

DIGITAL FOR THAIS





With deepest sorrow and condolences
on the passing of our beloved
King Bhumibol Adulyadej



The Board of Directors, Management and Staff
Advanced Info Service Public Company Limited



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In this regards, investors may obtain further information from form 56-1 at www.sec.or.th or www.ais.co.th

FOR
NATION
MORE
OPPORTUNITIES



4G

**PROVIDE NEW OPPORTUNITIES
FOR THAIS WITH SUPERIOR
NETWORK AND DIGITAL
PLATFORM AS FUNDAMENTAL
OF SUSTAINABLE DEVELOPMENT**

FOR PEOPLE SMARTER



ENHANCE THE QUALITY
OF LIFE WITH ADVANCED
TECHNOLOGIES AND
INNOVATION

LIVING





FOR COMMUNITY STRONGER TOGETHER

GROW THAI SOCIETY THROUGH
DIGITAL SERVICES THAT HELP
SHARING AND CREATING
KNOWLEDGE AND
NEW OPPORTUNITIES





**MESSAGE
FROM THE
CHAIRMAN**



2016 marked another important milestone for AIS, as we overcame a number of challenges and changes that presented themselves throughout the year. Right from the very beginning of the year, we worked diligently to ensure that we could continue serving customers using 2G handsets and update as many as possible to 3G handsets. Even as we were participating in the 900 MHz spectrum auction again in May 2016, we were busy working on a quick implementation of 4G networks to meet the ever-growing demands of high-speed mobile internet. It was overcoming the challenges of these and other events that ensured every individual in the organization was kept active, cultivating the ideas which bring sustainability for the organization, develop our personnel, prepare us for any coming changes, and ultimately furnish AIS with the strength and the readiness to deal with any situations in the future.

Our performance in 2016 reflects the solid foundation on which AIS stands: A revenue of 122,561 million Baht and 1.6 per cent growth from the previous year led to a net profit of 30,667 million Baht, created stable returns for shareholders with the fixed dividend policy at 100% of net profit for 2016, and provided us with a strong financial position and the preparedness to optimize future investment and business opportunities. This growth is the result of many factors that include our determination to be the foremost leader in mobile phone services, our constant search for exciting new innovations to offer our customers, our commitment to expanding our infrastructure with quality networks, and our dedication to developing service excellence to support our customers' lives in the digital era.

In addition to maintaining our leadership position in the mobile phone business, which remains our primary business, AIS also aims to create growth in a range of related new businesses which can supplement our overall strategy. Keeping in line with our vision of being a digital service provider who can completely satisfy the needs of customers in this era, these new business ventures include extending our reach

into the dramatically growing high-speed internet business as well as developing and providing a variety of digital content, both informative and entertaining, together with various other applications which are aimed at making life even easier in this digital era. AIS believes in making the optimum use of our resources, our abilities, our infrastructure and our innovations to improve the quality of communication, facilitate access to education, create jobs and enhance day-to-day living with the overall goal of helping to develop the quality of life in Thai society.

These developments are only possible through the collaboration of many parties. With this in mind, AIS places great importance on balancing company growth with the development of society, our customers, our partners, our staff, and the environment so that we are best positioned to achieve sustainable growth for the long term. We are especially committed to providing support to enhance the potential of our business partners, our distribution channel partners, our suppliers, and other trade partners who play a role in our customers receiving quality products and excellent service. Throughout our organization and wider network, AIS also aims to develop human resources and cultivate an organizational culture that promotes creativity, stimulates new ideas, and never stands still, so that we are always in the best position to adapt and keep pace with change.

Finally, 2016 marks the second year for which AIS has been the sole telecommunications provider selected for inclusion in the Dow Jones Sustainability Indices (DJSI) as well as the second year in which we have been included in the 'Sustainable Stock' list of listed companies assessed by the Stock Exchange of Thailand. It is my belief that the concept of sustainable development is incorporated into every aspect of AIS's implementation, allowing us to grow continuously and ensure stable returns for all stakeholders in the long-term, while also contributing to the growth and progress of the economy and Thai society.

Mr. Kan Trakulhoon

Chairman of the Board of Directors



CEO MESSAGE



Dear AIS' shareholders

The year 2016 has been another significant year for AIS. First half of the year, we took our best effort to take care of our 2G customers while we faced a tough situation during the uncertainty of the 900MHz spectrum auction. Finally, we acquired the 900MHz in June, which has strengthened spectrum holding position of AIS. With the 2100/1800/900MHz, we have liberated from the past period of resource limitation, continued to enhance the network quality for our customers, and stayed competitive on our leading position. Corresponding with the accelerating data consumption growth, our 4G coverage has been expanded to cover 98% of the population, surpassing our guided target of 80% of the population. Also, we kept expanding 3G capacity and continued the 2G service, especially in provincial areas. Accordingly, we maintained our leadership with revenue market share of approximately 50%.

Another great achievement in 2016 was the success of our fixed broadband business. I would like to express my gratitude to all of our AIS staff as it is their ceaseless dedication that is yielding our current results. Despite being in its second year of operation, AIS Fibre continued to grow at a fast rate with the 301,500 current subscribers representing an sevenfold increase compared with the previous year. Total revenue was 860 million Baht. Indeed, AIS Fibre has now established itself as a viable source of revenue generation. Next year, we will pursue our goals of providing a higher standard of fixed broadband service in Thailand and delivering the best value for our customers by combining our strength in fibre technology with our competitive pricing strategy. We remain resolute in our objective that AIS Fibre will become one of the main players in the broadband market within the next 3 years.

Regarding digital content business, in 2016 we gave high emphasis on video content, particularly the application AIS PLAY which received great feedback from customers. AIS was the sole mobile operator who obtained the right to live broadcast on mobile the RIO Olympics and Paralympics in Brazil. Moreover, we partnered with GMM to provide live concert on mobile. This was the first important step in creating new forms of contents that current customer behavior urges to use. By focusing on ecosystem, AIS will build new excitement out of distinct digital contents to constantly give convenience to our customers.

During the past 26 years of operation, AIS has passed several challenges. Each time of conquest has made us stronger. With our full effort to strategically adapt ourselves to changes, I am confident that AIS can solidly move forward with good governance. This year AIS continued to be the only one in Thai telecom industry to be listed in the DJSI for two consecutive years. As a CEO, I am determined to lead AIS to reach our goal: to become the most-admired Digital Life Service Provider in Thailand.

Until we meet again.

Mr.Somchai Lertsutiwong

Chief Executive officer

Operational Highlights

Enhance 'digital life' for Thais with integration of mobile connectivity, Fibre to Home, and digital contents and services.

Strengthening leadership position



Mobile business



THAILAND'S NUMBER 1 NETWORK serving 41 customers, approx. 50% revenue market share

98% **2G** coverage

98% **3G** coverage

98% **4G** coverage

No. 1 MOBILE PHONE PROVIDER

Capturing growth

Growth in mobile data revenue

20%

Strong demand for mobile data supported by higher smart device penetration, and better data speed.

3.6GB average data usage

29% 4G subscribers

increased 1.8

Fixed broadband business



301,500 subscribers

5.2 mn homepasses in 28 cities

- Lift up broadband speed with better technology at affordable prices for Thais
- Create new revenue stream and leverage value from existing mobile business

Digital life services provider



AIS PLAY Iia: AIS PLAYBOX

- Embarking on exclusive contents, live and VDO entertainment



AIS Business cloud

- End to end, one stop service for Thailand 4.0
- Supporting both corporates and SMEs cost efficiency and mobility



Mobile Money

- Partner with banks and financial institutions to create most convenience way to access financial services



Commit to deliver sustainable return

DJSI 2015 – 2016

We are the one and only Thai telecom selected to be in DJSI family 2 years in a row



70%

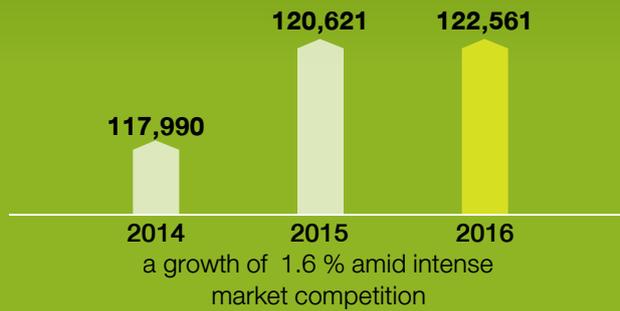
Dividend payout from 2017 onwards

Best employer in Thailand
4 year in a row
By Aon Hewit

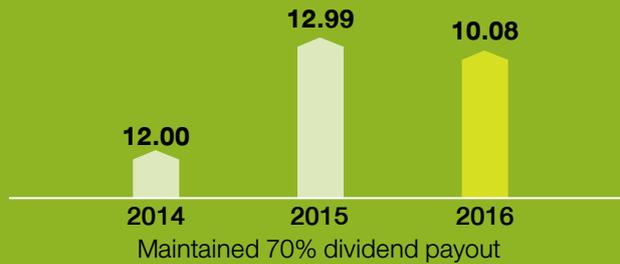


Financial Highlights

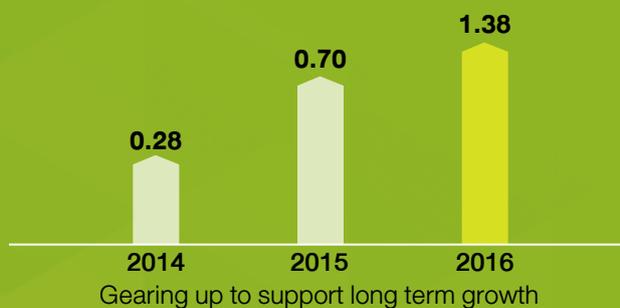
Service revenue (THB mn)



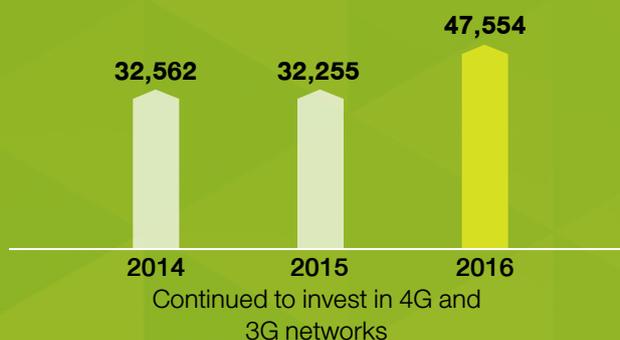
Dividend per share (THB/share)



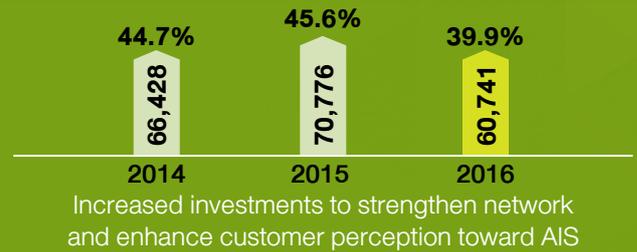
Net debt to EBITDA (times)



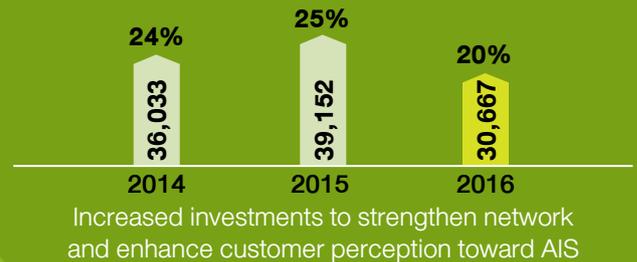
Capital Expenditure (THB mn)



EBITDA (THB mn and % margin)



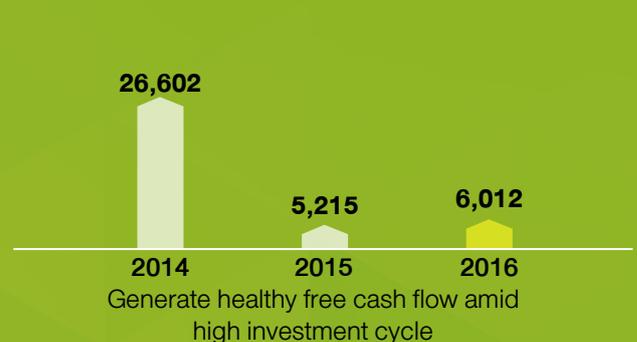
Net profit (THB mn and % margin)



Return on Equity



Free cash flow (THB mn)





Mission

- We commit to deliver superior, innovative and responsible services that can add value and enhance peoples' daily lives along with business capabilities.
- We commit to enhance Customer Intimacy through the best customer experience.
- We commit to drive intrapreneurship along with a professional and lively work culture for all our employees.
- We commit to build win-win growth with our key stakeholders.

Vision

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

Dividend Policy

On February 3, 2017, the Board of Directors approved the change in dividend policy as follow.

The Company aims to pay dividend at least 70% of consolidated net profit twice a year. The first of which shall be paid as interim as a result of operation during the first half of the year as approved by the Board of Directors and will be reported to the next general meeting of shareholders whereas the remaining thereof as annual payment which shall be approved by shareholders' meeting as a result of operation in the second half year.

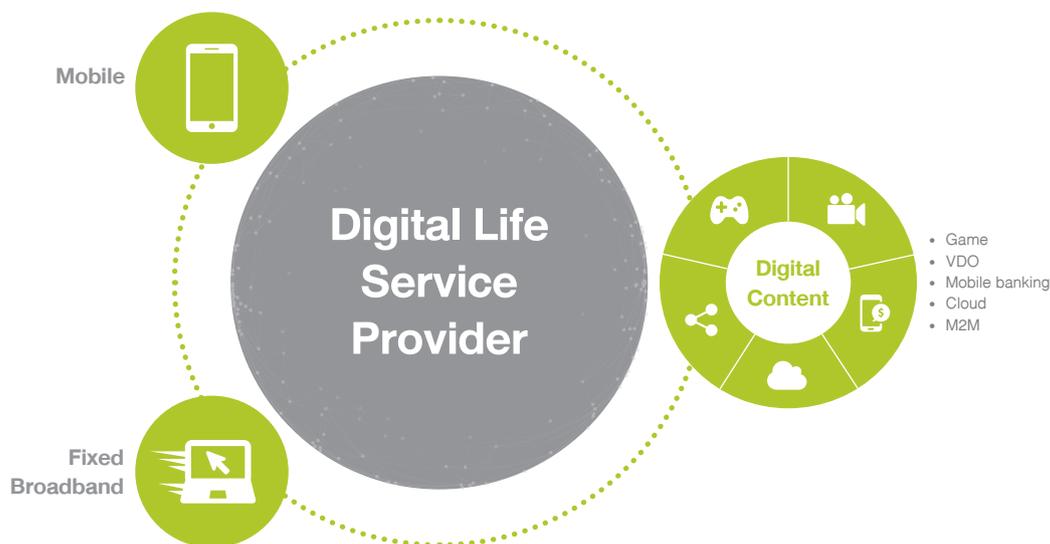
As regards each subsidiary, dividend payment shall be based upon its operating results, financial conditions and other material factors.

In all cases, dividend payment shall be depending on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not exceed the retained earnings of the Company financial statements nor adversely affect the Company and subsidiaries ongoing operations.

The historical dividend payment which is based on former dividend policy 100% of net profit is as follows:

Historical Dividend	2012	2013	2014	2015	2016
Total Dividend Payment (Baht per share)	10.90	12.15	12.00	12.99	10.08
1. Interim Dividend	5.90	6.40	6.04	6.50	5.79
2. Annual Dividend	5.00	5.75	5.96	6.49	4.29
Dividend Payout Ratio	93%	99.58%	99.01%	98.64%	97.72%

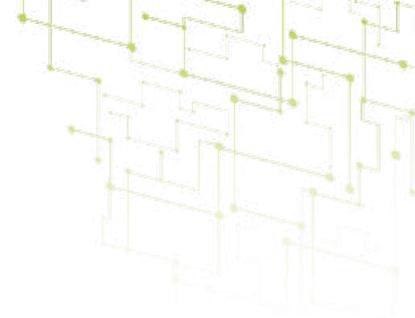
Business Overview



Advanced Info Service Plc. (AIS) aims to be the 'Digital Life Service Provider' operating in three core businesses: mobile, fixed broadband, and digital content. AIS is the leading mobile operator in Thailand with approximately 50% revenue market share and is serving more than 41 million subscribers nationwide as of the end of 2016. For more than 26 years of service, mobile business continues to be the largest revenue contribution of AIS' total revenue. With the strength of current spectrum holding, AIS can provide quality 2G, 3G and 4G networks and other various services. Furthermore, the new 900MHz license was granted in June 2016 and is valid until 2031. The 900MHz frequency is used to deploy 2G network as well as to help strengthen both coverage and capacity for 3G and 4G networks. Currently, AIS' 3G network is operated on 2100MHz license and is valid until 2027. 3G coverage is more than 98% of Thai population. At year-end 2016, AIS' 4G network, operated on 1800MHz license which is valid until 2033, reached nationwide coverage of 98% of total population and continue to increase capacity and expand more in year 2017. Moreover, mobile services of AIS include domestic voice call, internet on mobile, digital contents, video streaming, mobile financial service, International Direct Dialing (IDD) service, and International Roaming service.

In addition to the mobile business, in early 2015, AIS started a new fixed broadband business under the brand 'AIS Fibre'. In the second year of operation in 2016, AIS Fibre has shown an accelerated growth as we continue to expand coverage and scale up the business. In the meanwhile, the fixed broadband market is expanding and the demand for better speed and quality for at-home connectivity grows, AIS Fibre could attract customers with its differentiation of FTTH (Fibre-To-The-Home) technology and with affordable price to upgrade from ADSL. This year-end we reported a revenue increase of 616% YoY and subscriber growth of 6.8 times from 44k at the end of last year to 302k with 5.2 million available homepasses. AIS will continue to ramp up the service for next year and target to become a major player in the market within 3 years.

The last part of AIS' core business is digital content. Going towards the digital transformation, AIS as a Digital Life Service Provider has been developing and improving many digital contents and services to serve customers. AIS cooperates with the content creators and providers to build up a telecom ecosystem to grow together. Among the five key areas namely video, game, mobile banking, cloud, and M2M, the examples of our success in 2016 were the popularity of AIS PLAY, a video-content mobile application, and the launch of the Cloud Enterprise business. Ultimately, AIS' digital content will enhance and extend our integrated service and strive AIS for future growth in the digital society.



The Compliance with telecommunication regulatory regime

The Thailand's telecommunication industry has been regulated under the National Broadcasting and Telecommunication Commission ("NBTC"). NBTC was established by the Act on the Organization to Assign Radio Frequency and to Regulate the Broadcasting Business and Telecommunication Service, B.E. 2553 (The Frequency Allocation Act B.E. 2553). The NBTC has authority related to the telecommunication business as follows:

- To formulate a frequency management master plan, table of frequency allocation, frequency plan, and telecommunications numbering plan;
- To issue a license and regulate the use of radio frequency and radio communication equipment in the undertaking of telecommunication services;
- To issue a license and regulate the operations of telecommunication services as well as prescribe licensing criteria and procedures, conditions, or licensing fees;

- To set tariff structure and price structure for telecommunication services and promote the equality of people in the access to telecommunication service;
- To prescribe measure for prevention of anti-competitive conduct or unfair competition in telecommunication business and protect the right and liberty of the people in relation to telecommunication services.

Since Advanced Wireless Network Co., Ltd. (AWN) has awarded the 900/1800/2100 licenses from the NBTC, the former operation under concession agreement has been transformed to a licensed. Under the license to operate telecommunication business, all licensed companies within AIS group have to comply with all the NBTC's telecommunication laws and regulation, including a payment of license fee, a payment on use of frequency and numbering fee, supporting of research and development fund for the public interest as well as compliance of the coverage obligation and tariff regulatory regime.

Key Milestones in 2016



January

- Advanced Wireless Network Limited Company (AWN), an AIS subsidiary, officially launched 4G Advanced Service accessible in 42 provinces. After receiving a license to operate on 1800 MHz spectrum in December 2015, AWN was the first operator in Thailand to deploy LTE Advanced technology.

February

- AIS announced 2016 investment of 40 billion baht for the expansion of 4G and 3G network, Fibre internet service and AIS shops.

March

- AIS introduced the world's first commercial 4.5G network. Through a strategic alliance with Huawei, the network capability offers a maximum speed of 550 megabytes per second, and plans for the speed of one gigabyte per second. The 4.5G network enables customers to view video in higher resolutions and enjoy future applications such as Virtual Reality.
- ALL AIS Data Center received ISO 27001:2013-a certification in Information Security Management System from Bureau Veritas Certification (Thailand) Company Limited. This ISO certification reassures AIS safety standard on data security together with building construction friendly to the environment.

- AIS unveiled "Absolutely from Our Hearts, Absolute No. 1 in Service," an extension of "AIS Live 360" campaign previously launched. The extended campaign utilized digital technology for new service offerings catered to fulfill customers' different lifestyles; increased service channels on social media; introduced "Ask Aunjai Service," a virtual agent capable of answering customer inquiry 24 hours on website; employed over 5,000 experienced staffs for customer service; and delivered an array of privileges to meet customers' expectation 360 degrees.

April

- AIS announced the achievement of 4G network coverage in all 77 provinces countrywide after the first launch in 42 provinces in January.

May

- AIS in coordination with partner, developed the VoLTE technology in AIS Lava smart phones. Often found in expensive smart phones, VoLTE is made available by AIS for middle-range and affordable smart phones. VoLTE running on 4G offers high-quality sound in full HD with low noise, as well as faster and more reliable connection.
- AWN, an AIS subsidiary, participated in the license auction on 900 MHz spectrum and won the license for the bandwidth of 895-905 MHz along with 940-950 MHz, a combined bandwidth of 2x10 MHz spectrum, for the winning bid of 75,654 million baht. AWN received the 15-year license of 900 MHz spectrum starting July 1, 2016.

- AIS Fibre introduced Thailand's first prepaid internet broadband service for dormitories and apartments, offering 100% fiber optic to university-student and apartment rental segment.



June

- AIS introduced SIM2FLY, a new roaming SIM designed exclusively for eight popular countries in Southeast Asia including Japan, South Korea, Singapore, Hong Kong, Taiwan, Laos, Malaysia and India at starting price of 399 baht. Presently, SIM2FLY has expanded its roaming service to cover Europe, North America and more than 50 countries around the world.

July

- AIS announced the new business “AIS Business Cloud” and the vision to enhance Thailand’s business sector toward becoming the Digital Enterprise. With an aim to be the leading Business Cloud service provider in Thailand, AIS collaborates with the global partners in Cloud service such as Microsoft, VMware NSX, NetApp and Check Point.
- AIS and National Electronics and Computer Technology Center (NECTEC) launch a joint project “ICT System and Integrated Alternative Energy for Communities along the Border” under the patronage of H.R.H. Princess Maha Chakri Sirindhorn. The project is an initiative to provide hybrid electricity generated from hydropower and solar cell equipped with a remote monitoring system for electricity use of the learning center of Border Patrol Police located at Baan Kirilorm, Prachuap Kirikhan province.

August

- AIS 4G network took the lead in providing the largest coverage of 4G roaming service covering 74 countries through partnership with 121 mobile networks in every continent.
- AIS provided mobile broadcasting and rerun of Rio 2016 Olympic Games via “AIS PLAY”. This is the first in Asian to provide Thai consumers access to 12 Olympic channels with HD quality through mobile connectivity.

September

- AIS won the exclusive rights to live broadcast and replay of Paralympics Games 2016, held in Rio De Janeiro, Brazil. The content was offered free as service to AIS customers via AIS Play mobile application and AIS Playbox set-top box.



October

- AIS and DTAC (Total Access Communication Public Limited Company) co-launched VoLTE service across the two networks for the first time in Thailand and ASEAN. Prepaid and postpaid customers of AIS and DTAC can access VoLTE service for 4G video and voice call featuring full HD sound quality available in all 4G service areas nationwide.

Awards of Achievement 2016

BEST COMPANY



- **Thailand's Top Corporate Brands Awards 2016** Organized by the Faculty of Accounting and Commerce, Chulalongkorn University, Thailand's Top Corporate Brands 2016 was awarded to AIS for having the highest corporate value of Baht 582,434 million in the category of Information and Communication Technology. It was also the highest value across all categories. AIS has now received this award for five consecutive years.
- **Best Employer Thailand Award, and Best of the Best Award 2016** Aon Hewitt (Thailand) in collaboration with Sasin Graduate Institute of Business Administration, Chulalongkorn University, awarded AIS a Best Employer Thailand Award 2016 while also honoring Advanced Call Center with the Best of the Best Award for the ability to initiate and retain excellence in human management, effective leadership, goal-oriented corporate culture, and corporate identity of outstanding and trustworthy employers with high scores recorded for employee satisfaction and engagement.
- **Best Company 2016, and Best Company 2016 under the Technology Industry category** Awarded by Money & Banking Magazine to listed companies with the highest performance of the year in their industry.
- **Thailand Top Company Awards 2016 under the category of the Telecommunication Industry category** Organized by Business+ Magazine (under ARIP Publishing House) and the University of the Thai Chamber of Commerce, AIS was presented with a Thailand Top Company Award 2016 for its great achievements in business performance and outstanding management skills that serve as a business role model.
- **Sustainability Report Award 2016** AIS has now received this award for two consecutive years in recognition of the Company's integrity in disclosing information transparently and completely in the Sustainability Report for the benefit of the Company's investors and the Stock Exchange of Thailand.

- **Listed in the Dow Jones Sustainability Indices (DJSI) for two consecutive years** AIS is the only telecom operator from Thailand to be listed in the Dow Jones Sustainability Indices (DJSI) for two consecutive years (2015-2016). The achievement is recognition for AIS operating sustainable business governed by the Company's goals of providing continuous and long-term value to shareholders and utilizing digital technology to connect and strengthen Thai society with the least impact on the environment. Of all 90 telecom operators worldwide who submitted applications, AIS is one of only 17 telecom operators listed in the DJSI.
- **MSCI Global Sustainability Indexes for two consecutive years** For outstanding performance in economic, social, and environmental management, this award is further proof that the business operations of AIS adhere to sustainable development accepted by the global benchmarking standard
- **FTSE4Good Emerging Market Index** One of thirty-three telecom companies worldwide listed in "FTSE4Good Emerging Index" hosted by FTSE Group, a world's renowned provider of stock market indices associating with stock exchange markets in numerous countries including Europe and Asia Pacific. FTSE4 Good index promotes outstanding companies featuring a strong financial performance while maintaining a positive contribution to community and environment.
- **Best Company in the Telecommunication Industry** Organized by IR Magazine and presented at the IR Magazine Awards & Conference-Southeast Asia 2016 in cooperation with the Stock Exchange of Thailand, this award was presented to AIS in recognition of its service excellence in Investor Relations as measured by an analysts and investors poll from major institutes in the region, including the Philippines, Malaysia, Malaysia, Singapore, Indonesia and Thailand.

BEST CEO



- **Best CEO in the Technology Industry category** The Investment Analysts Association presented the Best CEO award to Mr. Somchai Lertsutthiwong, Chief Executive Officer of AIS, for his vision and competency in organization management leading to the Company's success and sustainable development. The award was presented at the IAA Awards for Listed Companies 2015/2016.

BEST BRAND



- **Thailand's Most Admired Brand 2016** AIS received this award from BrandAge magazine based on the results of its consumer survey. Consumers nationwide voted AIS as No.1 mobile-phone operator with the highest scores for most admired and most trusted brand. The company has now received this award for five consecutive years.
- **Brand of the Year** The World Branding Awards 2016-2017 is the premier awards of the World Branding Forum. This awards ceremony honors the success of brand excellence in various industries around the world. AIS was the only telecom operator from Thailand to win a Brand of the Year award, which it was awarded on merit in three categories: brand valuation, consumer market research, and public online voting.

BEST CUSTOMER SERVICE



- **The Fastest Responding Brand on Pantip** Pantip.com, Thailand's most popular web board, presented this award to AIS for providing the fastest response to users on Pantip.com and in recognition of being the country's leader in telecom services. The award was presented during the Thailand Social Awards 2016.

BEST INNOVATION



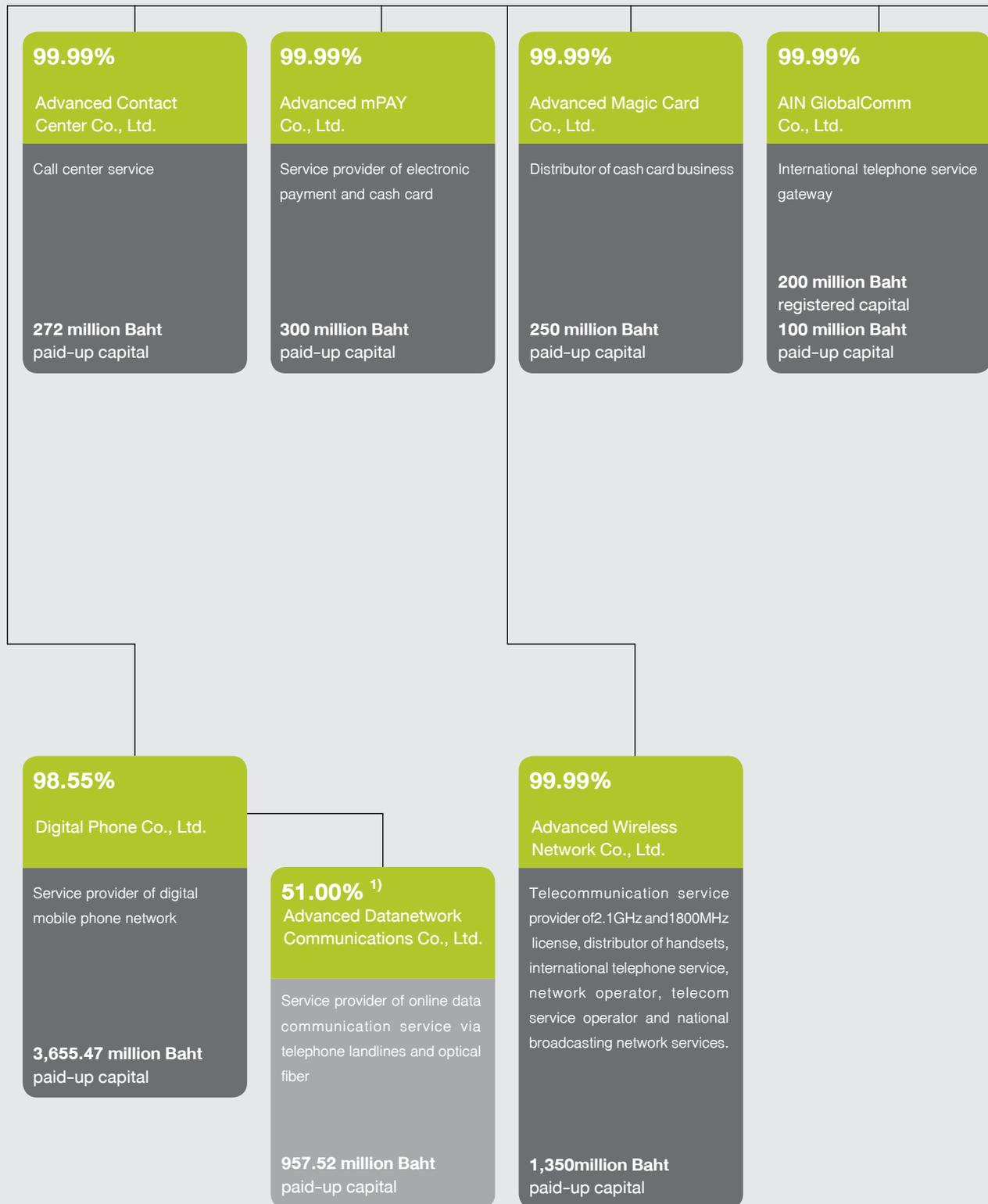
- **Champion of WSIS Prize 2016 in the Field of ICT Applications : e-Agriculture** AIS received this award for City-to-Farm Agriculture Assisting (CFAA), the Company's self-developed application that utilizes digital technology to improve the quality of life of Thai farmers. Through CFAA, farmers can trade their crops directly with city residents which enables the farmers to generate higher revenues and provides the buyers with better quality products. This awards ceremony was organized by the World Summit on the Information Society Forum (WSIS), a collaboration between the International Telecommunication Union (ITU) and the United Nations (UN). Its main objective is to promote the use of ICT for advancing sustainable development.

CORPORATE SOCIAL RESPONSIBILITY

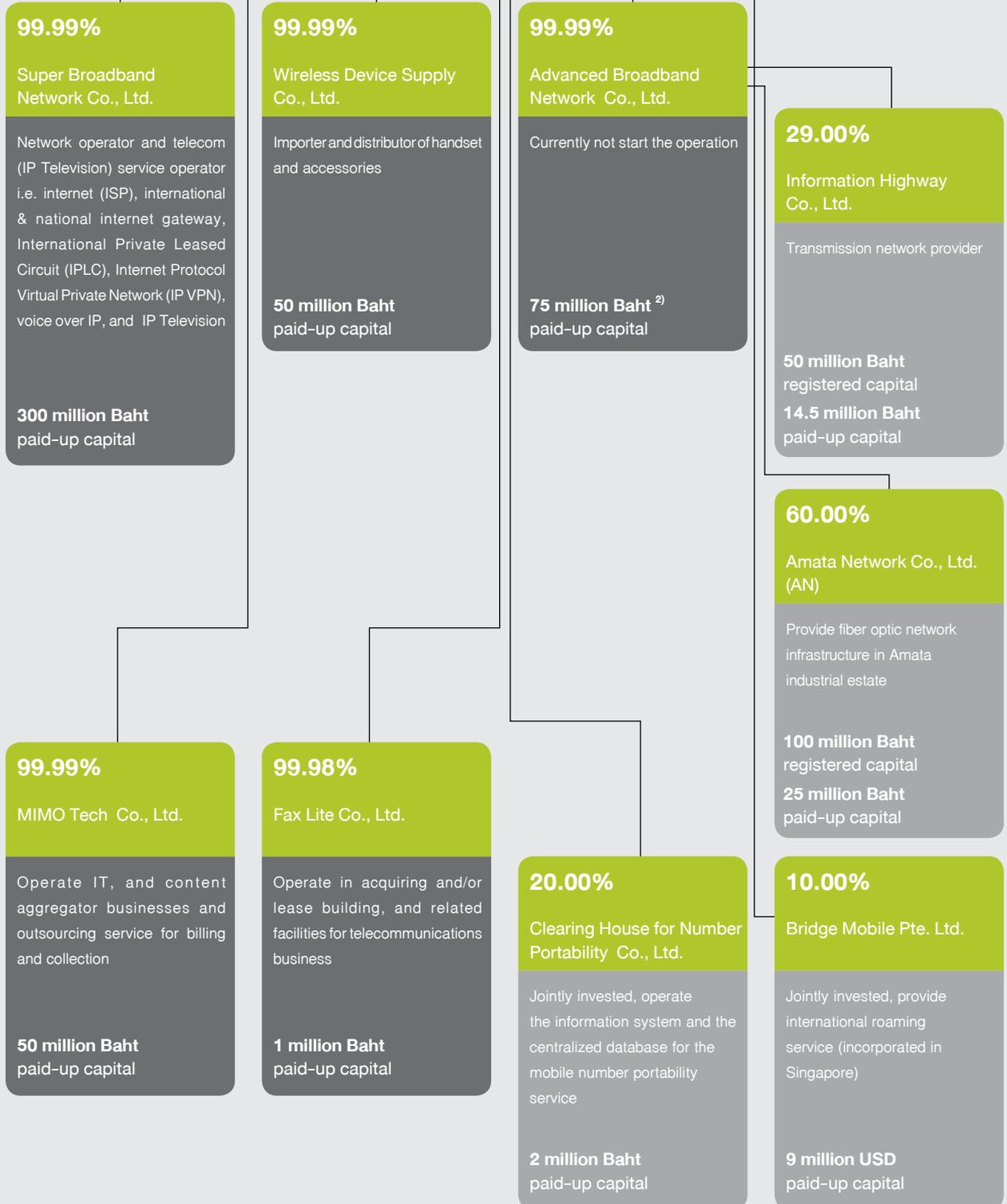
- AIS received a **Corporate Social Responsibility Award 2016** at the 15th Asia Business Leaders Awards 2016 hosted by CNBC. The award was presented for the Company's contribution to the Southeast Asia region. Only six awards were listed: Asia Business Leader Award, Asia Disruptor of the Year Award, Asia Talent Management Award, Lifetime Achievement Award, Indonesia Business Leader of the Year Award, and Corporate Social Responsibility Award. Of all sixty-six companies from Southeast Asia nominated, AIS was the only Thai company to receive the award.

Investment Structure of Advanced Info Service Plc.

Advanced Info Service Plc. 4,997.46 million Baht Registered Capital and 2,973.10 million Baht Paid-up Capital



1) The remaining 49% of shares, holding by person who has no conflict of interest.
 2) On 30 November 2016, ABN increased its share capital from Baht 15 million to Baht 75 million.
 3) Amata Network Company Limited (AN) is a joint-venture between ABN and Amata Corporation Plc. as regards to the news submitted to the SET on October 2015. AN was completely registered on 8 December 2016.



Investment Structure of Intouch Group

Intouch Holdings Plc¹⁾

Advanced Info Service Plc¹⁾ 40.45%

Advanced Wireless Network Co., Ltd. 99.99%

Wireless Device Supply Co., Ltd. 99.99%

Advanced Contact Center Co., Ltd. 99.99%

Advanced mPAY Co., Ltd. 99.99%

Advanced Magic Card Co., Ltd. 99.99%

AIN GlobalComm Co., Ltd. 99.99%

Super Broadband Network Co., Ltd. 99.99%

MIMO Tech Co., Ltd. 99.99%

Fax Lite Co., Ltd. 99.98%

Advanced Broadband Network Co., Ltd. 99.99%

Information Highway Co., Ltd. 29.00%

Amata Network Co., Ltd.²⁾ 60.00%

Digital Phone Co., Ltd. 98.55%

Advanced Datanetwork Communications Co., Ltd. 51.00%

Clearing House for Number Portability Co., Ltd. 20.00%

Bridge Mobile Pte. Ltd. 10.00%

Wireless Telecommunications Businesses

Thaicom Plc¹⁾

Satellite services

IPSTAR Co., Ltd. 100%

IPSTAR New Zealand Ltd. 100%

IPSTAR Australia Pty Ltd. 100%

Orion Satellite Systems Pty Ltd. 100%

IPSTAR International Pte. Ltd. 100%

IPSTAR Global Services Co., Ltd. 100%

IPSTAR Japan Co., Ltd. 100%

Star Nucleus Co., Ltd. 100%

Spacecode LLC 70.00%

TC Broadcasting Co., Ltd. 99.99%

International Satellite Co., Ltd. 100%

IPSTAR (India) Private Co., Ltd. 100%

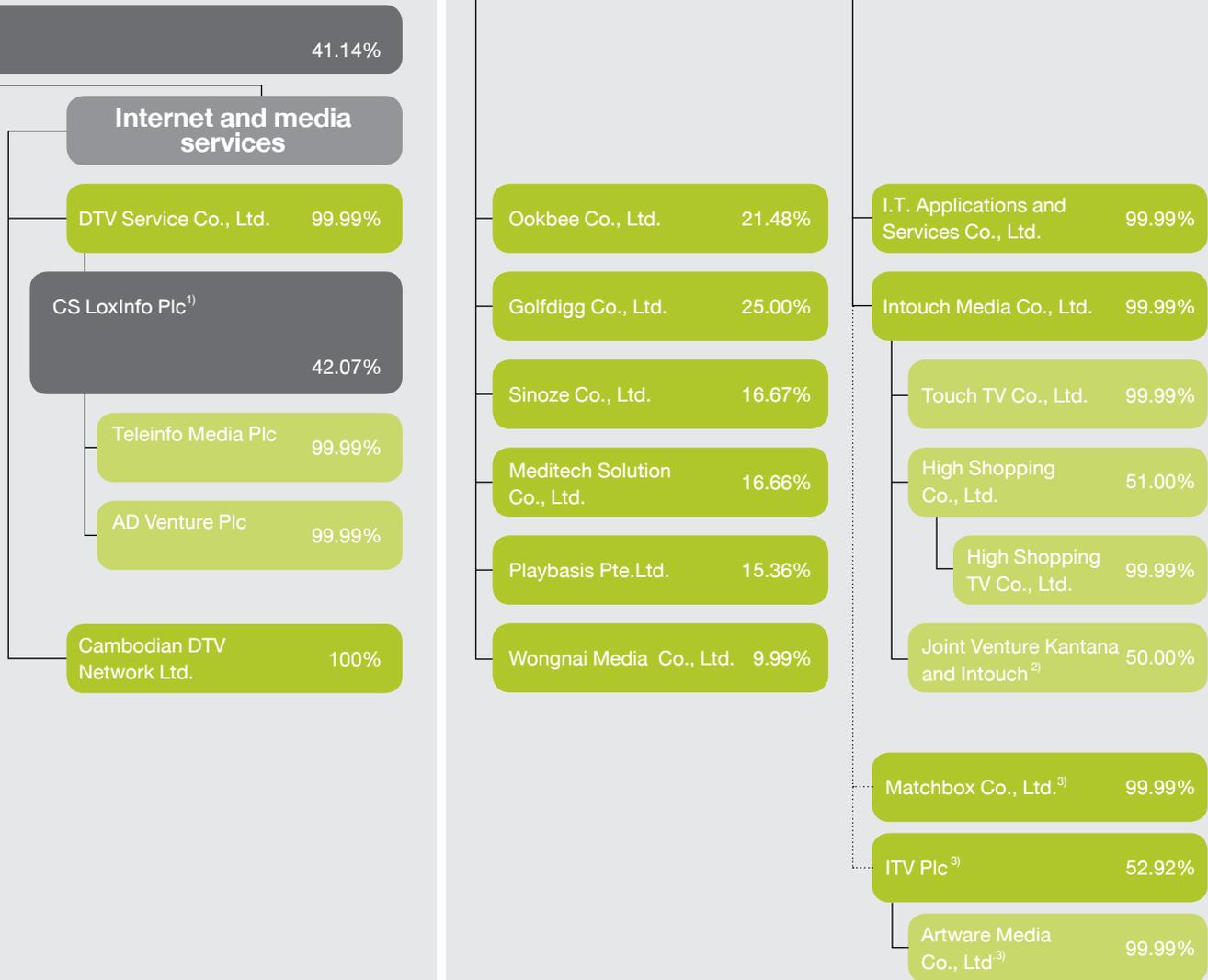
TC Global Services Co., Ltd. 100%

Satellite and International Businesses

Telephone services abroad

Shenington Investments Pte Ltd. 51.00%

Lao Telecommunications Co., Ltd. 49.00%



Notes :

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

Other Businesses	
Venture Capital	Others

Top Ten Shareholders

As of 18 August 2016, the latest book closing date for the right to receive dividend

No.	Name	No. of shares held	% of shareholding
1	INTOUCH HOLDINGS PLC	1,202,712,000	40.45
2	SINGTEL STRATEGIC INVESTMENTS PTE LTD	693,359,000	23.32
3	THAI NVDR CO.,LTD.	178,170,309	5.99
4	THE BANK OF NEW YORK MELLON	56,890,400	1.91
5	SOCIAL SECURITY OFFICE	46,667,300	1.57
6	GIC PRIVATE LIMITED	43,861,737	1.48
7	STATE STREET BANK EUROPE LIMITED	39,248,508	1.32
8	CHASE NOMINEE LIMITED	37,318,496	1.26
9	LITLEDOWN NOMINEES LIMITED	19,059,800	0.64
10	HSBC (SINGAPORE) NOMINEES PTE LTD	18,151,877	0.61
Total		2,335,439,427	78.55

Note: Information from Thailand Securities Depository Company Limited

Major shareholder whose behavior can influence when determining policy or handling operation, are

1. Intouch Holdings Plc., major shareholders of Intouch Holdings Plc. as follows:

Name	No. of shares held	% of shareholding
SINGTEL GLOBAL INVESTMENT PTE LIMITED ^{1),2)}	673,348,264	21.00
ASPEN HOLDINGS LIMITED ^{1),3)}	625,251,960	19.50

1) As listed in the Report of the Acquisition or Disposition of Securities (Form 246-2) submitted to the SEC by Singtel Global Investment Pte. Ltd. and Aspen Holdings Ltd. on 17 November 2016.

2) Singtel Global Investment Pte. Ltd. (SGI) is an indirect subsidiary of Singapore Telecommunications Ltd. (Singtel).

3) On the list of shareholders provided by the Department of Business Development, Ministry of Commerce, as of 5 January 2017. Aspen Holdings Limited is incorporated in Thailand and 99.99% owned by Anderton Investments Pte Ltd., Singapore.

2. Singtel Strategic Investments Pte Ltd holds 23.32% directly in AIS. The shareholder of Singtel Strategic Investments Pte Ltd is

Name	% of shareholding
Singtel Asian Investments Pte Ltd*	100.00

* Singtel Asian Investments Pte Ltd is 100% hold by Singapore Telecommunication Limited (Source: Accounting and Corporate Regulatory Authority (ARCA), Singapore as of 26 January 2017)

Agreements between major shareholders and the Company concerning topics which affect the issuance of securities or management of the Company's operations.

- None -

Revenue Structure

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

Service/Product	Operation By	% Holding of shares as at 31 Dec 16	2014		2015		2016	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Mobile phone service								
- Mobile phone services and rental and call center services	Advanced Info Services Plc.		26,708.27	17.88	7,466.95	4.81	413.61	0.27
	Advanced Wireless Network Co., Ltd.	99.99	94,478.94	63.27	117,370.25	75.60	124,922.33	82.11
	Digital Phone Co., Ltd.	98.55	27.19	0.02	3.69	-	-	-
	AIN Globalcomm Co., Ltd.	99.99	2,873.93	1.92	1,272.30	0.82	369.46	0.24
	Advanced mPAY Co., Ltd.	99.99	368.75	0.25	224.59	0.14	189.92	0.12
	Fax Lite Co., Ltd.	99.98	-	-	30.37	0.02	149.12	0.10
	Advanced Contact Center Co., Ltd.	99.99	3.90	-	3.52	-	1.30	-
- Construction income from the Agreements for operation	Advanced Info Services Plc.		600.26	0.40	63.59	0.04	-	-
Sub-total			125,061.24	83.74	126,435.26	81.43	126,045.74	82.84
Mobile phone sales								
	Advanced Info Services Plc.	8.38	0.01	0.19	-	-	-	-
	Advanced Wireless Network Co., Ltd.	99.99	15,877.15	10.63	23,736.29	15.29	23,197.03	15.25
	Wireless Device Supply Co., Ltd.	99.99	7,528.74	5.04	4,090.35	2.63	749.90	0.50
Total			23,414.27	15.68	27,826.83	17.92	23,946.93	15.75
Data network and broadband service								
	Advanced Datanetwork Communication Co., Ltd.	51.00	24.40	0.02	3.60	-	3.46	-
	Super Broadband Network Co., Ltd.	99.99	786.18	0.53	883.63	0.57	595.62	0.39
	Advanced Wireless Network Co., Ltd.	99.99	-	-	127.12	0.08	1,558.12	1.02
	Advanced Internet Revolution Co., Ltd.	99.99	42.96	0.03	-	-	-	-
Sub-total			853.54	0.58	1,014.35	0.65	2,157.20	1.41
Grand Total			149,329.05	100.00	155,276.44	100.00	152,149.87	100.00

Remarks:

- 1) Advanced Datanetwork Communication Co., Ltd is an indirect subsidiary.
- 2) Advanced Internet Revolution Co.,Ltd. has finished a liquidation process on 19 October 2015.



Industry Conditions and Competition in 2016 and Trend in 2017

The competition in mobile market in 2016 was more competitive than in 2015 as the operators accelerated their network investment and tried to build differentiated 3G and 4G network quality. This increase in competition was manifest through the launches of new packages in conjunction with various marketing campaigns and advertising campaigns aimed at enhancing consumer perceptions through mass media and online channels. Claims of faster speed and wider wider 4G coverage were made by operators in order to strengthen their brand position in response to the wider availability of 4G-handsets and increasing demand for mobile data.

With each operator developing a stronger network, the competitive focus in 2016 was both to retain existing subscribers as well as to acquire new customers. The marketing campaign were mainly focused on handset subsidies, including the offer of free handsets and discounted smartphones bundled together with price plans. Existing subscribers were also offered a retention program with a special package when registering for a new number. With accelerating demand for the use of mobile data, the attractiveness of data packages played an important role for customers when selecting an operator. This resulted in a wider range of more complicated packages in response to each target group, such as packages designed specifically for entertainment, for social media, for multiple devices, and for sharing with family members.

Regarding the pricing structure, in 2016 operators introduced limited data packages to the market as an alternative to the unlimited data packages already available. Due to their larger data allowance and faster speed from 4G, the limited packages allow customers to enjoy a better experience when using content that consumes a high volume of data. To encourage adoption of the new pricing structure, operators have been educating customers on the benefits of using the limited packages, which will enhance the customer experience and align with the cost of providing services borne by the operators.

The competition in the fixed broadband market was also more intense in 2016 following the launch of AIS Fibre in 2015, which caused the incumbents to adjust their strategies to preserve their subscriber base. The existing technology of ADSL, which utilizes copper lines for transmission, has begun to reach its service limitations. Fibre technology is better able to respond to the changes in customer behavior of connecting at home and requiring higher speed connections to consume HD content. Therefore, the FTTx has become the first choice for customers who are installing fixed broadband at home for the first time as well as for those who are looking to upgrade from ADSL. As AIS Fibre focuses only on the FTTx with expanded service coverage, AIS Fibre achieved the net addition market share of approximately 40% in 4Q16. The incumbents have also started to upgrade to fibre and offer packages with higher speed at the same price. Today, customer can have a 20Mbps download speed on an FTTx service at home starting from only 590 baht per month. Fixed broadband providers currently contract their customers for one year and offer discounts for customers who transfer in from another operator. Bundled services also provided more value-added choices for customers such as a package discount for existing mobile customers and various contents from the box installed at home for free.

Due to the improvement of both wireless network and wired fixed broadband service, the telecom industry has extended into the development of new forms of digital contents. In 2016, the popularity and development of social media such as Facebook, LINE, and Instagram continued to enable customers to experience new content and applications. Mobile operators have been increasingly cooperating with a variety of content providers to explore new revenue-sharing models, such as investing in startups to create content-on-demand for specific customer groups. Video content continued to be extremely popular, while mobile payments started to take off, supported by the government policy of PromptPay service.



Industry Trend in 2017

In 2016 mobile operators focused on expanding their 4G and 3G network in order to respond to the growing consumption of internet consumption of mobile internet. As a result, there was a higher level of investments in this area than in previous years. Operators also have commitment to pay for the 1800MHz and 900MHz licenses until 2020. Accordingly, we expect that the industry will tend to focus on better revenue generation and profitability in 2017, including the softened handset subsidies and more segmented pricing. Differentiations in network quality will continue to be key areas of improvement, particularly in terms of experience of usage and easier access to a wider variety of products and services. The industry growth is expected to be in line with the country's GDP, supported by continually by increasing hours of data usage per person per day and the growing smartphone penetration.

The fixed broadband market is also expected to grow further in 2017 as the new lifestyle choice of customers to live digitally and to stay connected at all times becomes more predominant. Fixed broadband providers will continue to compete on the speed of connectivity while also expanding their service coverage areas.

Moving forwards, digital content will continue to play an increasingly important role in people's lives. The government

has announced the "Thailand 4.0" business model in which supports innovation and creativity in product and service development as well as a transition from manufacturing-based to service-based business. Video contents will continue to be the key growth area along with the higher mobile and fixed broadband penetration. At the same time as mobile online payment service and e-commerce offer a more convenient way for customers to pay bills and to buy and sell their products, they will also grow in popularity. The online channel will increase the variety of choices for customers since both large and small businesses can access to the online marketplace. We also believe that an increasing numbers of enterprises will turn to Cloud storage as a more efficient means of storing and accessing the larger volumes of data involved in their business operations.

Some other key external factors in 2017 that could play important parts for the industry include an expected announcement of the new Frequency Allocation Act, the likelihood of an election toward the end of 2017, as well as economic outlook. The Company shall communicate with our shareholders on a quarterly basis to provide updates on the proper strategies we will adopt in response to these and other externalities as and when they emerge.



Business Direction over the next 3–5 years

Transform to be leading digital life service provider for Thais

Today's world has clearly transformed to digital with continuous changes in Thai telecom industry. It was driven by the changes in consumer behaviors that are beyond basic needs of point-to-point communication. Consumers now want to have always-on internet connection to get access to communication and information around the world, as well as use a wide variety of digital contents including news, entertainment, mobile banking and other applications.

AIS is well aware of the trend and understands that only telecommunication service will not be comprehensive to meet most customer needs. AIS has set a clear vision to transform to be “Digital Life service Provider” in response to growing needs and lifestyle of customers in digital era. Moreover, AIS is committed to providing services that can lift up the standard of living for Thais including services in multimedia content, health, education, agriculture and work efficiency improvement. With more than 26 years of experience, expertise and strong foundation, AIS continues to provide services in three main businesses, including mobile, fixed-line, and digital service businesses.

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

Today the behavior in using mobile phone has shifted from the main use in voice call to rapid growth in mobile internet. Mobile applications can facilitate connections and make it more efficient. Also, the popularity of high-speed 4G and higher smartphone penetration encourage better and faster use of contents and communication. Today, majority of AIS' customers are using smartphones and 29% of the customer base adopt 4G handsets. The growth of mobile internet is also supported by the government's policies to enhance digital administration to lift up standard of living, mainly supported by telecom services.

Mobile network, which is the foundation of mobile phone service, hence must be of high quality to support user demand. AIS is committed to the development of network quality, stability and reliability by our team who has expertise in network design and innovation. We continue to expand network coverage to reach various areas, especially 4G that we are investing for more expansion in the next couple of years, as well as capacity enhancement for 3G to support more usage.

With the advancement of technology, customers have more sophisticated demands, such as Ultra HD video content, virtual reality, augmented reality and Internet of Things (IoT) connecting various devices in daily life, e.g. mobile phones, watch, car and electronic appliances. These needs will be supported by new technology standard. 5G is expected to be developed for commercial standard in 4–5 years. It is important for AIS to be prepared for the upcoming trends, with sufficient spectrum and network quality as keys to success.

The key differentiation for AIS to mark leading position is service excellence that is essential for retaining customers and generating sustainable revenue. AIS places high priority in improving service standard to meet customer demand in digital era. In order to transform our selves, AIS has brought technology to facilitate work processes, such as data gathering, data processing, and analysis to better serve customers with digital tools. Today, AIS remains top of customer's mind by offering privileges that can be customized and suit their lifestyles.

Step up in fixed broadband business, aiming for converged services

Residential internet broadband has become more important to customers following the trend of always-on connection. Also, ADSL technology has become outdated, and has technical limitation in speed and reliability. Therefore, customers are looking for new internet broadband service that is more efficient. According to the NBTC, internet broadband penetration by household is expected to reach c.33% or approximately 7 million internet broadband subscribers at the end of 2016. The statistics show growth potential from untapped market by locations, which is an opportunity for AIS to provide fibre internet broadband service leveraging our nationwide mobile fibre network.

Last year was the early stage of AIS Fibre and we had quick expansion because of solid foundation and improvement in sales, installation and after-sale service teams, as well as financial support. AIS maintains its focus on the target to gain significant market share within 3 years mainly by customer acquisition strategy for both new and experienced ones. Investment in the expansion of service coverage is also important. We are expanding to more locations in city areas and key provinces in Thailand to reach

more customers. We will also offer attractive marketing campaigns, competitive pricing and digital content on AIS PLAYBOX platform. It is expected that this broadband business will have good growth potential, generate new revenue for AIS and support our core mobile business, aligning with the vision to be a digital life service provider for Thais.

Build innovation in digital content for consumers and business customers

During the digital transformation, smartphones and tablets has become more popular and more accessible due to smarter functions and affordable prices. More mobile applications are created to respond to customer's lifestyles along with more attractive data price plans. These factors shifted consumer behavior to gear towards more usage of digital contents, encouraging the creation of wider content variety.

AIS realizes the importance of digital content as our new and quality revenue generator that can increase the use of internet via mobile and residential platforms. AIS focuses on five key areas, namely video, game, mobile banking, cloud and M2M. The main strategy is to develop platform and connect with content developers, creating growth together with partners. We also expand service platform to cover more segments, from individual customers to corporate segments.

Video and game are contents that customers are familiar with and start to use more. AIS aims to select wider variety of contents, especially exclusive ones for AIS customers on AIS PLAY and AIS PLAYBOX. As for mobile banking, AIS is expanding mPay by acquiring more users and more merchants. Furthermore, AIS provide cloud services for individual customers and more expands to corporate segments with AIS Cloud for Business. The service aims for business customers who opt for cloud computing instead of large investment on their own IT systems. M2M will also help penetrate corporate segment with customized solutions suitable for their needs.

Balancing for stakeholder's best interest, creating sustainable growth

AIS believes in eco-system in telecom industry that integrates competencies among partners to serve customer's needs. This will encourage sustainable growth for AIS and partners. Developments for human resources and internal structure are also essential for changes in digital era. Our culture is to cultivate active working style and creativity to cope with upcoming changes. Fair compensation, training and development in digital areas are provided in order to retain competent staff in a long-term. AIS also has succession plan to ensure smooth transition.

In 2016, AIS was included in Dow Jones Sustainability Indices or DJSI in Emerging Market for the second consecutive year. We are determined to improve for sustainability with a well balance of economic value and other stakeholder's benefits. AIS can generate performance growth, create stable returns to shareholders, as well as harmonize with society without causing negative impact to environment. These are sustainable drivers for AIS and support us in transforming to leading digital life service providers for Thais.

Products and Services

Today the use of mobile phone has become broader along with the improvement of modern technology which brings greater connectivity at high speed while inexpensive smartphones are widespread and more variety of digital content and applications are available. Mobile data consumption has been rising rapidly, and substitutes the use of voice service. Over the past year, AIS also expanded into residential fixed broadband service and digital contents with an aim to better serve the needs of customers in digital era.



The three main businesses of AIS are explained in detail below.

1. Mobile phone business

AIS currently provides mobile network service using 2G, 3G and 4G technology on 2.1GHz, 1800MHz and 900MHz spectrum. These services support 41 million mobile subscribers of which 34.6 million are prepaid and 6.4 million are postpaid. In 2016, AIS expanded its 3G base stations to 51,200 covering 98% of population, and 4G base stations to 42,100 covering 98% of population.



Prepaid service Customers using prepaid service make an advanced payment (pre-pay) to use the mobile service and can top up the amount through a variety of channels such as AIS shop, mPAY application, banks, ATMs and convenience stores. When money is added, customers can select and use the services that most suit their behavior from various packages under AIS 1-2-Call! brand. In general, when the prepaid SIM is registered, customers can choose a main package that includes voice and internet with AIS WiFi, or NET SIM that provides only internet for devices such as tablets. The third option is a package for voice calls only, which has different price plans for usage on AIS network or others. In addition, AIS offers special voice call packages for the audio and visually impaired.

Postpaid service Customers using postpaid mobile services are billed after use, at the end of each payment cycle, which is considered to be convenient for those who are willing to commit to a monthly plan. Similar to the Prepaid, Postpaid packages can be selected from a bundled pack (voice plus data and WiFi), an internet-only package or a voice-only package.

Apart from the main prepaid and postpaid packages, customers can buy on-top packages to extend service usage and control their spending limits. On-top packages include adding minutes, internet usage, internet speed, are either one-time or recurring. A variety of channels are available for customers to purchase the packages, including USSD code, eService, AIS Online store and other applications, such as AIS App and LINE.

New packages and SIMs in 2016

AIS focus to provide personalized products and services for customers. We study and analyze customer behavior in order to develop innovative prepaid and postpaid packages that are suitable for efficient 4G usage.

Postpaid service

4G Max Speed

This is designed and developed for customers who needs high speed mobile internet, suitable for HD video, multimedia and other digital contents. 4G Max Speed package provide customers with data allowance at 4G speed; more allowance than unlimited data packages at the same price points. When the data allowance reaches the limit, the customers need to buy on-top package to continue using the internet. Moreover, 4G Max Speed provides Multi SIM service, allowing customers to use mobile internet on up to five devices within one package



iEntertain Non-Stop

This innovative package target the new generation who use mobile internet to enjoy various entertainment contents, including video clips, movies, digital TV and music. This package offers non-stop and dedicated internet for popular entertainment applications including AIS Play, Youtube, JOOX, Atime Online, Coolism and Seed, for customers to enjoy anywhere, anytime.

Prepaid service

Super Play SIM

In August 2016, AIS launched a new prepaid SIM called “Super Play” to maximize 4G internet capability, for streaming VDO and other multimedia contents. The special offer of this SIM is 1GB per week allowance of YouTube and AIS Play for 52 weeks or one year. It also includes unlimited music through top application ie. Joox , Seed , A Time and Coolism.



EASY FREE NET SIM

In September 2016, AIS launched new prepaid SIM called “EASY FREE NET”, which is the first and only SIM in Thailand that allows users to surf net at no charge, anywhere anytime, non-stop at 64 Kpbs speed. This product was designed for attracting non-internet users or beginners to conveniently access mobile internet. Customers can use the internet without worrying about extra charges and use voice call at very low price anytime.

Apart from packages and SIM for voice and data services in prepaid and postpaid segments, AIS also launched

campaigns for a wide variety of good quality phones at value price, especially smartphones that became more popular along with the increase in mobile internet usage.

AIS Super Combo

AIS offers various models of quality smartphones at reasonable prices under the brand Super Combo LAVA, which is a special partnership between the device manufacturer and AIS, targeting at prepaid segment. The campaign offered 3G/4G phones, as well as new ones that support 4G VoLTE HD Voice.

Please visit www.ais.co.th/supercombo for more information on LAVA brand products.

AIS Hot Deal

AIS offers varieties of well-known smartphone brands with special offerings and discounts targeting for new and existing postpaid subscribers, including port-in (customer moving service from other operators while carrying same phone number) and customers who want to switch service from prepaid to postpaid.

Please visit www.ais.co.th/hotdeal for more information on the campaign.



International Roaming and International Direct Dialing services

AIS also provide international roaming services for AIS customers travelling abroad to use mobile services for voice calls and data by roaming abroad on our partners' network, without changing SIM and number. AIS has agreements with 232 international operators in all continents, covering 464 networks to provide International Roaming services. For international roaming on 4G networks, AIS partners with 140 international operators in 82 countries. We also provide international direct dialing (IDD) services for international call from Thailand to more than 240 foreign countries

In 2016, AIS has launched a new, great saving roaming package, “Roam Like Home”, offering unlimited calls to Thailand and local calls together with non-stop data roaming in the same package in 40 popular countries. This package provides worry-free roaming experience of both voice and data roaming to AIS customers without changing phone number.

Moreover, AIS has launched SIM2FLY products to compete with overseas local prepaid SIM and pocket WiFi which offer alternatives to international roaming products. Customers can choose packages with different duration and usage volumes according to their needs. The SIM can be used in many popular destination countries in Asia, Europe and America, providing convenience and good value to customers. SIM2FLY can be bought in Thailand before traveling and used upon arrival at destination.



2. Fixed Broadband Business

AIS provides high-speed internet services through a pure fiber optic network as Fibre to the Home (FTTH) and Fibre to the Building (FTTB), under the brand “AIS Fibre”. The service aligns with our focus to lead in Digital home service infrastructure, responding customer demands in speed and stability for internet users. The service is bundled with AIS PLAYBOX, the set top box for home entertainment.

In 2016, AIS Fibre had 301,500 subscribers with service coverage in 28 provinces, namely Bangkok, Nonthaburi, Pathum Thani, Samut Prakan, Nakhon Pathom, Samut Sakorn, Chonburi, Khon Kaen, Udon Thani, Nakhon Ratchasima, Chiang Mai, Phuket, Pra Nakhon Sri Ayutthaya, Rayong, Ubon Ratchatani, Buriram, Nong Khai, Chiang Rai, Phitsanulok, Surat Thani, Songkhla, Saraburi, Surin, Ratchaburi, Sakon Nakhon, Mahasankham, Narathiwat, and Nakhon Si Thammarat. Moving forward, AIS will continue to expand service provision with the aim to become a significant player in the next three years.



AIS Fiber packages offer three types of package designed to fulfill different needs of customers:

PowerHome Package: targeting home use. Benefiting from an upload speed, this package supports general use such as web surfing, social media, online games, photo upload and download, video streaming, YouTube.

PowerPRO Package: targeting home use or SMEs that require a dedicated access and speed to increase work efficiency particularly during peak hours. The package also connects with larger international bandwidth to allow faster speed.

PowerBiz Package: targeting enterprise users who need internet for business functions. The outstanding feature is IP service for installing a server, which provides access to a range of business services via high-speed internet, such as teleconference with full HD quality and speedy aftersales services, to ensure business efficiency.

Products and services in 2016

Dorm Net (Net Hor)

“Dorm Net by AIS Fibre” was the first innovative prepaid fixed broadband service launched in Thailand targeting college students living in dorms near campuses.

Partnership with property developers

AIS Fibre partners with property developers, such as Property Perfect PLC., N.C. Group, D’Well Grand Asset Ltd. and MK Real Estate Development Plc. to provide hi-speed internet infrastructure ready for customers in their projects.

3. Digital content business

Beyond providing network service, AIS also offers various leading value-added services to encourage the market growth, including Calling Melody, e-Book and other services in collaboration with partners.



With an enhance capability of network technology such as 3G, 4G and Super WiFi, along with higher smartphone penetration, digital services and digital contents are becoming a key focus to better respond to customer lifestyle. Our focus is on the five key areas: video, game, mobile banking, cloud and M2M.



Video

AIS sees the importance of platform for customers to enjoy a variety of video contents, ranging from movies, sports, to karaoke. Apart from AIS PLAYBOX, which is a set top box for home entertainment, in 2016, AIS also developed AIS PLAY application, a digital content platform on mobile to enjoy anywhere, anytime. We partner with content developers to provide a wide variety of exclusive contents, such as live concerts from GMM Grammy as well as Olympic and Paralympic Games with more selections than free TV broadcast.

Gaming

AIS partners with game developers to provide gaming contents for customers and develop payment channels through direct carrier billing and AIS One-2-Call! top-up cards.

Mobile banking

Mobile banking services are also developed to enhance the convenience of money transfer through AIS mPAY application on mobile phones. In 2016, AIS also launched “AIS mPAY MasterCard”, Thailand’s first prepaid MasterCard for secure online shopping.

Cloud service

In 2016, AIS launched “AIS Business Cloud”, all-in-one service for corporate clients ranging from data center, Infrastructure-as-a-Service (e.g. virtual machine, backup storage, network security), Software-as-a-Service (e.g. Office365, Mobile Threat Prevention App, Enterprise Storage Box), managed cloud service, and professional consulting service. It responds to the trend of businesses in Thailand using cloud computing to improve competitiveness. AIS provides world-class standard facilities and security to support all sizes of businesses. We also partner with international suppliers to strengthen our cloud service.

Machine-to-machine or M2M

AIS’ M2M is marketed in a wide range of businesses, e.g. logistics, finance and banking, utilities, through a partnership with leading suppliers to facilitate M2M management for our customers.

In content development, especially new applications, AIS continue to encourage startups with “AIS the StartUp CONNECT program”. Startups from all over Thailand can submit their ideas online. Upon evaluation process, teams will be considered to co-work with AIS using our strength in network technology and other enablers, such as payment and billing system, as well as an access to prepaid and postpaid customer base.



Distribution Channels

Distribution channels are the strategic support for AIS in providing customers with access to our products and services nationwide. AIS maintain in good relationship with our distributors by developing sustainable business with existing partners, as well as finding new strategic partners to strengthen our network. To respond to the changing in customer behavior, AIS has set up various channels to meet the needs of different market segments. Today, 97% of all AIS distributions are handled by qualified partners who have good business potential and are capable of providing good care to customers.

The criteria for selecting partners are based on their locations, performance track record and financial status. Also, regional distributors must be familiar with local market and perform well in order to provide reliable services to customers.

AIS partners in mobile business can be categorized as follows:

1. AIS Shop

AIS expanded AIS Shop to reach more customers across a wider coverage area. Service processes have also been improved to increase efficiency, while shop interiors and product displays were redesigned to enhance customer experience. In 2016 we expanded AIS shop to 130 locations including 43 AIS Shops by partner, run by selected high potential partners. These partners will help AIS reach more customers by offering the same sales and service standards as at AIS Shops. Staff selection and training processes were developed by human resource management and training team from AIS in order to achieve the same standards at each location.

2. Telewiz shop

AIS has over 100 Telewiz partners, with more than 430 Telewiz and Telewiz Plus branches throughout the country. They are authorized to distribute AIS goods and services, postpaid subscription, payment service, and other general services. Apart from sales revenue, Telewiz partners also receive incentive from AIS mobile registration and supports for marketing activities. AIS will ensure quality and standard of

services by setting terms and condition, as well as providing operational guidance, such as selecting and developing outlets, and supporting in sales promotions. In 2016, AIS selected Telewiz 20 branches to join “Telewiz-Uplift” program to raise the quality by emphasizing on the development of sales and service, higher standard before transforming to “AIS Shop”.

3. Advanced Distribution Partnership or ADP

The Advanced Distribution Partnership (ADP) is selected from agents who demonstrate significant distribution potential in their target market and maintain a healthy financial status. ADP agents are particularly experience in wholesale distribution and local marketing.

4. AIS Buddy

AIS Buddy is selected from high potential “Advanced Retail Shop” (ARS) located in strategic area in each province. AIS Buddy provides sale and services of AIS including mobile service subscription, mobile number port, and bill payment, almost similar to Telewiz Shop. In 2016, AIS expanded AIS Buddy to 1,100 branches and aim for more in the future. In responding to the expansion of AIS customer base, AIS has developed mobile application, called “AIS Easy App” to improve capability and efficiency of AIS Buddy.

5. Advanced Retail Shop or ARS

Advanced Retail Shops are the key outposts that distribute goods directly to our customers. There are currently over 22,000 ARS shops across the country designed to reach customers in remote locations, and this number is continually growing as our reach further expands into local communities. In 2016, AIS also uses “AIS Easy App” to improve capability and efficiency of ARS to serve more customer needs.



6. Key Account and Modern Trade outlets

AIS distributes a variety of goods and services, including prepaid and postpaid subscription, bill payment, prepaid refill, through the large chain stores and retailers who have nationwide distribution. These include Jay Mart, TG, Bangkok Telecom, CSC, and various modern trade retailers, such as Tesco Lotus, Big C, Power Buy, and 7-11. In addition, IT retail outlets such iStudio, IT City and Advice IT also offer AIS sales and services. In total, AIS is partnered with more than 50 major dealers, providing over 10,000 locations nationwide. To enhance sale efficiency and promote brand awareness, we also have 350 sale promoters recommending AIS products and services at these retail locations. In 2016, AIS cooperated with three iStudio dealers which include SPVi, Copper wire and Uficon, aiming to integrate experience of AIS as an operator and retailers' expertise to provide the best experience to Apple customers

7. Direct Sales Channels

To ensure our customer reach to target segment, we have a number of direct sales marketing our product and services directly to target groups. This has been achieved through our partnership with selected agents who have shown the capacity and expertise locally. This helps supporting the future growth and expansion of our business. The direct sales team also has access to "AIS Easy App" which help them in selling, registering and providing services to customers more conveniently and faster.

8. Electronic Distribution Channels

AIS encourages its agents to provide an electronic top-up for prepaid refill to improve customer convenience. We also provides several electronic top-up channels, such as automatic top-up machines, ATMs, mobile banking, and mPAY. AIS currently offers electronic top-up at over 500,000 points across the country and the electronic transaction is accounting for over 80% of all top-ups. This has helped reduce the costs of producing physical pre-paid top-up cards.

Distribution channels for fixed broadband business

Due to the rapid growth of AIS Fiber, distribution channels are an area of importance that we strive to prioritize. We focus on managing channels efficiently so that we can offer our services to customers in Bangkok and other provinces, to support the expansion of the AIS Fiber network in the future.

In 2016, main channels for customers in service coverage included AIS Shop and 440 Telewiz shops in 28 provinces, as well as authorized dealers and direct sales agents to reach more customers. In 2017, AIS will expand its distribution channels for better efficiency, by focusing on online channels, including websites and mobile applications, to communicate with and accommodate customers with convenient processes, such as application, and service status check.

Customer Relationships, Experience, and Service Management

At AIS we commits to deliver the best customer experience which is also a key element to our brand perception and at the forefront of customer satisfaction. To mark the clear leading position in customer relationships and service management, in 2016, AIS continued AIS LIVE 360° concept with a campaign called "**The best service from the heart. To be number 1 in service**". We deliver services and privileges, especially for customers in 4G era, with technology thoughtfully designed for uplifting service standard. The key strategies are as follows.

- 1) **The fastest** AIS has been awarded the operator with the fastest response on Pantip.com social media
- 2) **The most convenient** with a variety of self-service channels
- 3) **The most high-tech service** utilizing new technology in delivering service
- 4) **The most variety** with a host of privileges fulfilling all 360 degrees of customers' lifestyles. Customer service experience at AIS runs through several programs and service platform. The key service channels are explained below.

1. AIS Call Center

AIS Call Center is an important service channel that can be easily accessible by customers via the phone numbers 1175 or 1148 for Serenade customers, as well as online access. AIS Call Center agents provide services in answering questions, troubleshooting, giving advices and selling packages. Currently, AIS has 4 call centers in 2 provinces with 2,700 agents. The new facility of **“AIS Contact Center - Development & Training Arena”** in Nakorn Ratchasima province is being constructed and expected to be opened by the third quarter of 2017. With the new office, AIS Contact Center expects to create jobs for local people of over 1,000 positions, to support 50% of all inbound call volume, and to serve as a development and training center as well as relationship center for companies in the subsidiaries, internal business units, and partners. Furthermore, **“1185 AIS Fibre Call Center”** has been newly established to serve the AIS FIBRE’s customers, the latest high speed Internet service on pure optical fiber. Highly competent staffs with IP knowledge and digital skills of more than 120 persons are serving as contact agents. In addition, customer contact via **Multimedia Channels**, namely social media, email, **“Ask Aunjai”** virtual chat agent, increased by 54% from last year. The agents for channels, therefore, have increased from 80 to the target of 160 agents in 2017. In addition, **“Ask Aunjai,”** the virtual chat agent, has been enhanced further with Artificial Intelligent Agent (AI) technology, in order to provide the answer on AIS products and services as well as to chat with customers with more variety of topics and questions. Moreover, **Customer Track & Trace** function has been developed to provide more convenience for customers to follow up with their issue easily via Interactive Voice Response (IVR) and to receive SMS informing the status automatically. The follow up issues via self-services includes network or Internet usage difficulties, statement copy request, etc.

With continuous improvement in all dimensions, Advanced Contact Center was awarded **“The Best Employer Thailand 2016”** from Aon Hewitt; **“The Fastest Response Brand on Pantip”** from Thailand Zocial Awards 2016, with more than 17,383 topics with 32.5 minutes handling time each It was



also awarded **“The Best Innovation [Honorary Mention] 2016”** as the best innovation from Crest Award, the Philippines; and **“The Best Customer Self-Service Innovation Award 2016”** from AVAYA, a leading business communication software, in AVAYA Technology Forum, Thailand.

2. AIS Shop

AIS Shop is another service channels that customers can conveniently do transaction, register SIM, pay the bills, seek for solutions and advices, as well as buy mobile phones and packages. Currently, there are 130 AIS shops and expected to expand to 160 shops in 2017. AIS Shop also deployed new technology to enhance services, while uplifting to be Digital Shop. First of all, AIS is the first operator that officially launched **“Service Mobility”** allowing the staff to move around and serve customers with tablet freely at any corner of the shop with more engagement while providing consultation. Secondly, the competency of AIS Shop staff has been continuously raised, with staff certified as **“Digital Guru”** increased by more than 30% this year to support customers in the digital era. AIS Shop now has **“Device Guru”** and **“Device Advance”** staff of up to



955 persons. Thirdly, AIS Flagship Store at Central West Gate has brought in Interactive Magic Wall, 3 x 6 meters wall for customers to play games and interact with new technology. Moreover, AIS flagship stores at Central World and Central Pinklao have launched AIS Hyper Reality Experience, another step of virtual reality (VR), the best technology of the future. Customers can interact with the whole body, not only wearing VR gear, via games, movies, and the new hyper reality experience for the first time in Thailand.



In addition, self-services capabilities have been enhanced with Service Kiosks, equipped with new function such as Prepaid-to-Postpaid Conversion, Mobile Number Portability to AIS, Subscription/Change of International Roaming/IDD calls, and more to come, now serving with 80 kiosks nationwide. The Payment Kiosks have also been expanded to more accessible locations for customers e.g., new department store, new BTS and MRT station, etc., now serving with 300 kiosks nationwide.

Other services for AIS customers

AIS also has customer service campaigns for retention and delivering best experience for our customers. The key campaigns are described below.

AIS Privileges

AIS continues to provide AIS Privileges with more than 15,000 participating stores, including dining, shopping, entertainment, transportation, traveling, as well as smartphone discount with valued packages.



AIS Rewards

“AIS LIVE 360 Gold Luck Year 8” program was continued with quiz on TV show for a chance to win gold worth up to 15 million Baht.

AIS Points

Customer’s service usage can be traded as AIS Point for rewards of free call, free Internet, free dining, free movies, and other privileges.



AIS Experience

AIS continued to offer superb experiences with special trips. In addition, we also continued to expand the Eat Free campaign (“Mue Nee Fin, Wan Nee Free”) for customers to enjoy free local food nationwide.

AIS Serenade

AIS Serenade is a customer relationship campaign for retaining customers who have consistent monthly spending at specified levels: Platinum, Gold and Emerald. Customers in Serenade program are offered privileges that suit their lifestyles. For example, Serenade customer can contact Call Center at the dedicated phone number 1148, be serviced at Serenade Clubs and Serenade Personal Assistant, receive birthday gifts and discounts, as well as use exclusive parking space at many shopping malls.



In 2016, AIS celebrates 12th year anniversary with “The Ultimate Pride” campaign, under the concept “More than the Best is the Great Unforgettable Experiences” with even more specialties covering all 360° of Serenade lifestyles.

1) **Ultimate Digital Life** offering a wide variety of privileges for digital lifestyle, including special discounts for phones, AIS Fibre and other additional services.

2) **Ultimate Pretty and Lucky Number** offering pretty or lucky numbers of customers’ choices with exclusive package, bundling with Serenade Platinum privileges, Personal Assistant and other additional services.

3) **Ultimate Wealth & Investment** partnering with financial institutes for valued offerings in finance, investment, and insurance.

4) **Ultimate Surprises** a chance to win special experience such as a dream trip for special customers

5) **Ultimate Lifestyle Privileges** exclusive lifestyle privileges e.g. special discounts, 0 exclusive parking spaces, free beverages at airports

6) **Ultimate Dining** the best of dining experience with special discount from famous restaurants

Throughout the 12 years, AIS has been the first provider leading with special services and privileges to the customers. Customized offers that truly fulfill customers’ need is only possible with insight of their behaviors and lifestyles in order to craft out and deliver services that match each customer segment, and to go beyond to personalization for top-notch services that create sustainable customer engagement. Customer Satisfaction in the first quarter of 2016 is as high as 88%, with continuous Net Promoter Score (NPS) all along. This is a proof of achievement from AIS Serenade program for special customers. AIS is the operator who differentiates customer service and privileges in Thai telecommunication industry.

se re trade 12 YEARS The Ultimate Pride

AIS LIVE360

ยิ่งกว่าที่สุด คือความประทับใจไม่รู้จบ

12 ปี แห่งความประทับใจ กับก้าวต่อไปที่พิเศษยิ่งขึ้น

ด้วย 12 พิเศษของบริการใหม่ๆ เพื่อมอบประสบการณ์ประทับใจถึงทุกวินาทีความใจดีจากทุกวงการ 360 องศา

- DIGITAL LIFE**
 - สิทธิพิเศษพิเศษ 5 ข้อได้แก่
 - ฟรีเน็ตฟรี - ฟรี AIS Fibre 32M - ฟรี AIS Fibre 32M (สูงสุด 100 Mbps) 1 เดือน
 - บริการช่าง ติดตั้งและปรับตั้งฟรี
 - บริการช่าง 100 บาท ติดตั้งและปรับตั้ง AIS Fibre Care สูงสุด 1 ครั้ง
 - AIS Fibre Care ฟรีตลอด 24 ชม. โทร 1122 24 ชม.
- Lifestyle Privileges**
 - สิทธิพิเศษเฉพาะ AIS Serenade จำนวน 15,000 คน สิทธิพิเศษพิเศษกว่า 700 สิทธิพิเศษจากพันธมิตรคือเงินกว่า 40 ล้านบาท 15 วันครบถ้วน
- Dining**
 - สิทธิพิเศษรับส่วนลดค่าอาหารและเครื่องดื่มที่ร้านอาหารและร้านอาหารชั้นนำ
- Surprises**
 - สิทธิพิเศษลุ้นรางวัลพิเศษในแบบพิเศษความประทับใจไม่รู้จบ
 - ลุ้นรางวัลพิเศษกว่า 100 รางวัลมูลค่ากว่า 1 ล้านบาท
 - ลุ้นรางวัลพิเศษกว่า 100 รางวัลมูลค่ากว่า 1 ล้านบาท
 - ลุ้นรางวัลพิเศษกว่า 100 รางวัลมูลค่ากว่า 1 ล้านบาท
- Wealth & Investment**
 - สิทธิพิเศษร่วมลงทุนกับ AIS Serenade Wealth & Investment
 - บริการวางแผนการลงทุนส่วนบุคคล
 - บริการวางแผนการลงทุนส่วนบุคคล
 - บริการวางแผนการลงทุนส่วนบุคคล
 - บริการวางแผนการลงทุนส่วนบุคคล
- Pretty & Lucky Number**
 - สิทธิพิเศษเลือกเบอร์โทรศัพท์มือถือ AIS Serenade หรือ AIS Fibre
 - บริการช่าง ติดตั้งและปรับตั้งฟรี
 - บริการช่าง 100 บาท ติดตั้งและปรับตั้ง AIS Fibre Care สูงสุด 1 ครั้ง
 - AIS Fibre Care ฟรีตลอด 24 ชม. โทร 1122 24 ชม.

เว็บไซต์ AIS Serenade: www.aiss.com.th/serenade

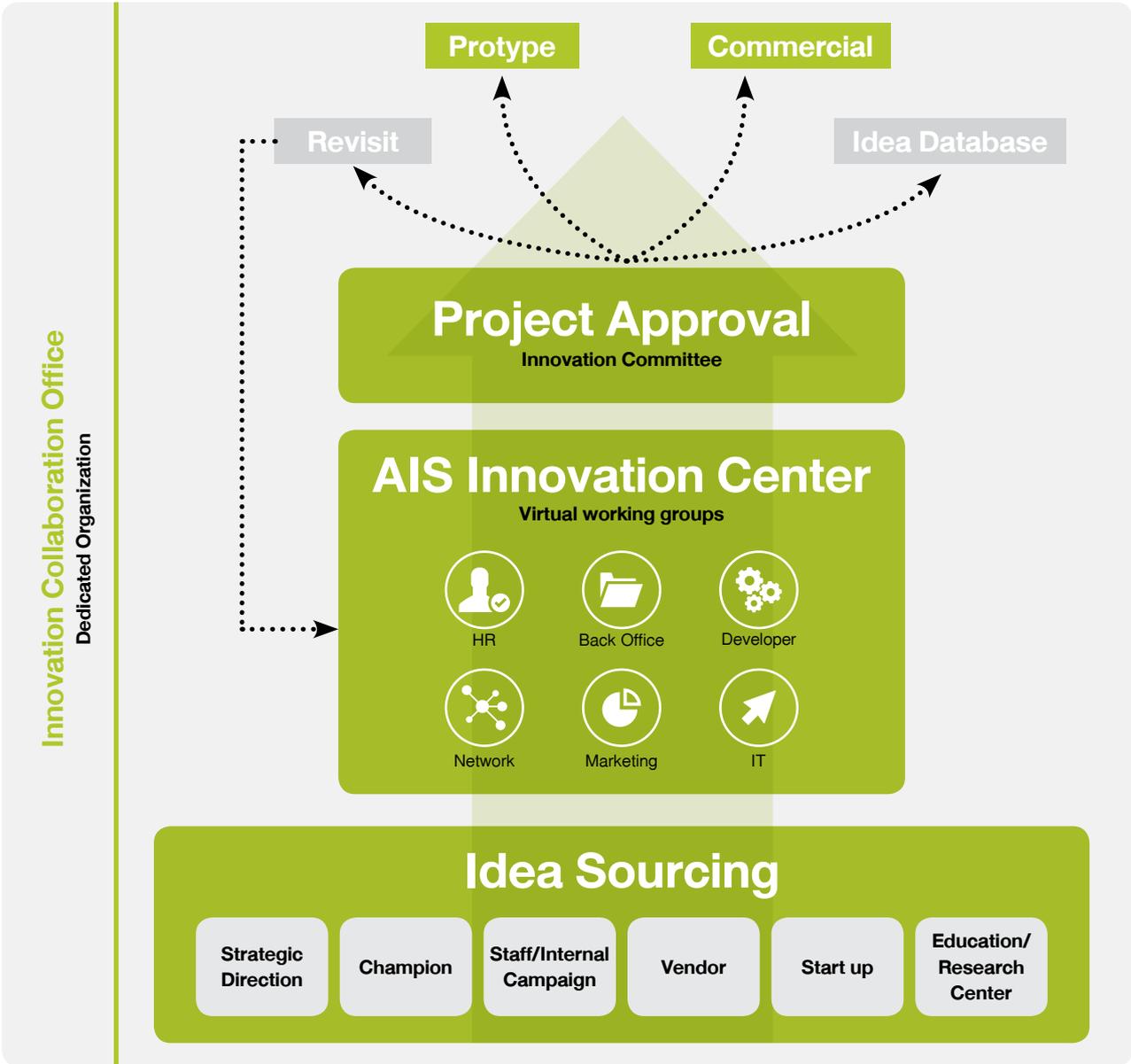
แจ้งค่าใช้บริการ - AIS Fibre 32M 1 เดือน 100 บาท - AIS Fibre 32M 3 เดือน 250 บาท - AIS Fibre 32M 6 เดือน 450 บาท - AIS Fibre 32M 1 ปี 750 บาท - AIS Fibre 32M 2 ปี 1,200 บาท - AIS Fibre 32M 3 ปี 1,650 บาท - AIS Fibre 32M 4 ปี 2,100 บาท - AIS Fibre 32M 5 ปี 2,550 บาท - AIS Fibre 32M 6 ปี 3,000 บาท - AIS Fibre 32M 7 ปี 3,450 บาท - AIS Fibre 32M 8 ปี 3,900 บาท - AIS Fibre 32M 9 ปี 4,350 บาท - AIS Fibre 32M 10 ปี 4,800 บาท - AIS Fibre 32M 11 ปี 5,250 บาท - AIS Fibre 32M 12 ปี 5,700 บาท - AIS Fibre 32M 13 ปี 6,150 บาท - AIS Fibre 32M 14 ปี 6,600 บาท - AIS Fibre 32M 15 ปี 7,050 บาท - AIS Fibre 32M 16 ปี 7,500 บาท - AIS Fibre 32M 17 ปี 7,950 บาท - AIS Fibre 32M 18 ปี 8,400 บาท - AIS Fibre 32M 19 ปี 8,850 บาท - AIS Fibre 32M 20 ปี 9,300 บาท - AIS Fibre 32M 21 ปี 9,750 บาท - AIS Fibre 32M 22 ปี 10,200 บาท - AIS Fibre 32M 23 ปี 10,650 บาท - AIS Fibre 32M 24 ปี 11,100 บาท - AIS Fibre 32M 25 ปี 11,550 บาท - AIS Fibre 32M 26 ปี 12,000 บาท - AIS Fibre 32M 27 ปี 12,450 บาท - AIS Fibre 32M 28 ปี 12,900 บาท - AIS Fibre 32M 29 ปี 13,350 บาท - AIS Fibre 32M 30 ปี 13,800 บาท - AIS Fibre 32M 31 ปี 14,250 บาท - AIS Fibre 32M 32 ปี 14,700 บาท - AIS Fibre 32M 33 ปี 15,150 บาท - AIS Fibre 32M 34 ปี 15,600 บาท - AIS Fibre 32M 35 ปี 16,050 บาท - AIS Fibre 32M 36 ปี 16,500 บาท - AIS Fibre 32M 37 ปี 16,950 บาท - AIS Fibre 32M 38 ปี 17,400 บาท - AIS Fibre 32M 39 ปี 17,850 บาท - AIS Fibre 32M 40 ปี 18,300 บาท - AIS Fibre 32M 41 ปี 18,750 บาท - AIS Fibre 32M 42 ปี 19,200 บาท - AIS Fibre 32M 43 ปี 19,650 บาท - AIS Fibre 32M 44 ปี 20,100 บาท - AIS Fibre 32M 45 ปี 20,550 บาท - AIS Fibre 32M 46 ปี 21,000 บาท - AIS Fibre 32M 47 ปี 21,450 บาท - AIS Fibre 32M 48 ปี 21,900 บาท - AIS Fibre 32M 49 ปี 22,350 บาท - AIS Fibre 32M 50 ปี 22,800 บาท - AIS Fibre 32M 51 ปี 23,250 บาท - AIS Fibre 32M 52 ปี 23,700 บาท - AIS Fibre 32M 53 ปี 24,150 บาท - AIS Fibre 32M 54 ปี 24,600 บาท - AIS Fibre 32M 55 ปี 25,050 บาท - AIS Fibre 32M 56 ปี 25,500 บาท - AIS Fibre 32M 57 ปี 25,950 บาท - AIS Fibre 32M 58 ปี 26,400 บาท - AIS Fibre 32M 59 ปี 26,850 บาท - AIS Fibre 32M 60 ปี 27,300 บาท - AIS Fibre 32M 61 ปี 27,750 บาท - AIS Fibre 32M 62 ปี 28,200 บาท - AIS Fibre 32M 63 ปี 28,650 บาท - AIS Fibre 32M 64 ปี 29,100 บาท - AIS Fibre 32M 65 ปี 29,550 บาท - AIS Fibre 32M 66 ปี 30,000 บาท - AIS Fibre 32M 67 ปี 30,450 บาท - AIS Fibre 32M 68 ปี 30,900 บาท - AIS Fibre 32M 69 ปี 31,350 บาท - AIS Fibre 32M 70 ปี 31,800 บาท - AIS Fibre 32M 71 ปี 32,250 บาท - AIS Fibre 32M 72 ปี 32,700 บาท - AIS Fibre 32M 73 ปี 33,150 บาท - AIS Fibre 32M 74 ปี 33,600 บาท - AIS Fibre 32M 75 ปี 34,050 บาท - AIS Fibre 32M 76 ปี 34,500 บาท - AIS Fibre 32M 77 ปี 34,950 บาท - AIS Fibre 32M 78 ปี 35,400 บาท - AIS Fibre 32M 79 ปี 35,850 บาท - AIS Fibre 32M 80 ปี 36,300 บาท - AIS Fibre 32M 81 ปี 36,750 บาท - AIS Fibre 32M 82 ปี 37,200 บาท - AIS Fibre 32M 83 ปี 37,650 บาท - AIS Fibre 32M 84 ปี 38,100 บาท - AIS Fibre 32M 85 ปี 38,550 บาท - AIS Fibre 32M 86 ปี 39,000 บาท - AIS Fibre 32M 87 ปี 39,450 บาท - AIS Fibre 32M 88 ปี 39,900 บาท - AIS Fibre 32M 89 ปี 40,350 บาท - AIS Fibre 32M 90 ปี 40,800 บาท - AIS Fibre 32M 91 ปี 41,250 บาท - AIS Fibre 32M 92 ปี 41,700 บาท - AIS Fibre 32M 93 ปี 42,150 บาท - AIS Fibre 32M 94 ปี 42,600 บาท - AIS Fibre 32M 95 ปี 43,050 บาท - AIS Fibre 32M 96 ปี 43,500 บาท - AIS Fibre 32M 97 ปี 43,950 บาท - AIS Fibre 32M 98 ปี 44,400 บาท - AIS Fibre 32M 99 ปี 44,850 บาท - AIS Fibre 32M 100 ปี 45,300 บาท

AIS Research and Development and Innovation Projects

AIS Innovation Framework

AIS spent around 50 million Baht on research, development and innovation in 2015. This focus on such cost-effective operations arises from an emphasis on cooperation with potential business partners.

The “AIS Innovation Transformation” project was launched in 2015 with the aim of keeping track of and collecting data on all of AIS’s innovation projects in a manner that is both systematic and facilitates promotion of the innovative culture throughout the organization. Previously, AIS’s innovation projects had been scattered across various responsible departments. The AIS Innovation Transformation project supported the aim of developing AIS into an innovative organization by encouraging its employees to develop innovations and contribute to increasing the Company’s competitiveness and creating opportunities to gain new forms of revenue. The operations under the AIS Innovation Transformation project are as follows:





The operational framework for innovation is driven by the Innovation Collaboration Office which covers the aspects listed below:

1. **Idea sourcing** derives from an internal source or an external organization including partners, universities and government agencies.
2. **Idea selection** involves improving, testing and conducting preliminary experiments for a feasibility study under the AIS Innovation Center.
3. **Idea presentation**, after an idea has been tested, must be presented to the Innovation Competitive Development Steering Committee which is comprised of executive management from various departments and chaired by the Chief Technology Officer (CTO). This committee is responsible for determining whether each idea should be adopted or further developed into an AIS product or service (Project Approval)

The AIS Innovation Center, which is the core of the Framework, is not only responsible for conducting feasibility studies and testing new ideas but is also the center of innovation at AIS. The working operations of the AIS Innovation Center are

carried out by a virtual working team, which is comprised of representatives from several departments in AIS, such as engineering, IT, marketing, customer service, etc. Although each team member has his or her own specific primary responsibility, they all come together to work in collaboration on the experimental study of innovation aspects. The joint study topics assigned to the working group are referred to as the 10 Labs as listed below:

- Radio Access Technology lab
- Telecom Network lab
- ICT lab
- Smart Agricultural lab
- Smart Home lab
- Smart Education lab
- Smart Health Care lab
- Smart Transportation lab
- Smart Energy lab
- Smart Retail Business lab

The AIS Innovation Center is not only limited to innovation projects that fit under the 10 labs listed above. It also provides support for any innovation projects that will improve the efficiency of AIS operations.

Example of AIS Innovations

1. Product and service innovation which will create new revenues for AIS

Project name	Digital Agriculture Platform Phase I
Explanation	The intermediary platform was built in order to facilitate connection between city people and farmers for trading. The project also focuses on building knowledge of the Internet of Things among the platform developers and users
Budget	2 million baht (2016 only)
Status	In progress

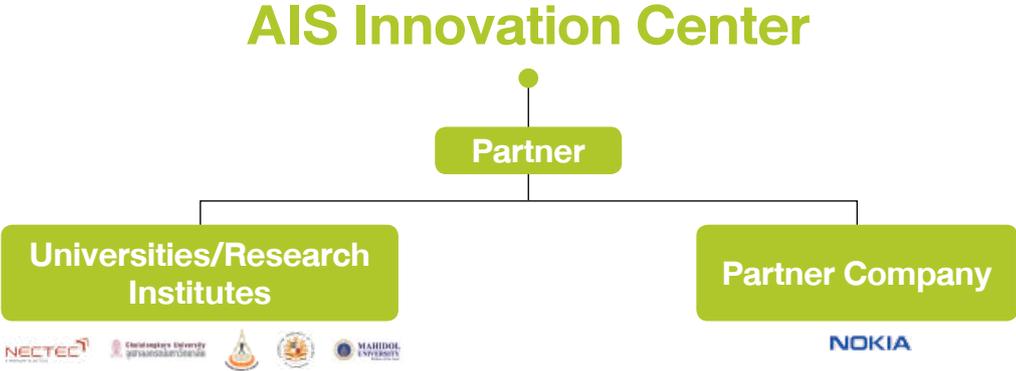
2. **Technology innovation:** the acquisition of new technology which is integrated into the friendly environment strategy for improving AIS service efficiency. The new technology has the potential to replace the existing technology, reduce operating costs, create greater competitiveness and also generate new service revenues.

Project name	SQream, fast SQL database to reduce HW footprint
Explanation	This project involves implementing an SQL database that incorporates new technology which can provide faster data analytics processing, reduce the hardware footprint, be more environmentally friendly, and be more cost-effective.
Budget	4.5 million baht (2016 only)
Status	In progress

3. **Process innovation,** which is more efficient and can replace the existing process. It can also reduce operating costs and create new service revenues or develop the service capability of AIS.

Project name	Equinox App Server
Explanation	A software platform solution that overcomes all complexity and incompatibility in the telecommunication system and software. This significantly speeds up the process of software and application development
Budget	40 million baht (2016 only)
Status	In progress

Cooperation with external organizations



Although AIS is an expert in telecommunication technology and has a number of employees with specialized knowledge in many related areas, this knowledge and expertise is confined to the level of technology users and limited to the areas of telecommunications and ICT only. In order to expand its ability to create a wider spectrum of innovations and diversify into other industries, AIS cooperates with external organizations as illustrated in figure 2 (above) and detailed below

1. **Cooperation with the expert business partners** will enable AIS to access new technologies, as well as benefiting from the partner's research and development with reasonable operating costs. At the same time, partners also gain benefits from AIS that include a new perspective and creativity in the digital lifestyle market to further develop their own products and trial them in a real environment with AIS customers. For example, the cooperation with Huawei, a leading provider of telecommunication services, through a Joint Innovation Center (JIC) project has been running since 2011. The cooperation is based on wireless communication technology under the Mobile Innovation Center (MIC). This success story involves "3G 2100MHz



6 Sectors" which was developed to support increased customer data usage traffic without the need to increase the frequency or the number of base stations. This innovation leads to savings in operating costs. Later in 2015, AIS and Huawei extended the cooperation to cover network technology under the Network Innovation Center (NIC) and Application and ICT technology under the Application Innovation Center (APIC) to create three main areas of cooperation. The sample projects cover a range of educational experiments, such as the development of new application servers for telecom core networks, which provide higher performance but a more simplified architecture.

2. Cooperation with universities and research & development institutions for the exchange of knowledge, especially in other industries. The expertise of AIS is limited to the telecommunications industry. Therefore, collaborating with researchers from universities and R&D institutions affords AIS the ability to access many research projects in diverse fields and the chance to develop new innovation products and services. At the same time, this cooperation provides universities and R&D institutions with the benefit of enhancing their research in the business sector by working in a real telecommunications business environment. They also receive funding support for their research. One example of such collaboration is a project named the "Internet of Things for Farms". AIS cooperates on this project with the Knowledge Exchange (KX) of King Mongkut's University of Technology Thonburi.

Activities within AIS to promote it as an innovative organization

In the year 2016, AIS undertook the following activities to encourage employee creativity and innovation, enhance performance, reduce operating costs and continue to develop new products and services for the Company:

- 1. The internal "InnoLympic" exhibition on innovation** was held with activities divided into two parts. The first part involved an exhibition that was open for all AIS employees to present their innovative projects. The aim of the exhibition is to inspire the employees to continue their innovative work as well as also providing a chance to see what some of their other AIS colleagues have done and an opportunity to share their ideas to improve efficiency across the organization. The second part of the event was a seminar session on innovation related topics, featuring both internal and external speakers. Approximately 1,000 AIS employees attended this event during its two days.
- 2. A series of mini seminars under the name InnSpire Talk** provide an opportunity to put technological innovation in the spotlight in seminar sessions for small groups of employees who are interested in the topic. In the seminars, employees can interact with each other and the main speaker in discussions that can later develop into an innovation study group. This is a monthly event attended by around 50-100 participants.



Risk Factors

AIS has established a proactive risk management plan to ensure that the Company continues to be viable even in unpredictable situations. As such, AIS has set up the Risk Management Committee, comprised of senior executives and the Chairman of the Executive Committee. The committee meets on a quarterly basis in order to discuss and classify the risks to the entire organization and to set up a precautionary action plan to manage risks at an acceptable level. The aim of such measures is to ensure that AIS achieves its set targets and maintains the confidence of both shareholders and stakeholders. The Risk Management Committee submits the results of its risk management to the Executive Committee, the Audit Committee, and the Board of Directors every quarter. Further details of the risk management are shown in “Risk Management, Internal Control, and Internal Audit”, page 83.

In 2016, the factors which were identified as a risk to operational results are summarized as follows:

1. Risks from Regulatory and Government Policies

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

AIS operates under the supervision of The National Broadcasting and Telecommunications Commission (NBTC), the organization regulating the telecommunications business who has legal authority in issuing rules, regulations and orders to regulate the licensees. The rules, regulations, and orders issued in the future, such as fixing tariff structure and service fees, or issuing rules and measures for consumer protection, might reduce the Company’s ability to generate profit and/or might increase the cost of the Company’s services. Nevertheless, in any case in which the Company is of the opinion that such laws, rules, regulations and/or orders have affected the Company’s rights, or the Company has been treated unfairly, the Company has the right to file a lawsuit against the NBTC to revoke the enactment including any claim for indemnification from a relevant organization. Furthermore, the Company, as a telecommunications service provider which is a direct stakeholder, would be invited to provide opinion and comment on the drafts of laws, rules, regulations and/or orders which will be issued for enforcement in the future. Henceforth, the Company would have the opportunity to raise our concerns or make comments, suggestions and/or oppositions if the

enactment of the laws, rules, regulations and/or orders is deemed to have seriously affected the Company’s operations, or has been unlawfully conducted.

1.2. Disputes relating to excise tax

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

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

On 20 May 2011, the Arbitral Tribunal unanimously resolved to dismiss the dispute citing the reason which can be summarized as the Company had lawfully paid all due share of revenue. Therefore, the Company has not committed a breach of the agreement and the Company is not obliged to pay any additional share of revenue to TOT. Consequently, TOT has submitted an application to the Central Administrative Court to set aside the award of the Arbitral Tribunal. On 11 August 2016, the Central Administrative Court dismissed the TOT application to the Administrative court with the summarized reason there is no matter occurred to the court that the compliance to the Arbitrator resolution is contrary to public order or public morality thus there is no reason to revoke the Arbitrator resolution. Though TOT has appealed this judgment to the Supreme Administrative Court which may take several years.

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

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

CAT submitted a dispute (Case No. Black 3/2551) to the Arbitration Institute, Alternative Dispute Resolution Office, and Office of the Judiciary, demanding DPC, a subsidiary of the Company, pay an additional share of revenue of Baht 2,449 million under the Digital PCN (Personal Communication Network) Agreement, plus a penalty at the rate of 1.25% per



month of the unpaid amount for each year calculated from the default date until full payment totaling Baht 3,410 million is made. Such claimed amount is equal to the amount of excise tax DPC paid between 16 September 2003 and 15 September 2007, and was deducted from the revenue share calculations pursuant to the resolution of the cabinet on 11 February 2003 as is the standard practice of the telecommunications industry.

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

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

1.3. Dispute over revenue sharing from interconnection charges

According to the Telecommunication Business Act B.E. 2544 and the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks B.E. 2549, the Company has the responsibility to enter into interconnection

agreements with other operators. The Company offered to provide remuneration to TOT for such interconnections, which was calculated from the net income according to the rate and calculating method of the Company. However, TOT required the Company to pay a share of revenue calculated from the gross amount of interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company has to pay to other operators.

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

On 29 July 2014, TOT submitted a claim (Case No. Black 55/2557) to request the Company to pay a share of revenue for years 21-22 in the amount of Baht 9,984 million. TOT had sent the letter dated January 20, 2016 to request the Company to pay a share of revenue for years 23-25 in the amount of Baht 8,368 million. The Company submitted a claim (Case No. Black 83/2559) on 23 August 2016 as well as submission to combine the three cases. At present, the case is pending consideration of the Arbitral Tribunal and may take several years to conclude.

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

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

DPC submitted a dispute (Case No. Black 27/2553) to the Alternative Dispute Resolution Office, the Thai Arbitration Institute, requesting the Arbitration Panel to set aside the allegation of CAT that DPC was in breach of the Roaming

Service Agreement due to the agreement between the Company and DPC was made without approval from CAT. As such, DPC terminated the agreement and demanded that CAT pay compensation of Baht 50 million.

However, CAT submitted a dispute (Case No. Black 62/2553) to the Arbitration Institute, demanding that DPC pay additional remuneration for concession years 10-12 in the amount of Baht 2 billion plus penalty calculated from April 2010. The penalty was incurred due to the reduction by DPC of the roaming charge rate between DPC and the Company from Baht 2.10 to Baht 1.10 during the period of 1 April 2007 - 31 December 2008 without CAT's approval. Furthermore, on 1 September 2011, CAT submitted a further dispute of the concession year 12 (1 April 2009-15 June 2009) to the Arbitration Institute, Alternative Dispute Resolution Office, and the Office of the Judiciary (Case No. Black 89/2554) for the amount of Baht 113,211,582.68. Later, the Arbitration Institute ordered that all three disputes be considered by the Arbitration Tribunal together and, at present, such disputes are pending consideration of the Arbitral Tribunal which may take several years to conclude.

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

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

On 3 February 2009, CAT submitted a dispute (Case No. Black 8/2552) to the Arbitration Institute, Alternative Dispute Resolution Office, demanding that DPC deliver and transfer ownership of 3,343 Towers including 2,653 units of Power Supply equipment under the terms and conditions of the Digital PCN (Personal Communication Network) Agreement. After DPC failed to do so, CAT demanded that DPC pay Baht 2,230

million to CAT as compensation. However, DPC considers that the terms and conditions of the Agreement do not cover any of the disputed telecommunication equipment which DPC is obligated to deliver and transfer to CAT.

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

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

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

On 25 September 2014, TOT submitted a dispute (Case No. Black 80/2557) to the Arbitration Institute, Alternative Dispute Resolution Office, demanding that the Company pay liquidated damages for MNP during May 2013 until June 2014 in the amount of Baht 9,126 million, plus interest at the rate of 7.5% per year. TOT claimed that the Company breached the Cellular Mobile Telephone Service Agreement (the "Agreement") between TOT and the Company and by transferring its subscribers operating under the 900MHz system to the 2100MHz system of AWN. On 25 March 2016, TOT submitted a request to revise the damage amount by adding the period from May 2013 to 30 September 2015, which is the Concession end date. The total revised amount is Baht 32,813.

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



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

According to the National Broadcasting Telecommunications Commission's (NBTC) order that all mobile operators operating a pre-paid service, including the Company, must collect and record all required information of all prepaid subscribers within the specified time, and the subsequent issuance of an order requiring the Company and the other 2 major mobile phone operators in this telecommunication industry to pay an administrative fine in the amount of Baht 80,000 per day from 6 July 2012 until such time as the operators fully comply with the said order; the Company has submitted disputes (Case No. Black 1858/2554 and Case No. Black 252/2556) to the Administrative Court for the revocation of the 2 NBTC Orders.

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

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

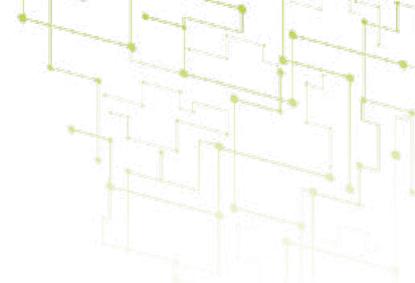
If the Company loses the case, the Company may have to pay an administrative fine of Baht 80,000 per day, from 6 July 2012 until the date that the Company can comply with the said order of the NBTC. However, the management of the Company believes that this dispute will be resolved in a positive way due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

is deployed throughout various distribution channels as an additional method to filling out the registration form and recording a copy of the identity card.

Notwithstanding, the present collection of pre-paid subscriber information could not be completed in total according to NTC Notification because there are the various distributor/channel throughout in the country who might not strictly be in line with the process and collecting method as well as the limitation of Application "2 Snap Shot" which cannot separate the photograph of ID card of Subscriber for registration. In addition the operator cannot real time inspect the photograph recorded in the system resulting the information in the system is incomplete, for instance, other photograph. Provided that the Company has used the best effort to inspect, protect, this problem occurring from the human error, application system by developing the application to detect the photograph as online in order to determine the accuracy between the photograph and the permitted authorization before recording in the system. The Company has adjusted the registration method by using Smart Card Reader in AIS Shop in order to replace taking the photograph. The company has also communicated and increased the incentive for our distributor/channel to motivate the accuracy of such registration information, complete and willing to cooperate with the NBTC office in developing and improving of the data collection event more effective.

1.8 Dispute regarding revenue share for providing National Roaming Service

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



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

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

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

The Company submitted a dispute (Case No. Black 53/57) to the Dispute Resolution Office of the Arbitration Institute on 21 July 2014 to request the arbitral tribunal to find that the Company's signaling towers are not equipment and assets to be transferred to TOT and that the Company owns the signaling towers; and to request TOT to return the associated revenue which it had already been paid by the Company. The Company considers that its signaling towers are not equipment and tools included in the operation of the 900 MHz Cellular Telephone System subject to the Concession Agreement. Therefore, the Company is not under any obligation to transfer such signaling towers to TOT.

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

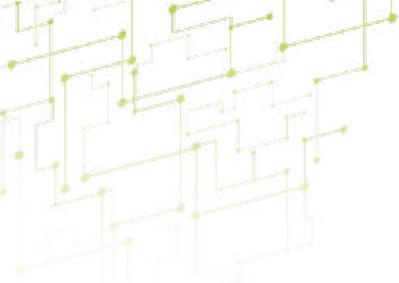
1.10 Dispute regarding the request from TOT Public Company Limited (TOT) to Advanced Info Service Public Company Limited (AIS) to transfer additional equipment used for the operation of the 900MHz Cellular Telephone System

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

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

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

On 30 September 2015, the Company submitted a dispute (Case No. Black 78/2558) to the Arbitration Institute of the Alternative Dispute Resolution Office of Thailand regarding the 6th Amendment dated 15 May 2001 and 7th Amendment dated 20 September 2002 to the Concession Agreement to



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

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

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

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

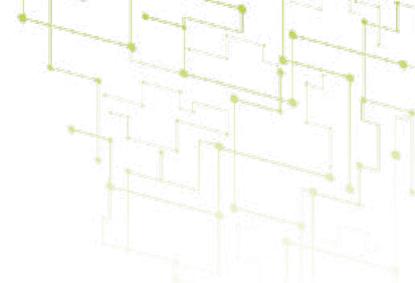
1.12 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT) regarding the network rental charge during the remedy period of the PCN 1800 MHz

On 20 May 2015, CAT submitted the court case against the office of The National Broadcasting and Telecommunications Commission (Office of NBTC), National Telecommunications Commission of NBTC (NTC), The National Broadcasting and Telecommunications Commission (NBTC), TrueMove Company Limited (TrueMove) and DPC to the Central Administrative Court as dispute Case No. Black 918/2558. In this case, CAT demanded that the defendants pay a usage charge and compensation for the usage of the tools and telecommunication equipment and CAT telecommunication network during the remedy period according to the NBTC notification calculated from 16 Sep 2013 until 15 September 2014. The amounts requested are as follows:

- (1) Office of NBTC, NTC and NBTC- to pay Baht 24,117 million including the interest in the amount of 7.5% per annum.
- (2) TrueMove jointly with office of NBTC, NTC and NBTC - to pay Baht 18,025 million including the interest in the amount of 7.5% per annum
- (3) DPC jointly with office of NBTC, NTC and NBTC - to pay Baht 18,025 million including the interest in the amount of 7.5% per annum.

On 11 September 2015, CAT submitted the case to the Central Administrative Court as dispute Case No. Black 1651/2558 to additional request to pay the usage charge, compensation from the usage for the tools and telecommunication equipment and CAT telecommunication network since 16 September 2014 to 17 July 2015 as the following:

- (1) Office of NBTC, NTC and NBTC- to pay Baht 6,521 million including the interest in the amount of 7.5% per annum.
- (2) TrueMove jointly with office of NBTC, NTC and NBTC - to pay Baht 4,991 million including the interest in the amount of 7.5% per annum
- (3) DPC jointly with office of NBTC, NTC and NBTC - to pay Baht 1,635 million including the interest in the amount of 7.5% per annum



On 27 May 2016, CAT submitted the case to the Central Administrative Court as dispute Case No.Black 741/2559 to additional request to pay the usage charge, compensation from the usage for the tools and telecommunication equipment and CAT telecommunication network since 18 July 2015 to 25 November 2016 (which is the ending date of the remedy period) as the following:

- (1) Office of NBTC, NTC and NBTC- to pay Baht 2,857 million including the interest in the amount of 7.5% per annum.
- (2) Truemove jointly with office of NBTC, NTC and NBTC - to pay Baht 2,184 million including the interest in the amount of 7.5% per annum.
- (3) DPC jointly with office of NBTC, NTC and NBTC - to pay Baht 673 million including the interest in the amount of 7.5% per annum

At present, the dispute is under the consideration of the Central Administrative Court. The management of the Company believes that DPC has no obligation to pay the usage fees and revenue from the usage of telecommunication equipment and telecommunication network as claimed by CAT because DPC complied with the announcement of NBTC. Therefore, the outcome of the said dispute should be settled favorably and has no considerable impact on the consolidated financial statements of the Group.

1.13 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company against The National Broadcasting and Telecommunications Commission (NBTC) regarding the revenue payment to NBTC according to the remedy period of the subscriber in 1800 MHz

On 16 November 2015, DPC submitted the case against NBTC to the Central Administrative Court as Dispute case no Black 1997/2558 regarding the revocation of the National Telecommunications Commission of NBTC (NTC) resolution which enforces DPC to pay the revenue occurred during the remedy period to NBTC during 16 September 2013 to 17 July 2014 in the amount of Baht 628 million.

In the same case, on September 16, 2016, NBTC and the National Broadcasting and Telecommunication Committee office (Office of NBTC) have filed a complaint to the Central Administrative Court as the Black Case No. 1441/2559 requesting DPC to submit the revenue sharing during remedy

period starting 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.

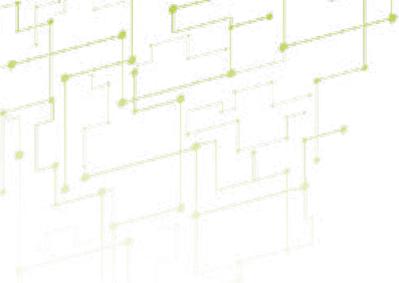
Presently the said case is in the process of the Central Administrative Court. The Company's management believes that DPC has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2012, and the Company has obliged to submit the revenue after deducting any expenses to NBTC but DPC has the expenses more than the revenue incurred from the service. Thus, DPC has no revenue remaining in order to submit to NBTC as stipulated in the announcement.

1.14 Dispute between Advanced Info Service Public Company Limited (AIS) against The National Broadcasting and Telecommunications Commission (NBTC) regarding the minimum revenue payment to NBTC according to the remedy period of the subscriber in 900 MHz

On 18 December 2015, the Company submitted the case against NBTC to the Central Administrative Court as Dispute case no Black 2230/2558 regarding the revocation of section 4 of NBTC notification: the criteria for the temporary service for customer protection period after the Concession end no. 2 dated 17 September 2015 which revoke section 7 of the previous notification on 2013

The significant matter is to enforce the Company to pay the revenue occurred during the remedy period to NBTC after expense deduction but the amount of this revenue must not be less than the percentage of revenue sharing being used to pay in the Concession Agreement as of the last day prior to the Concession end.

Presently the said case is in the process of the Central Administrative Court. The Company's management believes that this notification is discriminate among the Operator which the Concession had ended prior to this Notification (no. 2) be effective. This notification is also not fair and undue burden to the Company to pay the revenue at the minimum amount equaling to the criteria in the Concession Agreement which is not the purpose of this notification issuance to protect the customer during the remedy period.



2. Operational Risk

2.1 Risk to information security

To serve customers' needs, the Company has rapidly developed a variety of products and services which require advanced technology. However, the advanced technology also comes with new threats to the Company's security system and information security system. Such systems can be compromised by the complexity of the technology itself, gaps in the skill and knowledge levels of the Company's employees, the potential deficiency of the Company's own system and external threats.

In 2016, the Company's reputation and reliability was affected from an intentional fraudulent attack on a customer's data privacy. Subsequently, in its role as regulator, NBTC closely inspected and monitored our controls. However, the case happened from the intentional fraud of one authorized employee acting alone and without the Company's knowledge. The Company places great emphasis on preventing any risks to data security by implementing established information and IT Security Regulations, including the Exchange ActiveSync communications protocol for the receiving and transmitting of the Company's data via portable devices. The Company also performs data security risk assessments of important systems in accordance with the Company's plan to mitigate possible risks from information theft or system failure. In addition, the Company has implemented data security management systems, such as Payment Card Industry - Data Security Standard (PCI-DSS) and ISO 27001 Information Security Management, in order to ensure the security of the Company's data.

The Company also reviewed and improved our data security controls in order to prevent any recurrence of the issue. Measures taken included a revision of the access control procedure. In order to access customers' sensitive information, now two authorized persons must enter a double password in a closed working environment in which they are prohibited from bringing their mobile devices and any portable storage devices.

Furthermore, training and communication to raise the awareness also provided in order to protect the company's data security from system compromise or from hackers, as well as to deliver quality services and enhance customer's confidence on data privacy management of the Company.

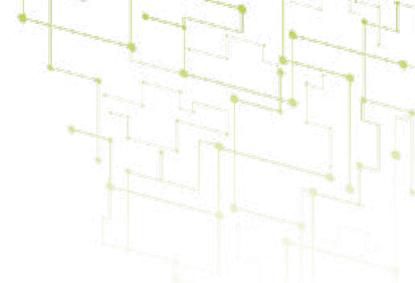
2.2 Risk from major network failure or interruption to important systems

In order to be prepared for any disaster, natural disaster, political unrest, acts of terrorism or force majeure which may affect the Company's operating systems, property and/or employees leading to an interruption of business continuity, a risk assessment has been conducted. The risk assessment evaluated both the likelihood and the impacts of each threat. The business impact of each risk on each process has been evaluated and prioritized in order to prepare the resources required to ensure our business continuity.

The Company has established a business continuity management system and business continuity plan for critical business processes. As part of this plan, regular exercises and reviews are carried out. Emphasis is placed on keeping all staff and management fully informed in order to build awareness of the necessity for business continuity management in the organization. In order to manage the Company's resources efficiently and cope with any disaster which causes damage to the Company's office buildings or operation centers, alternative sites will be prepared to ensure continuity of the Company's business and minimize effects to the mobile phone network. These are important measures for ensuring that the Company can maintain its position as the market leader in terms of network quality and retain consumer confidence in our service when disasters occur.

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

The Company increased its number of base stations to service the growing demand for data usage. One of the barriers that may prevent the Company from being able to build base stations as planned is the understanding of the concerned communities on health issues arising from radio waves nearby the Company's base stations, which may lead to resistance to the construction and/or appeals to related



parties. The Company has taken measures to prevent this situation by setting up specific teams to communicate to the relevant communities before construction, in line with NBTC's regulations. These teams conduct public hearings and confer with community leaders and people in the relevant areas, starting from the planning phase to find the most appropriate installation site. These measures can help the Company to analyze the relationship between the Company and the community and also to gather information from the community on the issues of concern to them. The community is encouraged to participate with the Company at every step to ensure their confidence on safety issues. The Company will prepare construction blueprints of the base stations that have been certified by professional civil engineers to meet the standards of the Engineering Institute of Thailand. These blueprints are then presented to the district office for municipal approval of the construction. Once the construction is approved, a licensed engineering team will oversee the construction in accordance with the approved plans and to ensure that it strictly meets the standards for the safety of both workers and the surrounding community.

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

With the unlimited connectivity of social networks today, communicating or sharing information can be completed rapidly and easily, especially the negative information that affect company's reliability and reputation. In response to customers' behaviors of connecting with various social media platforms, the sharing of product and service information, the handling of enquiries and the resolution of complaints must be performed in a prompt manner with the accurate information. This is to prevent the spread out misleading information, which may have a negative impact on the Company's corporate image. The Company has implemented tools to monitor related information in various social media and also appoint specialized staff to monitor and respond to customer needs specifically via online channels. This is to ensure a timely response with accurate information to meet customer needs to have the best experience.

Summary Profile of The Director and Management



Mr. Kan Trakulhoon

Age 61 year

Appointed 3 Aug 2015

Appointed as Chairman of the Board of Director on 8 Nov 2016

- Chairman of Board of Directors
- Independent Director
- Chairman of Leadership Development and Compensation Committee
- Chairman of Sustainable Development Committee

Share Ratio (%)* None
Relationship with Management None

Highest Education

- Honorary Degrees of Engineering Chulalongkorn University

Related Training Program held by IOD

- Director Certification Program (DCP 29/2003)

Working Experiences in 5 years

- 2016 - Present Chariman of the Board of Directors, Chairman of the Leadership Development and Compensation Committee / Advanced Info Service Plc.
- 2016 - Present Independent Director / Siam Commercial Bank Plc.
- 2015 - Present Director and Chairman of Sustainable Development Committee / Advanced Info Service Plc.
- 2015 - Present Advisory Board / Nomura Holdings Inc.
- 2011 - Present Consultant / Kubota Corpration (Japan)
- 2006 - Present Director / The Siam Cement Plc.
- 2006 - 2015 President & CEO / The Siam Cement Plc.

Illegal Record in past 10 years

None



Mr. Somprasong Boonyachai

Age 61 year

Appointed 28 Mar 1994

- Vice-Chairman of Board of Directors
- Member of Leadership Development and Compensation Committee
- Member of Nomination and Corporate Governance Committee
- Authorized Director

Share Ratio (%)* None
Relationship with Management None

Highest Education

- Master of Engineering ,Asian Institute of Technology

Related Training Program held by IOD

- Role of the Chairman Program (RCP 21/2009)
- Director Certification Program (DCP 65/2005)
- Director Accreditation Program (DAP 30/2004)

Working Experiences in 5 years

- 2008 - Present Chairman of Executive Committee / Intouch Holdings Plc.
- 2008 - Present Vice-Chairman of Board of Director, Member of Leadership Development and Compensation Committee, Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc.
- 2007 - Present Director / Intouch Holdings Plc.
- 2006 - Present Director / Thaicom Plc.
- 2002 - Present Independent Director and Member of Audit Committee / Power Line Engineering Plc.
- 2017 - Present Director / BEC World Co., Ltd.
- 2016 - Present Director / Osotsapa Co., Ltd.
- 2016 Independent Director / Prukpa Real Estate Plc.
- 2010 - 2015 Acting-President / Intouch Holdings Plc.
- 2009 - 2011 Chairman of Executive Committee / Thaicom Plc.
- 2004 - 2016 Director / Praram 9 Hospital Co., Ltd.

Illegal Record in past 10 years

None



Mrs. Tasanee Manerot

Age 71 year

Appointed 24 Apr 2006

- Member of Audit Committee
- Member of Sustainable Development Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Bachelor of Commerce and Accountancy, Chulalongkorn University

Related Training Program held by IOD

- Director Certification Program (DCP 32/2003)

Working Experiences in 5 years

- | | |
|----------------|--|
| 2014 - Present | Member of Audit Committee, Member of Sustainable Development Committee, / Advanced Info Service Plc. |
| 2006 - 2014 | Member of Audit Committee and Independent Director / Advanced Info Service Plc. |

Illegal Record in past 10 years

None



Mr. Surasak Vajasit

Age 63 year

Appointed 10 May 2006

- Chairman of Nomination and Corporate Governance Committee
- Member of Audit Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Barrister at Law, Lincoln's Inn, UK

Related Training Program held by IOD

- Director Accreditation Program (DAP 29/2004)

Working Experiences in 5 years

- | | |
|----------------|--|
| 2014 - Present | Chairman of Nomination and Corporate Governance Committee, Member of Audit Committee, and Independent Director / Advanced Info Service Plc. / Advanced Info Service Plc. |
| 2014 - Present | Managing Partner / R&T Asia (Thailand) Limited |
| 2008 - 2014 | Member of Audit Committee, Member of Nomination and Corporate Governance Committee and Independent Director / Advanced Info Service Plc. |
| 2007 - 2008 | Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc. |
| 2006 - 2007 | Director, Member of Audit Committee, Independent Director / Advanced Info Service Plc. |
| 2005 - 2014 | Executive / Hunton and Williams (Thailand) Ltd. |
| 1997 - 2008 | Director / Thai Tallow and Oil Co., Ltd. |

Illegal Record in past 10 years

None



Ms. Jeann Low Ngiap Jong Age 56 year

Appointed 27 Mar 2013

- Director
- Member of Nomination and Corporate Governance Committee

Share Ratio (%)* None
Relationship with Management None

Highest Education

- Bachelor of Accountancy, National University of Singapore

Related Training Program held by IOD

-

Working Experiences in 5 years

- 2016 - Present Director / Intouch Holding Plc.
- 2015 - Present Group Chief Corporate Officer / Singapore Telecommunications Ltd.
- 2013 - Present Director, Member of Nomination and Corporate Governance Committee / Advanced Info Service Plc.
- 2008 - 2015 Group Chief Financial Officer / Singapore Telecommunications Ltd.

Illegal Record in past 10 years

None



Mr. Allen Lew Yoong Keong Age 61 year

Appointed 20 Mar 2006

- Chairman of Executive Committee
- Director
- Member of Leadership Development and Compensation Committee

Share Ratio (%)* None
Relationship with Management None

Highest Education

- Master of Science (Management), Massachusetts Institute of Technology, USA

Related Training Program held by IOD

-

Working Experiences in 5 years

- 2014 - Present Chief Executive Officer Consumer Australia
Chief Executive Officer Optus / Singapore Telecommunications Ltd.
- 2008 - Present Chairman of Executive Committee, Member of Leadership Development and Compensation Committee / Advanced Info Service Plc.
- 2006 - Present Director / Advanced Info Service Plc.
- 2006 - Present Chief Executive Officer (Singapore) / Singapore Telecommunications Ltd.
- 2012 - 2014 Executive Officer Group Digital Life and Country Chief - Officer (Singapore) / Singapore Telecommunications Ltd.
- 2006 - 2008 Member of Executive Committee / Advanced Info Service Plc.

Illegal Record in past 10 years

None



Mr. Krairit Euchukanonchai

Age 62 year

Appointed 26 Mar 2014

- Chairman of Audit Committee
- Member of Nomination and Corporate Governance Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Master of Business Administration, North Texas State University, USA

Related Training Program held by IOD

- Director Certification Program (DCP 59/2005)
- Role of the Chairman Program (RCP 16/2007)

Working Experiences in 5 years

- 2015 - Present Vice-chairman of the Board of Directors, Chairman of Executive Committee, Chairman of Risk Management Committee / Krungthai Bank Plc.
- 2014 - Present Chairman of Audit Committee, Member of Nomination and Corporate Governance Committee, and Independent Director / Advanced Info Service Plc.
- 1998 - Present Chairman / V Group Honda Car Co., Ltd.
- 2011 - 2012 Director and Member of Audit Committee / PTT Plc.
- 2006 - 2012 Chairman of Board and Chairman of Risk Management Committee / Krungthai Asset Management Plc.

Illegal Record in past 10 years

None



Mr. Stephen Miller

Age 53 year

Appointed 2 Jun 2015

- Director
- Member of Executive Committee

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Bachelor of Economics and Finance (1st Class Honor) University of New South Wales

Related Training Program held by IOD

-

Working Experiences in 5 years

- 2015 - Present Director and Member of Executive Committee / Advanced Info Service Plc.
- 2014 - Present Consultant / Singapore Technologies Telemedia, Singapore
- 2013 - 2014 President & COO / Singapore Technologies Telemedia, Singapore
- 2012 - 2013 President & CFO / Singapore Technologies Telemedia, Singapore
- 2010 - 2012 Senior EVP & CFO / Singapore Technologies Telemedia, Singapore
- 2005 - 2010 CFO / Singapore Technologies Telemedia, Singapore

Illegal Record in past 10 years

None



Mr. Somchai Lertsutiwong

Age 54 year

Appointed as director on 27 Jun 2014
 Appointed as Chief Executive Officer on 1 Jul 2014

- Director
- Member of Sustainable Development Committee
- Member of Executive Committee
- Chief Executive Officer
- Acting Chief Strategy Officer
- Authorized Director

Share Ratio (%)* 0.0027

Relationship with Management None

Highest Education

- Master of Business Administration, Chulalongkorn University

Related Training Program held by IOD

- Director Certification Program (DCP 107/2009)

Working Experiences in 5 years

- 2014 - Present Director, Member of Sustainable Development Committee Member of Executive Committee, Chief Executive Officer, Acting Chief Strategy Officer, and Authorized Director / Advanced Info Service Plc.
- 2012 - 2014 Director, Chief Marketing Officer / Advanced Info Service Plc.
- 2007 - 2012 Executive Vice President - Marketing / Advanced Info Service Plc.
- 2004 - 2007 Senior Vice President - Wireless Communication / Advanced Info Service Plc.

Illegal Record in past 10 years

None



Mr. Philip Chen Chong Tan

Age 51 year

Appointed as director on 8 Nov 2016

- Director
- Member of Executive Committee
- Authorized Director

Share Ratio (%)* None

Relationship with Management None

Highest Education

- Master of Management Sasin Business Graduate Institute of Administration of Chulalongkorn University

Related Training Program held by IOD

- Director Certification Program (DCP 175/2013)

Working Experiences in 5 years

- 2016 - Present Director, Member of Executive Committee / Advanced Info Service Plc.
- 2016 - Present Chief Executive Officer / Intouch Holding Plc.
- 2016 - Present Director / Thaicom Plc.
- 2014 - Present Advisory Board of Sasin / Sasin Business Graduate Institute of Administration of Chulalongkorn University
- 2011 - Present Board of Visitors / University of Maryland
- 2015 - Mar 2016 President / Intouch Holding Plc.
- Jul - Oct 2015 Senior Executive Vice President / Bank of Ayudhya Plc.
- Jan - Jun 2015 Head of Retail and Consumer Banking / Acting Head of Krungsri Consumer Group
- 2014 - 2015 Member of Executive Committee / Bank of Ayudhya Plc.
- 2013 - 2015 Director (Authorized Signatory), Acting Head of Krungsri Auto Group, President, Management Committee Member, Advisor to the Compliance Review Committee / Bank of Ayudhya Plc.
- 2013 - 2014 Acting Head of E-Business / Bank of Ayudhya Plc.
- 2013 Deputy Chairman of the Executive Committee and Advisor to the Credit Committee / Bank of Ayudhya Plc.
- 2012 Head of E-Business / Bank of Ayudhya Plc.
- 2010 - 2012 First Executive Vice President and Head of Consumer Finance / Bank of Ayudhya Plc.
- 2009 - 2010 Chief Executive Officer / GE Money (Thailand) Ltd.

Illegal Record in past 10 years

None



Mr. Hui Weng Cheong

Age 61 year

Appointed 1 Oct 2016

- President

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Master of Business Administration University of Southern California, USA

Related Training Program held by IOD

-

Working Experiences in 5 years

2016 - Present	President / Advanced Info Service Plc.
2013 - Present	Chief Operating Officer / Advanced Info Service Plc.
2010 - 2012	CEO International / Singapore Telecommunications Ltd.
2009 - 2010	Chief Operating Officer / Advanced Info Service Plc.

Illegal Record in past 10 years

None



Ms. Sunitaya Shinawatra

Age 56 year

Appointed 1 Jun 2016

- Chief Finance Officer

Share Ratio (%)*

0.0005

Relationship with Management

None

Highest Education

- Master of Business Administration (Finance), North Texas University, USA

Related Training Program held by IOD

- Director Certification Program (DCP 156/2012)

Working Experiences in 5 years

2016 - Present	Chief Finance Officer / Advanced Info Service Plc.
2012 - 2016	Senior Vice President - Finance / Advanced Info Service Plc.
2009 - 2010	Vice President - Finance / Advanced Info Service Plc.

Illegal Record in past 10 years

None



Mr. Weerawat Kiattipongthaworn Age 57 year

Appointed 1 Oct 2016

- Chief Corporate Officer

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

- Master of Engineering (Computer) University of Michigan at Ann Arbor, USA
- Master of Business Administration, Thammasat University

Related Training Program held by IOD

- Capital Market Academy (Class 19/2014)

Working Experiences in 5 years

2016 - Present	Chief Corporate Officer / Advanced Info Service Plc.
2013 - 2016	Senior Executive Vice President - Operation / Advanced Info Service Plc.
2011 - 2015	Director of Jor Group / Telephone Number Portability Service Center Ltd.
2006 - 2013	Executive Vice President - Operation / Advanced Info Service Plc.

Illegal Record in past 10 years

None



Ms. Kantima Lerlertuttitham Age 46 year

Appointed 1 Jul 2015

- Chief Human Resources Officer

Share Ratio (%)*	None
Relationship with Management	None

Highest Education

- Master of Psychology Counselling Service, Rider University, USA

Related Training Program held by IOD

-

Working Experiences in 5 years

2016 - Present	Chief Human Resources Officer / Intouch Holding Plc.
2015 - Present	Chief Human Resources Officer / Advanced Info Service Plc.
2013 - 2015	Deputy Chief Operation Officer / MC Group Plc.
2011 - 2013	Chief Human Resources Officer / Prudential Life Insurance (Thailand) Plc.
2007 - 2011	Human Resources Director / Microsoft (Thailand) Co., Ltd.

Illegal Record in past 10 years

None

Company Secretary, Head of Internal Audit and Head of Compliance

Mr. Chavin Chaivatcharaporn		Age 44 year
Appointed 3 Jan 2013		
• Company Secretary		
Share Ratio (%)*	None	
Relationship with Management	None	

Highest Education

- Master of Law (LL.M), University of Pennsylvania, USA

Related Training Program held by IOD

- Role of the Compensation Committee (RCC)
- Director Certification Program (DCP 192/2014)
- Role of Chairman (RCP)
- Anti-Corruption for Executive Program (ACEP 10/2014)
- Fundamental Practice for Company Secretary (FPCS 29/2014)
- Company Secretary Program Class 51/2013

Working Experiences in 5 years

2013 - Present	Company Secretary / Advanced Info Service Plc.
2010 - 2013	Assistant Vice President-Legal / Advanced Info Service Plc.
2003 - 2010	Associate / Hunton & Williams Thailand Ltd.

Illegal Record in past 10 years

None

Mrs. Suvimon Kulalert		Age 56 year
Appointed 1 Jan 1999		
• Chief Audit Executive		
Share Ratio (%)*	0.0001	
Relationship with Management	None	

Highest Education

- Master of Business Administration Track Management Information System, Oklahoma City University, USA
- Certified Public Accountant, year 1985
- Certification Certified Internal Auditor, year 2000
- Certificate in Risk Management Assurance, year 2013

Related Training Program held by IOD

- Director Certification Program (DCP 136/2010)

Working Experiences in 5 years

1999 - Present	Chief Audit Executive / Advanced Info Service Plc.
----------------	--

Illegal Record in past 10 years

None

Ms. Nattiya Poapongsakorn		Age 41 year
Appointed 1 Apr 2013		
• Vice President, Investor Relations and Compliance		
Share Ratio (%)*	0.00025	
Relationship with Management	None	

Highest Education

- Master of Technology Management, Washington State University, USA
- Master in Finance, Chulalongkorn University

Related Training Program held by IOD

-

Working Experiences in 5 years

2015 - Present	Vice President, Investor Relations and Compliance / Advanced Info Service Plc.
2013 - 2015	Assistant Vice President, Investor Relations / Advanced Info Service Plc.
2011 - 2013	Acting Assistant Vice President, Investor Relations / Advanced Info Service Plc.
2008 - 2011	Investor Relations Manager / Advanced Info Service Plc.

Illegal Record in past 10 years

None

Directors and Management's shareholding in AIS and subsidiaries

As of 31 December 2016, the number of ordinary share includes holding by spouse and minor child

Name Position	ADVANC						DPC		ADC		ACC	
	Ordinary share			ESOP (warrants)			Ordinary share		Ordinary share		Ordinary share	
	31/12/2015	Buy(+)/Sell(-)	31/12/2016	31/12/2015	Grant (+) ⁷⁾	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016
1. Mr. Kan Trakulhoon¹⁾ Chairman of the Board of Directors and independent director	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Somprasong Boonyachai Vice-Chairman of the Board of Directors	-	-	-	-	-	-	-	-	-	-	-	-
3. Mr. Krairit Euchukanonchai Independent Director and Chairman of Audit Committee	-	-	-	-	-	-	-	-	-	-	-	-
4. Mrs. Tasanee Manerot Independent Director and Member of Audit Committee	-	-	-	-	-	-	-	-	-	-	-	-
5. Mr. Surasak Vajasit Independent Director and Member of Audit Committee	-	-	-	-	-	-	-	-	-	-	-	-
6. Mr. Allen Lew Yoong Keong Director	-	-	-	-	-	-	-	-	-	-	-	-
7. Ms. Jeann Low Ngiam Jong Director	-	-	-	-	-	-	-	-	-	-	-	-
8. Mr. Stephen Geoffrey Miller²⁾ Director	-	-	-	-	-	-	-	-	-	-	-	-
9. Mr. Philip Chen Chong Tan³⁾ Director and Member of Executive Committee	-	-	-	-	-	-	-	-	-	-	-	-
10. Mr. Paiboon Panuwattanawong⁴⁾ Director and Member of Executive Committee	-	-	-	-	-	-	-	-	-	-	-	-
11. Mr. Somchai Lertsutiwong Director, Member of Executive Committee, Chief Executive Officer, Acting Chief Strategy Office	80,126	-	80,126	101,240	56,800	158,040	-	-	-	-	-	-
12. Mr. Hui Weng Cheong⁵⁾ President	-	-	-	-	-	-	-	-	-	-	-	-
13. Mr. Weerawat Kiattipongthaworn⁵⁾ Chief Corporate Officer	3,327	-	3,327	80,754	30,200	107,354	-	-	-	-	-	-
14. Mr. Sunitaya Shinawatra⁶⁾ Chief Finance Officer	15,157	-	15,157	29,774	11,900	41,674	-	-	-	-	-	-
15. Ms. Kantima Lerlertutthitham Chief Human Resources Officer	-	-	-	-	-	33,200	-	-	-	-	-	-

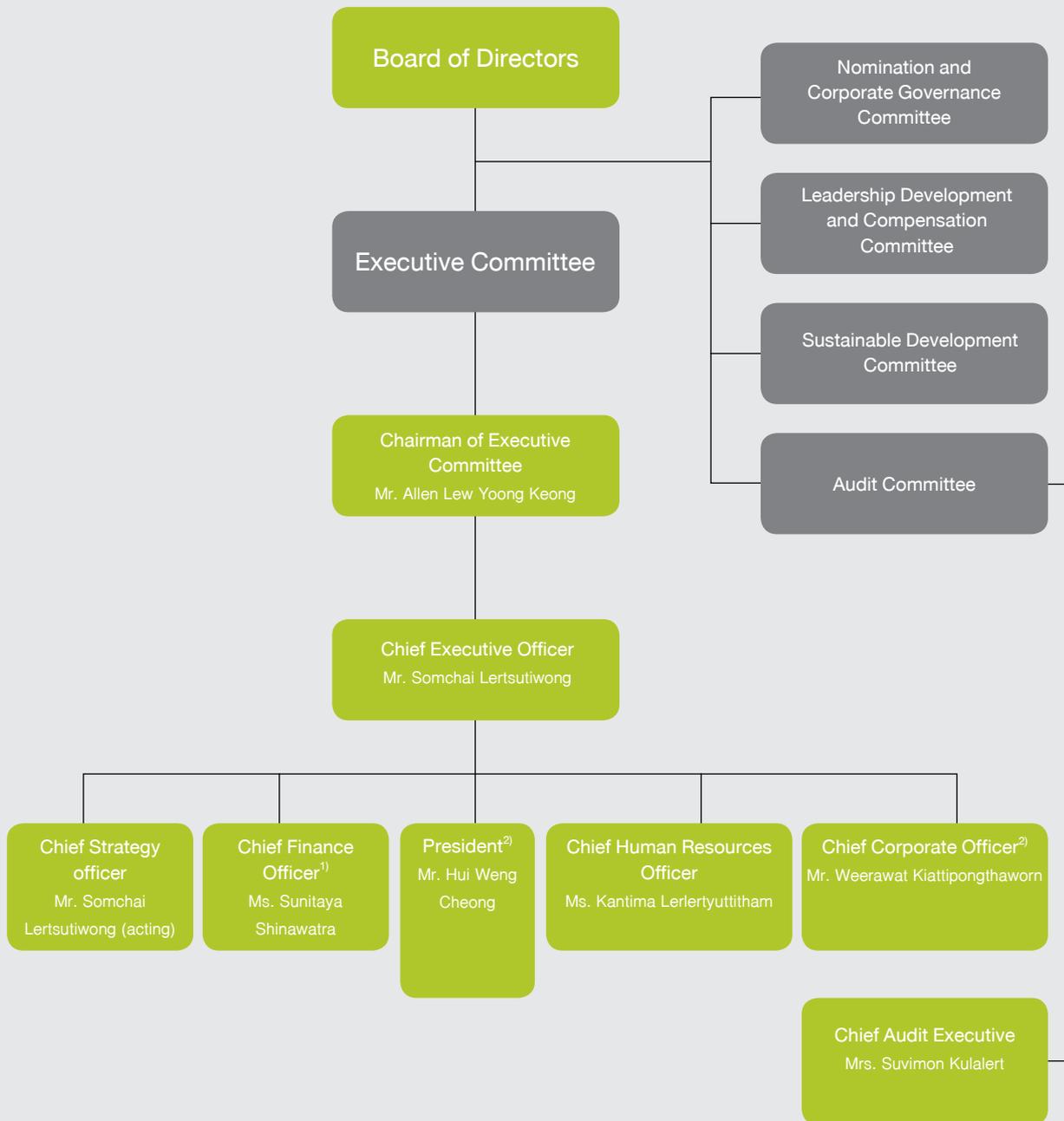
Abbreviation	Company
ADVANC	Advanced Info Service Plc.
DPC	Digital Phone Co.,Ltd.
ADC	Advanced Datanetwork Communications Co.,Ltd.
ACC	Advanced Contact Center Co.,Ltd.
AMP	Advanced mPAY Co.,Ltd.
AMC	Advanced Magic Card Co.,Ltd.
AIN	AIN GlobalComm Co.,Ltd.

Abbreviation	Company
SBN	Super Broadband NetworkCo.,Ltd.
WDS	Wireless Device Supply Co.,Ltd.
AWN	Advanced Wireless Network Co.,Ltd.
MMT	MIMO Tech Co.,Ltd.
FXL	Fax Lite Co.,Ltd.
ABN	Advanced Broadband Network Co.,Ltd.

Management Structure

Advanced Info Service Public Company Limited

As of 31 December 2016



Notes:

- 1) Appointed on 1 June 2016
- 2) Appointed on 1 October 2016

Board of Directors and Sub-Committees

The Company's board structure comprises the Board of Directors and five sub-committees:

1. The Audit Committee
2. The Leadership Development and Compensation Committee
3. The Nomination and Corporate Governance Committee
4. The Sustainable Development Committee
5. The Executive Committee

The names of their members and directors as well as their meeting attendance information in 2016 are listed in the following table:

Name	Title	Attendance/Total Meetings in 2016					
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainable Development Committee
Mr. Kan Trakulhoon ¹⁾	<ul style="list-style-type: none"> • Independent Director • Chairman of Board of Directors • Chairman of Leadership Development and Compensation Committee • Chairman of Sustainable Development Committee 	8/9	-	-	-	-	6/6
Mr. Somprasong Boonyacha ²⁾	<ul style="list-style-type: none"> • Vice Chairman of Board of Directors • Member of Leadership Development and Compensation Committee • Member of Nomination and Corporate Governance Committee • Authorized Director 	8/9	-	6/6	4/5	-	-
Mrs. Tasanee Manrot ³⁾	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee • Member of Sustainable Development Committee 	9/9	13/14	-	-	-	6/6
Mr. Surasak Vajasit	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee • Chairman of Nomination and Corporate Governance Committee 	9/9	13/14	6/6	-	-	-
Ms. Jeann Low Ngiap Jong ³⁾	<ul style="list-style-type: none"> • Director • Member of Nomination and Corporate Governance Committee 	9/9	-	6/6	-	-	-
Mr. Allen Lew Yoong Keong ²⁾	<ul style="list-style-type: none"> • Director • Chairman of Executive Committee • Member of Leadership Development and Compensation Committee 	4/9 ⁴⁾	-	-	3/5 ⁴⁾	13/13	-
Mr. Krairit Euchukanonchai	<ul style="list-style-type: none"> • Independent Director • Chairman of Audit Committee • Member of Nomination and Corporate Governance Committee 	9/9	14/14	6/6	-	-	-

Name	Title	Attendance/Total Meetings in 2016					
		Board of Directors	Audit Committee	Nomination and Corporate Governance Committee	Leadership Development and Compensation Committee	Executive Committee	Sustainability Development Committee
Mr. Stephen Miller ^{3) 5)}	• Director	7/9	-	-	-	8/9	-
Mr. Philip Chen Chong Tan ⁶⁾	• Director • Member of Executive Committee • Authorized Director	1/1	-	-	-	10/11	-
Mr. Somchai Lertsutiwong ²⁾	• Director • Member of Executive Committee • Member of Sustainable Development Committee • Chief Executive Officer • Authorized Director	9/9	-	-	-	13/13	5/6
Mr. Paiboon Panuwattanawong ⁷⁾	• Member of Executive Committee	-	-	-	-	9/11	-

Note :

- 1) Mr. Kan Trakulhoon was elected to be Chairman of the Board of Directors and Chairman of Leadership Development and Compensation Committee on 8 November 2016 after Mr. Vithit Leenutaphong had resigned.
- 2) Mr. Somprasong Boonyachai, Mr. Allen Lew Yoong Keong, and Mr. Somchai Lertsutiwong are directors who have expertise in telecommunications business. Summary profiles of these three directors are shown in page 47, 49, 51.
- 3) Mrs. Tasanee Manorot, Ms. Jeann Low Ngiap Jong and Mr. Stephen Miller are directors who have expertise in account and finance. Summary profiles of these three directors are shown in page 48, 49, 50.
- 4) The meeting attendance information presented is the number of actual meetings attendance only. In cases when Mr. Allen Lew Yoong Keong was unable to attend the meetings, he would consider the matter under discussion and give his opinion via video conference or via the Chairman of the Board of Directors in advance prior to the meetings.
- 5) Mr. Stephen Miller resigned from the member of Executive Committee on 23 August 2016.
- 6) Mr. Philip Chen Chong Tan was appointed to be the member of Executive Committee and the new member of Board of Directors on 4 February 2016 and 8 November 2016, respectively, after Mr. Vithit Leenutaphong had resigned.
- 7) Mr. Paiboon Panuwattanawong has been appointed to be the member of Executive Committee by the Board of Directors on 4 February 2016.

The Authorized Directors

Any two of the following directors namely: Mr. Somchai Lertsutiwong, Mr. Philip Chen Chong Tan or Mr. Somprasong Boonyachai jointly sign with the Company's seal affixed.

The Board of Directors

The Board of Directors is comprised of 10 directors whose expertise and experience cover various fields. Three (3) directors are experienced in the area of telecommunications and another three (3) directors are experienced in the area of finance and accounting. In order to maintain a balance between the supervisory and management functions of the Company, the Chairman of the Board of Directors must not hold the Chief Executive Officer position simultaneously as well as their role and responsibility is explicitly separated. There are four (4) independent directors, representing over one-third of the members, and there are two (2) female directors sitting in the Board of Directors.

The Board of Directors is the representative of all shareholders, not of a particular group of shareholders. Nonetheless, the number of non-executive directors nominated by the controlling shareholders is in corresponding fairly to the shareholding percentage in the Company.

The Scope of Authority and Duties of the Board of Directors

1. Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and Articles of Association including the resolutions of shareholders' meeting, and carefully protect the Company's interests;
2. Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with the plans which are set out efficiency and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders;



3. Consider and approve major issues such as large investments, purchase of assets etc. and any actions/transactions as prescribed by law;
4. Approve and/or agree to major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand;
5. Assess the performance of the Chief Executive Officer and high level executives, and assign appropriate remuneration on a regular basis;
6. Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care;
7. Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems;
8. Ensure avoidance of conflict of interests amongst the Company's stakeholders;
9. Supervise business operations to enforce ethical work standards;
10. Annually review the Company's Corporate Governance Policy and assess due compliance;
11. Report on the execution of the Board of Directors' responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

Reserved key matters for the Board's approval

Although the Board of Directors has delegated specific powers to Sub-Committees, the Chief Executive Officer and high level executives, the Board of Directors has reserved its authorization over certain matters so as to protect the highest interests of the Company and its shareholders, including:

- Strategy, business plan and budget
- Capital expenditure and expense which exceeds the approved authority of the relevant sub-committee or executives
- Strategic investments in new business and divestments
- Significant policies

- Material contracts
- Material litigation
- Dividend policy

Independent directors

The Company's independent director criteria has been defined stricter than criteria established by the Securities and Exchange Commission and the Stock Exchange of Thailand in order to avoid conflict of interest and balance the power between committee. An independent director must:

1. Holding shares not exceeding 0.5 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. Neither being nor having been an executive director, employee, or advisor who receives salary or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic persons which may have conflicts of interest. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing not less than two years prior to the date of appointment.
3. Not having any business relationship with the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, in any manner that may interfere with his or her independent judgment, and not be, or used to be, a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment.

The term 'Business Relationship' aforementioned under paragraph one, includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever



is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

4. Not being a person related by blood or registration under laws, such as in the manner of father, mother, spouse, sibling, and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
5. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
6. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest and not having been a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;
7. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiaries, affiliates or juristic persons which may have conflicts of interest, and not having been a substantial shareholder, controlling person or partner of the professional advisor. Any Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship not less than two years prior to the date of appointment;
8. Not conduct any business of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor being a substantial partner, shareholder holding more than one (1) percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular

salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.

9. Not having any other manners, which may render him or her incapable of expressing independent opinions with regard to the Company's business affairs;

After having been appointed as an independent director with qualifications complying with the criteria under 1 to 8, the independent director may be assigned by the Board of Directors to take part in the business decisions of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or legal entity who may have a conflict of interest, on condition that decisions must be collective ones.

The Company may appoint a person who has a business relationship or provides a professional service described in item 3 and 7 above if the Board carefully considers the business relationship or service provided and concludes that the appointment will not interfere with the exercise of independent judgment in the independent director's responsibilities. The Company must disclose the following information in the item regarding the appointment of independent directors on the agenda of the shareholders' meeting:

- (1) The nature of the business relationship or professional service that excludes the nominated independent director from the standard requirements.
- (2) The reason or need to retain or appoint this person as an independent director
- (3) The Board's opinion on proposing the appointment of this person as an independent director.

It is the Board's policy that an independent director may not be considered to remain "independent" after he or she has completed three (3) consecutive terms or a total of nine (9) years. In this regard, the board will consider the independency of such director every year thereafter.

The segregation of duty of the Board of Directors and management

The Board of Directors has its duty to govern the operations in accordance with the provisions of the law, the Company's objectives, articles of association, the resolutions of the shareholders' meetings, and the Corporate Governance Policy. In governing the Company, the directors must exercise

their business judgment and act in what they reasonably believe to be the best interests of the Company and its shareholders

The Management is responsible for implementing the Company's strategy, achieving the planned objectives, and handling the day-to-day administration and affairs of the Company.

The segregation of duty of Chairman of the Board of Directors and Chief Executive Officer

Both the Chairman of the Board of Directors and the Chief Executive Officer must be competent and have the appropriate experience and qualifications for their positions. In order to maintain a balance between the supervisory and management functions of the Company, one person cannot hold both of these positions simultaneously.

The Chairman of the Board of Directors is a non-executive director who acts as the Chairman of both Board of Directors and shareholders' meeting.

The Chief Executive Officer is the head and leader of the Company's executives, and is accountable to the Board of Directors for managing the Company in order to achieve all its planned objectives.

The Scope of Authority and Duties of the Sub-Committees

1. The Scope of Authority and Duties of the Audit Committee

1. To review the accuracy of the Company's financial reports in accordance with legally defined accounting principles, and to ensure that there is adequate disclosure;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine the internal audit unit's independence, as well as to approve the appointment, transfer, dismissal, performance appraisal and remuneration of the Chief of Internal Audit;
3. To review that the Company complies with the requirements of the Securities and Exchange Commission, SET, and all laws relating to its business;
4. To review the overall performance of the external auditors and recommend to the Board on the proposal to shareholders on the appointment, reappointment or removal of the external auditors and the auditor's remuneration;

5. To hold a meeting with the external auditor without management in attendance, at least once a year;
6. To review the policy on the engagement of the external audit firm to provide non-audit service to the Company;
7. To review all connected transactions and possible conflicts of interests to ensure they are in compliance with the laws and regulations of SET to ensure that all transaction are reasonable and beneficial to the Company and all its stakeholders;
8. To review that the Company has established an appropriate and effective risk management system;
9. To review and approve the Charter of Internal Audit activities, annual audit plan and activities of Internal Audit, and coordinate with the external auditor;
10. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information:
 - (1) An opinion on the accuracy, completeness and creditability of the Company's financial report;
 - (2) An opinion on the adequacy of the Company's internal control system;
 - (3) An opinion on the compliance with the law on securities and exchange, SET's regulations, or the laws relating to the Company's business;
 - (4) An opinion on the suitability of an auditor;
 - (5) An opinion on the transactions that may lead to conflicts of interests;
 - (6) The number of Audit Committee meetings, and the attendance of such meetings by each committee member;
 - (7) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;



11. To continue the inspection when the external auditor informs regarding any suspicious circumstance that the director, manager or any person responsible for the operation of such juristic person commits an offence under the law on the Security and Exchange and the Audit Committee shall report the result of preliminary inspection to the Office of the Securities and Exchange Commission and the external auditor within thirty days;
 12. To report the discussion and/or decision of the Audit Committee at its meetings and make recommendation as necessary to the Board of Directors at least four times a year. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts, which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
 - (1) Any transaction which causes any conflict of interest; or
 - (2) Any fraud, irregularity, or material defect in an internal control system; or
 - (3) Any infringement of the law on securities and exchange, SET's regulations, or any law relating to the Company's business,
If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or SET;
 13. To have the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary;
 14. In performing their duties and responsibilities assigned, the Audit Committee may engage consultants or experts to provide opinions, advice or work, if necessary;
 15. To review the Company's compliance with Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy, and consider all concerns of misconduct or fraud and the final investigation report quarterly, and be one channel to receive complaints according to such policy;
 16. To evaluate the scope of the performance of the Audit Committee on an annual basis;
 17. To review the charter annually and propose to the Board of Directors for approval if changes are needed;
 18. To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.
- 2. The Scope of Authority and Duties of the Leadership Development and Compensation Committee**
1. Fix appropriate annual remuneration in monetary and/or non-monetary form for the Board of Directors, committee members, and high level executives for the benefit of shareholders as a whole;
 2. Prepare policy and guidelines to designate appropriate remuneration of the Board of Directors and high level executives to be proposed to the Board of Directors and/or the shareholders' meetings for approval;
 3. Review and approve the Company's performance in order to determine the annual KPI bonus and merit-based salary increase across the Company;
 4. Consider and approve the Long Term Incentive Plan and related practices;
 5. Consider and approve the performance evaluation of the Company's Chief Executive Officer and those high-level executives who report directly to the Chief Executive Officer in order to determine their annual bonus, merit-based salary increase and long term incentives;
 6. Consider and approve the annual bonus allocation of the Board of Directors;
 7. Disclose policies governing the directors' remuneration in the annual report;
 8. In consultation with the Chief Executive Officer, identify and evaluate potential successors for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer, and report annually to the Board of Directors on executive succession planning;
 9. In consultation with the Chief Executive Officer, prepare succession planning policies for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer;
 10. Oversee the process by which the Chief Executive Officer and high level executives;
 11. Engage consultants or independent persons to provide opinions or advice if necessary, especially on leadership development;
 12. The Committee is accountable to the Board of Directors and under obligation to explain its decisions at the shareholders' meetings, and answer any questions that may arise;



13. Annually review and reassess the adequacy of the charter and proposed any changes to the Board of Directors for approval;
14. Report regularly to the Board of Directors on matters within the scope of the Committee, as well as any special issues that merit the Board of Directors' attention;
15. Request members of the management or staff to attend the Committee meetings or provide pertinent information on the matters under discussion;
16. Perform other tasks requested by the Board of Directors.

3. The Scope of Authority and Duties of the Nomination and Corporate Governance Committee

1. Draw up criteria and policy with respect to nomination of Board members and committee members of the Company;
2. Supervise implementation of the policy on the good corporate governance of the Company, annually review such policy including recommendation of any revision thereof for further consideration by the Board of Directors;
3. Consider and nominate appropriate persons to become Board members and/or committee members to be proposed to and approved by the Board of Directors and/or at shareholders' meetings, as the case may be; and
4. Perform other tasks as designated by the Board of Directors.

4. The Scope of Authority and Duties of the Sustainable Development Committee

1. Define policy, strategy, operating target and sufficient budget including any other relevant action in connection with sustainability development and propose to the Board of Directors for approval;
2. Propose any material issues of the Company in connection with sustainability development to the Board of Directors for consideration;
3. Ensure that the implementation of sustainability development policy and strategy meets the target;
4. Advise and assist the Chief Executive Officer concerning the sustainability development operations;
5. Report the sustainability development performance to the Board of Directors;
6. Review the sustainability development report and propose to the Board of Directors for approval;
7. Perform other tasks as designated by the Board of Directors.

5. The Scope of Authority and Duties of the Executive Committee

1. Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board of Directors' approval

2. Manage the Company's business operations in order to achieve the planned objectives and targets;
3. Monitor the Company's financial and operating results, and keep the Board members informed by monthly report;
4. Identify and evaluate new business opportunities;
5. Review and make recommendations to the Board of Directors regarding the Company's dividend policy;
6. Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of delegated approval authority granted by the Board of Directors;
7. Review matters that require the Board of Directors' approval and make appropriate recommendations with the exception of activities that have been delegated to other Board sub-committees;
8. Consider and review the Company's risk management and control system;
9. The Committee may delegate its authority to any member of the management or staff as it deems appropriate. However, such authority does not permit the Committee or appointed persons to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's Articles of Association and Notifications of the Securities and Exchange Commission). The approval for transactions shall be in accordance with the policies and principles already determined by the Board of Directors and regulatory bodies;
10. Engage consultants or independent persons to provide opinions or advices if necessary;
11. The Committee may ask members of the management or other persons to attend its meetings or provide pertinent information as necessary;
12. Report to the Board of Directors on a quarterly basis regarding the material actions taken by the Committee under the Chief Executive Officer Report agenda;
13. Annually review its own performance and assess the adequacy of the Charter, which may be done in conjunction with the annual evaluation of the Board of Directors and its other committees, conducted under the oversight of the Nomination and Governance Committee; and
14. Take any other action or assume any other powers and responsibilities that may from time to time be assigned or delegated to the Committee by the Board of Directors.

In addition to the Board of Directors and the Sub-Committees, the Company supports the performance of the Board of Directors with the following management team:

Management Team¹⁾

1. Mr. Somchai Lertsutiwong	Chief Executive Officer and Acting Chief Strategy Officer
2. Mr. Hui Weng Cheong ²⁾	President
3. Mr. Sunitaya Shinawatra ³⁾	Chief Finance Officer
4. Mr. Weerawat Kiattipongthaworn ²⁾	Chief Corporate Officer
5. Ms. Kantima Lerlertyuttiham	Chief Human Resources Officer

Notes:

- 1) List of Management Team members as of 1 October 2016 was prepared in accordance with their definitions as stipulated in the notification of the Securities and Exchange Commission.
- 2) Appointed on 1 October 2016
- 3) Appointed on 1 June 2016

Nomination of Directors and Management Criteria and Procedure for Director Nomination

1. The Nomination and Corporate Governance Committee is responsible for identifying and selecting qualified candidates to be appointed by the Board of Directors or proposed through the Board of Directors for election at the shareholders' meetings in accordance with the Company's Articles of Association.
2. The Nomination and Corporate Governance Committee is responsible for annually reviewing the skills and characteristics required of directors in the light of the Board of Directors' compositions and the Company's current and future business directions. The Committee must develop a skill matrix to identify gaps in the Board of Directors' current profile and make recommendations accordingly. In conducting this review, the Committee will also consider diversity in term of skills, experience, knowledge, independence, age, and gender.
3. In determining whether to recommend a director for re-election, the Nomination and Corporate Governance Committee will consider relevant factors such as the director's performance, history of attendance at and participation in meetings, and other contributions to the activities undertaken by the Board of Directors. In the case of independent directors, their respective independence qualifications shall also be considered.
4. The appointment of the Board members shall comply with the Company's Articles of Association and all relevant laws. Selection of the directors shall be transparent and clear through initially consider of Nomination and Corporate Governance Committee. In the shareholders' meeting:

(1) Each shareholder shall be entitled to one vote for each shareholding;

(2) Each shareholder shall be entitled to cast all the votes as defined under (1) to elect one or several persons to be the Company's director(s) but cannot split their votes for any particular person or persons;

(3) Persons who receive the highest number of votes, arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed, are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors more than required, the Chairman of the meeting shall have the casting vote.

In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications, and without any characteristics that would prohibit him/her from acting as director, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed director shall assume the position for the remaining term of the vacating director. To approve such new director appointment, a resolution must be passed by not less than three-fourths of the total remaining directors.

The Company provides an opportunity for minority shareholders to nominate qualified candidates for election as the Company's directors in advance, at least three months prior to the fiscal year end date. The information is published as an SET Announcement and on the Company's website and includes the criteria and consideration procedure. In 2016, no minority shareholder nominated a candidate for directorship.



Nomination of Management

The Leadership Development and Compensation Committee shall nominate the suitable person(s) to be appointed as the Chief Executive Officer and other senior management positions which report directly to the Chief Executive Officer, including the preparation of a succession plan relating thereto. In this regard, the Leadership Development and Compensation Committee shall seek to recruit the qualified person(s) either internally or externally with support from professional consultants if required.

In addition, the Company shall prepare the succession plan of the high level executives (AVP up) by identifying the suitable persons to hold such positions, and shall utilize the human resource development and management system to prepare the subordinates for succession.

Term of Directors Term of Directorship

1. According to the Public Companies Act B.E. 2535 and the Articles of Association, at the annual general meeting of shareholders, one-third of the directors shall vacate office. If one-third is not a round number, the number closet thereto shall be the applicable number. The directors who have held office the longest shall vacate. The vacating directors may be re-elected.
2. In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications and without any characteristics that would prohibit him/her from acting as director, according to article 68 of the Public Companies Act B.E. 2535, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed directors shall assume the position for the remaining term of the vacating director.

Term of Membership of Audit Committee

1. A Committee Member shall serve for a term as long as they are serving on the Board of Directors. A retiring member may be re-elected. For a committee member who has completed a total of nine years, or three consecutive terms, the Board of Directors shall review their respective independent qualifications each year.
2. A Committee Member who wishes to resign during his or her term of office must give notice to the Chairman of

the Board of Directors. The resignation date is effective upon the Company receiving the notice in order that the Board of Directors can appoint a qualified director(s) in replacement. The Board of Directors must fill the vacancy within 90 days from the date on which such Committee Member resigned.

In the case that all members vacate office except otherwise by reason of disqualification or as prohibited by law, the Audit Committee shall remain in office as necessary until a new Audit Committee is appointed.

Term of Membership of Other Sub-Committees

1. Members of the Committees may hold their posts for as long as they are serving on the Board of Directors. Any Member who vacates office at the end of their term may be re-elected.
2. In addition to section (1), membership of the Sub-Committees will be automatically cancelled in the following situations:
 - Death;
 - Resignation;
 - Being disqualified as sub-committee;
 - Removal from office by resolution of the Board of Directors.

Remuneration for Directors and Management

The Company has specified the remuneration for directors which reflect to their duties and responsibilities and at a rate similar to the industry standards and companies of similar size. The remuneration is considered to be appropriate to retain quality directors within the Company. The remuneration for the directors and management is in accordance with the Company's operational performance and the performance of the individuals.

The Leadership Development and Compensation Committee will determine necessary and appropriate remuneration in both monetary and non-monetary terms for the Company's directors, members of the sub-committees, and the Chief Executive Officer, including senior executives reporting directly to the Chief Executive Officer. Additionally, the Directors' Compensation Survey published by the Stock Exchange of Thailand and the Thai Institute of Directors Association shall be considered annually.

The remuneration for directors and members of the sub-committees shall be proposed, respectively, to the Board of Directors meeting and the Company's general shareholders' meeting, which is held on an annual basis.

Directors' remuneration

Total monetary remuneration for the Chairman of the Board of Directors, independent directors, and non-executive directors totaling 10 persons was Baht 30.08 million. The remuneration was paid from 2016 operating results as approved by the general meeting of shareholders, held on 29 March 2016, in an amount not exceeding than Baht 36 million which was approved by the shareholders and comprised of monthly allowances, meeting allowances and bonus payments. The criteria of payment are the same as those of year 2015.

Directors' remuneration policy for the year 2016			
Monetary Remuneration (Baht)			
Director	Monthly Retainer	Meeting Allowance	Bonus
The Board of Directors			
• Chairman	300,000	x	√
• Member	75,000	25,000	√
Audit Committee/Executive Committee			
• Chairman	25,000	25,000	√
• Member	x	25,000	√
Other Sub-Committees			
• Chairman	10,000	25,000	√
• Member	x	25,000	√

Notes:

- 1) Directors who are executives or employees of the Company or its controlling shareholders are not entitled to receive such remuneration.
- 2) Chairman of the Board of Directors is not entitled to receive an additional monthly retainer or meeting allowance when he or she holds any chair or membership of the sub-committees.

The remuneration for 7 directors in year 2016 is as follows:

Name	Position	Monthly Retainer (Baht)	Meeting Allowance ¹⁾ (Baht)	Bonus (Baht)	Others
Mr. Kan Trakulhoon¹⁾	- Independent Director	1,399,833	325,000	2,398,500	-
	- Chairman of the Board of Directors				
	- Chairman of Sustainable Development Committee				
	- Chairman of Leadership Development and Compensation Committee				
Mr. Krairit Euchukanonchai	- Independent Director	1,200,000	775,000	3,150,000	-
	- Chairman of Audit Committee				
	- Member of Nomination and Corporate Governance Committee				
Mr. Surasak Vajazit	- Independent Director	1,020,000	725,000	2,289,000	-
	- Chairman of Nomination and Corporate Governance Committee				
	- Member of Audit Committee				
Mrs. Tasanee Manerot	- Independent Director	900,000	750,000	2,178,800	-
	- Member of Audit Committee				
	- Member of Sustainable Development Committee				
Mr. Somprasong Boonyachai	- Vice Chairman of the Board of Directors	900,000	525,000	2,253,600	-
	- Member of Leadership Development and Compensation Committee				
	- Member of Nomination and Corporate Governance Committee				
	- Director				
Mr. Stephen Miller²⁾	- Director	900,000	450,000	2,253,600	-
Mr. Vithit Leenutaphong³⁾		3,080,000	-	2,604,100	-
Total⁴⁾		9,399,833	3,550,000	17,127,600	-

Notes:

- 1) Mr. Kan Trakulhoon was elected to be the Chairman of the Board of Directors and Chairman of Leadership Development and Compensation Committee by the Board of Directors on 8 November 2016.
- 2) Mr. Stephen Miller resigned from the member of Executive Committee on 23 August 2016.
- 3) Mr. Vithit Leenutaphong resigned from Chairman and member of the Board of Directors on 8 November 2016.
- 4) The above payments are the transactions during 2016 period including bonus 2016 paid in February 2017.

Management's remuneration

The Company's compensation philosophy seeks to recognize and reward the executives' performance in implementing the approved business plans and policies. The Leadership Development and Compensation Committee, as delegated by the Board, annually reviews and approves the Executives' Compensation Policy, which incorporates the following key elements:

Pay for performance

- Variable compensation is tied directly to the achievement of Company's strategic targets.
- A Key Performance Indicator (KPI) scorecard is used to measure performance, comprising of financial and non-financial metrics.

Shareholder alignment

- Appropriate performance metrics are selected for annual and long-term incentive plans that will support business strategies and enhance value for shareholder.
- Appropriate goals are set for threshold, target and stretch levels of performance.
- A sound compensation structure is established to ensure affordability.

Competitive compensation

- Compensation benchmarking helps the Company attract and retain highly experienced and talented individuals.
- A significant proportion of remuneration is linked to performance, both on an annual and long-term basis.

Compensation structure

The compensation provides to CEO and Executives, as approved by the Board, consists of the following components:



Fixed compensation and benefits

Base Salary

The level of base compensation reflects each associate's key responsibilities, job characteristics, experience and skill sets. It is paid in cash, monthly. Base compensation is reviewed annually, and any increase reflects merit based on performance, as well as market movements.

Benefits

The primary purpose of benefits is to establish a level of security for employees and their dependents with respect to age, health, disability and death. The provident fund, insurance plans, and other welfare provisions are in line with market practices and legislative requirements.

Performance-related variable compensation

Performance Bonus

- Provides a variable level of remuneration dependent on short-term performance against the annual plan, as well as relevant market remuneration benchmarks. The performance bonus is tied to annual Key Performance Indicator (KPI) and weights the various scorecard measures in order to determine overall company and individual performance evaluations and bonus awards.

Value-Sharing Cash

- Value-Sharing Cash drives fundamental performance and aligns the interests of shareholders and executives based on economic profit. Part of the award is paid in cash provided that is positive in the current year. The remaining balance will be carried forward into cumulative bonus bank and at risk as it is subject to performance-related clawback and could be reduced as negative in the event of underperformance in the years.

Value-Sharing Equity

- Value-Sharing Equity focuses on a long-term incentive to reinforce the delivery of sustainable growth and increase shareholder value by fostering an ownership culture and retaining key talent. In order to retain valuable executives and to show gratitude for their devotion at work which contribute greatly to growth and prosperity of the company, the company considers the allocation of the warrant to executives who possess high level of expertise and play a significant role in strengthening future business success. This allocation of warrant will contribute more benefit to the organization through sustainable leadership.

Company's Compensation Structure					
	CEO	Executives	All Employees	Description	Link to compensation principle
Base Salary	√	√	√	Cash - all employees	Attract and retain high quality employees and provided for ongoing performance and delivery in position
Performance Bonus	√	√	√	Cash - all employees	Performance-based compensation that reward employees on annual to individual performance
Value-Sharing Cash	√	√		Cash - Executive	Drives fundamental performance that aligns interests of shareholders and the Executives based on economic profit performance of the Company
Value-Sharing Equity	√	√		Warrant - Executive	Reinforce the delivery of long-term growth and shareholder value

In 2016, the total amount of remunerations for five (5) executives of the management team was calculated at Baht 41.72 million comprised of salary, bonus, provident fund and other benefits.

Performance Share Plan

To enhance the Company's sustainability for long-term growth and to promote mutual benefits between the Company, its shareholders and the management team, the Company has issued warrants to be converted into the Company's ordinary shares to the management. This is pursuant to the Performance Share Plan since 2013 to 2016

As defined by the notification of the Office of Securities and Exchange Commission, the members of the management team who were granted the warrants are as follows:

Name	The Amount of Warrants (unit)								
	2016	Percentage of Total Warrants	2015	Percentage of Total Warrants	2014	Percentage of Total Warrants	2013	Percentage of Total Warrants	Total
1. Mr. Somchai Lertsutiwong	56,800	6.87	51,600	5.92	29,816	4.38	19,824	4.89	158,040
2. Ms. Sunitaya Shinawatra	11,900	1.44	11,890	1.36	11,020	1.62	6,864	1.69	41,674
3. Mr. Weerawat Kiattipongthaworn	30,200	3.65	30,174	3.46	27,116	3.99	19,864	4.90	107,354
4. Ms. Kantima Lerlertuttiham	33,200	4.01	0	n/a	0	n/a	0	n/a	33,200

Company Secretary

Mr. Chavin Chaivatcharaporn, appointed as company secretary, shall have the duties and responsibilities as designated by the Board of Directors as follows:

- (1) Organizing the Board of Directors' meetings, sub-committee meetings and shareholders' meetings of the Company
- (2) Organizing the Board of Directors' meetings and shareholders' meetings of the Company's subsidiaries
- (3) Preparing, updating and presenting the corporate governance policy of the Company to the Nomination and Corporate Governance Committee for their approval
- (4) Preparing and retaining documents as stipulated by laws
- (5) Performing other assignments as requested by the Board of Directors and/or its sub-committees.

Head of compliance

As Head of Compliance, Ms. Nattiya Poapongsakorn is responsible for overseeing the Company's operations and transactions to ensure that the company is in compliance with SET/SEC regulations for listed companies and other enforcements related to Public Company Limited Acts.

In this regard, the credentials of the company secretary and head of compliance are provided in page 54.

People development policy

Details of people development and training are provided in AIS sustainability report 2016.



Corporate Governance

Corporate Governance Policy

Since 2002, the Corporate Governance Policy has been prescribed by the Board of Directors to apply with all directors, executives, and employees within AIS group. The Company also published in the company's website (i.e. <http://investor.ais.co.th>) in order to communicate with shareholders and others external parties and to welcome them to patrol the Company. The Board of Directors has authorized the Nomination and Corporate Governance Committee to supervise the implementation of the corporate governance policy and annually review such policy so as to incorporate it into the daily business operations and in accordance with the rules and regulations of the Securities Exchange of Thailand. The latest revision also complies with the guidelines of the ASEAN CG Scorecard, the United Nation Global Compact, as well as the guideline of Dow Jones Sustainability Indices (DJSI).

The policy has been consistently communicated throughout the company via various channel and activities i.e. orientation, e-mail, intranet, brochure, internal campaign, annual assessment etc. for their awareness and to facilitate its incorporation into the Company's normal business operations. The Company also provided insiders/outside whistle blower channel for reporting any illegal activities, acts of misconduct or unethical practices in the Company, while also granting protective measures for whistle blowers in accordance with the Whistle Blower Policy.

In 2016, the Company was selected to be listed in the DJSI Emerging Market for the second consecutive year. This is to confirm that the Company is operating under sustainable philosophy which covers economic dimensions, performing good corporate governance, environmental contribution, and social sustainability.

Performance Report on Corporate Governance The Board of Directors

The Board of Directors is composed of ten (10) legally qualified experts with wide ranging leadership, vision, expertise and experience in various fields including the telecommunications industry. The Board of Directors has the freedom to consider any matter critical to the business direction of the Company. By stipulating that more than one third of the Board of Directors be independent directors and more than half non-executive directors, the Board of Directors contributes to the absolute benefit of the Company's shareholders as a whole. In addition,

the Chairman of the Board of Directors and Chief Executive Officer shall not be the same person nor have any genetic or business relationship.

The Company has separated the roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer. Also, key matters which have a significant impact on business performance require the Board of Directors' approval.

Details of the names and composition of the Board of Directors, the criteria for selection, nomination process and appointment of directors, definition of Independent Directors, and the separation of the roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer are listed in "Management Structure" page 57-59 and 60-62.

The Board has set up five (5) committees. Details of Board of Directors and committee structure, including membership and the responsibilities of each committee, are listed in the "Management Structure" page 57-59 and 62-64.

Board of Directors' Meetings

In 2016 the Board of Directors' meeting was held nine (9) times. This is in accordance with the policy to set up the meeting at least 6 times a year. The whole schedule of the meeting will be set in advance to ensure that all directors are able to attend all meetings. Notice of Board of Directors' meetings and all supplementary documentation are circulated to the Board of Directors at least seven (7) days before each meeting so that each director shall have sufficient time to analyze the information in advance. The detail of number of and meeting attendant of the directors are listed in the "Management Structure" page 58-59.

In case of there being no Board of Directors' meeting in any particular month, the Company Secretary will provide the Board of Directors with the monthly operating report for their acknowledgement. The Chairman of the Board of Directors presides over the meetings and ensures that sufficient time is allocated for directors to discuss and express their opinions freely on each item on the agenda. In addition, the relevant management also provides the necessary information for the Board of Directors' consideration. After each Board of Directors' meeting, the Company Secretary shall be responsible for circulating the relevant Board of Directors' minutes within seven (7) days



Non-Executive Directors Sessions

The Audit committee and other non-executive directors shall conduct meetings without the presence of executives at least once a year. This is to provide an opportunity to discuss any subjects of interest related to the business operations of the Company. The conclusion made at each meeting shall be reported to the Board of Directors and the Chief Executive Officer.

Succession Plan

The Board of Directors has developed a succession plan for the Company's Chief Executive Officer and executives in order to maintain the confidence that the Company's business operations shall continue without interruption when these positions become vacant. The Board of Directors has authorized the Leadership Development and Compensation Committee to set up the succession plan which shall be reviewed, updated and reported to the Board of Directors annually. In 2016, the succession plan has extended to cover more junior management level (AVP) up.

The Company recognizes that employees, not only the executive, are key driving force of the organization. The challenge for the business is a risk of lacking personnel with knowledge and ability which readiness to keep pace with expansion and business changing. The Company is set up succession plan for vacant position and new positions as Corporate KPI in order to focus on staffs empowerment, competency, and advancement; the succession plan is set up for all departments equally and strictly. Also, the Company has advice from professional consultants regarding to support the employees' knowledge and capability continuously.

Communication with Management

The Company Secretary shall act as the coordinator between directors and the management team. Board Portal is a communication channel that the director are able to access the significant information and documents of the Company for fast and safety. While the Internal Audit Office shall act as the coordinator between audit committee and management team. The Company shall not obstruct communication between directors and management. However, this access and communication shall not interfere with or interrupt the Company's normal business operations.

Remuneration

The remuneration for the Company's directors shall reflect their duties, responsibilities and contribution, and be comparable to industry standards and companies of a similar size, which also reflects the Company's overall operation performance as well as that of each individual's performance. The Leadership Development and Compensation Committee will determine adequate and appropriate remuneration for each person and propose this to the Board of Directors and the shareholders on an annual basis for their approval. The detail of the directors' remunerations 2016 are listed in the "Management Structure" page 66-70.

Orientation and Continuing Training for Directors

A newly-appointed director has been provided with all necessary business information about the Company required to perform their fiduciary duties.

The continuing training and development programs, paid for by the Company, is provided to all director, executives, and company secretary to ensure that they have all the necessary skills and knowledge required to perform their duties efficiently. This program may take a variety of forms such as internal and external courses, overseas trips, and site visits.

Board and Chief Executive Officer Assessment

The Board of Directors shall evaluate its own performance as individual and quorum on an annual basis in order to assess and improve the directors' own fiduciary duties and their compliance with corporate governance policy and good practice.

- **Criterion**

The evaluation form consists of two (2) key components.

Component I: The evaluation is related to the following six (6) aspects of its operation:

- Board of Directors' structure and qualifications of the Board of Directors;
- The roles, duties and responsibilities of the Board of Directors;
- Board of Directors' meetings;
- The Board's performance;
- Relationships with management;
- Directors' self-development and executive development.



Component II: The opinions and suggestions provided by the Board of Directors so as to identify special issues in its performance or any aspects of the Company's operation.

- **Procedure**

The Company secretary will propose the form to directors every year, then gather and report the result of assessment to the Board of Directors for consideration.

Evaluation of the Chief Executive Officer's Performance

The Leadership Development and Compensation Committee is responsible for setting CEO performance targets and evaluating performance against the annual targets in order to determine the CEO's compensation.

Rights and Equitable Treatment of Shareholders

The Board of Directors respects the shareholders' rights and has a duty to protect the benefits of every shareholder equitably regardless of whether they are retail, foreign, institutional or major shareholders.

Every shareholder is entitled to the rights and equitable treatment detailed as below:

- The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policy on a timely basis.
- The right to an equitable dividend.
- The right to participate in a meeting, to vote, and to make recommendations on decisions concerning major corporate action.
- The right to elect or dismiss directors.

Annual General Shareholders' Meeting

The Company recognizes the rights and equitable treatment of shareholders. Accordingly, the Board of Directors ensures that the Company organizes annual shareholders' meetings in accordance with the laws, best practice and good corporate governance as follows:

Before the meeting date

1. The shareholders are entitled to propose items for inclusion on the meeting agenda and nominate qualified person(s) to be considered and appointed to be directors at the shareholders' meeting. For the 2016 annual general shareholders' meeting, this entitlement was from 1 October 2016 to 31 December 2016, the rules and procedures of which are posted on the websites of the Stock Exchange

of Thailand and the Company. Nonetheless, the Company did not receive any proposed items for inclusion on the agenda nor any director nominations prior to the expiry of the said period.

2. The shareholders are entitled to elect members of the Board of Directors, fix directors' remuneration, appoint the Company's auditor, fix the auditor's fee, dividend payments, and other entitlements as stipulated in all relevant law.
3. The Company prepares the meeting notice including the purpose and rationale for each item of the agenda, Proxy Form B, supplementary documentation, and the procedure for making queries both in Thai and English versions, and posts said information on the Company's website thirty (30) days prior to the meeting date and also publishes said information on the Stock Exchange of Thailand's website, including delivering these documents and proxy forms to shareholders twenty one (21) days prior to the meeting date.
4. The shareholders are entitled to raise questions thirty (30) days prior to the meeting date by posting their questions on the websites of the Company and the Stock Exchange of Thailand.
5. In addition to Proxy Form B enclosed with the meeting notice, the Company prepares Proxy Form A and Proxy Form C, which shareholders can download from the Company's website to support the shareholders who cannot attend the meeting themselves by granting proxy to their representatives or an independent director. At least two (2) independent directors shall be assigned to take proxy for shareholders who will not attend the meeting. The names, credentials and qualifications of the assigned independent directors will be stated in the meeting notice.
6. The Company liaises with institutional investors at least fourteen (14) days prior to the meeting date to verify the shareholding data and encourage them to attend the meeting either through their authorized representatives or by granting proxy to the assigned independent directors.

On the meeting date

1. The Company encourages the shareholders, including the institutional investors, to attend and participate in all shareholders' meetings. The annual general meeting of shareholders was held at Centara Grand Central Plaza Ladprao. The meeting venue was appropriate for the large number of shareholders and convenient in terms of

- transportation and access. The Company assigned sufficient staff to facilitate the shareholders' meeting registration with a barcode system and the process to attend the meeting.
2. The Chairman of the Board of Directors, the Audit Committee, the Nomination and Corporate Governance Committee, the Leadership Development and Compensation Committee, and the Executive Committee including senior executives attended the meeting so as to address and clarify any queries or concerns of the shareholders.
 3. The Company conducted the meeting transparently by inviting an independent legal consultant to supervise the voting.
 4. The Chairman presided over the meeting in sequence in accordance with the meeting agenda stated in the meeting notice without adding any additional matters and allocated sufficient time for shareholders to present any queries on each item in the agenda. Prior to the onset of the meeting, a company representative explained the meeting procedure and voting method to the shareholders.
 5. The Company issued voting cards for each item on the agenda. For the director appointment item, the voting related thereto was organized on a one-by-one basis. The barcode system facilitated faster vote counting to speed up the process and also ensure information accuracy and reliability.
 6. Participants were informed of the voting results for each agenda item and received the voting scores without any objection.
 7. The Company provided an AGM quality assessment and used a quality assessment score to improve the process and efficiency of the next AGM.

After the meeting

1. The Company notifies the resolutions and voting results of the meeting to the Stock Exchange of Thailand promptly, including posting those resolutions on the Company's own website.
2. The Company secretary prepares the minutes of the meeting and posts them on the Company's website within fourteen (14) days after the meeting date. The minutes cover all material facts in compliance with the good corporate governance of the Stock Exchange of Thailand and such publications are posted on the Stock Exchange's website.

Communication with Stakeholders

The stakeholders may provide any suggestions to the Board of Directors or report any illegal or unethical action of any director, executive or employee through:

1. Company Secretary Office
Advanced Info Service Public Company Limited
414, 28th Floor, AIS 1 Tower, Phaholyothin Road,
Samsen Nai, Phayathai, Bangkok 10400
Tel: (66) 2029 5352
Fax: (66) 2029 5108
E-mail: companysecretary@ais.co.th
2. Audit Committee
E-mail: AuditCommittee@ais.co.th
3. Investor Relations
Tel: (66) 2029 5117
Fax: (66) 2029 5165
E-mail : investor@ais.co.th

All suggestions, complaints or reports shall be forwarded to the related departments and all actions taken shall be reported to the Board of Directors.

Role to Stakeholders

The Company is aware of the rights of every group of stakeholders, irrespective of whether they have rights as customers, partners, communities, society, or the environment. As a result, the Company has established a policy of providing guidelines for all stakeholders according to legal rights and sustainable co-existence guidelines in the Company's corporate governance policy, code of business ethics, and personnel management policy, as well as in a variety of other relevant policies of the Company. Additionally, the Company also designates appropriate guidelines and internal control systems and anti-bribery and corruption policy to prevent corruption in the organization, and assigns the Business Ethic Committee to operate measures or activities for creating the awareness of such matters among employees and partners of the Company. In this respect, the shareholders can study the guidelines for 4 groups of the Company's stakeholders - community, partners, employees, and customers - and the guidelines on the environment from AIS sustainability report 2016.



Moreover, the Company still places emphasis on the participation of stakeholders in mutually examining the transparency of business operations in compliance with good corporate governance policy and the code of business ethics, inclusive of the guidelines on anti-corruption. If any of the Company's employees know of such a violation, he/she can notify the Company via the Ethics online channel or the Whistle Blowing system. In the case of external stakeholders, he/she can notify the Board of Directors via the Audit Committee at AuditCommittee@ais.co.th. In this regard, the matters so notified shall be further brought into the fact-finding processes, and the informant shall receive the best possible protection from the Company. The shareholders can study additional information from the "Whistleblowers Policy" as posted on the Company's website i.e. <http://investor.ais.co.th>

Disclosure of Information and Transparency

1. The Company discloses the Company's financial and non-financial information, such as article of association, memorandum of association, risk management policy, financial statements, and analysis and performance report, in accordance with the relevant laws and regulations accurately, completely, punctually, and transparently to all shareholders and investors. As such, the investors can have confidence in the Company's reliability and integrity. The Company has issued an information disclosure policy applicable to all directors, executives and employees of the Company and its subsidiaries
2. The Company has set up an Investor Relations Department to be responsible for communicating material information to shareholders, investors, analysts and other stakeholders. In addition, the Company has set up a Compliance Unit to ensure that all material information of the Company is properly disclosed through various channels such as the Company's website, the Stock Exchange of Thailand's website, and this annual report. The communication and disclosure of material information shall comply with the principles stipulated in the information disclosure policy and corporate governance policy. The Investor Relations Department can be contacted at:
 Telephone (66) 2029 5117
 Facsimile (66) 2029 5165
 E-mail investor@ais.co.th
 Website <http://investor.ais.co.th>

3. The Company has specified a period of non-communication with analysts and investors (silent periods) with respect to financial results, including not holding press conferences or disclosing financial information publicly by executive and/or investor relation officers, at least thirty (30) days prior to the specified announcement date so as to avoid any unfair treatment and possibly affecting the Company's share price.

Internal Control and Risk Management Systems

As the Board considers the internal control, audit and risk management systems crucial for protecting the shareholders' investment capital and the Company's assets, it has therefore set up relevant policies, measures and supervising departments, the details of which are listed in the "Internal control, Internal audit and Risk management" page 83.

Code of Business Ethics

The Company encourages all directors, managers, and staffs to work and conduct business activities transparently and in compliance with laws, business integrity and ethics. The Code of Business Ethics is part of the corporate governance policy which establishes the guidelines and standards of conduct for all employees in the organization by published via intranet in page of AIS Ethics. The employees are required to sign and acknowledge the code of business ethics upon commencing employment and upon have to acknowledge and understand any code revision. In this regard, the shareholders can study the details in the full version of the Code of Business Ethics at <http://investor.ais.co.th>

The Business Ethics Committee was established in 2006 to oversee the implementation of the Code of Business Ethics and compliance with the Corporate Governance Policy. The Company shall create awareness and conduct campaigns for directors, executives, and employees, who shall operate their work honestly, taking into account the benefits of the Company and its stakeholders. In 2016, the Business Ethics Committee conducted activities to encourage the compliance of business ethics as follows:

- 1) **Make an awareness campaign about conflict of interest for managements, employees and partners**
 The directors, executives and employees may, from time to time, experience a conflict of interest while performing their duties. As a result, the Business Ethics Committee



has set up campaigns so as to encourage executives, employees and business partners to be aware of the importance of business ethics, and to create moral values for employees to consider, based upon their own decision. The campaigns were conducted by way of:

- Giving lectures to executives and employees including providing Q&A sessions in meeting rooms
- Communicating with employees via mass communication methods such as posters in the Company's common areas
- Sending letters to business partners to notify them of the Company's policy not to receive gifts or participate in improper business social events

Thereafter, the Business Ethics Committee has assessed the effectiveness of the campaign by requesting executives and employees to complete tests via the intranet so that the campaigns in relation thereto could be improved in

the future. In 2016, the employees (including executive) have cooperated to do the questionnaire for 99.74 percent of total employees. The average score is 94.12 percent of total scores which over expectation 80 percent of total scores.

Further, the Business Ethics Committee has set up a channel so as to address and clarify any queries concerning the business ethics of the Company. The employees can contact the committee by e-mail at aisbusinessethics@ais.co.th.

2) Investigation and punishment

Enforcing a Code of Business Ethics is very important; good governance practices are an essential part of the successful running of the business. The Committee has established appropriate punishment for offenders and ensured protection of the identity of any person reporting an act of unethical conduct.

In 2016, there are 2 breached cases against code of business ethics, detail is shown below:

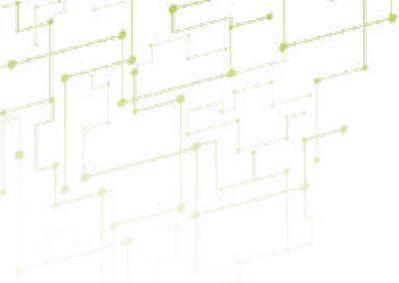
Case	Unethical Conduct	Company Action
1	Employee used her position or authority in selecting suppliers to seek personal benefits from the Company's contractor.	After investigation by the Internal Auditor, Legal, and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.
2	Employee, without notifying the company, coordinated with outsiders taking outsourcing projects from the Company.	After investigation by the Internal Auditor, Legal, and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations.

Anti-Bribery and Corruption Policy

The Company is committed to conducting the business with integrity, transparency, and good corporate governance principles. The Company is against any giving or receiving bribery and corruption due to it may threaten free and fair competition and damage economic and social matter development. The Board of Directors has recognized the importance of Anti-Bribery and Corruption then set up the policy to be guideline for the operation of directors, executives, and employees. The Anti-Bribery and Corruption Policy has been published on the Company's website at <http://investor.ais.co.th>

Participation in Thailand's Private Sector Collective Action against Corruption - CAC

On 16 December 2013, the Company signed Thailand's Private Sector Collective Action Coalition against Corruption (CAC) to jointly declare its intention to counter corruption and not to accept any dishonesty in consequence of the Company's business operations or the operations in the organization. The Company aims to operate its businesses with honesty and transparency in compliance with laws related to anti-bribery and anti-corruption and with the good corporate governance policy of the Company because organizational corruption is a risk to the sustainable growth of business operations. The Company is aware of anti-corruption in every form without exception and shall not participate in corruption,



either directly or indirectly. Every director, executive, and employee of the Company shall adhere to and comply with the anti-corruption policy. In addition, the Company also arranges campaigns and communicates appropriate knowledge to the related parties both inside and outside the organization in a continuous manner via the Business Ethics Committee. On 22 January 2016, CAC formally announced that the Company being certified as one of CAC member.

Fraud Risk Management Policy

In 2016, the Company announced the fraud risk management policy with a view to preventing, investigating, reporting and managing fraud matters. This policy has established the practical guideline in relation thereto in three (3) areas namely:

1. Protection - To assess fraud risks in the organization and communicate them to the employees so that they would be aware of the problems
2. Investigation - To set up the notification and follow up system in tracking fraud investigation
3. Punishment - To present the punishment and process improvement procedures.

The Company anticipates that directors, executives and employees are aware of the essence of fraud risk and shall notify the Company of any action possibly leading to fraud immediately as well as cooperate fully in any investigation relating thereto. In this regard, the Company has designated the main responsible teams comprising of Enterprise Risk Management and Forensic Accounting, to supervise fraud risk management by assessing risk and proposing methods to mitigate risk effectively.

Information Technology Security Policy

The Company is always aware of the importance of information technology security ("IT Security") by establishing a number of standard IT Security measures in the organization. The IT Security measures has set out general accepted practical guidelines such as premise access controlling system, user name and password verification concerning the network access, connectivity, customer data storage, etc. In 2016, the Company raised the IT Security level by carefully sourcing, identifying and assigning only limited groups of employees authorized to access into the customer database and setting up the CCTV system so as to be able to keep tracking the

works of those authorized person all the time. Further details, please refers to AIS sustainability report 2016, "Our Customers".

Monitoring the Business Operations of Subsidiaries and Associated Companies

The Board of Directors has monitoring each Subsidiary and Associated Company's business operations for the best interest of shareholders as follows:

1. Support the subsidiaries and associate companies to perform their duties in compliance with good corporate governance policy;
2. The Board of Directors selects the representative of the Company to be appointed as directors of the Subsidiaries and Associated Companies in order to monitor and control business performance in proportion to its shareholding percentage;
3. Monitor through representative directors, executives, and policies which were issued at the parent company level;
4. Consider any significant matter including strategic, business plan, capital increase/decrease, dissolution, and any other important policies;
5. Follow up the performance result through the Company's executives, Executive Committee, and the Board of Directors;
6. Monitor the Subsidiaries and Associated Company to operate business under the rules and regulation of competent authorities including connected transaction, asset acquisition and deposition, information disclosure, and accounting and financial statement report;
7. All transactions in any subsidiary, which may significantly affect the business operation or financial status of the Company, must be reviewed and approved by the Board of Directors of the parent company;
8. Being audited by the Company's Internal Audit Department to ensure that there is sufficient and effective internal control system;
9. In order to disclose the financial information and operating results of the subsidiaries, the Company has engaged auditors from the same auditing firm that provides auditing services for the Company to perform audits and disclose the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.



Policy on Use and Disclosure of Inside Information

The Company is strongly committed to the responsible and transparent use of internal data under best practices. In doing so, the Company is resolved to adhering to the principles of good corporate governance and business integrity while facilitating equal access to complete, reliable, and updated internal information for all investors and concerned parties. Accordingly, the Company monitors and tracks all of the internal data usage and trading securities procedures of directors, executives, and employees to ensure conformance with the Securities and Exchange Act and business transparency. Outlined below are some of the key points of the policy:

- Directors, executives, and employees at all levels are forbidden from using internal data containing crucial information that would have a significant impact on the stock price and which has not yet been declared to the public or the Stock Exchange of Thailand for trading to the advantage of themselves or others. Furthermore, the aforementioned parties are to refrain from trading the Company's stock for 1 month prior to the announcement date of the Company's results.
- The Company is responsible for announcing information to the public regarding key Company decisions and/or actions, instantly and thoroughly, via appropriate and acceptable media to ensure that all data and information are accessible to stakeholder groups in a timely manner. Release of such information must be handled through the Investor Relations Department and Public Relations Department and in a manner congruent with the rules and regulations set out by the Stock Exchange of Thailand and Disclosure Policy.
- Directors and executives shall report ownership of all securities issued by the Company, including those that pertain to self, spouses, unmarried life partners and/or minor children, to the Securities and Exchange Commission and to the Board of Directors on a quarterly basis.
- The Company maintains a strict policy regarding computer system usage and electronic information security in order to protect crucial information from unauthorised release. Misuse of internal Company data by directors, executives, or employees is considered a serious breach of Company policy and, in warranted cases, offenders will be prosecuted to the fullest extent of the law.

- The Investor Relations Department is forbidden from discussing forward-looking statements or making any comments on information pertaining to the following 6 months in order to comply with the Stock Exchange of Thailand's rules and international best practices; however, the long-term view regarding the Company's strategic direction and business trends can be discussed.
- The Investor Relations Department is obliged to declare silent periods to investor communities one month ahead of the results announcement date. During the corporate silence period, the Company refrains from answering any inquiries with regard to the upcoming financial results and Company guidance. Exceptions are made only for the discussion of factual business information, clarifications of disclosed information, new events concerning share price sensitive information, and long-term business operations. Any arranged meetings with analysts and/or investors are not accepted in this period, and shall strictly be confined to discussions on long-term business operations only.

The Company has a Disclosure Policy outlining the official procedures for information disclosure. The policy is developed based on the principles that the disclosure of corporate information shall be in compliance with applicable legal and regulatory requirements. Disclosure of all corporate information shall be accurate, adequate, timely and consistent, regardless of whether it has a positive or negative impact on the Company, the investors, or the market. All non-public information shall be disclosed in a manner which ensures fair and equitable access by all investors. The policy stipulates responsible positions, levels of disclosure, and communication procedures. The policy reinforces the standards of disclosure and follows the principles of market efficiency.

Audit fee and non-audit fee

- In 2016, the Company had the audit fee and quarterly review fee of total Baht 2.41 million and the audit fee and quarterly review fee of its subsidiaries was Baht 6.32 million.
- The Company had a non-audit fee of total Baht 0.67 million.

Our Business in a Sustainable Way



The vast growth of internet use in the social media by the rapid development of technology which facilitates everything from communication to day-to-day life and business-leads to consumers having many different needs and placing greater importance on the quality and reliability of telecommunications systems. As a result, telecommunications network providers must keep pace with these changes, developing business concepts and work teams to create products and services which meet consumers' increasing expectations, and promoting long-term competition capabilities.

In addition to this, following the announcement of the government's 'Thailand 4.0' policy, which seeks to use digital technology to drive the country's economy and society, increase competition on the global stage, and reduce social inequality, the government has set the Digital Economy Development Strategy, Phase 5 (2017 - 2021) - investment to develop the infrastructure of digital technology and internet across the country. AIS fully recognises its responsibilities as Thailand's leading telecommunications provider, and is therefore dedicated to the comprehensive and quality implementation of the country's telecommunications infrastructure while offering an array of goods and services at reasonable prices, making digital technology equally accessible to all Thai people.

The availability of resources in terms of radio frequencies and technological development, a strong financial status, and an extensive network of business partners consolidates AIS's position as the leader in telecommunications, while also supporting its aim to be the No.1 digital life provider for Thai people. There are currently over 41 million AIS mobile phone users, and the Company is quickly expanding into the high-speed internet business following the continued growth of



AIS Fibre. With quality work teams, AIS can deliver superior services, innovate to enhance daily living, and increase users' business potential.

Aiming to be the number one digital life provider for Thai people presents many challenges, including competition, new forms of competitors, stakeholders who expand into other related industries and businesses, and the changes in behavior or expectations of ever more complex users. Therefore, in setting its strategy and business plan, AIS must take into account a variety of crucial contexts which may affect its leadership and long-term survival, based on the perspectives of both the company and its many stakeholders, whether they be the communities in which AIS operates and society as whole, customers, business partners, or staff, AIS will look to the economic, social, and environmental dimensions, such as trends in technological and market changes, the habits and needs of customers, competitive conditions, and changing social and environmental conditions.

To ensure that all shareholders, investors, and stakeholders can learn and understand AIS's business practices and conceptual framework for creating sustainable growth and development, AIS has prepared and attached the "AIS Sustainability Report" to the Annual Report sent to shareholders, as well as publishing the same report on the website: www.ais.co.th



Relationship with investors

Investor Relations of AIS is a center to disclose company's important and useful information for investors to support their investing decision and for security analysts to analyze the company. The operation of investor relations is under the supervision of the Chief Finance Officer. Investor Relations

aims to build trust and correct understanding about the company with investors in order to reflect company's fair value. Committed to transparency, fairness, and company's trustworthiness, we have set the disclosure policy and investor relations' code of ethics, with important essence as follows.

Disclosure Policy

Transparent and Fair Disclosure

1. Disclosure of information shall be in compliance with applicable legal and regulatory requirements.
2. Disclosure of information shall be accurate, adequate, timely and consistent, regardless of whether it has a positive or negative impact on the Company, the investors or the market.
3. Disclosure of information shall ensure fair and equitable access by all investors. Selective disclosure of such information to specific individuals or groups is prohibited at all times.

Prevention of insider-trading

1. The Company must not publicly disclose material price-sensitive information until it has notified the SET.
2. The Company's executives or employees should avoid from trade the Company's securities for a period of thirty (30) days prior to the disclosure or publication of the quarterly or annual financial statements.
3. The Company observes thirty (30) days of silent period prior to its planned earnings release to the SET. During the silent period, the Company refrains from arranging meetings, commenting on or answering questions regarding business performance.

To provide consistent and sufficient information to investors, the Company discloses information on a quarterly and full-year basis, which can be found in both the Thai and English languages with the following detail.

Quarterly information	Full-year information
<ul style="list-style-type: none"> • Quarterly financial statements • Quarterly operational information and Management Discussion and Analysis (MD&A) • Significant events that affect company's financial status • Quarterly investor newsletter 	<ul style="list-style-type: none"> • Full-year financial statements • Full-year operational information and Management Discussion and Analysis (MD&A) • Business strategy and direction including financial guidance • Annual report and sustainability report

Also, to provide convenience and clear messages to investors, we disclose information through various channels, in addition to the conventional channel through the SET, for shareholders and investors to access. All information must be disclosed to the SET prior to disclosing through other channels. The provided channels are as follows.



Channels to disclose information	Type of disclosed information
Investor relations' e-mail box at investor@ais.co.th	To disseminate information regarding quarterly and full-year results after disclosing to the SET, including other information such as IR activities. Recipients are investors and analysts who asked to receive information from this channel.
Company visit and conference call	To provide equal access to both local and foreign investors to directly inquire information from management after result announcement.
Roadshow	To meet foreign investors via overseas roadshow and to meet local investors at the SET' Opportunity Day and at brokerage firms.
Website: http://investor.ais.co.th	To disclosure useful information for investors and analysts such as historical information, financial statements, annual report, form 56-1, Telecom background package, news disclosed to the SET, investor calendar, AGM's agenda, stock information, dividend policy, organization structure, and corporate governance policy.
Investor newsletter	To disseminate latest quarterly result summary and business development including new products and services for shareholders every quarter.
Other channels such as printed materials, television, seminar	To disclose general operational information and company's strategy by working with company's public relations department.

In 2016 investor relations strongly realized the importance of having company's strategies and essential information carefully communicated to investors as the situation in the industry swiftly developed. With the purpose for investors to have a correct understanding and for the stock to best reflect the fair value, investor relations has strategically allocated roles to have a closer communication with investors by starting to visit brokerage firms to meet retail investors once a quarter, replying to investors' questions on investing websites, meeting a better mix of foreign investors such as funds with medium-sized assets under management, etc. In addition, all activities held by the department were well supported by the company's management such as CEO, CFO, and other vice presidents. Management always allocate their time to participate in the activities to convey company's strategy and direction and to have a frequent meeting with both local and foreign investors. A summary of activities held during last year to disclose information and to meet investors is provided below.



Activities related to quarterly results announcement				
Activity	2016	Objective	Attendees	Executive
Results Conference Call	Quarterly (4 times)	Quarterly results announcement and Q&A	Local and foreign analysts and institutional investors	Chief Executive Officer / President / Chief Finance Officer
Analyst Briefing	Semi-annually and annually (2 times)	Presentation of the Company's semi-annual and annual performance, strategy, and Q&A	Analysts and local institutional investors	Chief Executive Officer / Chief Finance Officer / other members of management
Opportunity Day by SET/ Investor Briefing at Brokerage Firm	Quarterly (9 times)	Quarterly results announcement and Q&A	Retail investors, investment consultants and analysts	Investor Relations Team

Investor Activities				
Activity	2016	Objective	Attendees	Executive
Road Show/ Conference (domestic and international)	22 times	Communicate business direction, performance and strategy	Local and foreign institutional investors	Chief Executive Officer / Chief Finance Officer
Company Visit	103 times	Provide access to management for discussing the Company's performance, direction, and strategy	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Finance Officer

According to the abovementioned responsibility of investor relations, we have collected investor feedback on a regular basis from investors who had a contact with us, and continued to improve the efficiency of investor relations roles. In the past five years, AIS' investor relations consistently received several awards such as the SET Award by the Stock Exchange of Thailand and the Best IR Award by the Investment Analyst Association. In 2016, we received prestigious awards "Best in sector: Communication" by the IR Magazine Awards - South East Asia 2016 and "Outstanding Investor Relations Awards" with market capitalization over Baht 100 billion by the SET Awards 2016.

The AIS investor relations team provides shareholders and investors with a direct point of contact by telephone at: +662 029 3112, +662 029 5014; by fax at: +662 029 5165; or by e-mail at: investor@ais.co.th

Risk Management, Internal Control, and Internal Audit

Internal control & Internal audit

Risk Management

In order to manage and maintain risks at an acceptable level, AIS has established an Enterprise Risk Management Policy and Framework. Applicable to all operations and all employees, the policy and framework include measures such as encouraging employees to take continuous personal responsibility for self-assessing risk (Further information on risk-assessment is shown on page 87-88) and developing

internal control systems to strengthen the effectiveness of the internal control and risk management systems

AIS has in place proper and effective risk management systems, which are aligned with the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).



The 6 steps in the risk management process are:

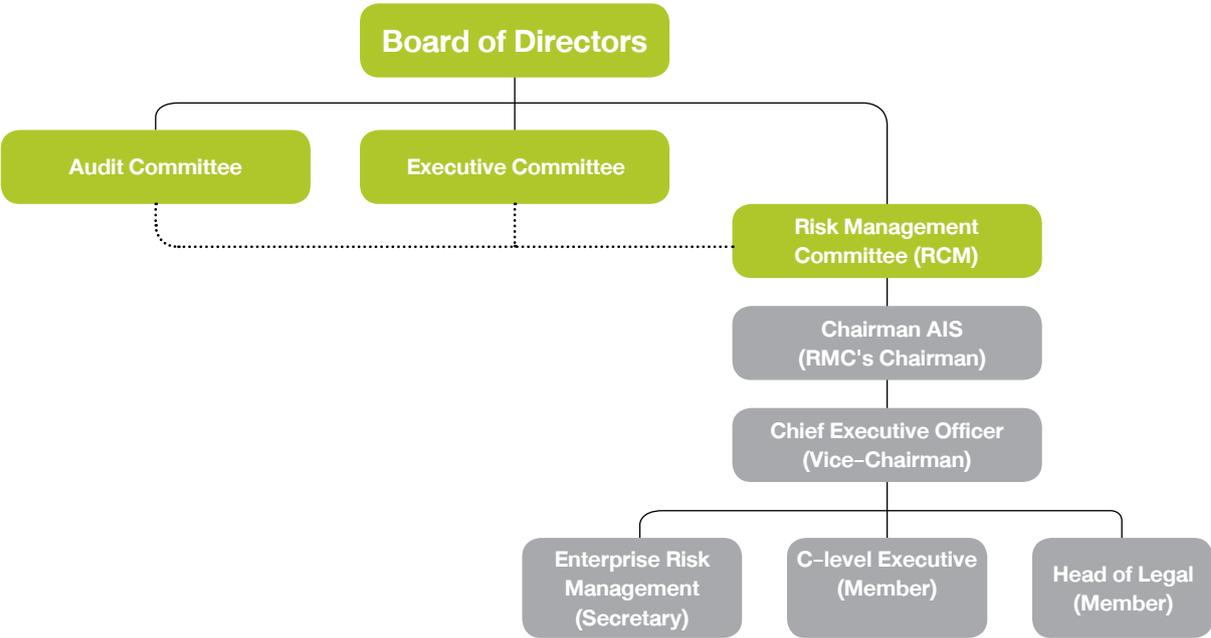
1. Set both corporate and functional level objectives which are aligned with AIS's corporate strategy and are within its risk appetite levels as approved by the Board of Directors and reviewed annually.
2. Identify the events that could have a negative impact (risks) on AIS's ability to achieve its goals and its targets from both internal factors, for example, operational processes and human resources, and external factors, for example, customers, the economy, politics, and regulations.
3. Assess the identified risks by considering the likelihood of the risk occurring and the potential impact if the risk occurred; in addition, the correlation between the impact of any risk and how it could affect another risk must also be assessed.
4. Plan risk response measures with consideration given to the level of risk involved and the corresponding cost and benefit.
5. Establish control activities to help ensure that the desired risk responses are implemented as intended and are carried out effectively.
6. Monitor and report the status of the risks and the effectiveness of the risk management processes.



AIS emphasizes the importance and value of risk management by appointing the Chairman of the Executive Committee as the Chairman of the Risk Management Committee. The Committee is responsible for establishing the Risk Management Policy and Framework, which includes identifying risk, assessing and rating the risks, defining the risk management approaches, and assigning responsibilities to

those in charge of managing and controlling the risks to be maintained within approved risk appetite levels. This enables AIS to accomplish its goals and strategies and create confidence for all shareholders and stakeholders.

AIS has established a Risk Management working structure as depicted in the following chart:



The Chief Executive Officer is responsible for implementing the risk management policy and framework throughout the Company. The policy and framework are communicated via the senior management of each business unit to all employees in order to set the risk management objectives, identify the risks, and manage those risks at the operation level. The Chief Executive Officer continuously monitors the risk management results to ensure the risk management system's effectiveness and efficiency in accomplishing the Company's goals and strategies.

The Chief Executive Officer is responsible for implementing the risk management policy and framework throughout the Company. The policy and framework are communicated via the senior management of each business unit to all employees in order to set the risk management objectives, identify the risks, and manage those risks at the operation level.

The Chief Executive Officer continuously monitors the risk management results to ensure the risk management system's effectiveness and efficiency in accomplishing the Company's goals and strategies.

Furthermore, in 2016, AIS set up meetings chaired by the CEO in order to report on all functional risk management, to acknowledge all functional risk issues and risk management as well as to ensure the effectiveness and productivity of the risk management system and determine whether the risk level has been successfully mitigated within the acceptable risk appetite of AIS.

The Risk Management Committee submits its report on risk management to the Audit Committee, the Executive Committee, and the Board of Directors on a quarterly basis for close monitoring to ensure that its risk appetite is acceptable and that the Company is able to accomplish its goals.

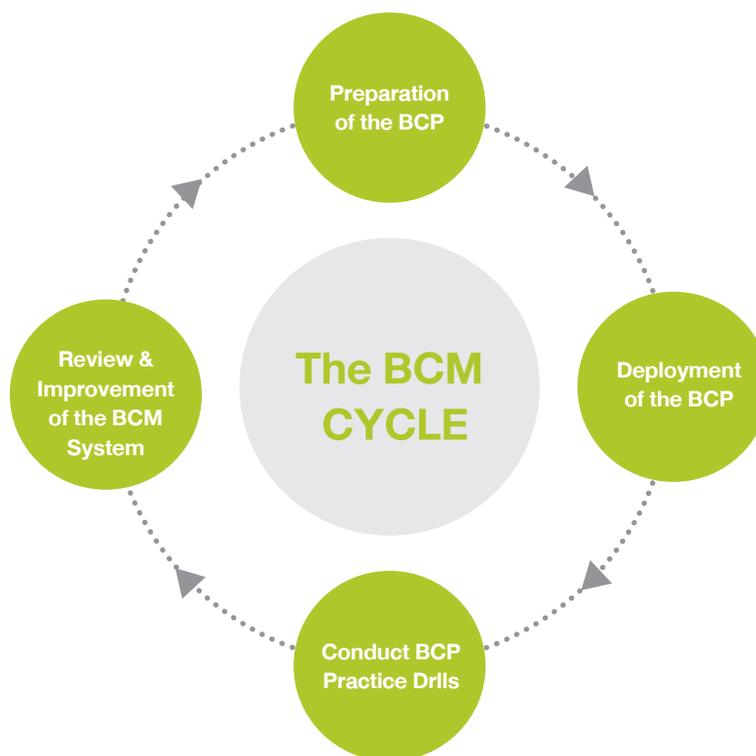
Business Continuity Management

The Company has set in place a business continuity management system in accordance with international standards in order to continue operations in the event of natural disasters or any other situations that are beyond the Company's control and which have the potential for causing an interruption to the core operating system and a loss of

company property and personnel at both central and regional levels, including subsidiary companies.

To support this system, the Company has established the Business Continuity Management Committee, comprised of top executives from each business unit and chaired by the Chief Executive Officer, to oversee the effectiveness and sustainability of the Company's business continuity management.

The business continuity management (BCM) process comprises 4 main steps



- **Prepare business continuity plan:** Prepare a business continuity plan to cope in the event of a disaster in accordance with the objectives of the business continuity management of the core business processes. This will be based on consideration of both business impact analysis and risk assessment to determine the critical business process of each unit, as well as to define the period of time after which outages of the business process become unacceptable.
- **Deploy business continuity plan:** Distribute and communicate the approved business continuity plan to all related parties and ensure its understanding. This also include the preparation of the resources, both internal and external, that are necessary and sufficient to implement the business continuity plan.
- **Conduct business continuity Arrange to conduct business continuity plan practice drills:** according to the defined schedule and targets; update the plan to make it current and report the results of the practice drills to the commander accountable for the business continuity

plan; gain acknowledgement from the Business Continuity Management Committee.

- **Review & improve business continuity management system:** Review and improve the business continuity management system to ensure its effectiveness and alignment with the risk level currently faced by the Company.

AIS has in place a Business Continuity Management System that is comprised of an Enterprise Business Continuity Plan (Enterprise BCP), Departmental Business Continuity Plan (Departmental BCP) and significant functions of AIS. Risk assessment of any threat to the Company must assess both the likelihood of that threat occurring and its impact in order to prepare the Enterprise BCP for coping with the crisis or any emergency situations which adversely affect or damage the working facilities or staff.

Based on the findings of the business impact analysis, Departmental BCPs are also in place to manage the situation in the event that any department is not able to perform any process that could directly impact the company's products or services.

A Disaster Recovery Plan (DRP) has also been established to provide the strategy and working process in order to recover all information technology systems that support critical processes. This includes all of the resources required to ensure our business continuity within an acceptable recovery time period and at an acceptable operational level.

AIS's Business Continuity Management Committee has assigned senior executives and the heads of related parties to prepare the business continuity plan to ensure continuation of the critical business processes which have a direct impact on AIS's ability to deliver its Critical Services. It is the responsibility of all management and staff to support the activities related to business continuity management, such as the preparation of the business continuity plan; the allocation of resources according to the business continuity plan, especially in the practice drills; and the review of the plan to ensure the effectiveness of the business continuity management.

In 2016, AIS conducted business continuity plan practice drills on the continuation of critical business processes, such as coping with a critical situation at head office in which the working facilities became inaccessible, requiring alternative sites to be activated. A simulation exercise was carried out

to test response to physical damage at our data center which caused an interruption to our network and services. In this exercise, AIS practiced the activation of an identified BCP to ensure the continuity of our service. Based on the findings from this exercise, AIS also reviewed and updated the plan in order to align it more appropriately with the current situation and ensure that AIS is ready and able to respond to and manage a variety of situations in times of crisis.

Internal Control

AIS recognizes the importance of internal control system as an important mechanism to prevent and manage risks or events which might negatively affect the Company and its stakeholders. The internal control system contributes to business success through ensuring the effective operations.

The Board of Directors emphasizes the significance of having a good internal control system for AIS and its subsidiaries. As a result, AIS has applied the Internal Control-Integrated Framework (COSO 2013) which comprises 5 components, divided into 17 principles, developed by COSO (the Committee of Sponsoring Organizations of the Treadway Commission), to design practical operating systems to manage the Company and its subsidiaries in order to promote standard business practices leading to objective achievement at every functional level.

AIS aims to raise good internal control awareness to the Directors, the Management, and employees. The Board of Directors is a view that AIS has sufficient number of skilled personnel for good internal control implementation, as prescribed, along with an internal control system for monitoring AIS and its subsidiaries' control of operations and safeguarding of assets against the misuse or unauthorized acts by the Board of Directors, the executives and employees against transactions that might result in a conflict of interest or connected transactions.

In the Board of Directors Meeting no. 2/2017, held on 3 February 2017, the four independent directors assessed the adequateness of the Company's internal control system by using the internal control system assessment form provided by the Securities and Exchange Commission, Thailand (SEC) and concluded that the overall internal control system is adequate and effective for AIS' operations. No material deficiencies were found in the internal control system.



Additionally, Deloitte, the Company's external auditor, evaluated the effectiveness of the Company's internal control system in 2016 and concluded that the Company has effective, sufficient and appropriate internal control system.

AIS Internal Control System comprises five (5) components and seventeen (17) principles as follows:

Control Environment

The Board of Directors is aware that a good control environment is the foundation of the organization's effective internal control system. The main elements of AIS' control environment are as follows:

The Board of Directors promotes integrity and ethical values by being a role model in both personal and business conduct, and establishing clear reporting lines and delegation of duties and responsibilities, resulting in personnel understanding what is expected of them. AIS expects the Management and employees to act honestly and adhere to the Company's ethical values. Therefore, AIS it has developed a Code of Business Ethics as a guideline for the Directors, the Management and employees. Furthermore, AIS has a whistle blower policy and provides a separate communication channel to receive complaints regarding possible fraud and misconduct from both internal and external parties and report any investigation results to the Board of Directors and the Audit Committee on a regular basis. In addition, by participating in Thailand's Private Sector Collective Action Coalition against Corruption ("CAC"), AIS received a certificate from the CAC in January 2016. AIS has also developed and implemented an Anti-Bribery and Corruption Policy as a guideline for AIS and its subsidiaries.

In 2016, questionnaires were sent to the Management and employees of AIS, its subsidiaries, partners and vendors to assess their understanding of and adherence to AIS' Code of Business Ethics and the Anti-Bribery and Corruption policy. The response rate was 99% (executives and employees); 94% of all respondents had a good understanding of the above policies, while the response rate of partners and vendors was 68% and 89% understood the above policies. The assessment results have been reported to the Board of Business Ethics for acknowledgement and to seek ways to further improve the above policies.

The Board of Directors is independent from the Management and has sufficient skills and expertise to oversee the Management. The reporting lines are separated into main operating functions and quality assurance functions to create proper checks and balances. Clear delegation and limitation of authorities in both executive and operating levels are established. The Management also sets realistic and achievable a new targets and performance indicators in the business plan and communicates them to the executives and employees to reduce excessive pressure on them. The performance results and rewards relating to the business plan have also been communicated.

AIS' employees have sufficient knowledge and skills needed for their duties and responsibilities. The Board of Directors conducts a succession plan for key executives and employees to ensure a smooth business operation. A human resource development policy is established, based on a career path framework to develop both business knowledge and soft skills. AIS also encourages and supports employees to apply for professional certification, such as information system security and modern technical certificates, so that operations meet international quality standards. AIS has an effective performance evaluation and rewards system by providing motivation, development and retention programs to maintain and develop competent employees.

Risk Assessment

AIS has developed a Risk Management Policy, including a Risk Management Framework, associated duties and responsibilities and a Risk Management Manual as a guideline for every executive and employee to manage risk to be within acceptable levels. Additionally, the Fraud Risk Management Policy is also established to manage fraud risk from internal and external parties.

AIS sets clear business objectives in its annual business plan, including service revenue, telecommunication network quality, customer management, revenue collection and payment management, human resource management, Company assets management and law and regulatory compliance. AIS business objectives are also specified at department and functional level and aligned with the Company's vision, mission, strategies and objectives. All employees are informed of the objectives and of their duties and responsibilities towards those objectives.



Every executives and employees in the organization is responsible for identifying and assessing risk, based on methodologies stated in the Risk Management Manual, defining acceptable risk levels at corporate and department levels and managing any risk to be within acceptable levels. To enable entity-wide systematic risk management at every level, ERM Facilitator staff are appointed and trained on full risk management procedures and internal control systems to coordinate and provide guidance in developing a risk management plan for executives to monitor the operational results, and promote Controlled Self-Assessment in every key process of the organization. Each function's risk management plan must be delivered to the risk management office and registered as an enterprise risk.

AIS has established a Fraud Risk Management Policy, which determines procedures, duties and responsibilities, fraud risk assessment methodologies, various fraud risk schemes and scenarios - for both internal and external fraud - according to the Association of Certified Fraud Examiners (ACFE)'s risk categories framework to guide departments, such as the Security Team, Fraud Management Team, Procurement and Accounting departments in identifying and assessing every type of fraud risk.

Any risk due to significant changes in the telecommunication industry are carefully assessed in order to manage them properly and in a timely manner. For example, AIS executives consider that digital economy and related data, a new technology to be employed soon, is a significant event in which AIS must be prepared for and has accordingly developed systematic risk management measures.

Control Activities

AIS selects and develops control activities to be appropriate with the specific risks and characteristics of the Company. It has implemented control activities through policies and procedures to help ensure that the Management's implemented controls can manage risks to achieve the objectives of the Company. AIS's control activities are performed at all levels of the entity and at various stages within all business processes, including authority for approval, review, reconciliation, and appropriate segregation of duties. In addition, AIS has raised awareness and encouraged risk management

responsibilities and good internal control through three lines of defenses model, namely, first line; departments, second line; risk and compliance management, and third line; internal audit.

The business environment, complexity, type and scope of operation, or other specifications are factors for selecting and developing different approaches of control activities, such as manual or automated controls, or preventive or detective controls; for example, by creating an information system to check the control system deficiencies to ensure accuracy and speediness. Duties and responsibilities in three areas, namely, responsibility for approving, recording, and asset handling are now fully segregated to properly monitor and control these business functions.

Regarding business process technology systems, AIS selects and develops various, general and appropriate control activities over technology to ensure that the Company's technology and IT systems can always operate without interruption and are safe from unauthorized access. The control activities are designed and implemented to cover technology infrastructure, security management, and information technology development process, for instance, by providing information security management under ISO27001:2013 and the Data Protection control framework.

AIS deploys its control activities through written policies and procedures, which clearly specify responsible personnel, control timing, error correction protocols, to ensure that the control activities are practical and can be carried out accurately. The policies and procedures are periodically revised for their appropriateness, for example, by updating procurement policies.

AIS has established policies to ensure that all business transactions are approved, based on the Company's maximum interest, and on an equitable agreement with independent parties (arm's length transaction). The operations of AIS subsidiaries and their directors or executives, appointed by AIS, must adhere to all business transaction policies.

Information & Communication

AIS uses correct and accurate information to support its internal control processes. Data is gathered internally and externally by considering costs and benefits to be received. Information systems are employed to process and gather data and support the internal control as determined. Important data is communicated to internal parties to support



the internal control, while other business related information is communicated to external parties as appropriate to AIS' business direction and interests.

AIS has an internal communication system to relay internal control objectives, policies, procedures, and employee accountability to all executives and employees. Various communication channels are appropriately selected for communication efficiency and effectiveness. For example, internal communications is available via the intranet, newsletters, CEO in 'CEO Talk Weekly 5 Minutes', and the Company's confidential Whistle Blower Hotline.

Furthermore, AIS regularly reports material information to the Board of Directors. The board members have access to and can request reviews of any information needed to exercise their oversight responsibilities.

AIS has an efficient communication system for external stakeholders by using proper channels. For example, there are communication channels include the internet, social media, investor relations, customer services touch points. The Whistle Blower hotline to the Audit Committee is available at: AuditCommittee@ais.co.th, as stated in the Whistle Blower Policy.

Monitoring Activities

AIS conducts activities to monitor and evaluate the effectiveness of the internal control system, including ongoing evaluation, conducted by sufficiently-skilled heads of all offices, and separate evaluation, conducted by internal auditors, to ascertain that all components of the internal control system are identified and put into practice effectively and conform to all related policies.

When significant internal control deficiencies are identified, the executives have to analyze the root causes of the deficiencies to communicate to the responsible parties for timely corrective action. Material deficiencies and their correction progress must also be reported to the Board of Directors and the Senior Management as appropriate. Moreover, actual or suspected fraudulent incidents, violation of laws, or any other irregularities, which may materially affect the Company's reputation or financial position, must be immediately brought to the attention of the Board of Directors.

Internal Audit

The Internal Audit Office (IAO) reports directly to the Audit Committee who ensures the internal auditing independence, objectivity, integrity, and professional adherence to the internal audit standards and reports administratively to the Chief Executive Officer.

IAO's duties include provision of assurance and consulting services through the effective and efficient evaluation of internal control systems, risk management systems, and good governance in order to support the Company's business objectives and targets. IAO operates under the internal audit charter which clearly specifies the internal audit mission, scope, authority, duties, responsibilities and procedures. The charter is revised for its appropriateness periodically.

The Chief Audit Executive (CAE) acts as the secretary to the Audit Committee, supporting their oversight responsibilities, and is assigned by the Board of Directors. Additionally, the CAE gives advice relating to internal control, risk management, business ethics, information security etc. (Please see page 54 for CAE profile and functional responsibilities).

IAO prepares its annual audit plan to align with AIS and its subsidiaries' strategic direction and operates on a risk-based approach, focusing on significant risks to AIS' operations, objectives, and strategies, including fraud prevention auditing. The annual audit plan is approved by the Audit Committee. Audit reports and monitoring of operational results, according to the recommendations provided to the Audit Committee, are forwarded for regular consideration.

IAO is another channel to receive any complaints on possible misconduct and fraud by internal staff or external parties, which will be acted on in accordance with the Whistle Blower Policy. The case results are reported to the Audit Committee quarterly.

IAO promotes and trains AIS and its subsidiaries employees to understand and effectively implement the internal control system according to COSO 2013. IAO also provides guidance on assessment of sufficiency of the internal control system in accordance with the SEC's guidelines. IAO also advises the executives and makes recommendations regarding any matter related to the internal control system.



As AIS' vision is to offer various digital and modern products and services, information technology systems are crucial to support AIS and its subsidiaries operations. IAO works with the Information Technology System Development Committee to provide recommendations to ensure that sufficient and effective internal control measures are in place and provide IT assurance service before and after any digital service is launched. IAO also audits information security management systems and related hardware or software in the organization to ensure security in compliance with ISO 27001:2013 and Payment Card Industry Data Security Standard (PCI-DSS).

IAO deploys the Digital Automation Audit auditing system to ensure faster and more accurate auditing, replace manual auditing and expand the internal auditing functions to cover more AIS processes.

IAO adheres to the International Professional Practices Framework and the internal audit charter. IAO revises the internal audit manual and conducts internal audit quality self-assessment on an annual basis. It also receives a Quality Assessment Review (QAR) external, independent audit every five years. An external independent quality assurance assessment of the internal control system, risk management and good governance policy will add values to AIS' stakeholders and promotes the sustainable development of the Company. In 2011, IAO was assessed as: 'generally conforms with the international standards' and 'performed remarkably well in relation to qualitative benchmarking against high performing internal audit functions internationally' by PwC. The result of the QAR review of AIS' internal audit function in 2016 by KPMG will be available in Q1/2017.

To keep its AIS' internal audit operation up-to-date, IAO regularly reviews and upgrades leading domestic and international professional practices and standards relating to internal control system, risk management, good governance and other fields relating to AIS's business.

IAO encourages all internal audit staff to multidisciplinary or integrated auditors, develop their skills and always be innovative in developing more effective audit techniques. The internal audit staff is encouraged to seek continuous development in order to acquire knowledge and skills critical to the AIS' business operation and self-development to build internal auditing expertise; for example, by acquiring professional auditor certification or other relevant qualifications.

At present, staff in IAO has total of 37 professional certificates holders as follows: 8 Certified Internal Auditors (CIA), 7 Certified Information System Auditors (CISA), 1 Certified Information Systems Security Professional (CISSP), 10 Certification in Risk Management Assurance (CRMA), 5 Certified Public Accountants (CPA), 1 Tax Auditor (TA), 4 Information Security Management System Auditor/Lead Auditor certificates (ISO/IEC 27001:2013), and 1 Business Continuity Management System Auditor/Lead Auditor (ISO 22301). A number of staff are still studying to acquire the CIA, CISA, CRMA, CCSA (Certification in Control Self-Assessment), and CFE (Certified Fraud Examiners) in order to support internal audit tasks as professionals and to meet international audit control standards.

Opinion of Audit Committee regarding Connected Transactions for 2016

To Secretary-General The Securities and Exchange Commission

We, the Audit Committee of Advanced Info Service Public Company Limited, "the Company", whose names appear hereinafter, hereby provide an opinion with respect to the connected transactions executed by the Company with those parties thereof who were considered as having a conflict of interest in 2016, as set out in the Enclosures.

After having considered such matters, we are of the opinion that Management conducted such transactions for the benefit of the Company at an arm's length basis with general business trading condition and reasonable price that compared with the general market price in such industry.

Kindly be informed accordingly.

Yours sincerely



(Mr Krairit Euchukanonchai)
Chairman of the Audit Committee



(Mrs Tasanee Manorot)
Audit Committee member



(Mr Surasak Vajavit)
Audit Committee member

Related Transactions

The Company and its subsidiaries have entered into related transactions with connected persons. All of these related transactions are made in the ordinary course of business and on general trading conditions.

To be aligned with the Security and Exchange Act (No. 4) B.E. 2551, Article 89/12 (1), the Company's Board of Directors has approved in principle, on 13 August 2008, that the management shall have the authority to undertake the related transactions, whereas those transactions are transactions with general trading conditions. The approval of the above transactions shall not constitute such authority to allow the director, an executive, or a related person to approve with a conflict of interest.

For approval process, the related transactions shall be processed in the same practice as other general trading transactions with outside parties with the authorized executives designated and empowered to endorse up to a certain limit

of budget according to their respective rank and position. The Audit Committee of the Company and its subsidiaries is responsible for reviewing the related transactions every quarter to ensure that no conflict of interest will be occurred in order to maximize the overall company's benefits.

For the fiscal year ended 31 December 2016 and 2015, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business. The Company charges / purchases products and services with related parties at reasonable prices and those prices are comparable to the market rate with general trading conditions. Details of related transactions are as follows;

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
1. Intouch Holding Public Company Limited (INTOUCH) / INTOUCH is a major shareholder, holds 40.45% Co-directors: : 1. Mr. Somprasong Boonyachai 2. Mr. Phillip Chen Chong Tan	The Company and its subsidiaries provide mobile services and handset sales to INTOUCH. While a subsidiary has interest expense from long-term debentures. Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable Purchase of goods and services 1. Rental and Other service expenses 2. Trade and other accounts payable 3. Interest expenses 4. Debenture					The Company and its subsidiary charge mobile services and handset sales at the same rate as external customers. The Company and its subsidiary pay service fee and interest expense to INTOUCH at the same rate as others parties.
		-	1.03	0.02	0.93	
		-	0.48	0.56	1.23	
		-	0.30	-	0.13	
		0.58	0.71	0.22	0.24	
		-	0.09	-	-	
		-	1.50	-	1.34	
		-	37.00	-	37.00	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
2. Thaicom Public Company Limited (THAICOM)/ INTOUCH is a major shareholder, holds 41.14% Co-directors: 1. Mr. Somprasong Boonyachai 2. Mr. Phillip Chen Chong Tan	The subsidiary leases satellite transponder (Thaicom7) from THAICOM. The contract will be effective until 19 November 2017 The subsidiary pays US\$ 1,700,000 per year, moreover it provides satellite downlink equipment and space for transponder equipment installation. While subsidiary provides domestic and international phone services and handset sales to THAICOM.					THAICOM is the only satellite operator in Thailand.
	Sales and services					
	1. Service income	-	1.65	1.53	3.54	The Company and its subsidiaries charge mobile services and handset sales at the same rate as external customers.
	2. Other income	-	0.40	-	0.38	
	3. Trade and other accounts receivable	-	0.17	-	0.15	
	Purchase of goods and services					
	1. Rental and Other service expenses	-	60.03	6.87	67.19	The Company and its subsidiary pay service fee and purchases of assets to THAICOM at the same rate as external customer.
2. Purchases of property and other assets	-	36.26	-	59.19		
3. Trade and other accounts payable	-	5.10	-	69.11		
3. Teleinfo Media Company Limited (TMC)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiaries hire TMC to provide information or content on mobile phone such as astrology, lotto and more entertainment through SMS, call center service and pay service fee on monthly basis. While The Company and its subsidiaries provide mobile services and handset sales to TMC.					TMC has a specialization in providing information for content on mobile and call center service.
	Sales and services					
	1. Service income	-	1.59	0.42	0.42	The Company and its subsidiaries charge mobile services at the same rate as external customers.
	2. Other income	-	0.05	-	0.04	
	3. Trade and other accounts receivable	-	0.24	-	0.76	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
	<p>Purchase of goods and services</p> <p>1. Rental and other service expenses</p> <p>2. Trade and other accounts payable</p>	0.04	76.07	0.99	65.31	The Company and its subsidiaries pay service fee (Content on mobile) by the percentage of revenue and outsource call center fee to TMC at the same rate as other parties.
		-	12.68	0.04	7.35	
<p>4. I.T. Applications and Services Company Limited (ITAS) /</p> <p>INTOUCH is a major shareholders, holds 100%</p>	<p>The Company and its subsidiaries hire ITAS to provide SAP solution and application development. While a subsidiary provides mobile services to ITAS.</p> <p>Sales and services</p> <p>1. Service income</p> <p>Purchase of goods and services</p> <p>1. Rental and other service expenses</p> <p>2. Purchases of property and other assets</p> <p>3. Trade and other accounts payable</p>					<p>ITAS provides SAP application development and improvement, including maintenance services. The services are timely and rapidly while the service fee is reasonable.</p> <p>The subsidiary charges mobile services at the same rate as external customers.</p> <p>The Company and its subsidiary pay consultant fee depend on the type of work and the level of consultant and develops application to ITAS with the same rate as other SAP consultant.</p>
<p>5. Group of SingTel Strategic Investments Private Limited (SingTel)/</p> <p>SingTel is a major shareholder of the Company, holds 23.32%.</p>	<p>The Company and its subsidiaries enter into an agreement with companies of SingTel group:</p> <ul style="list-style-type: none"> - The joint International Roaming operation services (IR) - Network telecom service operator i.e. International Private Leased Circuit (IPLC) and content services <p>While the Company pays the salary and remuneration to Singtel for its operation.</p>					The agreement is under the ordinary course of business and both parties charge each other at the accepted price by deduct profit margin from their customers at the same rate as other operators.

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
	Sales and services 1. Service income 2. Trade and other accounts receivable Purchase of goods and services 1. Rental and other service expenses 2. Salary and other remuneration 3. Trade and other accounts payable	1.40 4.20	402.12 26.96	150.37 -	648.84 5.43	<p>The Company and its subsidiaries charge IR and content services at the same rate as other operators and other content providers.</p> <p>The Company and its subsidiaries pay IPLC fee and pay service fee (content) at the same rate with other operators, pay salary and other remuneration to STI with the actual basis according to the agreement and other content providers.</p>
6. CS Loxinfo Public Company Limited (CSL)/ INTOUCH is an indirect major shareholder	<p>The Company and its subsidiaries hire CSL for providing the internet service by connecting the network within and outside the country. While the Company and its subsidiaries provide mobile services, handset sales and datanet equipment's rental to CSL.</p> Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable Purchase of goods and services 1. Rental and service expenses 2. Trade and other accounts payable	- - - 0.02 -	12.05 5.36 2.55 3.15 0.42	0.36 - - 2.97 0.29	12.62 6.63 3.08 5.22 0.38	<p>CSL provides expertise on internet service by connecting internet data from local to worldwide through network.</p> <p>The Company and its subsidiaries charge mobile services and handset sales at the same rate as external customers.</p> <p>The Company and its subsidiaries pay service fee to CSL at the same rate as other parties.</p>

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
7. AD Venture Public Company Limited (ADV)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiaries hire ADV to provide content and value added service for mobile phone to customers such as game, ringtone, wallpaper and etc. by charging per month. While The Company and its subsidiaries provide mobile services, software mall and handset sales to ADV.					ADV has a specialization in designing and creating website with variety contents which suit to the Company and its subsidiaries' need.
	Sales and services					The Company and its subsidiaries charge mobile services and handset sales at the same rate as external customers.
	1. Service income	-	0.17	6.02	9.40	
	2. Other income	-	0.03	-	0.04	
	3. Trade and other accounts receivable	-	0.01	-	0.02	
	Purchase of goods and services					
1. Rental and service expenses	-	223.48	-	240.14		
2. Trade and other accounts payable	-	32.43	-	40.54		
8. DTV Service Company Limited (DTV)/ INTOUCH is an indirect major shareholder.	The Company and its subsidiaries hire DTV to advertising on satellite television, while the Company and its subsidiaries provide mobile services and handset sales to DTV.					DTV has a specialization in media service, content services on satellite television and satellite dish distributor.
	Sales and services					The Company and its subsidiary charge mobile services at the same rate as external customers.
	1. Service income	0.01	0.06	0.03	0.07	
	2. Other income	-	-	-	0.03	
	3. Trade and other accounts receivable	-	0.01	-	0.01	
	Purchase of goods and services					
1. Rental and service expenses	-	1.03	0.10	1.31		
2. Trade and other accounts payable	-	0.12	-	0.17		

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
<p>9. Lao Telecommunications Company Limited (LTC)/ INTOUCH is an indirect major shareholder.</p>	<p>The Company and its subsidiaries have cooperated with LTC to provide international roaming (IR).</p> <p>Sales and services</p> <p>1. Service income</p> <p>2. Trade and other accounts receivable</p> <p>Purchase of goods and services</p> <p>1. Rental and service expenses</p> <p>2. Trade and other accounts payable</p>					<p>LTC, the telecommunications service provider in Laos, provides fixed line, mobile phone, internet, and international roaming services. Roaming price is based on market rate.</p> <p>The Company and its subsidiaries charge IR services at the same rate as external customers.</p> <p>The Company and its subsidiaries pay roaming fee to LTC at the same rate as other parties.</p>
<p>10. Thai Yarnon Co., Ltd Group (TYT)/ Co-director: Mr. Vithit Leenutapong. (Mr. Vithit Leenutapong resigned from Chairman of AIS since 8 November 2016)</p>	<p>The Company and its subsidiaries hire TYT to provide car maintenance services and space rental for base station. While the Company and its subsidiaries provide mobile services to TYT.</p> <p>Sales and services</p> <p>1. Service income</p> <p>2. Other income</p> <p>3. Trade and other accounts receivable</p> <p>Purchase of goods and services</p> <p>1. Rental and service expenses</p>	0.02	1.62	0.16	2.11	<p>TYT is a car dealer with specialist in car maintenance services.</p> <p>The Company and its subsidiary charge mobile services and handset sale at the same rate as external customer.</p> <p>The Company and its subsidiary pay base station rental fee at the same rate as another lessor in the nearby area and pay maintenance car to TYT at the same rate as external customer.</p>

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
11. Ookbee Company Limited (OOKB)/ INTOUCH is a direct shareholder, holds 22.26%.	The subsidiary hires Ookbee to provide E-booking application on smartphones and tablets by charging per monthly. While a subsidiary provides mobile services to Ookbee.					Ookbee is a provider digital publication and E-Booking company such as books, magazines or newspaper on smartphones, tablets and computers.
	Sales and services					The subsidiary charges mobile services at the same rate as external customers.
	1. Service income	-	2.70	-	0.12	
	2. Trade and other accounts receivable	-	0.84	-	0.01	
11. Ookbee Company Limited (OOKB)/ INTOUCH is a direct shareholder, holds 22.26%.	Purchase of goods and services					The company and its subsidiaries pay service fee (Content on mobile) by the percentage of revenue at the same rate as other content providers
	1. Rental and service expenses	0.02	18.28	-	8.24	
	2. Trade and other accounts payable	-	2.00	-	1.32	
12. Information Highway Company Limited (IH)/ AIS is an indirect major shareholder.	IH provides facilities services under financial lease and transmission network to the subsidiary. While a subsidiary provides mobile services to IH.					IH provides facilities services under financial lease and transmission network.
	Sales and services					The subsidiary charges mobile services at the same rate as external customers.
	1. Service income	-	0.04	-	0.03	
	2. Interest income	-	-	-	2.31	
12. Information Highway Company Limited (IH)/ AIS is an indirect major shareholder.	3. Trade and other accounts receivable	-	-	-	0.01	
	Purchase of goods and services					The subsidiary pays transmission network fee to IH at the comparison rate as other providers.
	1. Rental and service expenses	-	175.79	-	42.61	
	2. Interest expense	-	6.51	-	2.79	
	3. Purchases of property and other assets	-	26.88	-	-	
12. Information Highway Company Limited (IH)/ AIS is an indirect major shareholder.	4. Trade and other accounts payable	-	22.99	-	15.14	
	5. Financial lease liabilities	-	85.17	-	72.00	

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
13. High Shopping Company Limited (High Shopping)/ INTOUCH is an indirect major shareholder.	The subsidiary provides mobile services to High Shopping. Sales and services 1. Service income 2. Other income 3. Trade and other accounts receivable Purchase of goods and services 1. Rental and service expenses	-	0.54	-	0.03	High Shopping is a provider of digital content services to customer through TV, mobile devices, the internet and other advertising channels. The subsidiary charges mobile services and handset sales at the same rate as external customers
14. Krung Thai Bank Public Company Limited (KTB)/ - Independent director of AIS and director of KTB: Mr. Krairit Euchukanonchai	KTB provides financial services to the subsidiaries, while a subsidiary provides mobile services to KTB. Sales and services 1. Service income 2. Trade and other accounts receivable Purchase of goods and services 1. Interest income from bank deposit 2. Bank deposits 3. Rental and service expenses 4. Trade and other accounts payable 5. Interest expense	-	115.38	-	25.54	KTB is a provider of full financial services such as bank deposit, arranging loan, merchant services and other services The subsidiary charges mobile services at the same rate as external customers. The company and its subsidiaries receive interest income from bank deposit and pay interest expense from long term loan at the same rate as other commercial bank.
15. TC Broadcasting Company Limited (TCB)/ INTOUCH is an indirect major shareholder.	TCB is a transmission provider and service provider. Purchase of goods and services 1. Rental and service expenses 2. Trade and other accounts payable	-	14.68	-	-	The subsidiary pays services fee (transmission) to TCB at the same rate as other providers.

Related parties/Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2016 (Million Baht)		Related transactions for the period 31 December 2015 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
16. Golfdigg Company Limited (Golfdigg) / INTOUCH is a direct shareholder, holds 25.00%.	The subsidiary provides mobile services to Golfdigg.					Golfdigg is a provider of the golf-course booking application on smartphone. The subsidiary charges mobile services at the same rate as external customers.
	Sales and services 1. Service income	-	0.05	-	-	
	Purchase of goods and services 1. Trade and other accounts payable	-	0.12	-	-	
17. Amata Network Company Limited (AN)/ AIS is an indirect major shareholder. *On December 6, 2016 Advance broadband network Co., Ltd, its subsidiary has invested in Amata Network Co., Ltd which is 60% ownership, and currently the company does not start business operation.	The subsidiary provides of management service to AN.					AN is a provider of transmission network in Amata industrial estate.
	Sales and services 1. Other income	-	0.24	-	-	
	2. Trade and other accounts receivable	0.03	0.52	-	-	
18. Pruksa Real Estate Public Company Limited (PS)/ Director of AIS and Executive committee of PS: Mr. Somprasong Boonyachai	The subsidiary provides mobile services to PS.					PS is a provider and develops real estate in Thailand. The subsidiary charges mobile services at the same rate as external customers.
	Sales and services 1. Service income	-	18.33	-	-	
	2. Trade and other accounts receivable	-	3.12	-	-	



Audit Committee Report 2016

To the Shareholders of Advanced Info Service Public Company Limited

The Audit Committee of Advanced Info Service Public Company Limited is composed of three independent directors with combined skills and expertise in finance, accounting, laws, and business administration. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). Its members include:

1. Mr. Krairit Euchukanonchai Chairman of the Audit Committee
2. Mrs. Tasanee Manorot Member of the Audit Committee
3. Mr. Surasak Vajasit Member of the Audit Committee

Mrs. Suvimon Kulalert, the Company's Chief Audit Executive, acts as secretary of the Audit Committee. The summary of meeting attendance of the members in 2016 is shown in "Management Structure".

The Audit Committee operates independently and performs its duties and responsibilities as assigned by the Board of Directors in overseeing the corporate governance and the internal control systems to ensure that the Company's business operations are carried out for the interests of its shareholders and other stakeholders and that the Management executes its duties with integrity, accountability, and in accordance with the Company's policies. The Audit Committee's operations in the year 2016 are summarized below:

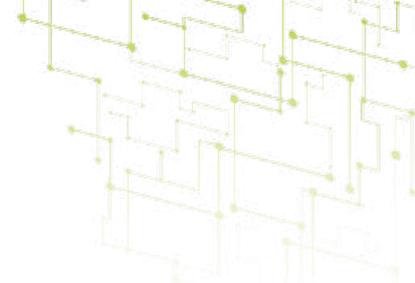
1. The Audit Committee reviewed the quarterly and annual separate and consolidated financial statements of the Company and its subsidiaries for 2016 after they had been reviewed and audited by the external auditor. The Audit Committee also discussed other significant accounting policies, estimates, and judgments applied in the preparation of these reports with the Management and the external auditor prior to the reports being concurred and submitted to the Board of Directors for approval.

Moreover, the Audit Committee acknowledged the external audit plan and reviewed the external auditor's management letter recommending improvements to the internal control system. The Audit Committee also held a meeting with the external auditor without the Management's participation for an independent discussion on important issues concerning significant information in the financial statements and any points of concern arising from their reviews and audits, including independence of the external auditor and the confidentiality of the Company's information.

The Audit Committee concluded that the internal control systems for financial reporting processes were appropriate and the external auditor performed their duties without any audit scope limitation to ensure that the financial statements fairly presented the Company's financial position and performance in all material respects and disclosed adequate information, in accordance with applicable Thai Financial Reporting Standards and Thai Accounting Standards.

2. The Audit Committee reviewed related party transactions or any transactions that potentially conflicted with the Company's interests and concluded that the Management conducted these transactions in the interest of the Company and at an arm's length basis, with general business trading conditions and reasonable prices, which were compared with the general market price in a similar industry.

3. The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, the regulations of the SEC and SET, and other relevant laws, as well as business commitments with third party agreements. The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material respects. The Audit Committee and external auditor assures that all material relevant issues under dispute, which the Management believes that such issues shall turn out to be in the Company's favor, were disclosed in the notes to the financial statements adequately.



4. The Audit Committee reviewed the effectiveness and adequacy of the internal control systems. The internal audit reports during 2016 were reviewed. The internal control system was assessed according to the Internal Control Integrated Framework 2013 of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as well as the SEC guideline. The Management actions, pertaining to the recommendations in the internal audit and external audit reports, were regularly communicated to and monitored by the Audit Committee whereby root causes of the issues would be further evaluated in order to provide guidelines for the management to prevent future potential loss. Additionally, the Audit Committee acknowledged the technology advancement for better understanding and gave recommendations to further enhance the effectiveness of the internal control systems. No major internal control deficiencies were identified and the Audit Committee concluded that the internal control systems were appropriate.

In addition, the Audit Committee monitored and reviewed improvements to the adequacy and efficiency of the Company's key internal control system. These comprised a review of the Approval Authority Policy, the policy for the delegation of signatory authorities relating to financial transaction matters and execution of agreement, the Whistle-blowing Policy and the Misconduct & Fraud Investigation Policy, the Procurement Process, the Customer Data Protection Process, and the Revenue Assurance and Expenditure system.

5. The Audit Committee reviewed the risk management system in four meetings with participation of representatives from the Risk Management Committee during 2016. Recommendations to improve efficiency of risk management system were made. The Audit Committee concluded that the risk management system was properly designed, implemented, and functioning.

6. The Audit Committee reviewed the Company's adherence with Reporting and Investigation of Misconduct and or Fraud and Whistleblower Protection Policy. All complaints and investigation results by the Investigation Committee were quarterly communicated to the Audit Committee whereby appropriate actions and fair treatments were additionally recommended in compliance with the Corporate Governance Policy. Moreover, the follow-up on the penalties of the wrongdoers has been monitored continuously. In 2016, the Company was notified by external parties and employees (via the Whistleblower Systems) of 23 cases. Some cases were recorded as related to non-compliance of Company's Code of Business Ethics and non-compliance with the Company's regulations, but with no material value loss. Complaints submitted were taken into consideration for determination of future preventive measures.

7. The Audit Committee was responsible for overseeing the Internal Audit Department and held a formal exclusive meeting with the Chief Audit Executive to ensure that all assurance and advisory activities concerning the internal control systems, risk management systems, and corporate governance systems were performed effectively and efficiently. In doing so, the Audit Committee reviewed internal audit's independence, internal audit reports during 2016, and its performance according to key performance indicators. The Audit Committee also evaluated the performance of the Chief Audit Executive and considered internal audit quality improvement plans based on the evaluations and suggestions received from the audited departments. Moreover, the Audit Committee also considered and approved the hiring of the external assessor to conduct the 2nd Quality Assessment Review (QAR) of internal audit function to assess compliance with the International Internal Auditing Standards, and benchmarking with global companies every five years; (1st was done in 2011). The assessment result will be complete in Q1/2017.

The Audit Committee approved the internal audit plan for 2016 which was based on the Company's strategies and risk based approach. The internal audit activities emphasized the evaluation of the effectiveness of key preventive controls, fraud prevention, and control self-assessment in each process. Moreover, the internal auditors should perform advisory roles to share knowledge and provide tools for the second line of defense to realize their oversight roles and responsibilities in



mitigating risks to an acceptable level. The Audit Committee also reviewed the internal audit's scope of work, responsibilities, annual budget, manpower sufficiency, competency, and audit tools; for the internal audit quality conforming to international standards.

The Audit Committee concluded that the internal audit processes had been operating appropriately, effectively, and independently, in conformity with the International Standards for the Professional Practice of Internal Auditing. Its annual audit plan aligned with the Company's goals and key risk areas. The Internal Audit Department had achieved its performance targets and demonstrated continuous improvement in respect of its personnel development and tools advancement.

8. The Audit Committee quarterly reported its operation to the Board of Directors and provided to the Management useful recommendations, which were subsequently adopted.

9. The Audit Committee reviewed and evaluated the adequacy of the Audit Committee Charter in the areas of the Audit Committee's scopes and duties to cover the area of overseeing the Anti-Bribery and Corruption Policy and its programme to ensure compliance with legal and ethical obligations.

10. The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for 2016 based on the assessment of independence, competency of the team support, experience in auditing, value added service and the audit fee. After careful consideration, the Audit Committee therefore proposed to the Board of Directors to seek approval to appoint the external auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co. Ltd as the external auditor for 2016 at the Shareholder's Meeting.

11. The Audit Committee's self-performance assessment was conducted annually, as an individual and group assessment, according to the SET guidelines which cover the structure and qualifications of the Audit Committee, the Audit Committee Meeting, and the roles and responsibilities of the Audit Committee aligning with the best practice guidelines from the SEC and the Audit Committee Charter. The result showed that the Audit Committee had performed its duties and responsibilities with sufficient skills, expertise, diligence, and independence. The Audit Committee had full access to all pertinent information from management, employees and associated parties. The Audit Committee had been given beneficial and practical comments and recommendations benefiting all stakeholders.

In summary, the Audit Committee determined that the Board of Directors, Management, and Executive Directors had performed their duties with integrity and diligence in pursuit of the Company's goals, and that the Company demonstrated commitment to effective and transparent Corporate Governance which included appropriate risk management and internal control system.

Mr. Krairit Euchukanonchai
Chairman of the Audit Committee

Mrs. Tasanee Manorot
Audit Committee member

Mr. Surasak Vajasit
Audit Committee member



Financial Report

Board Of Directors' Responsibility for Financial Reporting

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

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

In this regard, the Board of Directors has appointed an Audit Committee comprising independent directors to be responsible for reviewing quality of the financial reports, internal controls, internal audit and risk management system. The Audit Committee also reviews a disclosure of related party transactions. All their comments on these issues are presented in the Audit Committee Report included in this annual report.

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

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries' consolidated financial statements for the year ended 31 December 2016. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



Mr. Kan Trakulhoon

Chairman of the Board of Directors



Mr. Allen Lew Yoong Keong

Chairman of the Executive Committee



Report of The Independent Certified Public Accountants

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

Opinion

We have audited the consolidated financial statements of Advanced Info Service Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Advanced Info Service Public Company Limited (the “Company”) which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Advanced Info Service Public Company Limited and its subsidiaries and of Advanced Info Service Public Company Limited as at December 31, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p>Revenue recognition</p> <p>There is a risk around the accuracy of the Group's revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition. Furthermore the application of revenue recognition accounting standards is complex.</p> <p>In addition, we have also identified critical areas in relation to revenue recognition set out below that we considered significant.</p> <ul style="list-style-type: none"> • accounting for new products and tariffs introduced in the year; • accounting for long-term contracts; and • the timing of revenue recognition. <p>Accounting policies for revenue recognition was disclosed in Note 3.17 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Evaluated the relevant IT systems and the design and implementation and operating effectiveness of controls over the capture and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated controls, including interface controls between different IT applications. • Evaluated the business process controls in place over the authorization of rate changes, the introduction of new plans and the input of this information to billing systems. We audited the access controls and change management controls for such systems. • Performed audit on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills; and testing cash receipts for a sample of customers back to the customer invoice. • Audited key reconciliations used by management from business support systems to billing systems to the general ledger to assess the completeness and accuracy of revenue. • Audited supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items. <p>In addition, our audit procedures related to critical areas are as below;</p> <ul style="list-style-type: none"> • Audited samples of customer bills for accuracy for new products and tariffs introduced in the year. • Performed procedures to long-term contracts which may exhibit areas of audit interest such as significant change in margins and accounts with high accrued revenue amongst others. We challenged the assumptions and judgements underpinning forecast. • Validated with the assumptions and key management estimates adopted where revenue is recognized but they have not issued invoice yet.
<p>Capitalization of assets and asset lives</p> <p>There are a number of areas which impact the carrying value of property, plant and equipment and intangible assets. We have identified critical areas set out below that we considered significant.</p> <ul style="list-style-type: none"> • the decision to capitalize or expense costs; • the timeliness of transfer from the course of construction to plant and equipment; and • management judgement used in the annual asset life review. <p>Accounting policies for recognition and measurement of property, plant and equipment and intangible assets and details were disclosed in Notes 3.8, 3.10, 3.23 and Notes 11, 15 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Tested controls in place over the property, plant and equipment cycle and evaluated the appropriateness of capitalization policies. • Performed audit of details on costs capitalized and assessed the timeliness of transfer from the course of construction to plant and equipment. • Challenged the judgements made by management on the appropriateness of asset lives applied in the calculation of depreciation and amortization.



Key Audit Matters	Audit Responses
<p>Significant commercial disputes and litigations</p> <p>The Group has a number of legal, regulatory and tax cases. There is a high level of judgement required in estimating the level of provisioning required.</p> <p>The Group operates under the supervision of The National Broadcasting and Telecommunications Commission (NBTC). If the NBTC has acted lawfully upon any interpretation amendments and/or enactment of new rules and regulations, the Group may not lawfully file a lawsuit and/or make any claim for any indemnification.</p> <p>In addition, the Group cooperates with TOT Public Company Limited and CAT Telecom Public Company Limited. There is a risk of conflict of interests between the entities.</p> <p>Significant events, commercial disputes and litigations were disclosed in Note 38 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Designed and performed audit procedures in order to identify litigations and claims involving the Group which may give rise to a risk of material misstatement, including: <ul style="list-style-type: none"> - Inquired of management and in-house legal counsel about significant events, commercial disputes and litigation. - Reviewed minutes of meetings of those charged with governance and correspondence between the Group and its external legal counsel. - Reviewed legal expense accounts. • Considered compliance with laws and regulations of the Group including: <ul style="list-style-type: none"> - As part of obtaining an understanding of the Group and its environment, we obtained a general understanding of: <ul style="list-style-type: none"> - The legal and regulatory framework applicable to the Group and the industry or sector in which the Group operates; and - How the Group is complying with that framework. - Inquired of management and those charged with governance, as to whether the Group is in compliance with such laws and regulations and inspecting correspondence, if any, with the relevant regulatory authorities such as NBTC. • Requested management to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to us and accounted for and disclosed in accordance with Thai financial reporting standards.

Other Matter

The consolidated financial statements of Advanced Info Service Public Company Limited and its subsidiaries and the separate financial statements of Advanced Info Service Public Company Limited for the year ended December 31, 2015, presented herein as comparative information, were audited by another auditor, whose report thereon dated February 4, 2016 expressed an unmodified opinion on those statements.

Other Information

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

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

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

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



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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



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

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

February 3, 2017

Statements of Financial Position

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

ASSETS	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Current assets					
Cash and cash equivalents	4	11,226,140,704	9,864,912,703	409,710,983	1,153,323,176
Specifically-designated bank deposits	5	2,963,182,980	4,447,280,062	-	-
Current investments	6	-	304,674,040	-	-
Trade and other receivables	7, 34	14,116,309,540	16,388,529,471	1,868,662,606	5,482,137,002
Dividend receivables	34	-	-	12,093,267,807	19,944,391,312
Short-term loans to related parties	34	-	-	39,243,900,000	44,243,900,000
Inventories	8	3,085,251,635	5,059,252,355	67,871	38,632,788
Other current assets	35	508,453,933	1,942,220,774	248,207,349	1,329,506,403
Total current assets		31,899,338,792	38,006,869,405	53,863,816,616	72,191,890,681
Non-current assets					
Investments in an associate	9	24,234,502	-	-	-
Investments in subsidiaries	10	-	-	7,720,665,448	7,660,665,448
Investments in a joint venture	9	14,662,013	-	-	-
Other long-term investments	6	59,399,310	58,399,310	47,999,310	46,999,310
Property, plant and equipment	11	118,271,443,199	84,291,102,602	336,867,143	499,589,004
Assets under the Agreements for operations	12	-	-	-	-
Goodwill	13	34,930,692	34,930,692	-	-
Spectrum licenses	14	115,378,417,908	51,790,573,854	-	-
Other intangible assets	15	4,099,208,006	3,192,332,249	46,745,757	72,491,069
Swap and forward contracts receivable	35	577,660,237	795,449,411	517,060,528	795,449,411
Deferred tax assets	16	2,617,832,320	1,251,587,959	868,037,276	64,889,855
Other non-current assets	34	2,693,223,583	2,340,027,690	1,494,358,084	1,001,345,194
Total non-current assets		243,771,011,770	143,754,403,767	11,031,733,546	10,141,429,291
Total assets		275,670,350,562	181,761,273,172	64,895,550,162	82,333,319,972

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

Statements of Financial Position (Continued)

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

LIABILITIES AND EQUITY	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Current liabilities					
Short-term borrowings from financial institutions	17	9,200,000,000	8,500,000,000	5,700,000,000	7,700,000,000
Trade and other payables	18, 34	34,292,055,244	27,750,537,994	3,086,074,755	3,475,832,250
Current portion of long-term liabilities	17	2,484,704,493	4,355,626,863	2,052,743,555	4,327,462,057
Current portion of spectrum licenses payable	19	10,017,157,156	-	-	-
Short-term borrowings from related parties	17, 34	-	-	6,440,000,000	6,490,000,000
Accrued revenue sharing expenses		5,360,786,666	5,364,084,953	5,220,212,495	5,223,510,781
Unearned income - mobile phone service		3,208,042,630	2,331,763,136	9,223,936	44,592,133
Advanced received from customers	5	2,963,182,980	4,447,280,062	-	-
Income tax payable		1,756,300,784	4,761,207,636	-	-
Other current liabilities		45,798,270	22,791,839	1,101,566	1,816,750
Total current liabilities		69,328,028,223	57,533,292,483	22,509,356,307	27,263,213,971
Non-current liabilities					
Long-term liabilities	17	87,273,400,138	52,576,667,378	3,345,111,037	9,412,406,257
Employee benefit obligations	20	2,554,402,991	2,293,784,247	326,766,989	431,365,867
Spectrum licenses payable	19	72,180,037,834	19,902,471,117	-	-
Other non-current liabilities		1,626,147,293	962,076,164	16,036,200	16,036,200
Total non-current liabilities		163,633,988,256	75,734,998,906	3,687,914,226	9,859,808,324
Total liabilities		232,962,016,479	133,268,291,389	26,197,270,533	37,123,022,295
Equity					
Share capital	21				
Authorized share capital					
4,997 million ordinary shares of Baht 1.00 each		4,997,459,800	4,997,459,800	4,997,459,800	4,997,459,800
Issued and paid-up share capital					
2,973 million ordinary shares of Baht 1.00 each, fully paid		2,973,095,330	2,973,095,330	2,973,095,330	2,973,095,330
Additional paid-in capital					
Premium on ordinary shares	21	22,388,093,275	22,372,276,085	22,388,093,275	22,372,276,085
Retained earnings					
Appropriated					
Legal reserve	22	500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		16,471,015,050	22,313,204,401	12,761,597,893	19,308,356,485
Other components of equity	23	236,679,794	217,756,435	75,493,131	56,569,777
Total equity attributable to owners of the Company		42,568,883,449	48,376,332,251	38,698,279,629	45,210,297,677
Non-controlling interests		139,450,634	116,649,532	-	-
Total equity		42,708,334,083	48,492,981,783	38,698,279,629	45,210,297,677
Total liabilities and equity		275,670,350,562	181,761,273,172	64,895,550,162	82,333,319,972

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

Statements of Profit or Loss

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		FOR THE YEAR ENDED DECEMBER 31		FOR THE YEAR ENDED DECEMBER 31	
		2016	2015	2016	2015
Revenues					
Revenues from rendering of services and equipment rentals	25, 34	128,226,136,756	127,414,763,117	4,949,542,510	31,530,538,627
Revenue from sale of goods	34	23,923,729,805	27,798,086,571	-	185,224
Construction income from the Agreements for operations		-	63,590,862	-	63,590,862
Total revenues		<u>152,149,866,561</u>	<u>155,276,440,550</u>	<u>4,949,542,510</u>	<u>31,594,314,713</u>
Costs					
Cost of rendering of services and equipment rentals	29, 34	(58,069,917,881)	(50,020,302,266)	(5,024,415,481)	(20,652,874,405)
Revenue sharing expense	1	(3,989,039)	(6,716,227,755)	(3,989,039)	(6,716,227,755)
Cost of sale of goods		(24,917,977,306)	(28,018,892,492)	-	(185,237)
Construction cost from the Agreements for operations		-	(63,590,862)	-	(63,590,862)
Total costs		<u>(82,991,884,226)</u>	<u>(84,819,013,375)</u>	<u>(5,028,404,520)</u>	<u>(27,432,878,259)</u>
Gross profit (loss)		<u>69,157,982,335</u>	<u>70,457,427,175</u>	<u>(78,862,010)</u>	<u>4,161,436,454</u>
Selling and administrative expenses					
Selling expenses	29	(16,012,372,813)	(6,900,983,669)	(21,698,796)	(137,990,382)
Administrative expenses	29	(13,763,454,066)	(13,190,401,801)	(1,197,651,951)	(2,566,782,136)
Total selling and administrative expenses		<u>(29,775,826,879)</u>	<u>(20,091,385,470)</u>	<u>(1,219,350,747)</u>	<u>(2,704,772,518)</u>
Profit (loss) from services, equipment rentals and sales of goods					
Investment income	26, 34	203,951,212	291,108,353	29,540,009,830	38,313,574,249
Other operating income	27, 34	364,175,929	447,704,704	1,663,222,514	509,177,054
Share of gain (loss) from investments in an associate and a joint venture	9	23,896,565	(10,875,000)	-	-
Impairment loss on assets	10	-	-	-	(178,912,558)
Net gain on foreign exchange rate		277,161,087	228,779,748	21,865,404	16,438,334
Management benefit expenses	34	(150,257,434)	(209,178,159)	(149,987,433)	(208,618,159)
Finance costs	30, 34	(4,236,138,986)	(1,959,562,798)	(618,075,795)	(710,177,347)
Profit before income tax		<u>35,864,943,829</u>	<u>49,154,018,553</u>	<u>29,158,821,763</u>	<u>39,198,145,509</u>
Income tax (expense) income	31	(5,175,299,508)	(9,999,166,651)	803,147,421	(601,301,979)
Profit for the year		<u>30,689,644,321</u>	<u>39,154,851,902</u>	<u>29,961,969,184</u>	<u>38,596,843,530</u>
Profit attributable to:					
Owners of the Company		30,666,538,425	39,152,410,435	29,961,969,184	38,596,843,530
Non-controlling interests		23,105,896	2,441,467	-	-
Profit for the year		<u>30,689,644,321</u>	<u>39,154,851,902</u>	<u>29,961,969,184</u>	<u>38,596,843,530</u>
Earnings per share (in Baht)					
Basic earnings per share	32	<u>10.31</u>	<u>13.17</u>	<u>10.08</u>	<u>12.98</u>
Diluted earnings per share		<u>10.31</u>	<u>13.17</u>	<u>10.08</u>	<u>12.98</u>

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

Statements of Profit or Loss and Other Comprehensive Income

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		FOR THE YEAR ENDED DECEMBER 31		FOR THE YEAR ENDED DECEMBER 31	
		2016	2015	2016	2015
Profit for the year		30,689,644,321	39,154,851,902	29,961,969,184	38,596,843,530
Other comprehensive income					
Item that will never be reclassified subsequently to profit or loss					
Actuarial gains (losses) from employee benefit obligation	20	-	(636,532,321)	-	14,012,680
Income tax on item that will never be reclassified subsequently to profit or loss	31	-	129,188,610	-	(2,802,536)
		-	(507,343,711)	-	11,210,144
Item that will be reclassified subsequently to profit or loss					
Net change in fair value of available-for-sale investments		-	(7,731,308)	-	-
		-	(7,731,308)	-	-
Other comprehensive income for the year, net of income tax		-	(515,075,019)	-	11,210,144
Total comprehensive income for the year		<u>30,689,644,321</u>	<u>38,639,776,883</u>	<u>29,961,969,184</u>	<u>38,608,053,674</u>
Total comprehensive income attributable to:					
Owners of the Company		30,666,538,425	38,637,285,511	29,961,969,184	38,608,053,674
Non-controlling interests		23,105,896	2,491,372	-	-
Total comprehensive income for the year		<u>30,689,644,321</u>	<u>38,639,776,883</u>	<u>29,961,969,184</u>	<u>38,608,053,674</u>

Statements of Changes In Equity

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

CONSOLIDATED FINANCIAL STATEMENTS												
FOR THE YEAR ENDED DECEMBER 31, 2016												
	Notes	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity				Total equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unappropriated	Reserve for share based payment	Gain on dilution of investment	Fair value changes available-for-sale investments	Total other components of equity			
Balance as at January 1, 2015		2,973,095,330	22,372,276,085	500,000,000	20,710,294,423	25,908,614	161,186,663	7,637,094	194,732,371	46,750,398,209	114,356,316	46,864,754,525
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owner of the company												
Share-based payment transaction	23	-	-	-	-	30,661,163	-	-	30,661,163	30,661,163	-	30,661,163
Dividends	33, 34	-	-	-	(37,042,012,632)	-	-	-	-	(37,042,012,632)	(198,149)	(37,042,210,781)
Total Contributions by and distributions to owner of the company		-	-	-	(37,042,012,632)	30,661,163	-	-	30,661,163	(37,011,351,469)	(198,149)	(37,011,549,618)
Change in ownership interests in subsidiaries												
Liquidation of a subsidiary		-	-	-	-	-	-	-	-	-	(7)	(7)
Total Change in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	(7)	(7)
Total transactions with owners, recorded directly in equity												
		-	-	-	(37,042,012,632)	30,661,163	-	-	30,661,163	(37,011,351,469)	(198,156)	(37,011,549,625)
Comprehensive income for the year												
Profit		-	-	-	39,152,410,435	-	-	-	-	39,152,410,435	2,441,467	39,154,851,902
Other comprehensive income		-	-	-	(507,487,825)	-	-	(7,637,099)	(7,637,099)	(515,124,924)	49,905	(515,075,019)
Total comprehensive income for the year		-	-	-	38,644,922,610	-	-	(7,637,099)	(7,637,099)	38,637,285,511	2,491,372	38,639,776,883
Balance as at December 31, 2015		2,973,095,330	22,372,276,085	500,000,000	22,313,204,401	56,569,777	161,186,663	(5)	217,756,435	48,376,332,251	116,649,532	48,492,981,783

Statements of Changes In Equity (Continued)

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

CONSOLIDATED FINANCIAL STATEMENTS											
FOR THE YEAR ENDED DECEMBER 31, 2016											
Notes	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity				Total equity attributable to owners of the Company	Non-controlling interests	Total equity
			Legal reserve	Unappropriated	Reserve for share based payment	Gain on dilution of investment	Fair value changes available-for-sale investments	Total other components of equity			
	2,973,095,330	22,372,276,085	500,000,000	22,313,204,401	56,569,777	161,186,663	(5)	217,756,435	48,376,332,251	116,649,532	48,492,981,783
Transactions with owners, recorded directly in equity											
23	-	15,817,190	-	-	18,923,354	-	-	18,923,354	34,740,544	-	34,740,544
33, 34	-	-	-	(36,508,727,776)	-	-	-	-	(36,508,727,776)	(304,794)	(36,509,032,570)
	-	15,817,190	-	(36,508,727,776)	18,923,354	-	-	18,923,354	(36,473,987,232)	(304,794)	(36,474,292,026)
Comprehensive income for the year											
	-	-	-	30,666,538,425	-	-	-	-	30,666,538,425	23,105,896	30,689,644,321
	-	-	-	-	-	-	5	5	5	-	5
	-	-	-	30,666,538,425	-	-	5	5	30,666,538,430	23,105,896	30,689,644,326
	2,973,095,330	22,388,093,275	500,000,000	16,471,015,050	75,493,131	161,186,663	-	2,86,679,794	42,568,883,449	139,450,634	42,708,334,083

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

Statements of Cash Flows

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		FOR THE YEAR ENDED DECEMBER 31		FOR THE YEAR ENDED DECEMBER 31	
		2016	2015	2016	2015
Cash flows from operating activities					
Profit for the year		30,689,644,321	39,154,851,902	29,961,969,184	38,596,843,530
Adjustments for					
Depreciation	11, 29	15,464,345,085	10,153,064,049	127,013,270	289,207,391
Amortization of intangible assets	12, 14, 15, 29	6,202,967,902	10,342,113,949	25,707,184	8,647,077,182
Impairment loss on assets	10	-	-	-	178,912,558
Gain on write-off investment		-	-	-	(4,627)
Investment income	26, 34	(203,951,212)	(291,108,353)	(29,540,009,830)	(38,313,574,249)
Finance costs	30, 34	4,236,138,986	1,959,562,798	618,075,795	710,177,347
(Reversal of) doubtful accounts and bad debts expenses	7	1,537,699,855	1,315,294,405	(2,165,297)	(3,823)
Share-based payment transaction	23	34,740,544	30,661,163	34,740,544	30,661,163
(Reversal of) allowance for obsolete, decline in value and write-off inventories	8	301,549,380	206,635,330	(35,986,900)	(20,279,330)
Allowance for unused equipment		135,772,815	-	-	-
Loss on disposals and write-off of assets		23,070,619	302,482,364	15,111,907	200,707,183
Unrealized (gain) loss on foreign exchange rate		(29,634,350)	25,736,068	(25,967,745)	(16,206,033)
Share of (gain) of an associate and a joint venture	9	(23,896,515)	10,875,000	-	-
Income tax expense (income)	31	5,175,299,508	9,999,166,651	(803,147,421)	601,301,979
Cash provided by operation before changes in operating assets and liabilities		63,543,746,938	73,209,335,326	375,340,691	10,904,820,271
Changes in operating assets and liabilities					
Specifically-designated bank deposits		1,484,097,082	(737,952,157)	-	-
Trade and other receivables		731,903,785	(2,046,091,556)	3,231,251,687	7,517,936,253
Inventories		1,672,451,340	(2,714,489,868)	74,551,818	33,809,950
Other current assets		1,022,641,449	(146,711,825)	707,059,084	(714,276,630)
Other non-current assets		2,600,497	(622,142,330)	(212,730,863)	(2,206,470)
Trade and other payables		3,289,463,173	2,018,694,672	(415,145,123)	(559,596,118)
Accrued revenue sharing expenses		(3,298,287)	233,928,085	(3,298,287)	233,928,084
Unearned income - mobile phone service		876,279,494	148,587,736	(35,368,197)	(584,178,592)
Advanced received from customers		(1,484,097,082)	737,952,157	-	-
Other current liabilities		23,006,431	(344,345,910)	(715,184)	(329,091,314)
Swap and forward contracts receivable		102,801,487	90,216,995	18,431,096	10,452,864
Other non-current liabilities		276,107,578	97,008,392	(115,117,009)	23,340,663
Cash generated from operating activities		71,537,703,885	69,923,989,717	3,624,259,713	16,534,938,961
Income tax paid		(9,902,247,111)	(8,294,587,940)	(280,282,027)	(1,008,539,496)
Net cash provided by operating activities		61,635,456,774	61,629,401,777	3,343,977,686	15,526,399,465

Statements of Cash Flows (Continued)

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		FOR THE YEAR ENDED DECEMBER 31		FOR THE YEAR ENDED DECEMBER 31	
		2016	2015	2016	2015
Cash flows from investing activities					
Purchase of property, plant, equipment and other intangible assets		(47,554,102,096)	(32,107,980,096)	(44,280,489)	(76,708,367)
Sale of equipment		17,398,486	22,119,868	33,946,725	375,608,653
Purchase of intangible assets under the Agreements for operations		-	(146,548,316)	-	(146,548,316)
Payment of spectrum license		(8,069,266,618)	(24,159,783,315)	-	-
Net (increase) decrease in short-term loans to related parties	34	-	95,000,000	5,000,000,000	(8,654,140,000)
Cash received from return of capital from subsidiary		-	-	-	74,999,994
Cash received from liquidation of subsidiary		-	-	-	11,572,116
Additional investments in associate, joint venture and subsidiary	9, 10	(15,000,000)	(10,875,000)	(60,000,000)	(14,000,000)
Net (increase) decrease in other investments	6	303,674,045	1,230,043,637	(1,000,000)	-
Dividend received		-	40,000,000	35,860,268,711	16,800,110,540
Interest received		215,749,753	282,277,603	1,917,532,686	1,506,581,952
Net cash provided by (used in) investing activities		(55,101,546,430)	(54,755,745,619)	42,706,467,633	9,877,476,572
Cash flows from financing activities					
Interest paid		(2,568,102,986)	(1,612,268,572)	(519,741,393)	(659,025,441)
Other finance costs paid		(201,233,344)	(178,230,431)	(92,159)	(3,755,693)
Payments of liabilities under finance lease agreements		(47,303,990)	(42,625,067)	(13,985,714)	(23,454,382)
Net increase (decrease) in short-term borrowings from financial institutions		700,000,000	8,500,000,000	(2,000,000,000)	7,700,000,000
Net increase (decrease) in short-term borrowings from related parties	34	-	-	(50,000,000)	6,490,000,000
Proceed of long-term liabilities		41,153,737,500	21,500,000,000	-	-
Repayments of long-term liabilities		(7,699,136,051)	(2,392,022,730)	(7,699,135,730)	(2,392,022,730)
Cash returned paid to non-controlling interests from liquidation of subsidiaries		-	(7)	-	-
Dividend paid		(36,508,870,377)	(37,042,102,092)	(36,508,727,776)	(37,042,012,632)
Net cash used in financing activities		(5,170,909,248)	(11,267,248,899)	(46,791,682,772)	(25,930,270,878)
Effect of exchange rate changes on balances held in foreign currencies		(1,773,095)	439,042	(2,374,740)	425,669
Net increase (decrease) in cash and cash equivalents		1,361,228,001	(4,393,153,699)	(743,612,193)	(525,969,172)
Cash and cash equivalents as at January 1,		9,864,912,703	14,258,066,402	1,153,323,176	1,679,292,348
Cash and cash equivalents as at December 31,	4	11,226,140,704	9,864,912,703	409,710,983	1,153,323,176
Supplemental disclosures of cash flow information					
Non-cash transactions					
Outstanding debts arising from investments in capital expenditures and spectrum license		94,784,548,815	30,055,264,117	559,223	44,180,458

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

Notes to the Financial Statements

Advanced Info Service Public Company Limited and Its Subsidiaries

For the year ended December 31, 2016

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Notes to the Financial Statements

Advanced Info Service Public Company Limited and Its Subsidiaries

For the year ended December 31, 2016

1. GENERAL INFORMATION

Advanced Info Service Public Company Limited (the “Company”) is incorporated in Thailand and has its registered office at 414 AIS Tower 1, Phaholyothin Road, Phayathai, Bangkok, Thailand.

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

Intouch Holdings Public Company Limited is a major shareholder, holding 40.45% (December 31, 2015: 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% (December 31, 2015: 23.32%) of the authorized share capital of the Company and is incorporated in Singapore.

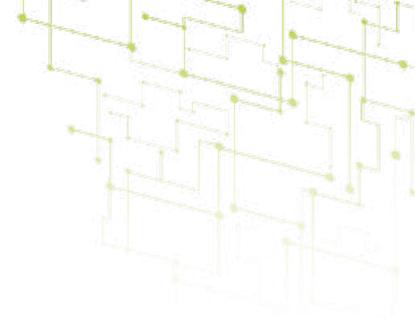
The major principal business operations of the Company and its subsidiaries (“the Group”) are summarized as follows:

- 1) The operation of a 900 MHz CELLULAR TELEPHONE SYSTEM as the operator. The Company has been granted permission from TOT Public Company Limited (“TOT”), under the Agreement for operation dated March 27, 1990, to operate and service of Cellular Mobile Telephone, either analogy (NMT) or Digital GSM, 900 MHz frequency nationwide, parallel operation for 25 years since October 1, 1990, being the first commercial operating date of service. The Agreement ended on September 30, 2015. The Company is obliged to comply with various conditions and pay revenue sharing in accordance with the Agreement.

Under the Agreement, the Company shall be entitled to immediately transfer the ownership right of its tools and equipment or assets for operating the 900 MHz Cellular System to TOT when the installation has been completed and the Company shall pay TOT annual revenue sharing in accordance with the Agreement at the percentage of annual revenues and any benefit from the mobile phone service prior to deducting any expenses and any tax or the minimum annual revenue sharing stipulated in the Agreement. The Agreement does not specify a minimum cumulative amount over the term of the Agreement.

The percentages of the service revenues and minimum annual revenue sharing for each years are as follows:

Year	Percentage of revenues	Minimum annual revenue sharing (in million Baht)
1 - 5	15	13 to 147
6 - 10	20	253 to 484
11 - 15	25	677 to 965
16 - 20	30	1,236 to 1,460
21 -25	30	1,460



The Agreement for operation of the Company was expired on September 30, 2015. Thus, on September 17, 2015, the National Broadcasting and Telecommunications Commission (“NBTC”) has announced a temporary customer protection measure after the Agreement expired (Issue no.2) to assign the operator to provide continuing services to the subscribers. The operator must comply with the rules and conditions set forth in the announcement.

On October 15, 2015, NBTC submitted a letter to the Company on determination on the end of customer protection period on 900 MHz and concluded that the Company must provide temporary continuing service until November 19, 2015.

Later, on November 2, 2015, the National Telecommunication Commission (“NTC”) decided to postpone the auction of 900 MHz license from November 12, 2015 to December 15, 2015.

On April 12, 2016, the National Council for Peace and Order (“NCPO”) issued an order no. 16/2559 on Spectrum Auction for Telecommunication Business. Such order mandates NBTC to set up 900 MHz spectrum auction on May 27, 2016, and extend the remedy period of 900 MHz to be effective until June 30, 2016 or until the official date the NBTC shall grant the spectrum license to the bidding winner, whichever comes first.

Later, on June 30, 2016, NBTC announced the ending of remedy period for customers who on 900 MHz after Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, paid the first instalment of 900 MHz license on June 28, 2016 which has been granted permission from NBTC on June 30, 2016.

- 2) 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 dated September 19, 1989, for rendering services for DATAKIT VIRTUAL CIRCUIT SWITCH in the area of the Metropolitan Telephone Exchange.

Under the Agreement, ADC shall be entitled to immediately transfer the ownership right of its tools and equipment or assets for operation of DATAKIT System to TOT when the installation has been completed and ADC shall pay TOT annual revenue sharing in accordance with the Agreement at the percentage of annual revenues and any benefit from service of DATAKIT VIRTUAL CIRCUIT SWITCH prior to deducting any expenses and any tax or the minimum annual revenue sharing stipulated in the Agreement.

ADC and TOT have mutually agreed to amend the Agreement and signed the Supplemental Agreement on September 25, 1997 to extend the validity period from 10 years to 25 years (such validity period will be ended on September 24, 2022) and waive the collection of annual revenue sharing under the agreements effective from September 25, 1997. ADC issued 10.75 million ordinary shares at a par value of Baht 10 (11.23% of total shares) to TOT on March 17, 1998 in consideration of such waiver. As at December 31, 2016, TOT owns 48.12% of ADC's total shares (2015: 48.12%).

- 3) The operation of an 1800 MHz CELLULAR TELEPHONE SYSTEM as the operator. Digital Phone Company Limited ("DPC"), a subsidiary, has been granted permission from CAT Telecom Public Company Limited ("CAT"), under the Agreement for operation dated on November 19, 1996 ("the Agreement"), to operate and service Cellular Mobile Telephone: Digital PCN (PERSONAL COMMUNICATION NETWORK) 1800, frequency between 1747.9 MHz to 1760.5 MHz and 1842.9 MHz to 1855.5 MHz, nationwide. DPC started the operation commencing from May 28, 1997, ending September 15, 2013 and DPC was obliged to comply with various conditions and pay revenue sharing in accordance with the Agreement.

Under the Agreement, DPC was entitled to immediately transfer the ownership right of its machineries, all equipment and tools or assets for operation to CAT upon installation completion and DPC paid CAT the annual revenue sharing at the percentage of annual revenues and any benefit in according with the accrual basis from the mobile phone service prior to deducting any expenses and any tax and fees which the minimum revenue sharing must accumulate, over the term of the Agreement, not less than Baht 5,400 million as follows:

Year	Percentage of revenues	Minimum annual revenue sharing (in million Baht)
1	25	9
2 - 9	20	60 to 320
10 - 14	25	350 to 650
15 - 16	30	670

DPC paid the revenue sharing to CAT through the agreement period in the total amount of Baht 15,853 million.



The Agreement was expired on September 15, 2013. Thus, on August 16, 2013, the National Broadcast and Telecommunication Commission (“NBTC”) has announced a temporary customer protection measure after the Agreement expired to assign the operator to provide continuing services to the subscribers for up to a further 1 year commencing from the Agreement expiration date. The operator must comply with the rules and conditions set forth in the announcement. On July 17, 2014, the National Council for Peace and Order (“NCPO”) has announced an order No. 94/2557 “Suspension the Implementation of the Act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Communications Services” to instruct NBTC to postpone an auction for spectrum licenses for 1 year commencing from the order date. During the postpone period, the operator has to comply with the NBTC’s announcement on August 16, 2013 to provide continuing services to the subscribers. The application of those rules and conditions has not been clarified in detail by NBTC yet (including expenses that may be deducted in arriving at a notional profit payable to the State). Consequently, the outcome of complying with this extension on DPC is currently uncertain.

On November 24, 2015, NBTC has announced the end of a temporary customer protection period on 1800 MHz on November 26, 2015.

- 4) 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”), under the license certificate (“License”) dated on December 7, 2012, 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 no. NBTC/FREQ/TEL/55/1. AWN started the operation commencing from December 7, 2012, ending December 6, 2027 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

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

On November 17, 2015, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), under the license certificate (“License”) dated on November 25, 2015, to operate and service Cellular Mobile Telephone, frequency between 1725 MHz to 1740 MHz and 1820 MHz to 1835 MHz, nationwide in accordance with the license certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1). 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”), under the license certificate (“License”) dated on June 30, 2016, to operate and service Cellular Mobile Telephone, frequency between 895 MHz to 905 MHz and 940 MHz to 950 MHz, nationwide in accordance with the license certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2) dated June 30, 2016. AWN has started the operation commencing from July 1, 2016, ending June 30, 2031 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

Details of the Company’s subsidiaries, associate and joint venture as at December 31, are as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
Subsidiaries				
Advanced Contact Center Co., Ltd.	Service provider of call center	Thailand	99.99	99.99
Digital Phone Co., Ltd.	Service provider of digital mobile phone system	Thailand	98.55	98.55
Advanced Magic Card Co., Ltd.	Distributor of cash card business	Thailand	99.99	99.99
Advanced Mpay Co., Ltd.	Service provider of electronic payment and cash card	Thailand	99.99	99.99
AIN GlobalComm Co., Ltd.	Service provider of international telephone service/gateway	Thailand	99.99	99.99
Advanced Wireless Network Co., Ltd.	Service provider of cellular telephone network in 2.1 GHz, 900 MHz and 1800 MHz frequency, distributor of handsets and international telephone service, network operator, telecom service operator and national broadcasting network services.	Thailand	99.99	99.99
Super Broadband Network Co., Ltd.	Network operator and telecom service operator i.e. internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), voice over IP, and IP Television	Thailand	99.99	99.99
Wireless Device Supply Co., Ltd.	Importer and distributor of handset and accessories	Thailand	99.99	99.99



Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
Subsidiaries (Continued)				
Fax Lite Co., Ltd.	Operate in land and building rental and service, and related facilities	Thailand	99.98	99.98
MIMO Tech Co., Ltd.	Operate IT, content aggregator, and outsourcing service for billing and collection	Thailand	99.99	99.99
Advanced Broadband Network Co., Ltd.	Currently not start the operation	Thailand	99.99	99.99
Indirect Subsidiaries				
Advanced Datanetwork Communications Co., Ltd.	Service provider of online data communications service via telephone land line and optical fiber	Thailand	51.00	51.00
Associate				
Information Highway Co., Ltd.	Transmission network provider	Thailand	29.00	29.00
Joint Venture				
Amata Network Co., Ltd.	Currently not start the operation	Thailand	60.00	-

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

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group and the Company maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and General Accepted Accounting Principal in Thailand.
- 2.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard ("TAS") No. 1 (Revised 2015) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2016 onward, and the Regulation of The Stock Exchange of Thailand ("SET") dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".

- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Below is a summary of new Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future.

1) Adoption of new and revised Thai Financial Reporting Standards

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (“TFRSs”) which are effective for the financial statements for the period beginning on or after January 1, 2016 onwards, as follow:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture



Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments a Fair Value through Profit or Loss

Above TFRSs have no material impact on these financial statements.

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

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (“TFRSs”) which are effective for the financial statements for the period beginning on or after January 1, 2017 onwards, as follow

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
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TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
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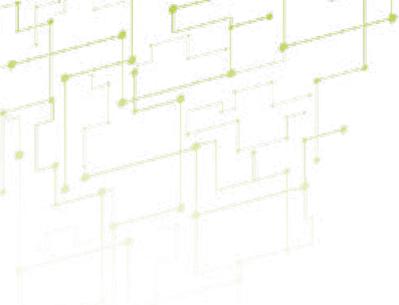
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TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline of Accounting

Guideline of accounting for derecognition of financial assets and financial liabilities

The Group’s and the Company’s management will adopt such TFRSs in the preparation of the Group’s and the Company’s financial statements when it becomes effective. The Group’s and the Company’s management have assessed the impact of this TFRS and believes that it will not have material impact on the financial statements for the period in which it is initially applied.



3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 *Basis of consolidation*

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

Business combinations

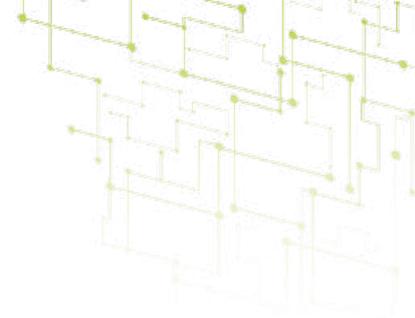
The Group and the Company apply the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

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

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

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

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree’s employees (acquiree’s awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.



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

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

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

Acquisitions from entities under common control

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

Subsidiaries

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

Loss of control

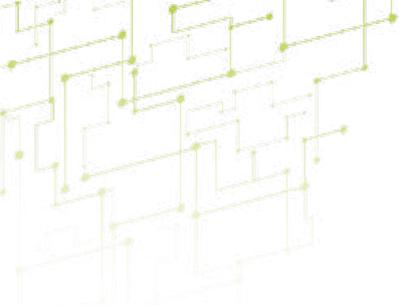
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss and the statement of profit or loss and other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

Interests in equity - accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

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



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

Transactions eliminated on consolidation

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

3.2 Foreign currencies

Foreign currency transactions

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

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

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

3.3 Derivative financial instruments

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

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



Interest rate derivatives help the Group and the Company to better manage effects from fluctuations in floating interest rates. Any differential to be received or paid on an interest rate derivative is recognized as a component of interest income or expense over the period of such instrument. Gains or losses of early termination of interest rate derivatives or on repayment of the borrowing are recognized in the statement of profit or loss.

3.4 *Cash and cash equivalents*

Cash and cash equivalents comprise cash, cash at banks type current accounts and saving accounts excluding cash at banks used as collateral and highly liquid short-term investments with original maturities of three months or less.

3.5 *Trade and other receivables*

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

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

3.6 *Inventories*

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

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are calculated by using moving weighted average method.

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

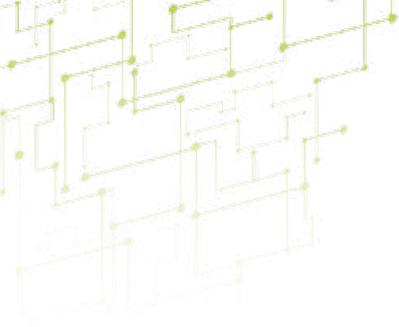
Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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

3.7 *Investments*

Investments in associate, joint venture and subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less impairment losses. Investment in associate and joint venture in the consolidated financial statements are accounted for using the equity method.



Investments in fixed deposit at banks other debt and equity securities

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

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

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

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

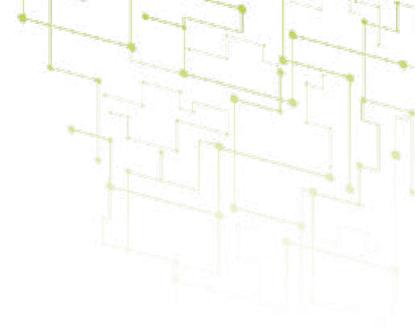
Equity securities which are not marketable are stated at cost less any impairment losses.

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

Disposal of investments

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

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



3.8 *Property, plant and equipment*

Recognition and measurement

Owned assets

Property is stated at cost less allowance for impairment.

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

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

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

Subsequent costs

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

Depreciation

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

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

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

No depreciation is provided on freehold land or assets under construction and installation.

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

3.9 Assets under the Agreements for operations

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

Depreciation and amortization

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

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



The estimated useful lives are as follows:

Mobile phone network digital system	10	years not exceeding the remaining period of the Agreement for operations
Datanet tools and equipment	10	years not exceeding the remaining period of the Agreement for operations
Computer system under the Agreement for operation of 1800-MHz operation	5	years not exceeding the remaining period of the Agreement for operations

No amortization is provided on assets under construction of the assets under the Agreements for operations.

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

3.10 *Intangible assets*

Goodwill

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

Spectrum licenses

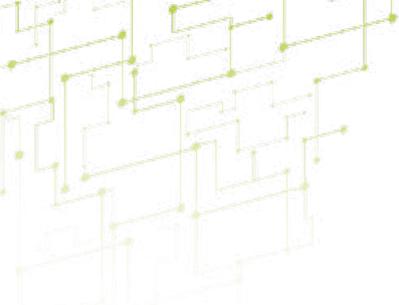
Spectrum licenses represent with its value measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognized as finance cost over the license fee payment period, with the cost being amortized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

Other intangible assets

Other intangible assets that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

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



Amortization

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

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

The estimated useful lives are as follows:

Spectrum license	Over the period of the license
Other intangible assets	5 and 10 years

No amortization is provided on advance payment.

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

3.11 Other assets

Deferred charges

Deferred charges represent costs of long-term leases of space for base stations, expenditures relating to the increase of power of electricity at base stations and expenditures relating to the improvement project of mobile phone service network and are stated at cost less accumulated amortization and impairment losses.

Amortization

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

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

Costs of long-term leases for base stations	Over the lease agreement period
Expenditures relating to the increase of power of electricity at base stations	Over the remaining period of the Agreement of operation period
Operation right of the Datonet service	10 years not exceeding the remaining period of the Agreement for operations



3.12 *Impairment*

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

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

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

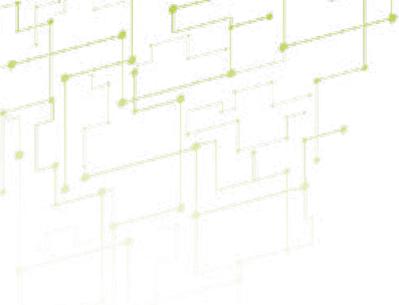
Calculation of recoverable amount

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

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

Reversals of impairment

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



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

3.13 Interest-bearing liabilities

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

3.14 Trade and other payables

Trade and other payables are stated at cost.

3.15 Employee benefits

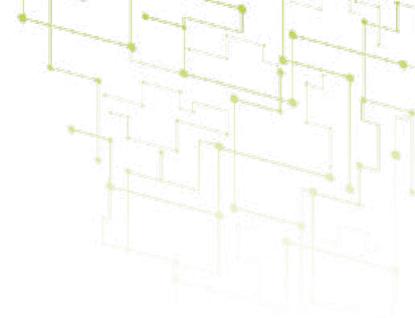
Provident fund

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

Employee benefit obligations and long-term service award

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

The Group and the Company recognized all actuarial gain and loss arising from employee benefit obligations in other comprehensive income and all expenses related to employee benefit obligations in the statement of profit or loss.



Termination benefits

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

Short-term employee benefits

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

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

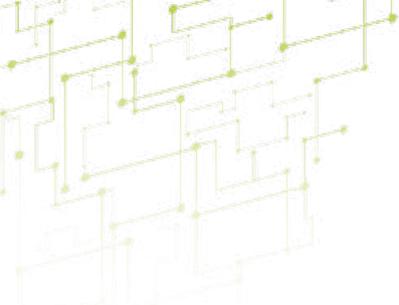
Share-based payments

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

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

3.16 *Provisions*

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



3.17 *Recognition of revenue and expense*

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

Sale of goods and services rendered

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

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

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

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

Rental income

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

Service concession arrangements

Revenue relating to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period in which the services are provided by the Group and the Company. When the Group and the Company provide more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Dividend income

Dividend income is recognized in the statement of profit or loss on the date the Group's and the Company's right to receive payments is established.



Interest income

Interest income is recognized in the statement of profit or loss and as it accrues.

Expense

Expense is recognized in the statement of profit or loss and as it accrues.

3.18 *Finance costs*

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

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

3.19 *Lease*

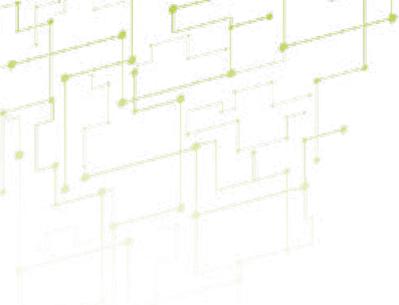
Operating lease

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

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

Finance lease

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



3.20 *Income tax*

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

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

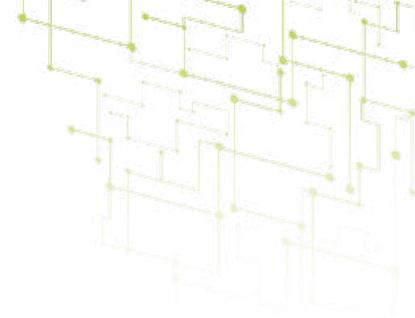
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill;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

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

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

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

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



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

3.21 *Earnings per share*

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

3.22 *Segment reporting*

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

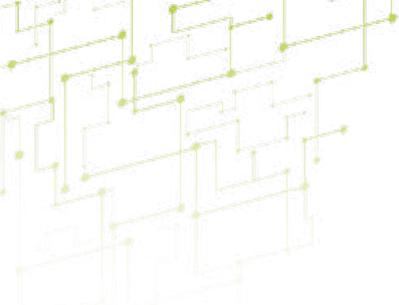
3.23 *Use of management's judgement*

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

Significant judgements in applying accounting policies are as follows:

The recognition cost of assets and depreciation method

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



Impairment

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

Recognition of deferred tax assets associated with tax losses carryforward

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

Significant commercial disputes and litigations

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

3.24 *Fair value measurements*

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

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

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

4. CASH AND CASH EQUIVALENTS

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

Unit : Million Baht

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Cash on hand		56	6	2	2
Cash at bank - current accounts	34	607	811	8	81
Cash at bank - saving accounts	34	13,526	13,495	400	1,070
		14,189	14,312	410	1,153
<u>Less</u> Specifically-designated bank deposits	5	(2,963)	(4,447)	-	-
Total		<u>11,226</u>	<u>9,865</u>	<u>410</u>	<u>1,153</u>

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

Unit : Million Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	10,638	9,709	251	1,051
US Dollar (USD)	477	153	157	100
Euro (EUR)	111	3	2	2
Total	<u>11,226</u>	<u>9,865</u>	<u>410</u>	<u>1,153</u>

As at December 31, 2016, the effective interest rate on cash and cash equivalents are 0.04% - 1.66% per annum (2015: 0.04% - 1.50% per annum).

5. SPECIFICALLY-DESIGNATED BANK DEPOSITS

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries' held deposits at call with banks equal to the subsidiaries' outstanding balance of advance received from customers which cannot be used for other purposes apart from payments to service providers as at December 31, 2016 amounting to Baht 2,963 million (December 31, 2015: Baht 4,447 million).

6. OTHER INVESTMENTS

Other investments as at December 31, are as follows:

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current investments				
Available-for-sale investments	-	305	-	-
	-	305	-	-
Other long-term investments				
Fixed deposit at financial institutions - pledged	11	11	-	-
Other long-term investments	48	47	48	47
	59	58	48	47
Total	59	363	48	47

Available-for-sale investments

As at December 31, 2015, the Group has investments held through private funds, managed by independent fund manager and bear interest rate at 0.37% - 3.70 % per annum (December 31, 2016: nil).

Movements of available-for-sale investments for the years ended December 31, are as follows:

Unit : Million Baht

	Consolidated financial statements	
	2016	2015
Current investments		
Available-for-sale investments		
As at January 1,	305	1,542
Increase during the years	3	1,155
Decrease during the years	(308)	(2,392)
As at December 31,	-	305

Fixed deposits at financial institutions - pledged

As at December 31, 2016, the Group has fixed deposit at financial institutions in the amount of Baht 11.20 million (December 31, 2015: Baht 11.20 million), which have been pledged with a bank in respect of the contract's compliance.

Other long-term investments

On April 24, 2015, at the Annual General Meeting of the Clearing House for Number Portability Co., Ltd., the shareholders approved the appropriation of dividend of Baht 10,000 per share to shareholders on July 31, 2015, amounting to Baht 40 million and Baht 20 million for the Group and the Company, respectively.

On September 29, 2016, the Company invested in Pracharath Rak Samakee Thailand Co., Ltd., of 1,000 ordinary shares with a par value of Baht 1,000 per share, totalling Baht 1 million. Total shares invested represented 1.00% ownership. The objective of business is to develop Thailand economic with the government.

7. TRADE AND OTHER RECEIVABLES

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

Unit : Million Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Trade receivables					
Related parties:	34				
Trade receivables		56	5	53	711
Accrued income		12	6	3	910
		<u>68</u>	<u>11</u>	<u>56</u>	<u>1,621</u>
Other parties:					
Trade receivables		6,773	5,973	211	842
Accrued income		5,903	6,074	1,580	1,639
		<u>12,676</u>	<u>12,047</u>	<u>1,791</u>	<u>2,481</u>
Total trade receivables		<u>12,744</u>	<u>12,058</u>	<u>1,847</u>	<u>4,102</u>
<u>Less</u> allowance for doubtful accounts		<u>(1,367)</u>	<u>(1,028)</u>	<u>(122)</u>	<u>(194)</u>
Trade receivables - net		<u>11,377</u>	<u>11,030</u>	<u>1,725</u>	<u>3,908</u>
Other receivables					
Prepaid expense		2,153	1,593	19	52
Account receivables - cash card/ refill on mobile		276	705	-	-
Withholding tax receivable		-	1,159	-	1,008
Value added tax receivable		223	1,694	-	-
Others		87	207	125	514
		<u>2,739</u>	<u>5,358</u>	<u>144</u>	<u>1,574</u>
Total other receivables		<u>2,739</u>	<u>5,358</u>	<u>144</u>	<u>1,574</u>
Total trade and other receivables		<u>14,116</u>	<u>16,388</u>	<u>1,869</u>	<u>5,482</u>
(Reversal of) bad and doubtful debts expense for the year ended December 31		<u>1,538</u>	<u>1,315</u>	<u>(2)</u>	<u>-</u>

Aging analyzation for trade receivables are as follows:

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Related parties				
Current - within 3 months	67	11	56	1,621
Overdue 3 - 6 months	1	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue over 12 months	-	-	-	-
	<u>68</u>	<u>11</u>	<u>56</u>	<u>1,621</u>
Other parties				
Current - within 3 months	10,125	9,610	2	461
Overdue 3 - 6 months	475	393	13	56
Overdue 6 - 12 months	300	131	54	88
Overdue over 12 months	1,776	1,913	1,722	1,876
	<u>12,676</u>	<u>12,047</u>	<u>1,791</u>	<u>2,481</u>
<u>Less</u> Allowance for doubtful accounts	<u>(1,367)</u>	<u>(1,028)</u>	<u>(122)</u>	<u>(194)</u>
	<u>11,309</u>	<u>11,019</u>	<u>1,669</u>	<u>2,287</u>
Trade receivables - net	<u>11,377</u>	<u>11,030</u>	<u>1,725</u>	<u>3,908</u>

The normal credit term granted by the Group and the Company ranges from 14 days to 30 days.

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

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	10,745	10,970	1,712	3,899
United States Dollars (USD)	630	59	13	8
Euro (EUR)	2	1	-	1
Total	<u>11,377</u>	<u>11,030</u>	<u>1,725</u>	<u>3,908</u>

As at December 31, 2016, the Group and the Company have the outstanding balance of accrued income of revenue sharing in international direct dial service (“IDD”) of Baht 1,584 million and Baht 1,574 million, respectively (December 31, 2015: Baht 1,584 million and Baht 1,574 million, respectively). Part of that outstanding is presented in overdue 12 months of Baht 1,584 million and Baht 1,574 million, respectively (December 31, 2015: Baht 1,573 million and Baht 1,564 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 1,527 million.

On November 26, 2013, Digital Phone Company Limited, a subsidiary, has submitted a dispute to the Central Administrative Court demanding CAT Public Company Limited (“CAT”) to pay this receivable plus interest, the total amount of Baht 11 million.

8. INVENTORIES

Inventories as at December 31, are as follows:

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Finished goods	3,529	4,831	-	2
Supplies and spare parts	46	602	-	15
Spare parts for mobile phone network maintenance	677	478	383	440
	<u>4,252</u>	<u>5,911</u>	<u>383</u>	<u>457</u>
<u>Less</u> allowance for obsolescence and decline in value of inventory	<u>(1,167)</u>	<u>(852)</u>	<u>(382)</u>	<u>(418)</u>
Inventories - net	<u>3,085</u>	<u>5,059</u>	<u>1</u>	<u>39</u>

The Group and the Company recognized expenses in respect of (reversal of) allowance for obsolescence and decline in value of inventory for the year ended December 31, 2016 of Baht 315 million and Baht (36) million, respectively (2015: Baht 207 million and Baht (20) million, respectively).

9. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

Movements in investment in an associate for the years ended December 31, are as follows:

	Unit : Million Baht	
	Consolidated financial statements	
	2016	2015
As at January 1,	-	-
Additional investments	-	11
Share gain (loss) from investment in an associate	24	(11)
As at December 31,	<u>24</u>	<u>-</u>

On July 15, 2015, ABN made an additional payment for 75% paid-up in share capital of IH of Baht 10.88 million. The purpose of additional paid-up in share capital is for future investment and ABN remains 29% of ownership.

Movements in investment in a joint venture for the year ended December 31, 2016 is as follows: (2015: nil)

	Unit : Million Baht
	Consolidated financial statements
As at January 1,	-
Additional investments	15
Share gain (loss) from investment in joint venture	-
As at December 31,	15

The establishment of a joint venture

On October 20, 2015, at the Board of Directors' meeting, the Board passed the resolution to approve the establishment of a joint venture company between Advanced Broadband Network Co., Ltd. ("ABN"), a subsidiary, and Amata Corporation Public Company Limited ("AMATA") for 60% holding or 599,998 shares, totalling Baht 60 million to develop infrastructure of fibre optic network in Amata Nakorn industrial estate named Amata Network Co., Ltd. ("AN"). ABN registered the increase in the share capital on November 30, 2016 (see Note 10).

On December 6, 2016, ABN invested in Amata Network Co., Ltd. ("AN"), 599,998 shares by Baht 25 per share, totalling Baht 15 million, representing 60% of ownership. AN has not started the business operation in 2016.

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

Unit : Million Baht

	Consolidated financial statements										
	% of Ownership interest		Paid-up capital		Cost		Equity		Dividend income		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Associate											
Information Highway Co., Ltd.	29	29	50	50	15	15	24	-	-	-	-
Joint venture											
Amata Network Co., Ltd.	60	-	25	-	15	-	15	-	-	-	-

Summarized financial position in respect of an associate and a joint venture and performance for the year then ended are as follows:

Unit : Million Baht

	Reporting date	% of Ownership interest	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Total revenues		Total expenses		Profit/ (loss)	
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
2016																				
Associate																				
Information Highway Co., Ltd.	December 31	29	197	197	584	584	781	781	555	555	142	142	697	697	275	275	207	207	68	68
Joint venture																				
Amata Network Co., Ltd.	December 31	60	25	-	-	-	25	25	1	1	-	-	1	1	-	-	1	1	(1)	(1)
2015																				
Associate																				
Information Highway Co., Ltd.	December 31	29	132	132	500	500	632	632	247	247	370	370	617	617	159	159	175	175	(16)	(16)

10. INVESTMENTS IN SUBSIDIARIES

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

Unit : Million Baht

	Separate financial statements	
	2016	2015
As at January 1,	7,661	7,912
Increase in share capital of a subsidiary	60	14
Decrease in share capital of subsidiary	-	(75)
Impairment loss on investment in subsidiary	-	(179)
Liquidation of a subsidiary	-	(11)
As at December 31,	7,721	7,661

Increase in share capital of a subsidiary

On January 19, 2015, Advanced Broadband Network Co., Ltd. (“ABN”), a subsidiary, registered the increase in the share capital from Baht 1 million (10,000 ordinary shares, Baht 100 par value) to Baht 15 million (150,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is for future investment. The Company paid for the increased shares by Baht 100 per share, totalling Baht 14 million and holds 99.99% of the issued share capital.

On November 30, 2016, ABN, a subsidiary, registered the increase in the share capital from Baht 15 million (150,000 ordinary shares, Baht 100 par value) to Baht 75 million (750,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is for investment in joint venture. The Company paid for the increased shares by Baht 100 per share, totalling Baht 60 million and holds 99.99% of the issued share capital.

Decrease in share capital of a subsidiary

On January 12, 2015, the Company received return share capital of Advanced Internet Revolution Co., Ltd. (“AIR”), a subsidiary, in amount of Baht 75 million.

Loss on impairment of investment in subsidiary

The Company recorded impairment loss on investment in Advanced Internet Revolution Co., Ltd. (“AIR”), a subsidiary, for year ended December 31, 2015 of Baht 179 million from the review of the carrying amount of AIR. On October 19, 2015, AIR completed the process of liquidation.

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

Unit : Million Baht

	Separate financial statements												
	% of ownership interest		Paid-up capital		Cost		Impairment		Cost - net		Dividend income		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Subsidiaries													
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	-	-	811	811	273	184	
Digital Phone Co., Ltd.	98.55	98.55	3,655	3,655	12,493	12,493	(8,230)	(8,230)	4,263	4,263	-	-	
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-	88	
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	-	-	336	336	591	538	
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	-	-	100	100	166	726	
Advanced Wireless Network Co., Ltd.	99.99	99.99	1,350	1,350	1,485	1,485	-	-	1,485	1,485	23,492	31,793	
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	-	-	300	300	-	1,176	
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	835	810	
Fax Lite Co., Ltd.	99.98	99.98	1	1	1	1	-	-	1	1	1,465	933	
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	1,187	477	
Advanced Broadband Network Co., Ltd.	99.99	99.99	75	15	75	15	-	-	75	15	-	-	
Total					15,951	15,891	(8,230)	(8,230)	7,721	7,661	28,009	36,725	

11. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2016	Additions	Disposals	Transfer/Other	Balance as at December 31, 2016
Cost					
Land	524	-	-	-	524
Building and building improvements	477	-	(34)	-	443
Leasehold building improvements	1,383	287	(92)	17	1,595
Computer, tools and equipment	99,805	45,683	(1,379)	7,361	151,470
Furniture, fixtures and office equipment	1,629	98	(526)	4	1,205
Communication equipment for rental	8	-	-	-	8
Vehicles	237	9	(34)	-	212
Total	104,063	46,077	(2,065)	7,382	155,457
Accumulated depreciation					
Building and building improvements	(420)	(12)	34	-	(398)
Leasehold building improvements	(754)	(193)	82	1	(864)
Computer, tools and equipment	(30,506)	(15,148)	1,358	-	(44,296)
Furniture, fixtures and office equipment	(1,397)	(77)	523	(1)	(952)
Communication equipment for rental	(4)	-	-	-	(4)
Vehicles	(114)	(35)	24	-	(125)
Total	(33,195)	(15,465)	2,021	-	(46,639)
Assets under construction and installation	13,778	3,646	(6)	(7,474)	9,944
<u>Less</u> Allowance for impairment	(355)	-	-	-	(355)
Allowance for unused equipment	-	(136)	-	-	(136)
Property, plant and equipment	84,291	34,122	(50)	(92)	118,271



As at December 31, 2015

Unit : Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2015	Additions	Disposals	Transfer/Other	Balance as at December 31, 2015
Cost					
Land	524	-	-	-	524
Building and building improvements	493	-	(7)	(9)	477
Leasehold building improvements	1,127	342	(85)	(1)	1,383
Computer, tools and equipment	83,380	24,508	(15,535)	7,452	99,805
Furniture, fixtures and office equipment	1,615	117	(89)	(14)	1,629
Communication equipment for rental	8	-	-	-	8
Vehicles	239	63	(65)	-	237
Total	87,386	25,030	(15,781)	7,428	104,063
Accumulated depreciation					
Building and building improvements	(417)	(19)	7	9	(420)
Leasehold building improvements	(668)	(148)	62	-	(754)
Computer, tools and equipment	(36,090)	(9,887)	15,486	(15)	(30,506)
Furniture, fixtures and office equipment	(1,437)	(61)	89	12	(1,397)
Communication equipment for rental	(4)	-	-	-	(4)
Vehicles	(131)	(38)	55	-	(114)
Total	(38,747)	(10,153)	15,699	6	(33,195)
Assets under construction and installation	12,427	9,050	(98)	(7,601)	13,778
<u>Less</u> Allowance for impairment	(363)	-	8	-	(355)
Property, plant and equipment	60,703	23,927	(172)	(167)	84,291
Depreciation for the years ended December 31,					
2016				Million Baht	<u>15,465</u>
2015				Million Baht	<u>10,153</u>

As at December 31, 2016

Unit : Million Baht

	Separate financial statements				
	Balance as at January 1, 2016	Additions	Disposals	Transfer/Other	Balance as at December 31, 2016
Cost					
Building and building improvements	357	-	(35)	-	322
Leasehold building improvements	458	7	(118)	16	363
Computer, tools and equipment	5,886	2	(1,273)	-	4,615
Furniture, fixtures and office equipment	1,178	5	(531)	-	652
Vehicles	105	2	(24)	-	83
Total	7,984	16	(1,981)	16	6,035
Accumulated depreciation					
Building and building improvements	(345)	(8)	35	-	(318)
Leasehold building improvements	(380)	(20)	91	-	(309)
Computer, tools and equipment	(5,623)	(63)	1,262	-	(4,424)
Furniture, fixtures and office equipment	(1,123)	(20)	529	-	(614)
Vehicles	(50)	(16)	18	-	(48)
Total	(7,521)	(127)	1,935	-	(5,713)
Assets under construction and installation	37	-	(6)	(16)	15
Property, plant and equipment	500	(111)	(52)	-	337

As at December 31, 2015

Unit : Million Baht

	Separate financial statements				
	Balance as at January 1, 2015	Additions	Disposals	Transfer/Other	Balance as at December 31, 2015
Cost					
Building and building improvements	372	-	(6)	(9)	357
Leasehold building improvements	573	57	(172)	-	458
Computer, tools and equipment	21,898	16	(16,074)	46	5,886
Furniture, fixtures and office equipment	1,201	24	(47)	-	1,178
Vehicles	152	30	(77)	-	105
Total	24,196	127	(16,376)	37	7,984
Accumulated depreciation					
Building and building improvements	(346)	(14)	6	9	(345)
Leasehold building improvements	(421)	(38)	79	-	(380)
Computer, tools and equipment	(21,194)	(196)	15,771	(4)	(5,623)
Furniture, fixtures and office equipment	(1,140)	(21)	38	-	(1,123)
Vehicles	(87)	(20)	57	-	(50)
Total	(23,188)	(289)	15,951	5	(7,521)
Assets under construction and installation	95	-	(13)	(45)	37
Property, plant and equipment	1,103	(162)	(438)	(3)	500
Depreciation for the years ended December 31,					
2016				Million Baht	<u>127</u>
2015				Million Baht	<u>289</u>

12. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

Movements in assets under the Agreements for operations for the years ended December 31, are as follows:

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements					Balance as at December 31, 2016
	Balance as at January 1, 2016	Additions	Disposals	Transfer/ Other	Transfer to TOT	
Cost						
Cost of datanet tools and equipment	1,248	-	-	-	-	1,248
Total	1,248	-	-	-	-	1,248
Accumulated depreciation and amortization						
Cost of datanet tools and equipment	(1,038)	-	-	-	-	(1,038)
Total	(1,038)	-	-	-	-	(1,038)
Less Allowance for impairment	(210)	-	-	-	-	(210)
Assets under the Agreements for operations	-	-	-	-	-	-



As at December 31, 2015

Unit : Million Baht

	Consolidated financial statements					Balance as at December 31, 2015
	Balance as at January 1, 2015	Additions	Disposals	Transfer/ Other	Transfer to TOT	
Cost						
Cost of mobile phone networks	145,423	676	(21,721)	(31)	(124,347)	-
Cost of datanet tools and equipment	1,248	-	-	-	-	1,248
Total	<u>146,671</u>	<u>676</u>	<u>(21,721)</u>	<u>(31)</u>	<u>(124,347)</u>	<u>1,248</u>
Accumulated depreciation and amortization						
Cost of mobile phone networks	(137,320)	(8,606)	21,558	21	124,347	-
Cost of datanet tools and equipment	(1,038)	-	-	-	-	(1,038)
Total	<u>(138,358)</u>	<u>(8,606)</u>	<u>21,558</u>	<u>21</u>	<u>124,347</u>	<u>(1,038)</u>
Advance payment and assets under construction of mobile phone networks	635	(612)	-	(23)	-	-
Less Allowance for impairment	(210)	-	-	-	-	(210)
Assets under the Agreements for operations	<u>8,738</u>	<u>(8,542)</u>	<u>(163)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>
Depreciation and amortization for the years ended December 31, 2015 (2016 : nil)					Million Baht	<u>8,606</u>

The gross amount of the Group's fully amortized assets under the Agreements for operations that was still in use as at December 31, 2015 amounted to Baht 1,248 million (December 31, 2016: nil).

As at December 31, 2015

Unit : Million Baht

	Separate financial statements					Balance as at December 31, 2015
	Balance as at January 1, 2015	Additions	Disposals	Transfer/ Other	Transfer to TOT	
Cost						
Cost of mobile phone networks	145,423	676	(21,721)	(31)	(124,347)	-
Total	<u>145,423</u>	<u>676</u>	<u>(21,721)</u>	<u>(31)</u>	<u>(124,347)</u>	<u>-</u>
Accumulated depreciation and amortization						
Cost of mobile phone networks	(137,320)	(8,606)	21,558	21	124,347	-
Total	<u>(137,320)</u>	<u>(8,606)</u>	<u>21,558</u>	<u>21</u>	<u>124,347</u>	<u>-</u>
Advance payment and assets under construction of mobile phone networks	635	(612)	-	(23)	-	-
Assets under the Agreements for operations	<u>8,738</u>	<u>(8,542)</u>	<u>(163)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>

Depreciation and amortization for the years ended December 31, 2015 **Million Baht** 8,606
(2016 : nil)

As part of assets under the Agreement for operations are 13,198 towers that the Company has transferred to TOT Public Company Limited. There are 152 towers and 115 containers that Digital Phone Company Limited, a subsidiary, has transferred to CAT Public Company Limited. The Group has an opinion that the towers and the containers are not the tools and equipment specified under the Agreement. Therefore, the Group shall not be obligated to transfer the towers and the containers. The Group has also submitted the disputes to the Dispute Reconciliation, the Court of Justice of request the Arbitral Tribunal to give an award that the said assets are not the property as stipulated in the Agreement in July 2014.

13. GOODWILL

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

Unit : Million Baht

	Consolidated financial statements	
	2016	2015
Cost		
As at January 1,	14,352	14,352
As at December 31,	<u>14,352</u>	<u>14,352</u>
Accumulated amortization		
As at January 1,	(7,662)	(7,662)
As at December 31,	<u>(7,662)</u>	<u>(7,662)</u>
Allowance for impairment	<u>(6,655)</u>	<u>(6,655)</u>
Total	<u>35</u>	<u>35</u>

14. SPECTRUM LICENSES

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

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements		
	Balance as at January 1, 2016	Additions	Balance as at December 31, 2016
Cost			
Spectrum licenses	55,010	69,132	124,142
Total	55,010	69,132	124,142
Accumulated Amortization			
Spectrum licenses	(3,219)	(5,545)	(8,764)
Total	(3,219)	(5,545)	(8,764)
Spectrum licenses	51,791	63,587	115,378

As at December 31, 2015

Unit : Million Baht

	Consolidated financial statements		
	Balance as at January 1, 2015	Additions	Balance as at December 31, 2015
Cost			
Spectrum licenses	14,644	40,366	55,010
Total	14,644	40,366	55,010
Accumulated Amortization			
Spectrum licenses	(2,019)	(1,200)	(3,219)
Total	(2,019)	(1,200)	(3,219)
Spectrum licenses	12,625	39,166	51,791

Amortization for the years ended December 31,

2016

Million Baht

5,545

2015

Million Baht

1,200

On October 16, 2012, Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, was the auction winner for 2.1 GHz license (3G) at the bidding price of Baht 14,625 million. On December 7, 2012, AWN was officially granted the license to operate 2.1 GHz (3G) for 15 years from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid 50% of the fee plus VAT, totalling Baht 7,824 million on October 19, 2012 and submitted bank guarantee to pay the remaining fee to the NBTC. Another 25% was paid in the second year on December 22, 2014, and the remaining was paid in the third year on December 22, 2015.

On November 17, 2015, AWN was the auction winner for 1800 MHz license at the bidding price of Baht 40,986 million. AWN was 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 50% of the fee plus VAT, totalling Baht 21,928 million on November 23, 2015 and submitted bank guarantee to pay the remaining fee to the NBTC. Another 25% will be paid in the second year, and the remaining will be paid in the third year.

On May 27, 2016, AWN was the auction winner for 900 MHz license at the bidding price of Baht 75,654 million. AWN was officially granted the license to operate 900 MHz from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid 11% of the fee plus VAT, totalling Baht 8,603 million on June 28, 2016 and submitted bank guarantee to pay the remaining fee to the NBTC. Another payment will be paid in the second year and the third year by 5% each year, and the remaining will be paid in the fourth year.

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

15. OTHER INTANGIBLE ASSETS

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

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2016	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2016
Cost					
Software licenses	5,804	1,310	(25)	117	7,206
Total	5,804	1,310	(25)	117	7,206
Accumulated amortization					
Software licenses	(2,694)	(658)	25	-	(3,327)
Total	(2,694)	(658)	25	-	(3,327)
Assets under installation	82	163	-	(25)	220
Other intangible assets	<u>3,192</u>	<u>815</u>	<u>-</u>	<u>92</u>	<u>4,099</u>

As at December 31, 2015

Unit : Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2015	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2015
Cost					
Software licenses	4,618	1,143	(2)	45	5,804
Total	4,618	1,143	(2)	45	5,804
Accumulated amortization					
Software licenses	(2,152)	(536)	-	(6)	(2,694)
Total	(2,152)	(536)	-	(6)	(2,694)
Assets under installation	38	67	-	(23)	82
Other intangible assets	<u>2,504</u>	<u>674</u>	<u>(2)</u>	<u>16</u>	<u>3,192</u>

Amortization for the years ended December 31,

2016

Million Baht

658

2015

Million Baht

536



As at December 31, 2016

Unit: Million Baht

	Separate financial statements				
	Balance as at January 1, 2016	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2016
Cost					
Software licenses	480	-	(25)	-	455
Total	<u>480</u>	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>455</u>
Accumulated amortization					
Software licenses	(408)	(25)	25	-	(408)
Total	<u>(408)</u>	<u>(25)</u>	<u>25</u>	<u>-</u>	<u>(408)</u>
Other intangible assets	<u>72</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>47</u>

As at December 31, 2015

Unit: Million Baht

	Separate financial statements				
	Balance as at January 1, 2015	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2015
Cost					
Software licenses	474	-	(2)	8	480
Total	<u>474</u>	<u>-</u>	<u>(2)</u>	<u>8</u>	<u>480</u>
Accumulated amortization					
Software licenses	(362)	(41)	-	(5)	(408)
Total	<u>(362)</u>	<u>(41)</u>	<u>-</u>	<u>(5)</u>	<u>(408)</u>
Other intangible assets	<u>112</u>	<u>(41)</u>	<u>(2)</u>	<u>3</u>	<u>72</u>

Amortization for the years ended December 31,

2016

Million Baht

25

2015

Million Baht

41

16. DEFERRED TAX ASSETS

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	2,639	1,273	875	86
Deferred tax liabilities	<u>(21)</u>	<u>(21)</u>	<u>(7)</u>	<u>(21)</u>
Deferred tax - net	<u>2,618</u>	<u>1,252</u>	<u>868</u>	<u>65</u>

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

As at December 31, 2016

Unit: Million Baht

	Consolidated financial statements			
	(Charged)/credited to			
	Balance as at January 1, 2016	Profit or loss	Other comprehensive income	Balance as at December 31, 2016
Deferred tax assets				
Trade receivables (doubtful accounts)	165	77	-	242
Inventories (allowance for obsolescence and decline in value)	36	115	-	151
Unearned income - mobile phone service (income recognized difference)	390	9	-	399
Accrued expense	-	410	-	410
Employee benefit obligations	461	67	-	528
Loss carry forward	-	400	-	400
Others	221	288	-	509
Total	1,273	1,366	-	2,639
Deferred tax liabilities				
Others	(21)	-	-	(21)
Total	(21)	-	-	(21)
Deferred tax - net	1,252	1,366	-	2,618

As at December 31, 2015

Unit: Million Baht

	Consolidated financial statements			
	(Charged)/credited to			
	Balance as at January 1, 2015	Profit or loss	Other comprehensive income	Balance as at December 31, 2015
Deferred tax assets				
Trade receivables (doubtful accounts)	186	(21)	-	165
Inventories (allowance for obsolescence and decline in value)	114	(78)	-	36
Assets under the Agreements for operations (amortization difference)	355	(355)	-	-
Unearned income - mobile phone service (income recognized difference)	394	(4)	-	390
Employee benefit obligations	302	30	129	461
Others	158	63	-	221
Total	1,509	(365)	129	1,273
Deferred tax liabilities				
Prepaid revenue sharing expense (expense recognized difference)	(27)	27	-	-
Others	(40)	19	-	(21)
Total	(67)	46	-	(21)
Deferred tax - net	1,442	(319)	129	1,252



As at December 31, 2016

Unit: Million Baht

	Separate financial statements			
	(Charged)/credited to			
	Balance as at January 1, 2016	Profit or loss	Other comprehensive income	Balance as at December 31, 2016
Deferred tax assets				
Accrued expense	-	410	-	410
Employee benefit obligations	86	(21)	-	65
Loss carry forward	-	400	-	400
Total	<u>86</u>	<u>789</u>	<u>-</u>	<u>875</u>
Deferred tax liabilities				
Others	(21)	14	-	(7)
Total	<u>(21)</u>	<u>14</u>	<u>-</u>	<u>(7)</u>
Deferred tax - net	<u>65</u>	<u>803</u>	<u>-</u>	<u>868</u>

As at December 31, 2015

Unit: Million Baht

	Separate financial statements			
	(Charged)/credited to			
	Balance as at January 1, 2015	Profit or loss	Other comprehensive income	Balance as at December 31, 2015
Deferred tax assets				
Trade receivables (doubtful accounts)	41	(41)	-	-
Inventories (allowance for obsolescence and decline in value)	88	(88)	-	-
Assets under the Agreements for operations (amortization difference)	355	(355)	-	-
Unearned income - mobile phone service (income recognized difference)	122	(122)	-	-
Employee benefit obligations	82	7	(3)	86
Others	47	(47)	-	-
Total	<u>735</u>	<u>(646)</u>	<u>(3)</u>	<u>86</u>
Deferred tax liabilities				
Prepaid revenue sharing expense (expense recognized difference)	(27)	27	-	-
Others	(40)	19	-	(21)
Total	<u>(67)</u>	<u>46</u>	<u>-</u>	<u>(21)</u>
Deferred tax - net	<u>668</u>	<u>(600)</u>	<u>(3)</u>	<u>65</u>

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loss carry forward	385	1,410	-	1,022
Impairment loss on investments	-	-	1,649	1,649
Accrued expense of the Agreements for operations	-	238	-	-
Others	107	-	101	-
Total	<u>492</u>	<u>1,648</u>	<u>1,750</u>	<u>2,671</u>

As at December 31, 2015, the Group and the Company have not recognized loss carryforward expired in 2017-2020 and no maturity temporary differences under current tax legalisation recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

As at December 31, 2016, the Group and the Company have recognized deferred tax assets in respect of loss carry forward in partial amount and full amount, respectively, because it is probable that future taxable profit will be available against which the Group and the Company can utilize the benefits therefrom.

17. INTEREST-BEARING LIABILITIES

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

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Current					
Short-term loans from financial institutions		9,200	8,500	5,700	7,700
Current portion of long-term liabilities					
- Current portion of long-term borrowings		2,041	4,314	2,041	4,314
- Current portion of long-term debentures	34	397	-	-	-
- Current portion of finance lease liabilities	34	47	41	12	13
Total current portion of long-term liabilities		<u>2,485</u>	<u>4,355</u>	<u>2,053</u>	<u>4,327</u>
Short-term loans from related parties	34	-	-	6,440	6,490
		<u>11,685</u>	<u>12,855</u>	<u>14,193</u>	<u>18,517</u>
Non-current					
Long-term liabilities					
- Long-term borrowings		55,962	35,836	3,314	9,369
- Long-term debentures	34	31,168	16,580	-	-
- Finance lease liabilities	34	143	161	31	44
		<u>87,273</u>	<u>52,577</u>	<u>3,345</u>	<u>9,413</u>
Total		<u>98,958</u>	<u>65,432</u>	<u>17,538</u>	<u>27,930</u>

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Within one year	11,638	12,814	14,181	18,504
After one year but within five years	50,245	30,536	3,314	9,369
After five years	36,885	21,880	-	-
Total	<u>98,768</u>	<u>65,230</u>	<u>17,495</u>	<u>27,873</u>

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	92,920	55,715	12,180	18,213
US Dollar (USD)	6,038	9,717	5,358	9,717
Total	<u>98,958</u>	<u>65,432</u>	<u>17,538</u>	<u>27,930</u>

Long-term borrowings

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

Unit: Million Baht

Outstanding loan in foreign currency (Million)		Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Separate financial statements	
					2016	2015	2016	2015
Advanced Info Service Public Company Limited								
USD 21.32	USD 35.54	LIBOR plus margin	Semi-annual	20 equal installments from 2008 to 2018	768	1,288	768	1,288
-	USD 62.50	LIBOR plus margin	Semi-annual	2 equal installments in 2015 and 2016	-	2,265	-	2,265
USD 42.50	USD 85.00	LIBOR plus margin	Semi-annual	4 equal installments in 2016 and 2017	1,530	3,082	1,530	3,082
USD 85.00	USD 85.00	LIBOR plus margin	Semi-annual	Entirely redeemed in 2018	3,060	3,082	3,060	3,082
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	Entirely redeemed in 2018	-	4,000	-	4,000
Advanced Wireless Network Co., Ltd.								
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	4 equal installments from 2019 to 2021	5,000	5,000	-	-

Unit: Million Baht

Outstanding loan in foreign currency (Million)	Interest rate (per annum)		Term of interest payment	Principal payment term	Consolidated financial statements		Separate financial statements	
	2016	2015			2016	2015	2016	2015
-	-	6MTHBFX plus margin	Semi-annual	2 equal installments in 2020	12,300	12,300	-	-
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	7 equal installments from 2019 to 2022	5,000	5,000	-	-
-	-	6MTHBFX plus margin	Semi-annual	Entirely redeemed in 2020	4,200	4,200	-	-
-	-	6MBIBOR plus margin	Semi-annual	6 equal installments from 2020 to 2023	14,000	-	-	-
-	-	6MBIBOR plus margin	Semi-annual	5 equal installments from 2019 to 2023	7,000	-	-	-
-	-	6MTHBFX plus margin	Semi-annual	6 equal installments from 2021 to 2023	4,500	-	-	-
USD 18.89	-	6MLIBOR plus margin	Semi-annual	2 equal installments from 2022	680	-	-	-
Total loans					58,038	40,217	5,358	13,717
Less transaction cost					(35)	(67)	(3)	(34)
Long-term borrowings					58,003	40,150	5,355	13,683

Long-term debentures

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

Unit: Million Baht

Issue date	No. of units (Share)	Amount	Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Separate financial statements	
						2016	2015	2016	2015
Advanced Wireless Network Co., Ltd.									
11 April 2014	0.39	397	Fixed interest rate of 3.39%	Semi-annual	Entirely redeemed on April 11, 2017	397	397	-	-
11 April 2014	7.79	7,789	Fixed interest rate of 4.17%	Semi-annual	Entirely redeemed on April 11, 2019	7,789	7,789	-	-
11 April 2014	1.78	1,776	Fixed interest rate of 4.56%	Semi-annual	Entirely redeemed on April 11, 2021	1,776	1,776	-	-
11 April 2014	6.64	6,638	Fixed interest rate of 4.94%	Semi-annual	Entirely redeemed on April 11, 2024	6,638	6,638	-	-
11 May 2016	7.82	7,820	Fixed interest rate of 2.51%	Semi-annual	Entirely redeemed on May 11, 2023	7,820	-	-	-
11 May 2016	7.18	7,180	Fixed interest rate of 2.78%	Semi-annual	Entirely redeemed on May 11, 2026	7,180	-	-	-
Total debentures						31,600	16,600	-	-
Less bond issuing cost						(35)	(20)	-	-
Long-term debentures						31,565	16,580	-	-

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

As at December 31, 2016, the Group has undrawn committed loans amounting to Baht 6,000 million, USD 38 million and as at December 31, 2015 the Group has undrawn committed loans amounting to Baht 32,000 million, and the Company has no undrawn committed loans.

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

Unit: Million Baht

	Consolidated financial statements			
	Carrying amount		Fair values*	
	2016	2015	2016	2015
Long-term debentures	31,600	16,600	32,082	17,958

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

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
As at January 1,	65,432	37,050	27,930	15,430
Additions	80,169	46,329	14,523	31,116
Borrowing cost	(5)	(32)	-	-
Bond issuing cost	(20)	-	-	-
Repayments	(46,026)	(18,635)	(24,286)	(19,315)
Terminate finance lease liabilities cost	-	-	-	(17)
Unrealized (gain) loss on foreign exchange	(634)	693	(660)	693
Amortization as expense	42	27	31	23
As at December 31,	98,958	65,432	17,538	27,930

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

Unit: Percent per annum

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term borrowings	1.63	1.64	1.62	1.64
Long-term borrowings	2.60	2.97	2.58	3.25
Long-term debentures	3.62	4.50	-	-
Finance lease liabilities	5.79	5.59	4.81	4.84

18. TRADE AND OTHER PAYABLES

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

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Trade payables					
Related parties	34	300	323	219	264
Other parties		17,437	14,035	38	279
Total - trade payables		<u>17,737</u>	<u>14,358</u>	<u>257</u>	<u>543</u>
Other payables					
Accrued expenses	34	15,700	12,668	2,814	2,527
Valued added tax payable		171	154	8	79
Withholding tax payable		262	280	5	45
Others	34	422	291	2	282
Total - other payables		<u>16,555</u>	<u>13,393</u>	<u>2,829</u>	<u>2,933</u>
Total trade and other payables		<u>34,292</u>	<u>27,751</u>	<u>3,086</u>	<u>3,476</u>

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	12,278	10,525	222	372
US Dollar (USD)	5,438	3,611	15	108
Euro (EUR)	1	56	1	58
Yen (JPY)	1	166	-	5
Singapore Dollar (SGD)	19	-	19	-
Total	<u>17,737</u>	<u>14,358</u>	<u>257</u>	<u>543</u>

19. SPECTRUM LICENSES PAYABLE

Spectrum licenses payable as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2016	2015
Spectrum licenses payable		
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1)	19,790	19,902
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2)	62,407	-
	<u>82,197</u>	<u>19,902</u>
<u>Less current portion of spectrum licenses payable</u>	<u>(10,017)</u>	<u>-</u>
Spectrum licenses payable	<u>72,180</u>	<u>19,902</u>

Movements in spectrum licenses payable for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements	
	2016	2015
As at January 1,	19,902	3,656
Addition	69,113	40,346
Payments	(8,040)	(24,149)
Amortization of deferred interest expense	1,222	49
As at December 31,	<u>82,197</u>	<u>19,902</u>

20. EMPLOYEE BENEFIT OBLIGATIONS

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

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

Obligations under the statements of financial position as at December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Present value of obligations	<u>2,555</u>	<u>2,294</u>	<u>327</u>	<u>431</u>

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit obligations as at January 1,	2,294	1,500	431	406
Current service costs and interest	293	172	38	51
Benefits paid	(32)	(15)	(29)	(4)
Transfer employee to subsidiaries	-	-	(113)	(8)
Actuarial (gains) losses from employee benefit obligations	-	637	-	(14)
Employee benefit obligations as at December 31,	2,555	2,294	327	431

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current service costs	214	114	28	35
Interest on obligations	79	58	10	16
Total	293	172	38	51

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of rendering of services and equipment rental	20	9	-	-
Administrative expenses	193	104	27	34
Management benefit expenses	1	1	1	1
Finance costs	79	58	10	16
Total	293	172	38	51



Actuarial (gains) losses from employee benefit obligations recognized in other comprehensive income in the statement of profit or loss and other comprehensive income for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Included in retained earnings :				
At January 1,	1,360	723	403	417
Recognized during the year	-	637	-	(14)
As at December 31,	<u>1,360</u>	<u>1,360</u>	<u>403</u>	<u>403</u>

Actuarial (gains) losses recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are arising from:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Financial assumptions	-	439	-	64
Demographic assumptions	-	(23)	-	(12)
Experience adjustment	-	221	-	(66)
Total	<u>-</u>	<u>637</u>	<u>-</u>	<u>(14)</u>

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	3.5%	3.5%	3.5%	3.5%
Future salary increases	9%	9%	9%	9%

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2008 (“TMO08”).

Sensitivity analysis

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations as at December 31, by the amounts shown below.

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate				
- Increase 1%	(375)	(338)	(51)	(49)
- Decrease 1%	459	414	61	58
Future salary growth				
- Increase 1%	427	385	57	54
- Decrease 1%	(359)	(323)	(49)	(47)

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

21. SHARE CAPITAL

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

(Million shares/million Baht)

	Par value per share (in Baht)	2016		2015	
		Number of share	Amount	Number of share	Amount
Authorized					
As at January 1,					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
As at December 31,					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
Issued and paid-up					
As at January 1,					
- ordinary shares	1.00	2,973	2,973	2,973	2,973
As at December 31,					
- ordinary shares	1.00	2,973	2,973	2,973	2,973

As at December 31, 2016 and 2015, the total issued number of ordinary shares is 2,973 million shares with a par value of Baht 1.00 per share. All issued shares are fully paid.

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



Share premium

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

22. LEGAL RESERVE

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

23. OTHER COMPONENTS OF EQUITY

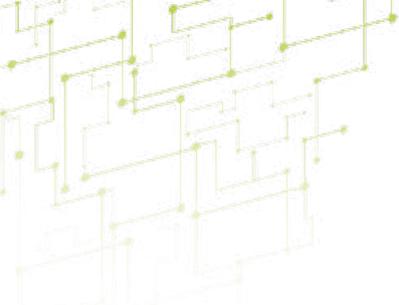
Share-based payment

The performance share plan

Grant I

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

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



Grant II

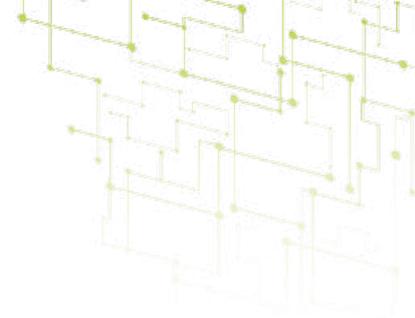
In March 2014, the Annual General Meeting of shareholders No.1/2014 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the board of directors of the Company, who are qualified to the Performance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

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

Grant III

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

Approved date:	March 24, 2015
Number of warrants offered:	872,200 Units
Exercise price:	249.938 Baht/share
Number of reserved shares:	872,200 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share
Offer period:	Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2015 Annual General Meeting of shareholders



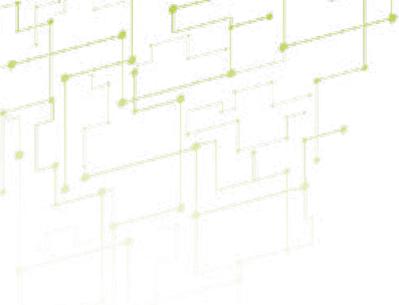
Grant IV

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
Offer period:	Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2016 Annual General Meeting of shareholders

Movements in the number of outstanding warrants are as follows:

	As at January 1, 2016	Transaction during the year				As at December 31, 2016
		Issued	Exercised	Forfeited	Returned	
(in units)						
ESOP - Grant I						
- Directors	19,824	-	-	-	(19,824)	-
- Employees	352,476	-	-	-	(352,476)	-
	<u>372,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,300)</u>	<u>-</u>
ESOP - Grant II						
- Directors	29,816	-	-	-	-	29,816
- Employees	611,768	-	-	(33,636)	-	578,132
	<u>641,584</u>	<u>-</u>	<u>-</u>	<u>(33,636)</u>	<u>-</u>	<u>607,948</u>
ESOP - Grant III						
- Directors	51,600	-	-	-	-	51,600
- Employees	725,716	-	-	(39,366)	-	686,350
	<u>777,316</u>	<u>-</u>	<u>-</u>	<u>(39,366)</u>	<u>-</u>	<u>737,950</u>
ESOP - Grant IV						
- Directors	-	56,800	-	-	-	56,800
- Employees	-	653,900	-	(5,200)	-	648,700
	<u>-</u>	<u>710,700</u>	<u>-</u>	<u>(5,200)</u>	<u>-</u>	<u>705,500</u>
Total	<u>1,791,200</u>	<u>710,700</u>	<u>-</u>	<u>(78,202)</u>	<u>(372,300)</u>	<u>2,051,398</u>



Fair value measurement

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

Grant I

Weighted average fair value at the grant date	183.499 Baht/share
Share price at the grant date	262.000 Baht/share
Exercise price	206.672 Baht/share
Expected volatility	23.51%
Expected dividend	4.16%
Risk-free interest rate	3.07%

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%

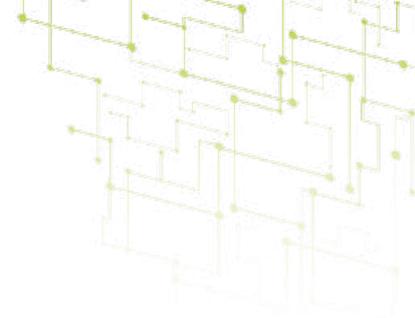
Grant III

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%

For the year ended December 31, 2016, the Group and the Company recognized share-based payment expense at Baht 35 million and Baht 35 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2015: Baht 31 million and Baht 31 million, respectively).



Unrealized gain on dilution of investment

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

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognized or impaired.

24. SEGMENT FINANCIAL INFORMATION

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

Segment 1	Mobile phone and call center services
Segment 2	Mobile phone sales
Segment 3	Datanet and broadband services

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

Information about reportable segments

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

Unit: Million Baht

	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2016	2015	2016	2015	2016	2015	2016	2015
External revenue	126,046	126,435	23,947	27,827	2,157	1,014	152,150	155,276
Investment income	184	268	18	14	2	9	204	291
Finance costs	(4,233)	(1,958)	(2)	(2)	(1)	-	(4,236)	(1,960)
Depreciation and amortization	(20,950)	(20,291)	(6)	(7)	(711)	(197)	(21,667)	(20,495)
Material items of expenses	(23,011)	(15,064)	(2,691)	(1,119)	(30)	(111)	(25,732)	(16,294)
Segment profit (loss) before income tax expense	39,354	51,185	(3,694)	(1,476)	205	(555)	35,865	49,154

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

Unit: Million Baht

	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2016	2015	2016	2015	2016	2015	2016	2015
Segment assets	262,117	170,199	7,375	9,892	6,178	1,670	275,670	181,761
Segment liabilities	222,805	127,207	4,932	4,758	5,225	1,303	232,962	133,268

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

Unit: Million Baht

	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2016	2015	2016	2015	2016	2015	2016	2015
Capital expenditure	117,087	73,816	1	4	3,104	1,684	120,192	75,504

Geographical segments

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

Major Customer

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

25. REVENUE FROM RENDERING OF SERVICES UNDER THE NBTC'S REGULATION

Revenue from rendering of services and equipment rentals of the Company for the years ended December 31, are classified as follows:

Unit: Million Baht

	Separate financial statements	
	2016	2015
Internet License Type 1	-	1
Other service income	4,950	31,530
Total	4,950	31,531

26. INVESTMENT INCOME

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

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Dividend income					
Subsidiaries	10, 34	-	-	28,009	36,725
Other		-	40	-	20
		<u>-</u>	<u>40</u>	<u>28,009</u>	<u>36,745</u>
Interest income					
Subsidiaries	34	-	-	1,508	1,520
Associate	34	-	2	-	-
Financial institutions		204	249	23	49
		<u>204</u>	<u>251</u>	<u>1,531</u>	<u>1,569</u>
Total		<u>204</u>	<u>291</u>	<u>29,540</u>	<u>38,314</u>

27. OTHER OPERATING INCOME

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

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Bad debt recovery		112	111	34	33
Management income	34	-	-	1,542	209
Others	34	252	337	87	267
Total		<u>364</u>	<u>448</u>	<u>1,663</u>	<u>509</u>

28. PROVIDENT FUND

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

29. EXPENSES BY NATURES

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

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Depreciation of buildings and equipment	11	15,465	10,153	127	289
Depreciation and amortization of assets under Agreements for operations	12	-	8,606	-	8,606
Amortization of spectrum licenses	14	5,545	1,200	-	-
Amortization of intangible assets	15	658	536	25	41
Doubtful accounts and bad debts (bad debts recovery)	7	1,538	1,315	(2)	-
Marketing expenses		16,012	6,901	22	138
Staff costs		8,182	8,078	772	1,183

30. FINANCE COSTS

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

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Subsidiaries	34	-	-	91	57
Associate and Related parties	34	35	5	6	-
Financial institutions		4,201	1,954	521	653
Total		<u>4,236</u>	<u>1,959</u>	<u>618</u>	<u>710</u>

31. INCOME TAX EXPENSE

Income tax expense recognized in the statements of profit or loss for the years ended December 31, are as follows:

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Current tax expense					
Current year		6,513	9,666	-	-
Adjustment for prior years		28	14	-	1
		<u>6,541</u>	<u>9,680</u>	<u>-</u>	<u>1</u>
Deferred tax expense	16				
Movements in temporary differences		(1,366)	319	(803)	600
Total income tax expense		<u>5,175</u>	<u>9,999</u>	<u>(803)</u>	<u>601</u>

Income tax expense recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, are as follows:

Unit: Million Baht

	Consolidated financial statements		
	2015		
	Before tax	Tax (expense) benefit	Net of tax
Actuarial losses on employee benefit obligations	(637)	129	(508)
Total	<u>(637)</u>	<u>129</u>	<u>(508)</u>

Unit: Million Baht

	Separate financial statements		
	2015		
	Before tax	Tax (expense) benefit	Net of tax
Actuarial gains from employee benefit obligations	14	(3)	11
Total	<u>14</u>	<u>(3)</u>	<u>11</u>

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

	Consolidated financial statements			
	2016		2015	
	Rate (%)	Million Baht	Rate (%)	Million Baht
Profit before income tax expense		35,865		49,154
Income tax using the applicable tax rate	20	<u>7,173</u>	20	<u>9,831</u>
Income not subject to tax		-		(6)
Expenses not deductible for tax purposes		97		9
Additional capital expenditure deduction allowed		(835)		-
Recognition of previously unrecognized temporary difference		(1,281)		(1,042)
Adjustment for prior years		28		14
Effect from elimination with subsidiaries		(7)		(32)
Current year losses for which no deferred tax assets was recognized		-		1,087
Written-off deferred tax assets		-		138
Total	14	<u>5,175</u>	20	<u>9,999</u>

	Separate financial statements			
	2016		2015	
	Rate (%)	Million Baht	Rate (%)	Million Baht
Profit before income tax expense		29,159		39,198
Income tax using the applicable tax rate	20	<u>5,832</u>	20	<u>7,840</u>
Income not subject to tax		(5,602)		(7,349)
Expenses not deductible for tax purposes		(17)		58
Recognition of previously unrecognized temporary difference		(1,016)		(1,109)
Adjustment for prior years		-		1
Current year loss for which no deferred tax asset was recognized		-		1,022
Written-off deferred tax assets		-		138
Total	(3)	<u>(803)</u>	2	<u>601</u>

According to the Royal Decree No. 557 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, the corporate income tax rates were 20% of net profit for accounting period which begins on or after January 1, 2015 but not later than December 31, 2015.

According to the Revenue Code Amendment Act No. 42 B.E. 2559 which is effective from March 5, 2016 onwards, the corporate income tax is reduced from 30 % to 20% of net profit for accounting period beginning on or after January 1, 2016 onwards.

The Group and the Company have applied the tax rate of 20% for calculated income tax expense and deferred income tax for the years ended December 31, 2016 and 2015.

32. EARNINGS PER SHARE

Basic earnings per share

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

(Million Baht / Million shares)

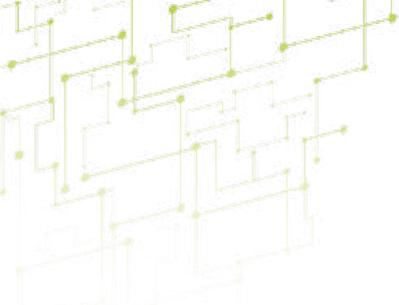
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to ordinary shareholders of the Company (basic)	<u>30,667</u>	<u>39,152</u>	<u>29,962</u>	<u>38,597</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Earnings per share (basic) (in Baht)	<u>10.31</u>	<u>13.17</u>	<u>10.08</u>	<u>12.98</u>

Diluted earnings per share

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

(Million Baht / Million shares)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to shareholders of the Company (basic)	<u>30,667</u>	<u>39,152</u>	<u>29,962</u>	<u>38,597</u>
Profit attributable to shareholders of the Company (diluted)	<u>30,667</u>	<u>39,152</u>	<u>29,962</u>	<u>38,597</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Earnings per share (diluted) (in Baht)	<u>10.31</u>	<u>13.17</u>	<u>10.08</u>	<u>12.98</u>



33. DIVIDENDS

At the Annual General Meeting of the shareholders of the Company held on March 24, 2015, the shareholders approved the appropriation of dividend of Baht 12.00 per share. The Company paid an interim dividend at the rate of Baht 6.04 per share on September 2, 2014, therefore the remaining dividend to be paid is Baht 5.96 per share, amounting to Baht 17,718 million. The dividend was paid to shareholders on April 22, 2015.

At the Board of Director's meeting held on August 3, 2015, it was approved to declare an interim dividend of Baht 6.50 per share amounting to Baht 19,324 million. The interim dividend was paid to shareholders on September 1, 2015.

At the Annual General Meeting of the shareholders of the Company held on March 29, 2016, the shareholders approved the appropriation of dividend of Baht 12.99 per share. The Company paid an interim dividend at the rate of Baht 6.50 per share on September 1, 2015, therefore the remaining dividend to be paid is Baht 6.49 per share, amounting to Baht 19,295 million. The dividend was paid to shareholders on April 22, 2016.

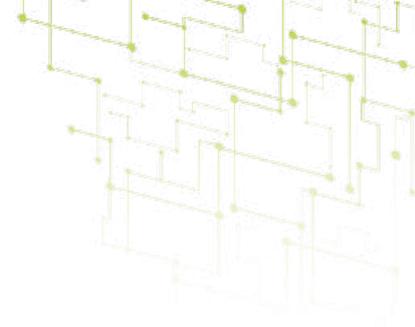
At the Board of Director's meeting held on August 4, 2016, it was approved to declare an interim dividend of Baht 5.79 per share amounting to Baht 17,214 million. The interim dividend was paid to shareholders on September 1, 2016.

34. RELATED PARTIES

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

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

During the year, the Group and the Company have entered into a number of transactions with related parties, the terms of which are negotiated in the ordinary course of business and according to normal trade conditions. Purchases of products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading conditions. In 2015, consulting and management service fees are charged on a mutually agreed basis as a percentage of assets. While, such fees are calculated based on activities portion which the Company performs to counter parties in 2016 and effective since January 1, 2016 onwards.



Relationships 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 and its related parties (“INTOUCH Group”)	Thailand and Laos	Intouch Holdings Public Company Limited (“INTOUCH”) is a shareholder who has significant influence over the Company and has some joint directors.
SingTel Strategic Investments Pte Ltd. and its related parties (“SingTel Group”)	Singapore	SingTel Strategic Investments Pte Ltd. (“SingTel”) is a shareholder who has significant influence over the Company.
Information Highway Co., Ltd.	Thailand	Associate
Amata Network Co., Ltd.	Thailand	Joint venture
Other related parties	Thailand	Other parties have some joint directors and directors of related parties.

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Service income				
Subsidiaries	-	-	4,593	24,377
INTOUCH Group	31	34	-	9
SingTel Group	402	649	1	150
Other related parties	135	2	-	-
Total	568	685	4,594	24,536
Sales of property and other assets				
Subsidiaries	-	-	22	365
Dividend income				
Subsidiaries	-	-	28,009	36,725
Interest income				
Subsidiaries	-	-	1,508	1,520
Associate	-	2	-	-
Total	-	2	1,508	1,520

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other income				
Subsidiaries	-	-	1,577	310
INTOUCH Group	9	8	-	1
Total	<u>9</u>	<u>8</u>	<u>1,577</u>	<u>311</u>
Rental and other service expenses				
Subsidiaries	-	-	3,732	8,838
INTOUCH Group	519	498	1	20
SingTel Group	283	464	95	74
Associate	176	43	-	-
Other related parties	1	-	-	-
Total	<u>979</u>	<u>1,005</u>	<u>3,828</u>	<u>8,932</u>
Advertising expense				
INTOUCH Group	<u>1</u>	<u>22</u>	<u>-</u>	<u>3</u>
Sale promotion expense				
Subsidiaries	<u>-</u>	<u>-</u>	<u>2</u>	<u>15</u>
Commission expense				
Subsidiary	<u>-</u>	<u>-</u>	<u>12</u>	<u>253</u>
Management benefit expenses				
Short-term employee benefit	141	199	141	199
Share-based payments	9	10	9	10
Total	<u>150</u>	<u>209</u>	<u>150</u>	<u>209</u>
Purchase of property and other assets				
Subsidiaries	-	-	-	10
INTOUCH Group	130	59	-	-
Associate	27	-	-	-
Total	<u>157</u>	<u>59</u>	<u>-</u>	<u>10</u>
Finance costs				
Subsidiaries	-	-	91	57
INTOUCH Group	2	1	-	-
Associate	6	3	-	-
Other related parties	27	1	6	-
Total	<u>35</u>	<u>5</u>	<u>97</u>	<u>57</u>
Dividend paid				
INTOUCH	14,768	14,984	14,768	14,984
SingTel	8,514	8,638	8,514	8,638
Total	<u>23,282</u>	<u>23,622</u>	<u>23,282</u>	<u>23,622</u>

Balances with related parties are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Cash and cash equivalents				
Bank deposit				
Other related parties	113	199	1	-
Trade and other receivables				
Trade receivables				
Subsidiaries	-	-	49	711
INTOUCH Group	6	4	-	-
SingTel Group	19	1	4	-
Other related parties	31	-	-	-
	<u>56</u>	<u>5</u>	<u>53</u>	<u>711</u>
Accrued income				
Subsidiaries	-	-	3	910
INTOUCH Group	3	2	-	-
SingTel Group	8	4	-	-
Associate	1	-	-	-
	<u>12</u>	<u>6</u>	<u>3</u>	<u>910</u>
Total trade receivables	<u>68</u>	<u>11</u>	<u>56</u>	<u>1,621</u>
Other receivables				
- Accrued interest income				
Subsidiaries	-	-	123	508
Total other receivables	<u>-</u>	<u>-</u>	<u>123</u>	<u>508</u>
Total trade and other receivables (see Note 7)	<u>68</u>	<u>11</u>	<u>179</u>	<u>2,129</u>
Dividend receivable				
Subsidiaries	<u>-</u>	<u>-</u>	<u>12,093</u>	<u>19,944</u>
Short-term loans to related parties				
Subsidiaries	<u>-</u>	<u>-</u>	<u>39,244</u>	<u>44,244</u>

As at December 31, 2016, the Company has short-term loans at call to subsidiaries represent promissory notes at call, bearing interest at the average rate of 2.84 % per annum (December 31, 2015: average rate of 3.67% per annum).

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term loans to related parties				
As at January 1,	-	95	44,244	35,590
Increase	-	-	25,839	39,157
Decrease	-	(95)	(30,839)	(30,503)
As at December 31,	-	-	39,244	44,244

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Long-term rental deposit				
Subsidiary	-	-	-	742
Trade and other payables				
Trade payables				
Subsidiaries	-	-	199	195
INTOUCH Group	25	89	-	1
SingTel Group	269	229	20	68
Other related parties	-	5	-	-
Associate	6	-	-	-
Total trade payables	300	323	219	264
Other payables				
- Other payable				
Subsidiaries	-	-	-	273
	-	-	-	273
- Accrued expenses				
Subsidiaries	-	-	111	584
INTOUCH Group	50	91	-	-
SingTel Group	22	31	15	16
Associate	17	10	-	-
	89	132	126	600
Total other payables	89	132	126	873
Total trade and other payables (see Note 18)	389	455	345	1,137
Financial lease liabilities				
Associate	85	72	-	-
Short-term loans from related parties				
Subsidiaries	-	-	6,440	6,490

As at December 31, 2016, short-term loan from related parties represent promissory notes at call, bearing interest at the rate of 1.41 % per annum (December 31, 2015: 1.40% per annum).

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term borrowings from related parties				
As at January 1,	-	-	6,490	-
Increase	4,000	-	2,523	7,190
Decrease	(4,000)	-	(2,573)	(700)
As at December 31, (see Note 17)	<u>-</u>	<u>-</u>	<u>6,440</u>	<u>6,490</u>

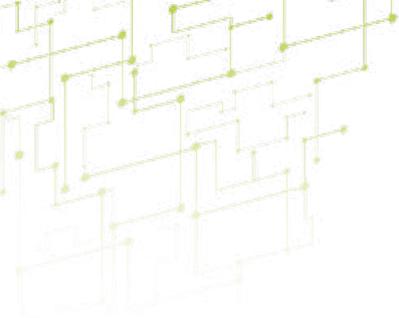
Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Long-term debentures				
INTOUCH Group	37	37	-	-
Other related parties	13	13	-	-
Total (see Note 17)	<u>50</u>	<u>50</u>	<u>-</u>	<u>-</u>

Significant agreements with related parties

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

- 1) The Group has entered into interconnection and national roaming agreements among its related parties. The termination and suspension of the agreement are referred to the regulations and conditions of the National Telecommunications Commission.
- 2) The Group has entered into site share agreements among its related parties to provide site area including related facilities for installation of telecommunication equipment. The counterparty has a right to terminate the agreement by giving advance written notice not less than 60 days.
- 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 Company and its related parties have entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, to provide payment service for goods/service purchased through electronic payments and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 6) Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 7) The Company and its subsidiaries have 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 Company and its subsidiaries have 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 Company and its subsidiaries have entered into an agreement with MIMO Tech Co., Ltd., a subsidiary, of providing aggregating value added services on mobile network or wireless device. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 10) The Company and its subsidiaries have entered into an agreement with its related parties to provide or aggregating value added services on mobile network or wireless device. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- 11) Advance 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, 2017.
- 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.

35. FINANCIAL INSTRUMENTS

Financial risk management policies

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

Capital management

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

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

Interest rate risk

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

Foreign currency risk

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

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

Unit: Million Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Cash and cash equivalents	4				
US dollar (USD)		477	153	157	100
Euro (EUR)		111	3	2	2
Total		<u>588</u>	<u>156</u>	<u>159</u>	<u>102</u>
Trade accounts receivable	7				
US dollar (USD)		630	59	13	8
Euro (EUR)		1	1	-	1
Total		<u>631</u>	<u>60</u>	<u>13</u>	<u>9</u>
Interest-bearing liabilities	17				
US dollar (USD)		(6,038)	(9,717)	(5,358)	(9,717)
Total		<u>(6,038)</u>	<u>(9,717)</u>	<u>(5,358)</u>	<u>(9,717)</u>
Trade accounts payable	18				
US dollar (USD)		(5,450)	(3,611)	(15)	(108)
Euro (EUR)		(1)	(56)	(1)	(58)
Yen (JPY)		(1)	(166)	-	(5)
Singapore dollar (SGD)		(19)	-	(19)	-
Total		<u>(5,471)</u>	<u>(3,833)</u>	<u>(35)</u>	<u>(171)</u>
Gross statement of financial position exposure		(10,290)	(13,334)	(5,221)	(9,777)
Swap contracts					
- Purchasing Contracts		6,473	8,159	4,511	8,159
- Selling contracts		(1,308)	-	-	-
Total swap contracts		<u>5,165</u>	<u>8,159</u>	<u>4,511</u>	<u>8,159</u>
Forward contracts		4,943	8,190	89	147
Net exposure		<u>(182)</u>	<u>3,015</u>	<u>(621)</u>	<u>(1,471)</u>

Swap and forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2016 and 2015 and to retain future purchases.



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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Swap contracts:				
- Purchasing contracts				
Swap contracts receivable	7,289	9,565	5,267	9,565
Swap contracts payable*	(6,473)	(8,159)	(4,511)	(8,159)
	816	1,406	756	1,406
- Selling contracts				
Swap contracts receivable*	1,308	-	-	-
Swap contracts payable	(1,361)	-	-	-
	(53)	-	-	-
Total swap contracts receivable	763	1,406	756	1,406
Forward contracts:				
Forward contracts receivable	4,994	8,227	91	152
Forward contracts payable*	(4,943)	(8,190)	(89)	(147)
Total forward contracts receivable	51	37	2	5
Total swap and forward contracts:				
Swap and forward contracts receivable	13,591	17,792	5,358	9,717
Swap and forward contracts payable	(12,777)	(16,349)	(4,600)	(8,306)
Total swap and forward contracts receivable	814	1,443	758	1,411

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

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current assets				
Other current assets	236	648	241	616
Total current assets	236	648	241	616
Non-current assets				
Swap and forward contracts receivable	578	795	517	795
Total non-current assets	578	795	517	795
Total	814	1,443	758	1,411

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

Unit: Million Baht

	Consolidated financial statements			
	Nominal amounts**		Fair values*	
	2016	2015	2016	2015
Swap contracts				
- Purchasing contracts	6,473	8,159	7,174	9,326
- Selling contracts	1,308	-	1,262	-
Total swap contracts	7,781	8,159	8,436	9,326
Forward contracts	4,943	8,190	5,025	8,289
Total	12,724	16,349	13,461	17,615

Unit: Million Baht

	Separate financial statements			
	Nominal amounts**		Fair values*	
	2016	2015	2016	2015
Swap contracts				
- Purchasing contracts	4,511	8,159	5,140	9,326
Forward contracts	89	147	91	153
Total	4,600	8,306	5,231	9,479

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

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

Credit risk

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

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

Liquidity risk

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

Fair values of financial assets and liabilities

Financial assets and liabilities measured at fair value in the consolidated statement of financial position as at December 31, 2015 are as follows: (December 31, 2016: nil)

Unit: Million Baht

	Consolidated financial statements				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Current assets					
Available-for-sale investments	305	-	305	-	305

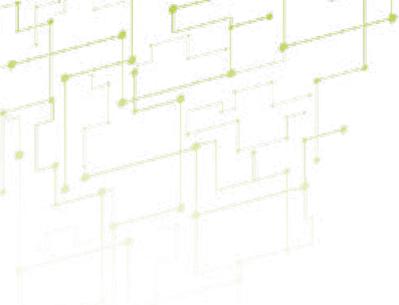
Financial assets and liabilities not measured at fair value in the consolidated and separate statement of financial position as at December 31, are as follows: (fair value disclosure)

Unit: Million Baht

	Consolidated financial statements				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
As at December 31, 2016					
Swap and forward contracts	12,776	-	-	13,461	13,461
Debentures	31,600	-	32,082	-	32,082
As at December 31, 2015					
Swap and forward contracts	16,349	-	-	17,615	17,615
Debentures	16,600	-	17,958	-	17,958

Unit: Million Baht

	Separate financial statements				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
As at December 31, 2016					
Swap and forward contracts	4,600	-	-	5,231	5,231
As at December 31, 2015					
Swap and forward contracts	8,306	-	-	9,479	9,479



Fair value hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

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

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

The fair value of accounts receivable and accounts payable - trade and others is taken to approximate the carrying value.

The fair value of loans to and loans from related is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

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

36. COMMITMENTS WITH NON-RELATED PARTIES

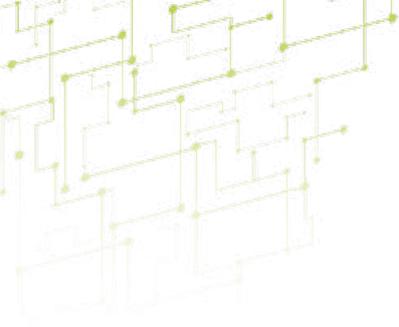
Commitments with non-related parties as at December 31, are as follows:

Unit: Million

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Capital commitments				
Unrecognized contractual commitments				
Buildings and equipment				
Thai Baht	14,927	21,174	1	33
US Dollar	129	385	-	-
Yen	50	82	-	-
Euro	1	-	-	-
Singapore Dollar	-	3	-	-
Service maintenance				
Thai Baht	1,880	2,025	31	507
US Dollars	15	23	-	1
Yen	-	12	-	7
Purchase orders for goods and supplies				
Thai Baht	7,236	5,146	-	-
US Dollar	37	124	-	-

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Non-cancellable operating lease commitments				
Within one year	3,101	2,099	124	221
After one year but within five years	2,750	2,339	238	56
After five years	74	6	-	-
Total	5,925	4,444	362	277
Other commitments				
Forward and swap contracts	11,416	16,349	4,600	8,306
Bank guarantees:				
- Spectrum licenses payable	94,275	21,928	-	-
- Others	1,687	1,052	227	259
Total	107,378	39,329	4,827	8,565



Significant agreements

- The Group has entered into lease and related service agreements for office space, cars, computers and base station for periods ranging from 1 year to 15 years with options to renew.
- The Group has entered into a service agreement with a company, for the Group to receive the services relating to network station and other general services as stated in the agreement. The Group shall pay a service fee for the services at the rate as stated in the agreement. The services will be run until terminated by either party with 90 days written notice.

37. CONTINGENT LIABILITIES

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

38. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

The Company

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

On January 22, 2008, TOT submitted a dispute under the black case no. 9/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding the Company to pay additional payment of revenue sharing under the Cellular Mobile Phone Contract in the amount of Baht 31,463 million plus interest at the rate of 1.25 percent per month computing from the default date on January 10, 2007 until the full amount is paid.

This amount is the same as an excise tax that the Company had delivered to the Excise Department during January 28, 2003 to February 26, 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated February 11, 2003. Thus, the Company has fully complied with the Cabinet’s resolution dated February 11, 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet. Moreover, TOT had sent letter no. Tor Sor Tor. Bor Yor. /843 dated March 10, 2003 stating that the Company has fully complied with the Cabinet’s resolution and the Company’s burden remains at the same percentage rate as specified in the contract and the submission of that excise tax return shall not affect the terms of the contract.



On May 20, 2011, the Arbitral Tribunal dismissed the case by giving the reason which can be summarized that the Company was not in breach of the Agreement since the Company has completely made the payment of the revenue sharing and all debt was fully paid. Therefore, TOT has no right to re-claim for the alleged deficit amount.

On September 22, 2011, TOT submitted the black case no. 1918/2554 to the Central Administrative Court to revoke the Arbitral Tribunal’s award.

On August 11, 2016, the Central Administrative Court reached its decision to dismiss such dispute made by TOT to revoke the Arbitral Tribunal’s award.

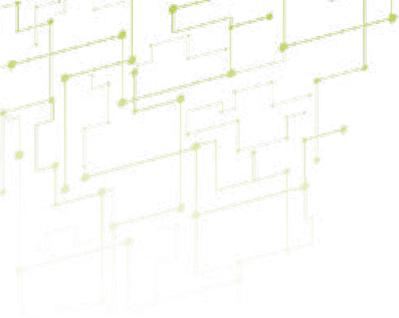
2) Interconnection agreement in accordance with the announcement of National Telecommunication Commission (“NTC”)

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

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

On August 31, 2007, TOT Public Company Limited (“TOT”) filed a lawsuit against NTC to the Central Administrative Court to revoke the said 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 said 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 said NTC announcement. Therefore, the Company has decided to comply with the IC agreements in line with the current legal provisions.

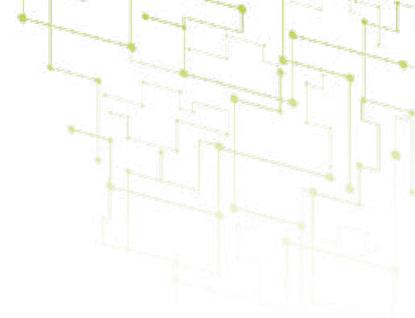


According to the Agreement for operations (“the Agreement”), the Company has to pay the higher of stipulated annual minimum payment or the percentage of service revenues and other benefits that the Company should be received in each year prior to deducting expenses and taxes to TOT. However, the Company 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 for 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 ref. black case no. 19/2554 on March 9, 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing.

On July 29, 2014, TOT submitted a dispute no. 55/2557 demanding the Company to pay additional payment for the revenue sharing on the interconnection charges of the operation years 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 operation years 23rd - 25th in the amount of Baht 8,368 million plus interest at 1.25% per month on its outstanding amount for each year and the Company requested this case to be under the same consideration with the black case no. 55/2557. Currently, the dispute has been considered by the Arbitration process.

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

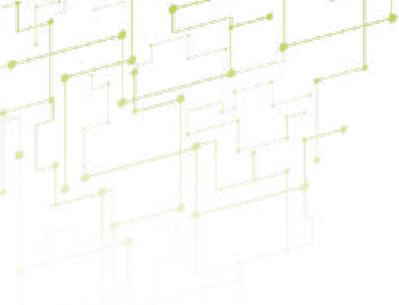
According to the Agreement, the Company has the duties to deliver the bank guarantees to TOT Public Company Limited (“TOT”) to secure the payment of the minimum revenue sharing for each operation year and shall recover the bank guarantee of the past operation.

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.

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.



4) 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 900 MHz subscribers porting to 3G 2100 MHz provided by its subsidiary in the amount of Baht 9,126 million plus interest at 7.5% per annum from September 25, 2014 until the full amount is paid.

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

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

5) 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.

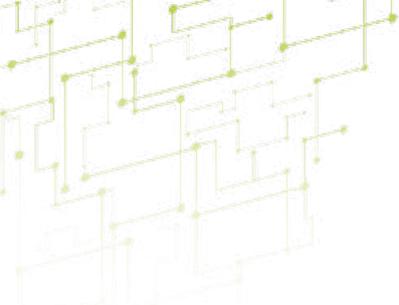
- 6) Space rental fee for tower and equipment for service under the Agreement for operations (“the Agreement”)

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.

- 7) 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.



Currently, this case has been considered by the Central Administrative Court process. 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.

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, totalling 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 and DPC has correctly complied with the Cabinet's resolution dated February 11, 2003 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 Telecom Public Company Limited (“CAT”)

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

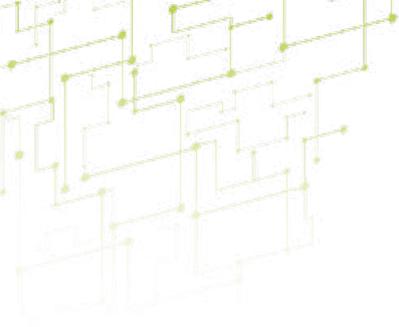
On October 12, 2006, TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demand CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully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

On July 29, 2008, CAT submitted a dispute under black case no. 68/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7th -10th operation year) plus value added tax and interest at the rate 1.25 percent per month of the above principal amount starting from the default date of each year since the 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 percent per month which calculated up to October 15, 2009, total amount of claim is Baht 26 million.

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

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

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

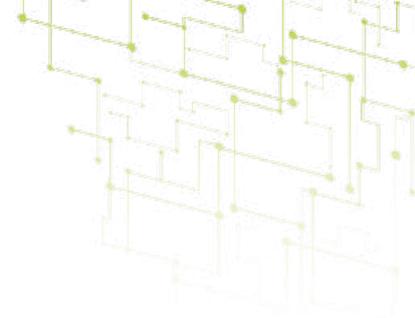
On May 9, 2011, TOT Public Company Limited (“TOT”) submitted the black case no. 1099/2554 to the Central Administrative Court against CAT Telecom Public Company Limited (“CAT”) as the defendant no. 1 and Digital Phone Company Limited (“DPC”) as the defendant no. 2 demanding CAT and DPC to pay the access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

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

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

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

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



- 4) To deliver and transfer ownership of towers and equipment of power supply between DPC and CAT Telecom Public Company Limited (“CAT”)

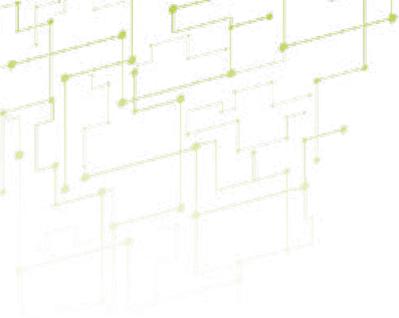
On February 3, 2009, CAT Telecom Public Company Limited (“CAT”) submitted a dispute under the black case no. 8/2552 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC, a subsidiary, to deliver and transfer ownership of 3,343 towers including 2,653 equipment of power supply under the Digital PCN (“Personal Communication Network Agreement”). In case of incomplete delivery, DPC must reimburse Baht 2,230 million to CAT. DPC considers that all disputed assets, towers and the equipment of power supply are not the property as stipulated in the Agreement.

On July 18, 2012, the Arbitral Tribunal gave the arbitration award to dismiss the disputes under the reason that the request by CAT to demand the delivery of the assets from DPC was the premature exercise of legal claim under the contract.

On October 25, 2012, CAT submitted the black case no. 2757/2555 to the Central Administrative Court to revoke the Arbitral Tribunal’s award. Currently, this case has been considered by the Central Administrative Court process.

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

On July 1, 2006, CAT Telecom Public Company Limited (“CAT”) allowed Digital Phone Company Limited (“DPC”), a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for three-month period several times until March 31, 2007. After that, CAT did not notify DPC of any changes until on March 24, 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from April 1, 2007. On May 8, 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On March 31, 2009, CAT approved DPC to charge roaming fee at Baht 1.10 per minute during January 1, 2009 - March 31, 2009. Moreover, DPC entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission (“NTC”) on June 16, 2009.



On July 15, 2010, CAT submitted a dispute under black case no. 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 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, totalling Baht 2,000 million and penalty at the rate of 1.25 percent per month from April 2010 until the full amount is paid by alleging that CAT approved the said roaming fee reduction up to March 31, 2007 only.

On September 12, 2011, CAT submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute; 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.

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

6) 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.



7) Revenue sharing on interconnection charge between DPC and CAT Telecom Public Company Limited (“CAT”)

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

On April 1, 2014, CAT submitted a dispute under black case no. 26/2557 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 15th operation year amounting to Baht 141 million and penalty at the rate of 1.25 percent 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.

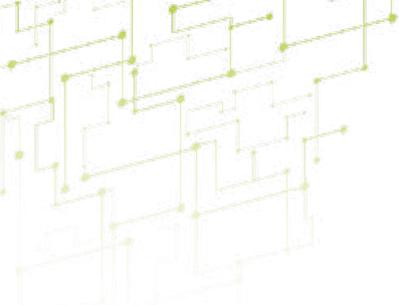
8) Obligations of the bank guarantees in connection with the Agreements for Operations

According to the Agreement, 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. Currently, this case has been considered by the Central Administrative Court.



- 9) 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 the National Broadcasting and Telecommunication Committee Office (“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. The total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 24,117 million including interest at the rate of 7.5 per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 18,025 million including interest at the rate of 7.5 per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 6,083 million including interest in 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 including 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 including interest at the rate of 7.5 per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,635 million including interest in 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 including 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 including interest at the rate of 7.5 per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 673 million including interest in the rate of 7.5 per annum.

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

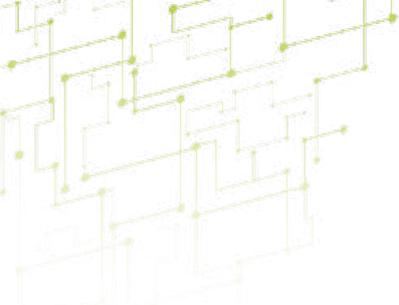
- 10) The claim to the Central Administrative Court for revocation of the NTC order regarding to revenue incurred from the temporary service for customer protection period after the Concession end.

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

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

The Company’s management considered that DPC has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2012, and the Company has obliged to submit the revenue after deducting any expenses to NBTC but DPC has the expenses more than the revenue incurred from the service. Therefore, DPC has no revenue remaining in order to submit to NBTC as stipulated in the announcement.

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



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

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

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

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

AIN Globalcomm Company Limited (“AIN”)

The international direct dialling service by using the symbol “+” between AIN and CAT Telecom Public Company Limited (“CAT”)

On June 7, 2008, CAT Telecom Public Company Limited (“CAT”) submitted the black case no. 1245/2551 to the Civil Court against Advanced Info Service Public Company Limited (“the Company”) as the defendant no. 1 and AIN Globalcomm Company Limited, a subsidiary, as the defendant no. 2 requesting the Company and the subsidiary to pay compensation with interest rate at 7.5% per annum for damage up to the date of case submission equalling to Baht 130 million. The reason is traffic changing of the international direct dialling service by the Company and the subsidiary during March 1-27, 2007 through the Company’s subscriber by using the symbol “+” dialling from no. 005 of the subsidiary, instead of no. 001 of CAT without the prior notification to subscriber. On September 4, 2008, CAT submitted a petition revision to adjust compensation for Baht 583 million (including interest) because CAT was damaged consecutively until March 7, 2008.



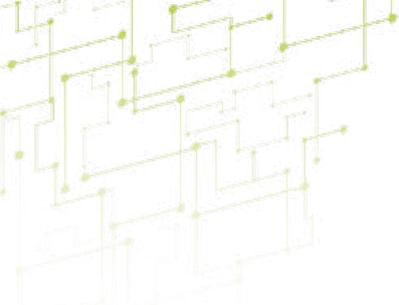
On November 19, 2008, CAT submitted the request for the order of provisional remedial measure before delivery of judgment to cease the Company and the subsidiary to transfer the traffic 001 or symbol “+” of CAT to traffic 005 of the subsidiary. On February 26, 2009, the Civil Court dismissed the CAT’s request and on March 20, 2009, CAT appealed the dismissal. On August 16, 2012, the Court of Appeal issued an order confirming the dismissal order of the Civil Court and CAT submitted the petition to the Supreme Court on October 19, 2012. On February 3, 2015, the Supreme Court issued an order confirming the dismissal order of the Appeal Court.

On December 17, 2009, the Civil Court dismissed the case as the facts cannot be proved that CAT has either an exclusive right to use the symbol “+” or the right to prohibit the Company and AIN to use the symbol “+” and it cannot also be proved that the changing of the connection setting of the international direct dialing service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN has caused the subscribers who use international direct dialing service to believe that they are using the code 001 of CAT, therefore, the acts of the Company have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongful act against the Company and have not infringed the right of CAT as well. CAT has appealed to the Court of Appeal on March 10, 2010. Subsequently, on June 27, 2013, the Court of Appeal issued an order confirming the dismissal order of the Civil Court by CAT has submitted the petition to the Supreme Court on September 16, 2013.

On May 24, 2016, the Supreme Court issued an order confirming the dismissal order of the Appeal Court. The Supreme Court’s judgment was read by the Civil Court on September 13, 2016.

Advanced Wireless Network Company Limited (“AWN”)

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 Plc. (“CAT”) subject to the Agreement for Operations regarding Cellular Telecommunication Service between CAT and DPC (“the Agreement”).



On June 30, 2016, CAT filed a lawsuit to the Central Administrative Court as the black case No.1039/2559 against Advanced Wireless Network Company Limited (“AWN”) for the removal of such installed and connected telecom equipment used in cellular telecommunication services within 2100 MHz frequency band or other frequencies or other telecom equipment of AWN installed in 67 base stations which DPC has transferred to CAT subject to the Agreement for Operations without the approval from CAT. Therefore, CAT demanded AWN to pay the damages for the usage of such assets owned by CAT during January 2013 until June 2016 in the amount of Baht 57.53 million including 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 claimed amount regarding 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.

Currently, the dispute has been considered by the Central Administrative Court process. 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.

39. EVENT AFTER THE REPORTING PERIOD

Dividends

At the Board of Directors’ meeting held on February 3, 2017, the Board passed a resolution proposing to the Annual General Shareholders’ Meeting the payment of dividends for the year 2016, at the rate of Baht 10.08 per share, Baht 5.79 each of which was paid as an interim dividend on September 1, 2016. The proposed dividends shall be approved by the shareholders.

40. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 3, 2017.

Management Discussion and Analysis 2016

Executive Summary

Marked 98% of 4G coverage in one year: 2016 was the year that AIS focused on expanding 4G network and fixed broadband expansion with a total CAPEX of Bt48bn. We launched 4G services on 1800x15MHz in Jan-16 and continued to enhance network capacity and quality: 1) securing 900x10MHz spectrum license, 2) deploying Carrier Aggregation (CA) technology in key cities, and 3) entering to partnership agreement with TOT for the use of additional 2100x15MHz spectrum. During the year, competition has been focusing on handset subsidy to attract new customers as well as to retain the existing base. Through intense competition, mobile revenue improved 1%, driven by improved 4G coverage and higher smartphone adoption.

Build up fixed broadband business as new revenue stream: Within this second year of operation, AIS Fibre recorded 301,500 subscribers and covered 28 cities at the end of 2016. The competition on fixed-broadband market has increased. The offerings with short-period discount and better speed at the same price were introduced to attract new demand as well as those seeking upgrade. During the year, we streamlined working process, increased sales force and channels. As a result, AIS Fibre contributed 1.2% of revenue in 4Q16 and achieved 35,000 of subscribers acquisition run rate per month, a level comparable to incumbent players.

Improved revenue momentum in 2H amidst intense competition: In 2016, service revenue (excluding IC) grew 1.6%, in line with the full year guidance. However, marketing expense jumped to 10.5% of revenue mainly from handset campaigns (including subsidy for 2G to 3G migration) of Bt10bn in 2016. Network OPEX increased mainly from network expansion and payment of Bt3.8bn to TOT for the use of 2100MHz spectrum, towers, and equipment. **EBITDA margin** was 39.9% and slightly better than guided mainly due to the delay of TOT partnership while **net profit** dropped 22% to Bt30,667mn from lower EBITDA and higher license amortization.

Enhance profitability and maintain financial flexibility for future competitiveness: In 2017, **service revenue** (excluding IC) is expected to grow in a range of 4-5% supported by extensive 3G/4G networks. **EBITDA margin** is likely to be in a range of 42-44%. **CAPEX** of Bt40-45bn will be spent mainly on 4G network and selective fixed broadband expansion. **New dividend policy** is to pay minimum of 70% of net profit from 2017 onwards to preserve financial health and flexibility for future growth. (see the full guidance for FY17 on page 229)

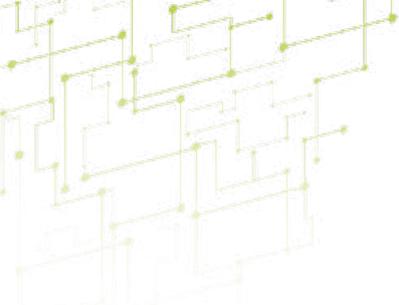
Significant events

1. In 4Q16, we started to make a payment to TOT for the commercial trial deal on 2100MHz spectrum amounting to Bt975mn per quarter, in addition to the payments for the use of towers and network equipment amounting to Bt1,400mn per quarter. In 2017, the payment to TOT will be made monthly, totaling Bt2,375mn per quarter, until the final contracts are signed.

2. According to the Royal Decree No. 604 dated 18 April 2016, investment in certain assets during the period from 3 November 2015 to 31 December 2016 can qualify for double depreciation tax benefits. The qualified assets are machinery, equipment, tools, computers software, vehicles, and buildings (excluding land and buildings for residential purposes). These benefits will be recognized over 5-years period starting from 2016. The tax benefit in 2016 is Bt835mn, with an approximately similar amount for the next four years.

Market Environment in 4Q16

In 4Q16, the operators continued to expand 4G network to claim leadership in mobile data while using handset subsidies as a mean to preserve and expand subscriber base. The high-end handset subsidy was pronounced after the launch of iPhone 7 causing a continued high level of industry marketing spending. Although data consumption grew along with the higher smartphone penetration, the monetization of data usage was pressured by the offering of non-stop packages with large data allowance. Meanwhile, the AIS 1-2-call and 7-11 incident posted limited revenue impact to AIS as customers gradually changed their behavior to top-up at other channels such as automatic KIOSKs, other modern trades, and via mPAY application.



The fixed broadband market continued to expand competitively both in terms of coverage expansion and pricing strategy. Fibre service continued to receive positive perception and good demand from consumers. The competition focused on improving speed and more attractive offering in high-end package.

Operational Summary

In 4Q16, AIS had net addition of 1.2mn subscribers giving the total subscribers of 41mn. Postpaid subscribers were 6.4mn, a net addition of 320,900, and prepaid subscribers were 34.6mn, a net addition of 836,900. The high growth of subscribers was driven mainly by the 4G services and supported by a variety of handset campaigns. In 2H16, we

started to focus more on medium- to high-end smartphones; this, consequently, drove the smartphone adoption to 70%. Blended ARPU increased from Bt248 to Bt251 due to higher number of data subscribers which now represented 57% of total subscriber. As a result, blended VOU grew from 3.0 GB/data sub/month to 3.6 GB. Voice usage continued to decline reflected in blended MOU of 215 minutes from 226 minutes.

In 4Q16, AIS Fibre had net addition of 106,500 subscribers, compared to 80,000 and 18,000 in 3Q16 and 4Q15, respectively. As a result, AIS Fibre had total subscribers of 301,500, a net addition of 257,500 in 2016. ARPU was Bt510, improving from Bt498 in the previous quarter.

Mobile Business					
Subscribers	4Q15	1Q16	2Q16	3Q16	4Q16
Postpaid	5,431,200	5,412,400	5,812,800	6,108,700	6,429,600
Prepaid	33,056,900	33,515,900	33,542,200	33,764,700	34,601,600
Total subscribers	38,488,100	38,928,300	39,355,000	39,873,400	41,031,200
Net additions					
Postpaid	68,000	-18,800	400,400	295,900	320,900
Prepaid	609,400	459,000	26,300	222,500	836,900
Total net additions	677,400	440,200	426,700	518,400	1,157,800
ARPU (Baht/sub/month)					
Postpaid	612	608	608	597	600
Prepaid	195	194	188	186	186
Blended	254	251	248	248	251
MOU (minute/sub/month)					
Postpaid	330	320	313	305	296
Prepaid	286	272	234	213	201
Blended	292	279	246	226	215
VOU (MB/data sub/month)					
Postpaid	2,360	2,680	3,430	4,090	4,970
Prepaid	1,910	2,030	2,380	2,670	3,200
Blended	2,000	2,160	2,590	2,960	3,580
Device Penetration					
4G-handset penetration	N/A	16%	19%	24%	29%
Fixed Broadband Business					
FBB subscribers	44,000	72,000	115,000	195,000	301,500
FBB net addition	18,000	28,000	43,000	80,000	106,500
FBB ARPU (Baht/user/month)	615	583	520	498	510



4Q16 Snapshot

Revenue momentum in 4Q16 has shown an improvement while intense handset subsidy continued in the market. Total revenue was Bt41,319mn, an increase of 3.9% YoY and 11% QoQ driven by 4G subscription and handset campaigns. Sales margin was -3.3%, improved from -16% in 3Q16 due to higher margins from newly-launched smartphones in 4Q16 despite some discounts. Service revenue (excluding IC) was Bt31,617mn, a growth of 5.8% YoY and 3.2% QoQ underpinned by the trend of heavy data consumption, which rose to 3.6GB/data sub/month, together with the revenue growth of fixed broadband business, +64% QoQ, following higher subscriber acquisition and ARPU.

Overall cost increased QoQ following the start of TOT 2100MHz commercial trial agreement in Oct-16 which cost Bt975mn/quarter and accounted under network OPEX. Excluding this, network OPEX remained flat QoQ. Regulatory fee remained at 5.8% to service revenue (excluding IC), same as in 3Q16. SG&A increased 9.6% QoQ due to continued high level of handset subsidies and higher bad debt provision. YoY cost increased due to network expansion, handset subsidies, TOT's partnership cost and new spectrum. As a result, EBITDA dropped by 12% YoY and 1.3% QoQ to Bt15,058mn and EBITDA margin stood at 36.4%. Net profit was Bt6,468mn, a decrease of 40% YoY and 0.9% QoQ.

FY16 Financial Summary

Revenue

In FY16, **total revenue** (excluding construction) was Bt152,150mn declining 2% YoY from lower handset sales offset by higher service revenue.

SIM & device sales were Bt23,924mn, decreasing 14% YoY due to discounts and subsidizes. Hence, handset margin was -4.2% compared to -0.8% in FY15.

Service revenue (excluding IC) was Bt122,561mn, increasing 1.6% YoY in line with our guidance. Revenue in 1H was dampened by uncertainty around 900MHz and improved in 2H following the extensive and fast rollout of 4G network.

- **Voice revenue** was Bt51,250mn decreasing 15% YoY as voice usage continued to be substituted by the use of mobile data.

- **Non-voice revenue** was Bt63,857mn increasing 20% YoY following higher penetration of smartphone. The mobile data consumption grew from 2 GB/data sub/month last year to the current usage of 3.6 GB while 4G-handset users increased to 12mn. Mobile data revenue in FY16 represented 46% of service revenue (excluding IC), increasing from 37% in FY15.
- **Fixed broadband revenue** was Bt860mn increasing 616% YoY from Bt120mn in FY15 and represented 1.2% of service revenue in 4Q16. The growth came from both the larger subscriber base and the improved ARPU.
- **International revenues and others** were Bt6,594mn decreasing 2.5% mainly due to the declining IDD revenue offset with higher IR revenue from the improved tourism sentiment in 2016.

Net Interconnection charges (Net IC) was Bt285mn decreasing from Bt681mn in FY15. The interconnection revenue and cost in 2016 were lower than those in 2015 due to the adjustment of interconnection rate in July-15 from Bt0.45/minute to Bt0.34/minute. Starting January 2017, the new interconnection rate will be Bt0.27/minute.

Cost & Expense

Total cost (excluding construction) was Bt82,992mn decreasing 2.1% YoY from lower regulatory fee offset by higher D&A, network OPEX and cost of handset subsidies.

- **Regulatory fee** was Bt10,414mn decreasing 26% YoY as the high concession fee ended in 2Q16. Since 3Q16, the percentage of regulatory fee to service revenue (excluding IC) started to become in line with the license fee regulated by the NBTC. In FY16, the percentage was 8.5% compared to 11.7% in FY15.
- **Depreciation and Amortization** was Bt21,253mn, an increase of 5.5% YoY with addition of 900MHz and 1800MHz spectrum amortization offset by fully amortized 2G assets since 3Q15. The amortization of 2100/1800/900MHz licenses was Bt5.5bn in FY16 while the network D&A continued to increase from investments in 4G network.

- **Network OPEX** was Bt14,810mn increasing 54% YoY mainly due to the payments to TOT and 4G network rollout. This year AIS started to make payments of Bt3,775mn to TOT for the deals on 2100MHz spectrum, towers, and network equipment and facilities. The payment to TOT in 2017 will be a full-year of Bt9,500mn.
- **Other costs of service** were Bt6,216mn decreasing 7.8% YoY mainly due to the change in accounting of cost of fixed broadband from expensing to capitalizing since 1Q16.

SG&A expenses were Bt29,776mn, an increase of 48% YoY mainly due to higher marketing expenses.

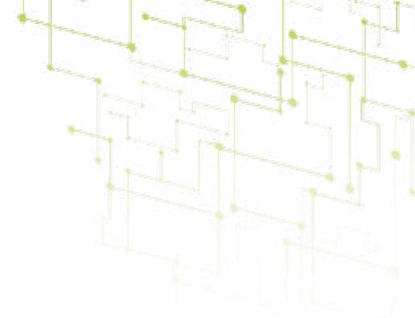
- **Marketing expenses** were Bt16,012mn increasing 132% YoY mainly from handset subsidies. Marketing expenses to total revenue became 10.5% in FY16 compared to 4.4% in FY15. Excluding the handset subsidy, marketing expenses to total revenue was in the range of 4-4.5%.

- **General admin expenses** were Bt11,812mn slightly increasing 2.5% YoY.
- **Depreciation and amortization** was Bt414mn, an increase of 19% YoY mainly from shop expansion.
- **Bad debt** was Bt1,538mn increasing 17% YoY. Bad debt to postpaid revenue was 3.7% in FY16 compared to 3.4% in FY15 due to the larger postpaid subscriber base.

Finance cost were Bt4,236mn increasing 116% YoY from higher debt to fund spectrum payment and CAPEX. The finance costs also included the deferred interest of Bt1.2bn in FY16 for the 1800/900MHz licenses.

Net FX gain was Bt277mn increasing from the net gain of Bt229mn in FY15. Most of the gain was a realized gain from payables for network investment. Foreign-currency loans are fully-hedged.

Income statement (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Voice revenue	14,085	12,494	12,329	-13%	-1.4%	60,547	51,250	-15%
Non-voice revenue	14,174	16,242	17,265	22%	6.4%	53,193	63,857	20%
Fixed Broadband	65	232	380	485%	64%	120	860	616%
Others (IR, IDD, other fees)	1,563	1,659	1,643	5.1%	-0.9%	6,760	6,594	-2.5%
Service revenue (excluding IC)	29,887	30,626	31,617	5.8%	3.2%	120,621	122,561	1.6%
IC revenue	1,475	1,405	1,387	-6.0%	-1.3%	6,794	5,665	-17%
sales revenue	8,422	5,064	8,315	-1.3%	64%	27,798	23,924	-14%
Total revenues (excluding construction)	39,784	37,096	41,319	3.9%	11%	155,213	152,150	-2.0%
Regulatory fee	(2,662)	(1,769)	(1,834)	-31%	3.7%	(14,116)	(10,414)	-26%
Depreciation & Amortization	(3,495)	(6,156)	(6,717)	92%	9.1%	(20,146)	(21,253)	5.5%
Network Operation	(2,672)	(4,094)	(5,065)	90%	24%	(9,620)	(14,810)	54%
Other cost of service	(1,749)	(1,518)	(1,539)	-12%	1.3%	(6,742)	(6,216)	-7.8%
Cost of service (excluding IC)	(10,578)	(13,537)	(15,155)	43%	12%	(50,624)	(52,694)	4.1%
IC cost	(1,349)	(1,354)	(1,332)	-1.2%	-1.6%	(6,113)	(5,380)	-12%
Cost of sale of goods	(8,485)	(5,878)	(8,592)	1.3%	46%	(28,019)	(24,918)	-11%
Total cost (excluding construction)	(20,412)	(20,769)	(25,079)	23%	21%	(84,755)	(82,992)	-2.1



Income statement (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Gross profit	19,372	16,327	16,240	-16%	-0.5%	70,457	69,158	-1.8%
Total SG&A	(5,643)	(7,260)	(7,961)	41%	9.6%	(20,091)	(29,776)	48%
Marketing expenses	(2,209)	(3,828)	(3,988)	81%	4.2%	(6,901)	(16,012)	132%
Administrative expenses	(3,020)	(2,976)	(3,278)	8.5%	10%	(11,526)	(11,812)	2.5%
Bad debt expenses	(321)	(350)	(584)	82%	67%	(1,315)	(1,538)	17%
Depreciation	(93)	(106)	(111)	19%	4.4%	(349)	(414)	19%
Operating profit	13,730	9,067	8,279	-40%	-8.7%	50,366	39,382	-22%
Net foreign exchange gain (loss)	196	67	6	-97%	-91%	229	277	21%
Other income (expense)	68	94	114	69%	21%	518	442	-15%
Finance costs (interest expense & deferred interest)	(597)	(1,311)	(1,331)	123%	1.6%	(1,960)	(4,236)	116%
Total Income tax	(2,598)	(1,371)	(594)	-77%	-57%	(9,999)	(5,175)	-48%
Non-controlling interests	(7)	(17)	(6)	-16%	-65%	(2)	(23)	847%
Net profit for the period	10,791	6,529	6,468	-40%	-0.9%	39,152	30,667	-22%

EBITDA (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Operating Profit	13,730	9,067	8,279	-40%	-8.7%	50,366	39,382	-22%
Depreciation & amortization	3,588	6,262	6,828	90%	9.0%	20,495	21,667	5.7%
(Gain) loss on disposals of PPE	1	-	23	2,784%	N/A	303	23	-92%
Management benefit expense	(74)	(39)	(41)	-45%	4.1%	(209)	(150)	-28%
Other financial cost	(41)	(33)	(32)	-21%	-2.3%	(178)	(181)	1.5%
EBITDA	17,204	15,257	15,058	-12%	-1.3%	70,776	60,741	-14%
Recognition of USO fee (pre-tax)	-	-	-	-	-	-	2,208	-
Normalized EBITDA	17,204	15,257	15,058	-	-	70,776	62,949	-11%
EBITDA margin (%)	43.2%	41.1%	36.4%			45.6%	39.9%	
malized EBITDA margin (%)	43.2%	41.1%	36.4%			45.6%	41.4%	

Normalized net profit (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Net profit for the period	10,791	6,529	6,468	-40%	-0.9%	39,152	30,667	-22%
Recognition of USO fee after tax	-	-	-	-	-	-	1,767	-
Recognition of deferred tax assets	-	-	-	-	-	-	(919)	-
Recognition of tax incentive	-	-	(835)	-	-	-	(835)	-
Normalized net profit for the period	10,791	6,529	5,633	-48%	-14%	39,152	30,680	-22%

Financial Position				
(Bt mn/% to total asset)				
	4Q15		4Q16	
Cash & cash equivalent	9,865	5.4%	11,226	4.1%
Bank dep. & ST investment	4,752	2.6%	2,963	1.1%
Trade receivable	11,030	6.1%	11,377	3.9%
Inventories	5,059	2.8%	3,085	1.1%
Others	7,301	4.0%	3,248	1.2%
Current Assets	38,007	21%	31,899	12%
Spectrum license	51,791	28%	115,378	42%
Network and PPE	84,291	46%	118,271	43%
Intangible asset	3,192	1.8%	4,099	1.5%
Deferred tax asset	1,252	0.7%	2,618	0.9%
Others	3,229	1.8%	3,404	0.7%
Total Assets	181,761	100%	275,670	100%
Trade payable	14,358	7.9%	17,737	6.4%
ST loan & CP of LT loans	12,856	7.1%	11,685	4.2%
Accrued R/S expense	5,364	3.0%	5,361	1.9%
Other	24,956	14%	34,545	13%
Current Liabilities	57,533	32%	69,328	25%
Debenture & LT loans	52,416	29%	87,130	32%
Others	23,319	13%	76,504	28%
Total Liabilities	133,268	73%	232,962	85%
Retained earnings	22,813	12%	16,971	6.2%
Others	25,680	14%	25,737	9.3%
Total Equity	48,493	27%	42,708	15%

Key Financial Ratio			
	4Q15	3Q16	4Q16
Interest-bearing debt to equity (times)	1.32	2.94	2.30
Net debt to equity (times)	1.02	2.57	1.97
Net debt to EBITDA (times)	0.70	1.53	1.38
Current Ratio (times)	0.66	0.49	0.46
Interest Coverage (times)	30	16	14
Debt Service Coverage Ratio (times)	3.9	1.7	3.4
Return on Equity	82%	90%	67%

Figures from P&L are annualized YTD.

Bt mn	Debt repayment schedule		License payment schedule	
	Debenture	Loan	1800MHz	900MHz
2017	397	11,001	10,247	-
2018	-	2,799	10,247	4,020
2019	7,789	3,364	-	4,020
2020	-	23,929	-	59,574
2021	1,776	10,129	-	-
2022	-	9,882	-	-
2023	7,820	5,350	-	-
2024	6,638	-	-	-
2025	-	-	-	-
2026	7,180	-	-	-

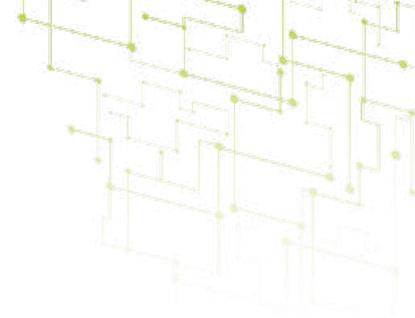
Source and use of fund : FY16

(Bt mn)

Source of Fund		Use of Fund	
Operating cash flow	71,538	CAPEX & Fixed asset	47,554
Proceed of LT borrowings	41,154	Dividend paid	36,509
Net Proceed of ST borrowings	700	Payment of spectrum license	8,069
Net change in investments	303	Repayment of LT borrowings	7,699
Interest received	215	Income tax paid	9,902
Sale of property	17	Finance cost & Financial lease paid	2,818
		Investment in joint venture	15
		Cash increase	1,361
Total	113,927	Total	113,927

Credit Rating

Fitch National rating: AA+ (THA), Outlook: Stable
 S&P BBB+, Outlook: Negative



Profit

In FY16, **EBITDA** was Bt60,741mn declining 14% YoY mainly due to the payments to TOT and higher marketing expenses for handset subsidies. **Consolidated EBITDA margin** was at 39.9%, slightly better than the guidance but declining from 45.6% in FY15. The higher D&A and finance costs offset by the lower income tax expense (see significant events on page 1) caused the net profit to be Bt30,667mn, declining 22% YoY. Normalizing the one-time recognitions of USO fee and deferred tax asset in 1Q16 and the tax benefit in 4Q16, normalized net profit would be Bt30,680mn, a decline of 22% YoY. Net profit margin stood at 20.2% compared to 25.2% in FY15.

Financial position

As at Dec-16, AIS had Bt275,670mn of total assets, of which the values of PPE and licenses contributed around 85%. Total assets increased 52% YoY due to the acquisition of the 900MHz spectrum license in June 2016 and the network investments on 4G. The current assets were Bt31,899mn dropping 16% YoY mainly from the lower handset inventory while trade account receivables increased 3.1% YoY. Total liabilities were Bt232,962mn increasing 75% YoY mainly from the the 900MHz spectrum license and higher debt. Interest-bearing debt increased from Bt64bn in 2015 to

Bt98bn in 2016 to support spectrum payments and network investments. Total equity was Bt42,708mn declining 12% YoY from lower retained earnings, following a decline in net profit. Overall, the company's ability to service debt remained healthy with net debt to EBITDA ratio of 1.38x and interest coverage ratio of 14x. Our credit rating was maintained at BBB+ from S&P, in the range of investment grade. Meanwhile liquidity remained fair with current ratio of 0.46x, mainly weighted by payable on network investment.

Cash Flow

Despite softer earnings, AIS' operating cash flow (after tax) was stable at Bt61,635mn. CAPEX was Bt47,554mn in 2016, compared to Bt32,108mn in 2015, following the nationwide 4G coverage and 3G enhancement. CAPEX to service revenue (excluding IC) was 39%, up from 27% in 2015. Also, AIS paid Bt8,069mn for the 1st installment of the 900MHz spectrum license to the NBTC in Jun-16. This resulted in a free cash flow of Bt6,012mn. AIS had a net borrowing of Bt34,155mn and paid dividend for the performance of 2H15-1H16 totaling Bt36,509mn. In summary, AIS had a net cash increase of Bt1,361mn resulting in an outstanding cash of Bt11,226mn as of Dec-16.



2017 MANAGEMENT OUTLOOK & STRATEGY

Service revenue (excluding IC)
 Handset sales
 Consolidated EBITDA margin
 CAPEX
 Dividend payout

- increase 4-5% YoY
- increase with near-zero margin
- 42-44%
- Bt40-45bn
- minimum 70% of net profit

Build strong leadership in mobile data

In 2016, after acquiring 1800MHz, AIS has quickly built a nationwide 4G network covering 98% population in response to the accelerating demand for quality mobile data. We expect that the demand for faster speed will continue strongly, and will be more efficiently served by 4G network. To build on our leadership in mobile data, the investment in 2017 will focus on 4G capacity including the expanded deployment of 2-Carrier and 3-Carrier Aggregation in key cities. Also, we will continue to encourage further smartphone adoption and migrating 2G users through targeted handset subsidies.

Selectively expand new fixed broadband coverage and uplift utilization

Since the launch in April 2015, AIS Fibre has achieved coverage of about 5.2mn home pass in 28 cities and serves 301,500 subscribers with Bt10bn cumulative CAPEX. Striving to become a significant player in the next three years, we continue to expand our business and build stronger operational foundation. Starting the third year of operation in 2017, we will pursue selective expansion of new service areas with due consideration to demand and return on investment. At the same time, we will also put focus on increasing capacity utilization in the existing coverage areas through more effective sales and distribution channels, while remaining competitive in fibre pricing. We expect investment in fixed broadband of around Bt5bn this year.

Continue to grow with improvement in revenue and EBITDA

In summary, we expect the consolidated service revenue (excluding IC) to improve 4-5% YoY. With our focus on acquiring quality subscribers, we expect an improvement of handset sales with a near-zero margin contribution. This will partially be offset with a full-year recognition of payments to TOT for the use of spectrum, towers, and equipment. Overall, we expect the consolidated EBITDA margin to improve and stay in the range of 42-44%. The total cash CAPEX (excluding spectrum payment) is expected to be in the range of Bt40-45bn for both mobile and fixed broadband.

New dividend policy: a minimum payout of 70%

AIS is committed to driving long term growth while delivering return to shareholders. We place importance in maintaining strong financial health and flexibility to pursue future growth. The dividend policy is thus revised to a minimum 70% payout of net profit from 2017 onwards. By preserving cash flow, we ensure that we have the financial flexibility to lead, compete, and pursue growth prospect in any changing circumstances.

The dividend payment shall still be made twice a year and is based on consolidated earnings and subjected to the availability of retained earnings on the separate financial statements. In all cases, dividend payment shall depend on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not adversely affect the Company and subsidiaries ongoing operations.

Disclaimer

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue" "plan" or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements

General information and other significant information

General information of the Company

The Company name	: Advanced Info Service Public Company Limited
Symbol for trading	: ADVANC
Registered date on the SET	: 5 November 1991
Market capitalization	: Baht 437,045.01 million (as of 30 December 2016)
Registered capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,095,330
Total shareholders	: 54,420 persons (as of 18 August 2016, the latest book closing date for the rights to receive dividend)
Free float	: 36.22%
Type of business	: Operate telecommunication business including mobile network service, fixed broadband service, and digital contents.
Head office	: 414, AIS Tower 1, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	: 0107535000265
Corporate website	: http://www.ais.co.th
IR website	: http://investor.ais.co.th/
Telephone	: (66) 2029 5000
Facsimile	: (66) 2029 5165

American Depositary Receipt

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

General information of subsidiaries and affiliates

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Digital Phone Co.,Ltd. (DPC) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of digital mobile phone network	365.55	10	3,655.47	98.55
Advanced Datanetwork Communications Co.,Ltd. (ADC) (an indirect subsidiary via DPC) 408/157 Phaholyothin Place Tower, 38 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.adc.co.th	Service provider of online data communication service via telephone landlines and optical fiber	95.75	10	957.52	51.00 ¹⁾
Advanced Contact Center Co.,Ltd. (ACC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Call center service	27.2	10	272	99.99
Advanced mPAY Co.,Ltd. (AMP) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of payment business via mobile phone	30	10	300	99.99
Advanced Magic Card Co.,Ltd. (AMC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Distributor of cash card business	25	10	250	99.99
AIN GlobalComm Co.,Ltd. (AIN) 408/127 Phaholyothin Place Tower, 29 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.ain.co.th	International telephone service gateway	2	100	100	99.99

General information of subsidiaries and affiliates

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Super Broadband Network Co.,Ltd. (SBN) 408/157 Phaholyothin Place Tower, 38 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.sbn.co.th	Network operator and telecom service operator i.e. internet service (ISP), Dedicated Leased Line , IPLC & IP VPN, Voice Over IP, IP Television	3	100	300	99.99
Wireless Device Supply Co.,Ltd. (WDS) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Importer and distributor of handsets and accessories	0.5	100	50	99.99
Advanced Wireless Network Co.,Ltd. (AWN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Telecommunication service provider of 2.1GHz, 900MHz and 1800MHz frequencies, distributor of handsets, international telephone service, network operator, telecom service operator and national broadcasting network services without frequency usage.	13.5	100	1,350	99.99
MIMO Tech Co.,Ltd. (MMT) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000	Develop IT system, engaging in content aggregator business and provide collection of revenue service from customers	0.5	100	50	99.99
Fax Lite Co.,Ltd. (FXL) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000	Operate in acquiring and/or lease building, and related facilities for telecommunications business	0.01	100	1	99.98
Advanced Broadband Network Co.,Ltd. (ABN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok	Currently not start the operation	0.75	100	75 ²⁾	99.99

General information of subsidiaries and affiliates

Joint Venture	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Clearing House for Number Portability Co.,Ltd. (CLH) 598 Q House Ploenchit Building, 6 th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok Tel : (66) 2646 2523 Fax : (66) 2168 7744	Jointly invested, operate the information system and the centralized database for the mobile number portability service (MNP)	0.02	100	2	20.00
Bridge Mobile Pte. Ltd. (BMB) 750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000 Tel: (65) 6424 6270 Fax: (65) 6745 9453	Jointly invested, provide international roaming service within Asia Pacific Region	9	USD 1	USD 9 Million	10.00
Information Highway Co.,Ltd. 52/1 Moo 5 Bang Kruai-Sai Noi Road, Bangsitong, Bang Kruai, Nonthaburi	Transmission network provider	0.5	100	14.5	29.00
Amata Network Co., Ltd. 3) 2126 New Petchaburi Road, Bang-kapi, Huay Kwang, Bangkok	Provide fiber optic network infrastructure in Amata industrial estate.	1	100	25	60

Notes:

- 1) The remaining share percentage of ADC in the amount of 49% is held by other persons with no conflict of interest.
- 2) On 30 November 2016, ABN increased its share capital from Baht 15 million to Baht 75 million.
- 3) Amata Network Company Limited (AN) is a joint-venture between ABN and Amata Corporation Plc. as regards to the news submitted to the SET on October 2015. AN was completely registered on 8 December 2016.

Other references

Ordinary Share Registrar	Thailand Securities Depository Company Limited The Stock Exchange Thailand Building, 93, Ratchadapisek Road, Dindang, Dindang, Bangkok 10400 Tel : (66) 2009 9383 Fax : (66) 2009 9476
Auditor	Dr. Suphamit Techamontrikul Certified Public Accountant Registration Number 3356 Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd. AIA Sathorn Tower, 23rd -27th Floor 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel : (66) 2034 0000 Fax : (66) 2034 0100

Additional information on the report of the independent certified public accountants

After the date of the auditor's report, the auditor has read other information, which the Company prepared for the annual report, and considered whether the information is materially inconsistent with the financial statements or the auditor's knowledge obtained in the audit, or otherwise appears to be materially misstated.

The auditor did not find any material inconsistency therein which auditor has to report.



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