16,408
Decrease	-	-	(4,750)	(3,547)
As at March 31,	<u>-</u>	<u>-</u>	<u>47,341</u>	<u>52,395</u>

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Trade and other current payables				
Trade payables				
Subsidiaries	-	-	3	6
INTOUCH Group	8	14	1	-
Singtel Group	46	49	27	20
Associate	8	6	-	-
Joint Ventures	3	2	-	-
Other related parties	3	2	-	-
Total trade payables	<u>68</u>	<u>73</u>	<u>31</u>	<u>26</u>

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	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Other payables				
- Accrued expenses				
Subsidiaries	-	-	32	21
INTOUCH Group	39	29	-	2
Singtel Group	3	12	-	-
Associate	2	28	-	-
Joint ventures	26	17	-	-
Other related parties	15	30	-	-
Total other payables	<u>85</u>	<u>116</u>	<u>32</u>	<u>23</u>
Total trade and other current payables	<u>153</u>	<u>189</u>	<u>63</u>	<u>49</u>
Financial lease liabilities				
Associate	<u>48</u>	<u>54</u>	<u>-</u>	<u>-</u>
Dividend payables				
INTOUCH Group	3,969	-	3,969	-
Singtel Group	2,288	-	2,288	-
Total	<u>6,257</u>	<u>-</u>	<u>6,257</u>	<u>-</u>
Short-term borrowings from related parties				
Subsidiaries	<u>-</u>	<u>-</u>	<u>4,620</u>	<u>4,920</u>

As at March 31, 2019, short-term borrowings from related parties of the Company represent promissory notes at call, bearing interest at the average rate of 1.15% 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 three-month periods ended March 31, are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2019	2018	2019	2018
Short-term borrowings from related parties				
As at January 1,	-	-	4,920	4,640
Decrease	-	-	(300)	-
As at March 31,	<u>-</u>	<u>-</u>	<u>4,620</u>	<u>4,640</u>

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

As at March 31, 2019 and December 31, 2018, the Group has long-term borrowing from a related party, bearing interest at the rate of 6MTHBFIX plus margin and semi-annual interest payments with 14 principal installments starting from 2022 to 2028.

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Long-term debentures				
INTOUCH Group	68	68	-	-
Other related parties	264	264	-	-
Total	332	332	-	-

Significant agreements with related parties

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

- 1) The Group has entered into interconnection and national roaming agreements among its related parties. The termination and suspension of the agreement are referred to the regulations and conditions of the National Telecommunications Commission.
- 2) The Group has entered into site share agreements among its related parties to provide site area including related facilities for installation of telecommunication equipment. The counterparty has a right to terminate the agreement by giving advance written notice not less than 60 days.
- 3) The subsidiaries have received a service of a call center from Advanced Contact Center Co., Ltd. (“ACC”), a subsidiary. ACC will provide service and required information including resolving problem for the customers of the Group.
- 4) Advanced Contact Center Co., Ltd., a subsidiary, has entered into a call center service agreement with Teleinfo Media Plc. (“TMC”), a related party. TMC will arrange the personnel and provide call center operation to execute each of incoming call service. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 5) The Group has entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, to provide payment service for goods/service purchased through electronic payments and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.

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- 6) Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 7) The Group has entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 8) The Group has entered into an international roaming service agreement with the Singtel Group, related parties. The counterparty has a right to terminate the agreement by giving advance written notice not less than of 60 days.
- 9) The Group has entered into an agreement with MIMO Tech Co., Ltd., a subsidiary, of providing aggregating value added services on mobile network or wireless device (Content Aggregator). The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 10) The Group has entered into an agreement with its related parties to provide or aggregating value added services on mobile network or wireless device (Content Aggregator). The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 11) Advanced Wireless Network Co., Ltd. (“AWN”), has entered into a satellite transponder lease agreement with Thaicom Public Company Limited, a related party, AWN agreed to pay service fee on monthly basis according to the rate and condition specified in the agreement. The agreement is valid until November 19, 2020.
- 12) MIMO Tech Co., Ltd., a subsidiary, has entered into computer system maintenance services agreements with I.T. Applications and Services Company Limited, a related party. The agreement is valid for one year and is renewable on an annual basis. The counterparty has a right to terminate the agreement by giving advance written notice not less than 3 months.
- 13) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into fibre optic system and its site facilities agreement with Information Highway Co., Ltd. (“IH”), an associate. IH will provide installation fibre optic transmission and maintenance services in specific areas. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 14) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into agreement with TC Broadcasting Company Limited, a related party, to receive a satellite equipment system and television signal service. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 15) Super Broadband Network Co., Ltd., a subsidiary, has entered into agreement with Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, to rent the telecommunication equipment. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.

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- 16) Advanced Wireless Network Co., Ltd., a subsidiary and CS Loxinfo Public Company Limited, its subsidiary, have entered into an agreement to develop the infrastructure of fibre optic network with Amata Network Co., Ltd., a joint venture. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 17) Advanced Mpay Co., Ltd., its subsidiary, has entered into agreement with Rabbit-Line Pay Co., Ltd., a 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. FINANCIAL INSTRUMENTS

Financial instruments not carried at fair value

As at March 31, 2019 and December 31, 2018, net forward contracts receivable (payable) are as follows:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Forward contracts receivable	4,541	4,520	-	-
Forward contracts payable*	(4,625)	(4,514)	-	-
Total forward contracts receivable (payable)	(84)	6	-	-

* 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 March 31, 2019 and December 31, 2018 are as follows:

	Consolidated		Unit: Million Baht Separate	
	financial statements		financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Current assets				
Other current financial assets	-	6	-	-
Total current assets	-	6	-	-
Current liabilities				
Other current financial liabilities	(84)	-	-	-
Total current liabilities	(84)	-	-	-
Total	(84)	6	-	-

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As at March 31, 2019 and December 31, 2018, the nominal amounts and fair values of forward contracts in the consolidated financial statements are as follows: (Separate financial statements: nil)

	Unit: Million Baht			
	Consolidated financial statements			
	Nominal amounts **		Fair values *	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Forward contracts	4,625	4,514	4,544	4,510
Total	4,625	4,514	4,544	4,510

* The fair value of forward contracts is the adjustment value of the original contracts which the Company entered with the commercial banks with the market price on the reporting date 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.

18. COMMITMENTS WITH NON-RELATED PARTIES

Commitments with non-related parties as at March 31, 2019 and December 31, 2018 are as follows:

	Unit: Million			
	Consolidated		Separate	
	financial statements		financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Capital commitments				
Unrecognized contractual commitments				
Buildings and equipment				
Thai Baht (THB)	6,652	7,853	1	2
US Dollar (USD)	201	213	-	-
Euro (EUR)	-	1	-	-
Service and maintenance				
Thai Baht (THB)	1,946	1,986	38	33
US Dollar (USD)	52	22	-	-
Purchase orders for goods and supplies				
Thai Baht (THB)	7,101	5,949	-	-
US Dollar (USD)	14	2	-	-

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	Unit: Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Non-cancellable operating lease				
Commitments				
Within one year	2,344	2,387	82	106
After one year but within five years	2,824	2,757	18	17
After five years	50	63	-	-
Total	<u>5,218</u>	<u>5,207</u>	<u>100</u>	<u>123</u>

	Unit: Million			
	Consolidated		Separate	
	financial statements		financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Other commitments				
Thai Baht				
Swap and forward contracts	4,625	4,514	-	-
Bank guarantees:				
- Spectrum license payable	74,739	74,739	-	-
- Others	2,430	2,513	176	185
Total	<u>81,794</u>	<u>81,766</u>	<u>176</u>	<u>185</u>
US Dollar				
Bank guarantees:				
- Others	1	1	-	-
Others	5	5	-	-
Total	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>

Significant agreements

- The Group has entered into the 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 irrecoverable guarantee from domestic commercial banks of Baht 720 million used as collateral for the throughout the period of agreement.

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- 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 irrecoverable guarantee from domestic commercial banks of Baht 525 million used as collateral for the throughout the period of agreement.

19. 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.

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”).

As at December 31, 2018, AWN hold 589,220,800 ordinary shares of CSL or equivalent to approximately owned 99.11% of total issued and paid-up shares of CSL. Therefore, the Group recognized the difference between cash paid and the fair value of additional control of such purchased additional shares as deficits arising from change in ownership interest in subsidiaries in amount of Baht 668 million, which presented under “shareholders’ equity” in the consolidated financial statements.

For the three-month period ended March 31, 2019, AWN has purchased additional ordinary share of 2,771,624 ordinary shares of CSL, totaling Baht 22 million representing 0.47% of total issued and paid ordinary share of CSL, Then AWN hold 591,992,424 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 fair value of additional control of such purchased additional shares as deficits arising from change in ownership interest in subsidiaries. As at March 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.

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20. PROVISION ON 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 granter in accordance with the concession agreement. Therefore, the Company has the obligations to pay for the withholding taxes incurred to the Revenue Department, failure in such conduct has resulted in the penalty to pay surcharge at the rate of 1.5% per month, aggregately the total amount of Baht 128 million.

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

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

As for the case between the Company and the Revenue Department, it is currently under the filing process to the Supreme Court.

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

21. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

The Company

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

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

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

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

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

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 17th - 20th in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month. But 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, under the 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.

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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 21st - 22nd in the amount of Baht 9,984 million plus interest at 1.25% per month on its outstanding and computing from the default date until the full amount is paid. In addition, TOT requested this case to be under the same consideration with the Black case No. 19/2554 to the Arbitral Tribunal.

On August 23, 2016, the Company submitted the dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, under the Black case No. 83/2559 requesting the Arbitral Tribunal to give an award on the ground that TOT had no right to claim for such revenue sharing on the interconnection charges of the operational year 23rd - 25th 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 17th - 20th 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 17th - 20th. Moreover, the Arbitration Institute had dismissed a dispute No. 55/2557 and had ordered TOT to pay the Company for overpayment in revenue sharing on the interconnection charges by Baht 110 million within 60 days from receiving such award together with additional interest payment at 7.5% per annum if TOT made payment after due date. TOT has filed a petition to revoke the Arbitral Tribunal's award to the Central Administrative Court and under the process of consideration.

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

2) Obligations of the bank guarantees in connection with the Agreement for operations (“the Agreement”)

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

TOT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 17th - 21st 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.

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On February 10, 2014, the Arbitral Tribunal gave the arbitration award to order TOT to return the bank guarantees for the operation year 17th - 21st 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 17th - 21st 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 Concession Agreement between the Company and TOT in relation to the 900 MHz subscribers porting to 3G 2100 MHz provided by its subsidiary in the amount of Baht 9,126 million plus interest at 7.5% per annum from September 25, 2014 until the full amount is paid.

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

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. However, TOT is eligible to file a petition to the Central Administrative Court to revoke the Arbitration's resolution within 90 days from the date of receiving such resolution.

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.

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- 4) The claim for additional revenue from the 6th and 7th 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 6th Amendment dated May 15, 2001 and the 7th 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 6th and 7th Amendments were material which caused TOT to receive lower revenue than the rate as specified in the Agreement for operations.

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

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

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

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

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

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

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

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

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

- 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, Advanced Info Services Public Company Limited (“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 office’s 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 Administrative Court as Black case No. 661/2560 demanded the Company to pay revenue at remedy period.

The Company’s management has 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 expenses which incurred from the service greater than the revenue. Therefore, the Company has no remaining revenue to submit to NBTC Office as stipulated in the announcement.

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

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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 by Thailand Arbitration Center (“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 views that the Company shall collect the rental charges for providing transmission services as the rate specified by TOT which is higher than the rental rate charged to the tenant.

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

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

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

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

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

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

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.

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

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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.

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

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Digital Phone Company Limited (“DPC”)

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

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

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

This amount is the same as an excise tax that DPC had delivered to the Excise Department during September 16, 2003 to September 15, 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated February 11, 2003. 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 has sent a letter No. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet’s resolution.

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

On June 3, 2011, CAT submitted the Black case No. 1259/2554 to the Central Administrative Court to revoke the Arbitral Tribunal’s award.

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

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

- 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 among TOT Public Company Limited (“TOT”), CAT Telecom Public Company Limited (“CAT”), Digital Phone Company Limited (“DPC”), a subsidiary, and True Move Company Limited (“True Move”) by the Minister of the Information and Communications Technology, 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 6th operation year as TOT gave a discount to Total Access Communication Public Company Limited (“DTAC”).

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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, Court of Justice demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7th -10th 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 7th -10th 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 11th operation year) including the penalty at the rate of 1.25% 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 to DPC for the alleged deficit amount, including the penalty and the value added tax.

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

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

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

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

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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.

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

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

CAT Telecom Public Company Limited (“CAT”) allowed Digital Phone Company Limited (“DPC”), a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee 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 10th - 12th 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.

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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 12th 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 10th - 12th 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. DPC does not agree with such decision and is prepared to appeal for the revocation of such decision to the Central Administrative Court within 90 days from the date of decision.

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

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 Telecom Public Company Limited (“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 10th - 14th operation year totalling 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.

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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 15th - 16th operation year totaling Baht 203 million plus default interest at the rate of 7.5% per annum and penalty at the rate of 1.25% per month of the above principal amount starting from the default date of each year until the full payment is made. Such amount represents the revenue sharing which CAT calculated on gross interconnection charge received by DPC from other operators at the percentage rate specified in the Agreement without deduction of interconnection charge which DPC has to pay to other operators.

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

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

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

CAT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 10th - 14th 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.

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

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

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

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

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

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.

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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 for revocation of the National Telecommunication Committee (“NTC”) order regarding to revenue incurred from the temporary service for customer protection period after the Concession end.

On November 16, 2015, Digital Phone Company Limited (“DPC”), filed a lawsuit against the National Broadcasting and Telecommunication Committee (“NBTC”) to the Central Administrative Court under case No. 1997/2558 to revoke NTC resolution which office of the NBTC has demanded DPC to deliver revenue at 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 7 December 2018, DPC filed a lawsuit with the Central Administrative Court to revoke such resolution of NTC.

The Company’s management has 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 expenses which incurred from the service greater than the revenue. 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 Digital Phone Company Limited (“DPC”) to other operators to use.

On June 30, 2016, CAT Telecom Public Company Limited (“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 and other MHz included device or other telecom equipment 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.

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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 of damage which DPC has not pay to CAT from the next day of the submit date of such dispute until the completion date of such removal of telecom equipment and to pay for damages for the consent for AWN and the Company to use its disputed assets which owned by CAT in 97 base stations during January 2013 until June 2016 in the total of Baht 175.19 million plus interest at the rate of 7.5% per annum of the claimed amount and also prohibited DPC to provide such disputed assets to other operator without written consent from CAT.

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

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

On March 28, 2018, DPC received a Black Dispute No. 6/2561 dated January 31, 2018, which CAT submitted it to the Alternative Dispute Resolution Office, the Arbitration Institute, 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 Digital Phone Company Limited (“DPC”).

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

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

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

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

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

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

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

On February 11, 2017, Advanced Wireless Network Company Limited (“AWN”) received the Complaint Civil Black case No. 454/2560 dated January 31, 2017 which TOT Public Company Limited (“TOT”) filed a lawsuit against AWN to pay usage regarding telecom equipment and networks, internal building transmission and electricity co-usage which 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 575.49 million plus interest of 7.5% per annum of principal amount, Baht 559.62 million, counting from the date of filing until the payment has been made in full.

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

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

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22. EVENT AFTER THE REPORTING PERIOD

22.1 Amendments to the law relating to the legal severance pay rates

On April 5, 2019, The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from May 5, 2019. The Company and its subsidiaries will additionally recognize past service cost in the consolidated financial statements and separate financial statements approximately amount of Baht 600 million and Baht 60 million, respectively.

22.2 The Extension payment of 900 MHz

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 in the near future. Currently, NBTC has not yet specified the rules and conditions for 700 MHz spectrum allocation. Management is now considering NCPO order and other relevant conditions.

22.3 Increasing in share capital of a subsidiary

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 ownership.

23. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issue by the Board of Directors on May 9, 2019.