

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, 2017, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2.5 to the financial statements that Advanced Info Service Public Company Limited and its subsidiaries have elected to change accounting policy relating to investments in subsidiaries in the separate financial statements from cost method to equity method for the financial statements for the periods beginning on or after January 1, 2017 onwards and the Company restated the separate statements of financial position as at December 31, 2016 and the separate financial statements for the year ended December 31, 2016 which are presented as comparative information, to be in accordance with the revised Thai Financial Reporting Standard.

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.

Key Audit Matters	Audit Responses
<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, 11 and 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.
<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 NBTC has acted lawfully upon any interpretation amendments and/or enactment of new rules and regulations, the Group may not lawfully file a lawsuit and/or make any claim for any indemnification.</p> <p>In addition, the Group cooperates with TOT Public Company Limited and CAT Telecom Public Company Limited. There is a risk of conflict between the entities from different interpretation in terms and conditions of contract.</p> <p>Significant events, commercial disputes and litigations were disclosed in Note 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. Sent legal confirmation to external legal counsel regarding to status of significant legal cases. Reviewed legal expense accounts. Considered compliance with laws and regulations of the Group including: <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 Information

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

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

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

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

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

BANGKOK
February 5, 2018

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016 “Restated”	As at January 1, 2016 “Restated”
ASSETS						
Current assets						
Cash and cash equivalents	4	10,650,407,393	11,226,140,704	268,320,789	409,710,983	1,153,323,176
Specifically-designated bank deposits	5	2,642,633,529	2,963,182,980	-	-	-
Trade and other current receivables	6, 34	17,071,011,926	14,116,309,540	2,219,344,855	1,868,662,606	4,474,431,207
Dividend receivables	34	-	-	-	12,093,267,807	19,944,391,312
Short-term loans to related parties	34	-	-	39,533,900,000	39,243,900,000	44,243,900,000
Inventories	7	3,950,534,972	3,085,251,635	-	67,871	38,632,788
Current tax assets		197,610,371	366,769,698	65,202,979	280,210,138	1,007,705,795
Other current financial assets	35	82,917,264	236,417,542	226,433,800	240,989,804	615,229,773
Other current assets		245,744,406	272,036,391	321,083	7,217,545	714,276,630
Total current assets		34,840,859,861	32,266,108,490	42,313,523,506	54,144,026,754	72,191,890,681
Non-current assets						
Investments in an associate	8	30,728,921	24,234,502	-	-	-
Investments in subsidiaries	2, 9	-	-	22,650,469,852	11,591,269,268	10,826,700,027
Investments in a joint venture	8	58,535,887	14,662,013	-	-	-
Other long-term investments	10	59,399,310	59,399,310	47,999,310	47,999,310	46,999,310
Property, plant and equipment	11	132,579,258,894	118,271,443,199	253,637,085	336,867,143	499,589,004
Assets under the Agreements for operations	12	-	-	-	-	-
Goodwill	13	34,930,692	34,930,692	-	-	-
Spectrum licenses	14	107,523,563,565	115,378,417,908	-	-	-
Other intangible assets	15	4,499,186,068	4,099,208,006	27,822,959	46,745,757	72,491,069
Deferred tax assets	16	2,562,435,786	2,617,832,320	559,933,360	868,037,276	64,889,855
Other non-current financial assets	35	-	577,660,237	-	517,060,528	795,449,411
Other non-current assets		1,878,455,284	2,326,453,885	452,448,823	1,214,147,946	1,001,345,194
Total non-current assets		249,226,494,407	243,404,242,072	23,992,311,389	14,622,127,228	13,307,463,870
Total assets		284,067,354,268	275,670,350,562	66,305,834,895	68,766,153,982	85,499,354,551

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016 “Restated”	As at January 1, 2016 “Restated”
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Short-term borrowings from financial institutions	17	6,500,000,000	9,200,000,000	-	5,700,000,000	7,700,000,000
Trade and other current payables	18, 34	32,140,894,338	34,292,055,244	2,791,995,986	3,086,074,755	3,475,832,250
Accrued revenue sharing expenses		5,361,818,613	5,360,786,666	5,221,244,442	5,220,212,495	5,223,510,781
Unearned income - mobile phone service		3,409,682,237	3,208,042,630	9,183,807	9,223,936	44,592,133
Advanced received from customers	5	2,642,633,529	2,963,182,980	-	-	-
Current portion of long-term liabilities	17	3,075,569,159	2,484,704,493	3,038,063,962	2,052,743,555	4,327,462,057
Current portion of spectrum licenses payable	19	13,988,910,603	10,017,157,156	-	-	-
Short-term borrowings from related parties	17, 34	-	-	4,640,000,000	6,440,000,000	6,490,000,000
Current income tax payable		2,456,516,299	1,756,300,784	-	-	-
Other current liabilities		24,750,899	45,798,270	3,682,936	1,101,566	1,816,750
Total current liabilities		69,600,775,677	69,328,028,223	15,704,171,133	22,509,356,307	27,263,213,971
Non-current liabilities						
Long-term liabilities	17	100,101,849,676	87,273,400,138	29,090,497	3,345,111,037	9,412,406,257
Provisions for employee benefit	20	1,855,646,009	2,554,402,991	235,339,712	326,766,989	431,365,867
Spectrum licenses payable	19	59,960,851,091	72,180,037,834	-	-	-
Other non-current financial liabilities	35	117,672,750	-	-	-	-
Other non-current liabilities		2,003,771,342	1,626,147,293	16,878,900	16,036,200	16,036,200
Total non-current liabilities		164,039,790,868	163,633,988,256	281,309,109	3,687,914,226	9,859,808,324
Total liabilities		233,640,566,545	232,962,016,479	15,985,480,242	26,197,270,533	37,123,022,295
Shareholders' equity						
Share capital	21					
Authorized share capital						
4,997 million ordinary shares of						
Baht 1.00 each		4,997,459,800	4,997,459,800	4,997,459,800	4,997,459,800	4,997,459,800
Issued and paid share capital						
2,973 million ordinary shares of						
Baht 1.00 each, fully paid		2,973,095,330	2,973,095,330	2,973,095,330	2,973,095,330	2,973,095,330
Share premium						
Share premium on ordinary shares	21	22,372,276,085	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	500,000,000
Unappropriated	2	24,174,742,689	16,471,015,050	24,174,742,689	16,471,015,050	22,313,204,401
Other components of shareholders' equity	2, 23	300,240,549	236,679,794	300,240,549	236,679,794	217,756,440
Total shareholders' equity attributable to owners of the Company		50,320,354,653	42,568,883,449	50,320,354,653	42,568,883,449	48,376,332,256
Non-controlling interests		106,433,070	139,450,634	-	-	-
Total shareholders' equity		50,426,787,723	42,708,334,083	50,320,354,653	42,568,883,449	48,376,332,256
Total liabilities and shareholders' equity		284,067,354,268	275,670,350,562	66,305,834,895	68,766,153,982	85,499,354,551

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 "Restated"
Revenues					
Revenues from rendering of services and equipment rentals	25, 34	132,946,614,806	128,226,136,756	1,689,050,715	4,949,542,510
Revenue from sale of goods	34	24,775,185,546	23,923,729,805	-	-
Total revenues		<u>157,721,800,352</u>	<u>152,149,866,561</u>	<u>1,689,050,715</u>	<u>4,949,542,510</u>
Costs					
Cost of rendering of services and equipment rentals	29, 34	(66,603,293,144)	(58,069,917,881)	(1,198,433,105)	(5,024,415,481)
Revenue sharing expense	1	(1,032,975)	(3,989,039)	(1,032,975)	(3,989,039)
Cost of sale of goods		(25,654,312,974)	(24,917,977,306)	-	-
Total costs		<u>(92,258,639,093)</u>	<u>(82,991,884,226)</u>	<u>(1,199,466,080)</u>	<u>(5,028,404,520)</u>
Gross profit (loss)		65,463,161,259	69,157,982,335	489,584,635	(78,862,010)
Distribution costs and administrative expenses					
Distribution costs	29	(9,990,160,128)	(16,012,372,813)	(1,482,062)	(21,698,796)
Administrative expenses	29	(15,087,572,624)	(13,763,454,066)	(128,291,412)	(1,197,651,951)
Total distribution costs and administrative expenses		<u>(25,077,732,752)</u>	<u>(29,775,826,879)</u>	<u>(129,773,474)</u>	<u>(1,219,350,747)</u>
Profit (loss) from services, equipment rentals and sales of goods		40,385,428,507	39,382,155,456	359,811,161	(1,298,212,757)
Interest income and dividend income	2, 26, 34	174,795,247	203,951,212	1,324,956,276	1,530,864,624
Other income	27, 34	575,201,652	364,175,929	140,273,149	1,663,222,514
Share of profit of an associate, subsidiaries and a joint venture	2, 8, 9	5,368,443	23,896,565	28,988,867,735	28,713,714,447
Net gain (loss) on foreign exchange rate		224,917,346	277,161,087	(6,663,023)	21,865,404
Management benefit expenses	34	(142,726,987)	(150,257,434)	(142,546,987)	(149,987,433)
Finance costs	30, 34	(5,301,632,485)	(4,236,138,986)	(313,712,277)	(618,075,795)
Profit before income tax (expense) income		35,921,351,723	35,864,943,829	30,350,986,034	29,863,391,004
Tax (expense) income	31	(5,843,428,337)	(5,175,299,508)	(273,673,933)	803,147,421
Profit for the year		<u>30,077,923,386</u>	<u>30,689,644,321</u>	<u>30,077,312,101</u>	<u>30,666,538,425</u>
Profit attributable to:					
Owners of parent		30,077,312,101	30,666,538,425	30,077,312,101	30,666,538,425
Non-controlling interests		611,285	23,105,896	-	-
Profit for the year		<u>30,077,923,386</u>	<u>30,689,644,321</u>	<u>30,077,312,101</u>	<u>30,666,538,425</u>
Earnings per share (in Baht)	32				
Basic earnings per share		10.12	10.31	10.12	10.31
Diluted earnings per share		10.12	10.31	10.12	10.31

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 "Restated"
Profit for the year		30,077,923,386	30,689,644,321	30,077,312,101	30,666,538,425
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurements of defined benefit plans	20	1,020,431,447	-	147,629,568	-
Share of other comprehensive income of subsidiaries		-	-	698,397,615	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	31	(203,914,534)	-	(29,525,914)	-
Other comprehensive income for the year, net of income tax		816,516,913	-	816,501,269	-
Total comprehensive income for the year		<u>30,894,440,299</u>	<u>30,689,644,321</u>	<u>30,893,813,370</u>	<u>30,666,538,425</u>
Total comprehensive income attributable to:					
Owners of parent		30,893,813,370	30,666,538,425	30,893,813,370	30,666,538,425
Non-controlling interests		626,929	23,105,896	-	-
Total comprehensive income for the year		<u>30,894,440,299</u>	<u>30,689,644,321</u>	<u>30,893,813,370</u>	<u>30,666,538,425</u>

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

Statement of Financial Position as at December 31, 2016											
		Retained earnings				Other components of shareholders' equity			Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
		Issued and paid share capital	Share premium on ordinary share	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Fair value changes in available-for-sale investments			
Notes											

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

		Retained earnings			Other components of shareholders' equity							
		Issued and paid	Share premium	Appropriated		Reserve for	Gain on	Fair value		Total shareholders'		
		share capital	on ordinary share	Legal reserve	Unappropriated	share-based payment	dilution of investment	changes in available-for-sale investments	Total other components shareholders' equity	equity attributable to owners of the Company	Non-controlling interests	
Notes											Total shareholders' equity	
Balance as at January 1, 2017		2,973,095,330	22,388,093,275	500,000,000	16,471,015,050	75,493,131	161,186,663	-	236,679,794	42,568,883,449	139,450,634	42,708,334,083
Transactions with owners, recorded directly in shareholders' equity												
Share capital reduction		-	-	-	-	-	-	-	-	-	(33,427,840)	(33,427,840)
Share-based payment transaction	23	-	(15,817,190)	-	-	63,560,755	-	-	63,560,755	47,743,565	-	47,743,565
Dividends	33, 34	-	-	-	(23,190,085,731)	-	-	-	-	(23,190,085,731)	(216,653)	(23,190,302,384)
Total transactions with owners, recorded directly in shareholders' equity												
		-	(15,817,190)	-	(23,190,085,731)	63,560,755	-	-	63,560,755	(23,142,342,166)	(33,644,493)	(23,175,986,659)
Comprehensive income for the year												
Profit		-	-	-	30,077,312,101	-	-	-	-	30,077,312,101	611,285	30,077,923,386
Other comprehensive income		-	-	-	816,501,269	-	-	-	-	816,501,269	15,644	816,516,913
Total comprehensive income for the year		-	-	-	30,893,813,370	-	-	-	-	30,893,813,370	626,929	30,894,440,299
Balance as at December 31, 2017		2,973,095,330	22,372,276,085	500,000,000	24,174,742,689	139,053,886	161,186,663	-	300,240,549	50,320,354,653	106,433,070	50,426,787,723

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

		Retained earnings			Other components of shareholders' equity				
		Issued and paid	Share premium	Appropriated	Reserve for	Gain on dilution	Total other	Total	
Notes		share capital	on ordinary share	Legal reserve	Unappropriated	share-based payment	components of shareholders' equity	shareholders' equity	
“Restated”									
		2,973,095,330	22,372,276,085	500,000,000	19,308,356,485	56,569,777	-	56,569,777	45,210,297,677
	2	-	-	-	3,004,847,916	-	161,186,663	161,186,663	3,166,034,579
		2,973,095,330	22,372,276,085	500,000,000	22,313,204,401	56,569,777	161,186,663	217,756,440	48,376,332,256
Transactions with owners, recorded directly in shareholders' equity									
	23	-	15,817,190	-	-	18,923,354	-	18,923,354	34,740,544
	33, 34	-	-	-	(36,508,727,776)	-	-	-	(36,508,727,776)
		-	15,817,190	-	(36,508,727,776)	18,923,354	-	18,923,354	(36,473,987,232)
Comprehensive income for the year									
	2	-	-	-	30,666,538,425	-	-	-	30,666,538,425
		-	-	-	30,666,538,425	-	-	-	30,666,538,425
		2,973,095,330	22,388,093,275	500,000,000	16,471,015,050	75,493,131	161,186,663	236,679,794	42,568,883,449

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

		Retained earnings			Other components of shareholders' equity				
		Issued and paid	Share premium	Appropriated	Reserve for	Gain on dilution	Total other	Total	
Notes		share capital	on ordinary share	Legal reserve	Unappropriated	share-based payment	components of shareholders' equity	shareholders' equity	
“Restated”									
Balance as at January 1, 2017 - as previously reported		2,973,095,330	22,388,093,275	500,000,000	12,761,597,893	75,493,131	-	75,493,131	38,698,279,629
Effect as the change in accounting policy	2	-	-	-	3,709,417,157	-	161,186,663	161,186,663	3,870,603,820
Balance as at January 1, 2017 - as restated		2,973,095,330	22,388,093,275	500,000,000	16,471,015,050	75,493,131	161,186,663	236,679,794	42,568,883,449
Transactions with owners, recorded directly in shareholders' equity									
Share-based payment transaction	23	-	(15,817,190)	-	-	63,560,755	-	63,560,755	47,743,565
Dividends	33, 34	-	-	-	(23,190,085,731)	-	-	-	(23,190,085,731)
Total transactions with owners, recorded directly in shareholders' equity		-	(15,817,190)	-	(23,190,085,731)	63,560,755	-	63,560,755	(23,142,342,166)
Comprehensive income for the year									
Profit	2	-	-	-	30,077,312,101	-	-	-	30,077,312,101
Other comprehensive income		-	-	-	816,501,269	-	-	-	816,501,269
Total comprehensive income for the year		-	-	-	30,893,813,370	-	-	-	30,893,813,370
Balance as at December 31, 2017		2,973,095,330	22,372,276,085	500,000,000	24,174,742,689	139,053,886	161,186,663	300,240,549	50,320,354,653

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 “Restated”
Cash flows from operating activities					
Profit for the year		30,077,923,386	30,689,644,321	30,077,312,101	30,666,538,425
Adjustments for					
Depreciation	11, 29	21,487,350,545	15,464,345,085	85,489,138	127,013,270
Amortization of intangible assets	2, 14, 15, 2'	8,663,344,477	6,202,967,902	14,085,137	25,707,184
Interest and dividend income	2, 26, 34	(174,795,247)	(203,951,212)	(1,324,956,276)	(1,530,864,624)
Finance costs	30, 34	5,301,632,485	4,236,138,986	313,712,277	618,075,795
(Reversal of) doubtful accounts and bad debts expenses	6	2,198,933,259	1,537,699,855	(11,716,239)	(2,165,297)
Share-based payment transaction	23	47,743,565	34,740,544	47,743,565	34,740,544
(Reversal of) allowance for obsolete, decline in value and write-off inventories	7	(392,008,151)	301,549,380	(18,277,813)	(35,986,900)
Allowance for unused equipment		722,516,716	135,772,815	-	-
Loss on disposals and write-off of assets		7,116,636	23,070,619	3,931,020	15,111,907
Unrealized gain on foreign exchange rate		(247,517,600)	(29,634,350)	(10,526,880)	(25,967,745)
Share of profit of subsidiaries, a associate and a joint venture	2, 8, 9	(5,368,443)	(23,896,565)	(28,988,867,735)	(28,713,714,447)
(Reversal of) employee benefit expense		261,759,361	213,606,415	52,601,794	(85,675,986)
Tax expense (income)	31	5,843,428,337	5,175,299,508	273,673,933	(803,147,421)
Cash provided by operation before changes in operating assets and liabilities		73,792,059,326	63,757,353,303	514,204,022	289,664,705
Changes in operating assets and liabilities					
Specifically-designated bank deposits		320,549,451	1,484,097,082	-	-
Trade and other current receivables		(5,153,674,255)	731,903,785	65,992,264	3,231,251,687
Inventories		(473,275,186)	1,672,451,340	18,345,684	74,551,818
Other current assets		69,937,640	1,022,641,449	(58,306,517)	707,059,084
Other non-current assets		814,768,300	2,600,497	1,112,026,398	(212,730,863)
Trade and other current payables		1,504,332,144	3,289,463,173	(215,252,224)	(415,145,123)
Accrued revenue sharing expenses		1,031,947	(3,298,287)	1,031,947	(3,298,287)
Unearned income - mobile phone service		201,639,608	876,279,494	(40,129)	(35,368,197)
Advanced received from customers		(320,549,451)	(1,484,097,082)	-	-
Other current liabilities		(21,047,370)	23,006,431	2,581,369	(715,184)
Swap and forward contracts		324,993,828	102,801,487	7,777,096	18,431,096
Other non-current liabilities		29,821,986	94,722,085	-	-
Cash generated from operating activities		71,090,587,968	71,569,924,757	1,448,359,910	3,653,700,736
Employee benefit paid		(29,082,003)	(32,220,922)	(9,333,490)	(29,441,023)
Income tax paid		(5,532,986,849)	(9,902,247,111)	(65,213,068)	(280,282,027)
Net cash provided by operating activities		65,528,519,116	61,635,456,724	1,373,813,352	3,343,977,686

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016 "Restated"
Cash flows from investing activities					
Purchase of property, plant, equipment and other intangible assets		(41,107,894,564)	(47,554,102,096)	(10,089,040)	(44,280,489)
Sale of equipment		121,135,582	17,398,486	25,641,463	33,946,725
Payment of spectrum license		(10,246,500,000)	(8,069,266,618)	-	-
Net (increase) decrease in short-term loans to related parties	34	-	-	(290,000,000)	5,000,000,000
Cash received from capital reduction of a subsidiary	9	-	-	2,266,535,420	-
Increase in investments in an associate, a joint venture and a subsidiary	8, 9	(44,999,850)	(14,999,950)	-	(60,000,000)
Net (increase) decrease in other investments		-	303,674,045	-	(1,000,000)
Dividend received		-	-	28,454,797,153	35,860,268,711
Interest received		169,264,032	215,749,753	919,998,002	1,917,532,686
Net cash provided by (used in) investing activities		(51,108,994,800)	(55,101,546,380)	31,366,882,998	42,706,467,633
Cash flows from financing activities					
Interest paid		(3,055,218,734)	(2,568,102,986)	(372,316,610)	(519,741,393)
Other finance costs paid		(71,905,624)	(201,233,344)	(4,745,404)	(92,159)
Finance lease payments		(56,362,860)	(47,303,990)	(16,812,394)	(13,985,714)
Net increase (decrease) in short-term borrowings from financial institutions		(2,700,000,000)	700,000,000	(5,700,000,000)	(2,000,000,000)
Net decrease in short-term borrowings from related parties	34	-	-	(1,800,000,000)	(50,000,000)
Proceed of long-term liabilities		16,307,475,000	41,153,737,500	-	-
Repayments of long-term liabilities		(2,190,460,730)	(7,699,136,051)	(1,793,260,730)	(7,699,135,730)
Cash returned paid to non-controlling interests from capital reduction of a subsidiary		(33,427,840)	-	-	-
Dividend paid		(23,190,302,384)	(36,508,870,377)	(23,190,085,731)	(36,508,727,776)
Net cash used in financing activities		(14,990,203,172)	(5,170,909,248)	(32,877,220,869)	(46,791,682,772)
Effect of exchange rate changes on balances held in foreign currencies		(5,054,455)	(1,773,095)	(4,865,675)	(2,374,740)
Net increase (decrease) in cash and cash equivalents		(575,733,311)	1,361,228,001	(141,390,194)	(743,612,193)
Cash and cash equivalents as at January 1,		11,226,140,704	9,864,912,703	409,710,983	1,153,323,176
Cash and cash equivalents as at December 31,	4	10,650,407,393	11,226,140,704	268,320,789	409,710,983
Supplemental disclosures of cash flow information					
Non-cash transactions					
Outstanding debts arising from investments in capital expenditures and spectrum license		82,929,855,917	94,784,548,815	832,599	559,223

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION

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

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

Intouch Holdings Public Company Limited is a major shareholder, holding 40.45% (December 31, 2016: 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, 2016: 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 (the “Agreement”) 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 year 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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

The Agreement for operation of the Company expired on September 30, 2015. Thus, on September 17, 2015, the National Broadcasting and Telecommunications Commission (“NBTC”) announced a temporary customer protection measure after the Agreement expired (Issue no.2) to assign the operator to continue provide the 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 installment of 900 MHz license on June 28, 2016 which has been granted permission from NBTC on June 30, 2016.

In the present, the Company provides consulting and management services to its subsidiaries (see Note 34).

- 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 for operation (the “Agreement”) dated September 19, 1989, for rendering services for DATAKIT VIRTUAL CIRCUIT SWITCH in the area of the Metropolitan Telephone Exchange.

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

ADC and TOT have mutually agreed to amend the Agreement and signed the Supplemental Agreement on September 25, 1997 to extend the validity period from 10 years to 25 years (such validity period will be ended on September 24, 2022) and waive the collection of annual revenue sharing under the agreements effective from September 25, 1997. ADC issued 10.75 million ordinary shares at a par value of Baht 10 (11.23% of total shares) to TOT on March 17, 1998 in consideration of such waiver. As at December 31, 2017, TOT owns 48.12% of ADC’s total shares (2016: 48.12%).

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- 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 (the “Agreement”) 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 expired on September 15, 2013. Thus, on August 16, 2013, the office of the National Broadcast and Telecommunication Commission (“NBTC”) has announced a temporary customer protection measure after the Agreement expired to assign the operator to continue provide the 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 continue provide the 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.

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- 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”), to operate and service Cellular Mobile Telephone, frequency between 1950 MHz to 1965 MHz and 2140 MHz to 2155 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1, dated December 7, 2012. AWN started the operation commencing from December 7, 2012, ending December 6, 2027 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

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

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

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

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

- 5) Super Broadband Network Co., Ltd. (“SBN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) under the broadcasting network license for non - frequency business at national. The license certificate (the “License”) no. B1-N21331-0001-60 dated on March 20, 2017 and will be expired on March 19, 2032. In addition, SBN has been granted licenses from NBTC for the operation of television broadcasting service several channels the period of 1 year each. SBN is obliged to comply with various conditions and pay fee within the time period as specified in the License.

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
Subsidiaries				
Advanced Contact Center Co., Ltd.	Service provider of call center	Thailand	99.99	99.99
Digital Phone Co., Ltd.	Ceased mobile phone operation	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, including as service provider of broadcasting network and television broadcasting service several channels	Thailand	99.99	99.99
Wireless Device Supply Co., Ltd.	Importer and distributor of handset and accessories	Thailand	99.99	99.99
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.	Develop infrastructure of fibre optic network	Thailand	60.00	60.00

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

On December 14, 2017, AWN has submitted the Application Form for Conditional Voluntary Tender Offer of CSL to the Securities and Exchange Commission, the Stock Exchange of Thailand, the Board of directors and securities holders of CSL. The offer period of such Tender Offer is total of 25 business days, or from December 15, 2017 to January 22, 2018.

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

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group and the Company maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practice generally accepted in Thailand.
- 2.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard ("TAS") No. 1 (Revised 2016) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2017 onward, and the Regulation of The Stock Exchange of Thailand ("SET") dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development dated October 11, 2016 regarding "The Brief Particulars in the Financial Statement (No. 2) B.E. 2559" (see Note 39).
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

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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, 2017 onwards, as follows:

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
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
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
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

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Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 25 (Revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
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 on Accounting

Guideline on Accounting for derecognition of financial assets and financial liabilities

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

Above TFRSs have no material impact on the Group’s and the Company’s financial statements except for the following TFRS.

TAS 27 (Revised 2016) “Separate Financial Statements”

This revised accounting standard allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in separate financial statements by retrospective method. The Company has changed from cost method to use equity method in separate financial statements for current period. Therefore, the Company has retrospectively changed in order to comply with this revised accounting standard as described in Note 2.5.

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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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, 2018 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 2 (Revised 2017)	Inventories
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events after the Reporting Period
TAS 11 (Revised 2017)	Construction Contracts
TAS 12 (Revised 2017)	Income taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2017)	Borrowing Costs
TAS 24 (Revised 2017)	Related Party Disclosures
TAS 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2017)	Earnings Per Share
TAS 34 (Revised 2017)	Interim Financial Reporting
TAS 36 (Revised 2017)	Impairment of Assets
TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets
TAS 40 (Revised 2017)	Investment Property
TAS 41 (Revised 2017)	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2017)	Share-based Payment
TFRS 3 (Revised 2017)	Business Combinations
TFRS 4 (Revised 2017)	Insurance Contracts
TFRS 5 (Revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements
TFRS 11 (Revised 2017)	Joint Arrangements
TFRS 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2017)	Fair Value Measurement

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Thai Accounting Standard Interpretations (“TSIC”)

TSIC 10 (Revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2017)	Operating Leases - Incentives
TSIC 25 (Revised 2017)	Income Taxes - Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2017)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2017)	Applying the Restatement Approach under TAS 29 (Revised 2017) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2017)	Service Concession Arrangements
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 14 (Revised 2017)	TAS 19 (Revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers
TFRIC 20 (Revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2017)	Levies

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.

2.5 Effect from change in accounting policy

TAS 27 (Revised 2016) “Separate Financial Statements”

Since January 1, 2017, the Company have adopted TAS 27 (Revised 2016) “Separate Financial Statements” by electing to change accounting policy relating to investments in subsidiaries in the separate financial statements from cost method to equity method by retrospective adjustment.

The separate financial statement for the year ended December 31, 2016 and separate statement of financial position as at January 1, 2016, presented as comparative information have been restated in accordance with the relevant transitional provisions set out in TFRSs.

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Effect from change in accounting policy on the separate financial statements are summarized as follows:

The separate statement of financial position as at December 31, 2016 and January 1, 2016

	Unit: Million Baht					
	As at December 31, 2016			As at January 1, 2016		
	Balance as at December 31, 2016 as previously reported	Increase from change in accounting policy	Balance as at December 31, 2016 as restated	Balance as at January 1, 2016 as previously reported	Increase from change in accounting policy	Balance as at January 1, 2016 as restated
Assets						
Non-current assets						
Investments in subsidiaries	7,721	3,870	11,591	7,661	3,166	10,827
Shareholders' equity						
Retained earnings - unappropriated	12,762	3,709	16,471	19,308	3,005	22,313
Other components of shareholders' equity	75	161	236	57	161	218

The separate statements of profit or loss and profit or loss and other comprehensive income for the year ended December 31, 2016

	Unit: Million Baht		
	For the year ended December 31, 2016 as previously reported	Increase (decrease) from change in accounting policy	For the year ended December 31, 2016 as restated
Interest and dividend income	29,540	(28,010)	1,530
Share of profit of an associate, subsidiaries and a joint venture	-	28,714	28,714
Profit for the period	29,962	704	30,666
Basic earnings per share (in Baht)	10.08	0.23	10.31
Diluted earnings per share (in Baht)	10.08	0.23	10.31
Total comprehensive income for the year	29,962	704	30,666

The separate statements of cash flows for the year ended December 31, 2016

	Unit: Million Baht		
	For the year ended December 31, 2016 as previously reported	Increase (decrease) from change in accounting policy	For the year ended December 31, 2016 as restated
Profit for the year	29,962	704	30,666
Adjustments for			
Interest and dividend income	(29,540)	28,010	(1,530)
Share of profit of an associate, subsidiaries and a joint venture	-	(28,714)	(28,714)

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3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

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.

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

Acquisitions from entities under common control

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

Subsidiaries

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

Loss of control

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

Interests in equity - accounted investees

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

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

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

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

Interests in an associate, subsidiaries and a 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 and separate financial statements include the Group's and the Company's share of profit or loss of equity-accounted investees in the profit or loss and other comprehensive income, until the date on which significant influence or joint control ceases.

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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Transactions eliminated on consolidation

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

3.2 Foreign currencies

Foreign currency transactions

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

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

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

3.3 Derivative financial instruments

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

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

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

3.4 Cash and cash equivalents

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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3.5 Trade and other current receivables

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

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

3.6 Inventories

Inventories comprise mobile phones, 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 an associate, subsidiaries and a joint venture

Investments in subsidiaries in the separate financial statements of the Company and investment in an associate and a 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 classified as part of current investment with maturities over three months, not exceeding one year.

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

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

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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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.

Leased assets

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

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of 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, 10, 20	years
Leasehold building improvements	5, 10	years
Computer, tools and equipment	3 - 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.

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

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.

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

No amortization is provided on asset under installation.

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

3.11 Other assets

Deferred charges

Deferred charges represent costs of long-term leases of space for base stations, expenditures relating to the increase of power of electricity at base stations and 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.

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

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Reversals of impairment

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

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

3.13 Interest-bearing liabilities

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

3.14 Trade and other current payables

Trade and other current payables are stated at cost.

3.15 Employee benefits

Provident fund

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

Post-employment benefit and long-term service award

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

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

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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 “reserve for share-based payment transaction” in shareholders’ equity over the periods in which the service conditions are fulfilled.

3.16 Provisions

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

3.17 Recognition of revenue and expense

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

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.

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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.

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.

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

3.19 Lease

Operating lease

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

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

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Finance lease

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

3.20 Tax expense

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

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

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

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

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

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.

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

3.21 Earnings per share

The Group and the Company present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted 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.

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Recognition of deferred tax assets associated with tax losses carryforward

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

Significant commercial disputes and litigations

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

3.24 Fair value measurements

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

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

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

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4. CASH AND CASH EQUIVALENTS

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

		Unit: Million Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2017	2016	2017	2016
Cash on hand		9	56	2	2
Cash at bank - current accounts	34	712	607	5	8
Cash at bank - saving accounts	34	12,572	13,526	261	400
		13,293	14,189	268	410
<u>Less Specifically-designated</u>					
bank deposits	5	(2,643)	(2,963)	-	-
Total		10,650	11,226	268	410

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

		Unit: Million Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Thai Baht (THB)		10,401	10,638	215	251
US Dollar (USD)		206	477	52	157
Euro (EUR)		43	111	1	2
Total		10,650	11,226	268	410

As at December 31, 2017, the effective interest rate on cash and cash equivalents are 0.03% - 1.68% per annum (2016: 0.04% - 1.66% 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 not less than to the subsidiaries' outstanding balance of advance received from customers which cannot be used for other purposes apart from payments to service providers as at December 31, 2017 amounting to Baht 2,643 million (December 31, 2016: Baht 2,963 million).

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6. TRADE AND OTHER CURRENT RECEIVABLES

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

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2017	2016	2017	2016
Trade receivables					
Related parties:	34				
Trade receivables		53	56	18	53
Accrued income		107	12	3	3
		<u>160</u>	<u>68</u>	<u>21</u>	<u>56</u>
Other parties:					
Trade receivables		7,902	6,773	173	211
Accrued income		7,580	5,903	1,581	1,580
		<u>15,482</u>	<u>12,676</u>	<u>1,754</u>	<u>1,791</u>
Total trade receivables		<u>15,642</u>	<u>12,744</u>	<u>1,775</u>	<u>1,847</u>
<u>Less</u> allowance for doubtful accounts		<u>(1,463)</u>	<u>(1,367)</u>	<u>(101)</u>	<u>(122)</u>
Trade receivables - net		<u>14,179</u>	<u>11,377</u>	<u>1,674</u>	<u>1,725</u>
Other receivables					
Prepaid expense		2,306	2,153	14	19
Account receivables - cash card/ refill on mobile		175	276	-	-
Value added tax receivable		310	223	-	-
Others		101	87	531	125
		<u>2,892</u>	<u>2,739</u>	<u>545</u>	<u>144</u>
Total other receivables		<u>2,892</u>	<u>2,739</u>	<u>545</u>	<u>144</u>
Total trade and other current receivables		<u>17,071</u>	<u>14,116</u>	<u>2,219</u>	<u>1,869</u>
(Reversal of) doubtful account and bad debts expense for the years ended December 31		<u>2,199</u>	<u>1,538</u>	<u>(12)</u>	<u>(2)</u>

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Aging analyzation for trade receivables are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Related parties				
Current - overdue within 3 months	159	67	21	56
Overdue 3 - 6 months	1	1	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue over 12 months	-	-	-	-
	<u>160</u>	<u>68</u>	<u>21</u>	<u>56</u>
Other parties				
Current - overdue within 3 months	13,002	10,125	-	2
Overdue 3 - 6 months	563	475	-	13
Overdue 6 - 12 months	112	300	-	54
Overdue over 12 months	1,805	1,776	1,754	1,722
	<u>15,482</u>	<u>12,676</u>	<u>1,754</u>	<u>1,791</u>
<u>Less allowance for doubtful accounts</u>	<u>(1,463)</u>	<u>(1,367)</u>	<u>(101)</u>	<u>(122)</u>
	<u>14,019</u>	<u>11,309</u>	<u>1,653</u>	<u>1,669</u>
Trade receivables - net	<u>14,179</u>	<u>11,377</u>	<u>1,674</u>	<u>1,725</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:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Thai Baht (THB)	11,846	10,745	1,674	1,712
United States Dollars (USD)	2,316	630	-	13
Euro (EUR)	17	2	-	-
Total	<u>14,179</u>	<u>11,377</u>	<u>1,674</u>	<u>1,725</u>

As at December 31, 2017, the Group and the Company have the outstanding balance of accrued income of revenue sharing in international direct dial service (“IDD”) which is presented in overdue 12 months of Baht 1,584 million and Baht 1,574 million, respectively (December 31, 2016: Baht 1,584 million and Baht 1,574 million, respectively).

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

On 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.

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

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

7. INVENTORIES

Inventories as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Finished goods	4,029	3,529	-	-
Supplies and spare parts	9	46	-	-
Spare parts for mobile phone network maintenance	687	677	363	383
	4,725	4,252	363	383
<u>Less</u> allowance for obsolescence and decline in value of inventory	(774)	(1,167)	(363)	(382)
Inventories - net	3,951	3,085	-	1

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, 2017 of Baht (393) million and Baht (19) million, respectively (2016: Baht 315 million and Baht (36) million, respectively).

8. 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	
	2017	2016
As at January 1,	24	-
Share gain from investment in an associate	7	24
As at December 31,	31	24

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Movements in investment in a joint venture for the years ended December 31, are as follows:

	Unit: Million Baht	
	Consolidated	
	financial statements	
	2017	2016
As at January 1,	15	-
Additional investments	45	15
Share loss from investment in a joint venture	(1)	-
As at December 31,	59	15

The establishment of a joint venture

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

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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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Associate										
Information Highway Co., Ltd.	29	29	50	50	<u>15</u>	<u>15</u>	<u>31</u>	<u>24</u>	<u>-</u>	<u>-</u>
Joint venture										
Amata Network Co., Ltd.	60	60	100	25	<u>60</u>	<u>15</u>	<u>59</u>	<u>15</u>	<u>-</u>	<u>-</u>

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

												Unit: Million Baht
	Reporting date	% of Ownership interest	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Profit/(loss)	
2017												
Associate												
Information Highway Co., Ltd.	December 31	29	<u>113</u>	<u>567</u>	<u>680</u>	<u>527</u>	<u>59</u>	<u>586</u>	<u>204</u>	<u>192</u>	<u>12</u>	
Joint venture												
Amata Network Co., Ltd.	December 31	60	<u>71</u>	<u>85</u>	<u>156</u>	<u>50</u>	<u>10</u>	<u>60</u>	<u>3</u>	<u>6</u>	<u>(3)</u>	
2016												
Associate												
Information Highway Co., Ltd.	December 31	29	<u>197</u>	<u>584</u>	<u>781</u>	<u>555</u>	<u>142</u>	<u>697</u>	<u>275</u>	<u>207</u>	<u>68</u>	
Joint venture												
Amata Network Co., Ltd.	December 31	60	<u>25</u>	<u>-</u>	<u>25</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	

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9. INVESTMENTS IN SUBSIDIARIES

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

	Unit: Million Baht	
	Separate	
	financial statements	
	2017	2016
		“Restated”
Subsidiaries		
As at January 1, - as previously reported	7,721	7,661
Effect from change in accounting policy (see Note 2.5)	3,870	3,166
As at January 1, - as restated	11,591	10,827
Dividend income	(16,361)	(28,010)
Share of profit of subsidiaries	28,989	28,714
Share of other comprehensive income of subsidiaries	698	-
Increase in share capital of a subsidiary	-	60
Decrease in share capital of a subsidiary	(2,267)	-
As at December 31,	22,650	11,591

Increase in share capital of a subsidiary

On November 30, 2016, Advanced Broadband Network Co., Ltd. (“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 a joint venture. The Company paid additional investment in such subsidiary for the increased 600,000 ordinary shares by Baht 100 per share, totaling Baht 60 million and holds 99.99% of the issued share capital.

Decrease in share capital of a subsidiary

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

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

	Unit: Million Baht												
	Ownership interest		Paid-up capital		Cost		Separate financial statements Impairment		Cost - net		Investment as equity method		Dividend income for the year ended December 31, 2017 2016
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
	%	%										“Restated”	
Subsidiaries													
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	-	-	811	811	480	304	46 274
Digital Phone Co., Ltd.	98.55	98.55	914	3,655	10,226	12,493	(8,230)	(8,230)	1,996	4,263	4,078	6,275	- -
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	290	289	30 -
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	-	-	336	336	790	588	267 591
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	-	-	100	100	156	136	102 166
Advanced Wireless Network Co., Ltd.	99.99	99.99	1,350	1,350	1,485	1,485	-	-	1,485	1,485	14,197	3,093	13,674 23,492
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	-	-	300	300	443	350	75 -
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	209	85	238 835
Fax Lite Co., Ltd.	99.98	99.98	1	1	1	1	-	-	1	1	788	279	1,049 1,465
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	1,130	108	880 1,187
Advanced Broadband Network Co., Ltd.	99.99	99.99	75	75	75	75	-	-	75	75	89	84	- -
Total					13,684	15,951	(8,230)	(8,230)	5,454	7,721	22,650	11,591	16,361 28,010

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10. OTHER LONG-TERM INVESTMENTS

Other investments as at December 31, are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Fixed deposit at financial institutions - pledged	11	11	-	-
Other long-term investments	48	48	48	48
	<u>59</u>	<u>59</u>	<u>48</u>	<u>48</u>
Total	<u>59</u>	<u>59</u>	<u>48</u>	<u>48</u>

Fixed deposits at financial institutions - pledged

As at December 31, 2017, the Group has fixed deposit at a financial institution in the amount of Baht 11.20 million (December 31, 2016: Baht 11.20 million), which have been pledged with a bank in respect of the contract's compliance.

Other long-term investments

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, totaling Baht 1 million. Total shares invested represented 1.00% ownership. The objective of business is to develop Thailand economic with the government.

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11. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31, 2017

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

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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
Depreciation for the years ended December 31,					
2017				Million Baht	21,487
2016				Million Baht	15,465

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As at December 31, 2017

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

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

Depreciation for the years ended December 31,

2017

Million Baht

85

2016

Million Baht

127

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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12. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

Movements in assets under the Agreements for operations for the years ended December 31, are as follows:

	Unit: Million Baht	
	Consolidated	
	financial statements	
	2017	2016
Cost		
As at January 1,	1,248	1,248
As at December 31,	<u>1,248</u>	<u>1,248</u>
Accumulated amortization		
As at January 1,	(1,038)	(1,038)
As at December 31,	<u>(1,038)</u>	<u>(1,038)</u>
Allowance for impairment	<u>(210)</u>	<u>(210)</u>
Total	<u>-</u>	<u>-</u>

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 reviewed the Agreement and reconsidered the nature and function of such towers and the containers. 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	
	2017	2016
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>

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14. SPECTRUM LICENSES

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

As at December 31, 2017

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

As at December 31, 2016

	Consolidated financial statements		
	Balance as at January 1, 2016	Additions	Balance as at December 31, 2016
Unit: Million Baht			
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

Amortization for the years ended December 31,

2017	Million Baht	7,854
2016	Million Baht	5,545

On May 27, 2016, Advanced Wireless Network Company Limited (“AWN”), a subsidiary 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 900MHz from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid the 1st installment by 11% of the fee plus VAT, totaling Baht 8,603 million on June 28, 2016 and submitted bank guarantee to pay the remaining fee to the NBTC. For the 2nd installment and the 3rd installment of 5% of the fee plus VAT each will be paid in the second year and the third year since date of the first installment, and the remaining will be paid in the fourth year.

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

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15. OTHER INTANGIBLE ASSETS

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

As at December 31, 2017

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

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	3,192	815	-	92	4,099

Amortization for the years ended December 31,

2017

Million Baht

808

2016

Million Baht

658

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As at December 31, 2017

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

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	480	-	(25)	-	455
Accumulated amortization					
Software licenses	(408)	(25)	25	-	(408)
Total	(408)	(25)	25	-	(408)
Other intangible assets	72	(25)	-	-	47

Amortization for the years ended December 31,

2017	Million Baht	14
2016	Million Baht	25

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		
2017	2016	2017	2016	
Deferred tax assets	2,590	2,639	565	875
Deferred tax liabilities	(28)	(21)	(5)	(7)
Deferred tax - net	<u>2,562</u>	<u>2,618</u>	<u>560</u>	<u>868</u>

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

As at December 31, 2017

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

As at December 31, 2016

	Unit: Million Baht		
	Consolidated financial statements		
	Credited to		
	Balance as at	Profit	Other
	January 1,	or loss	comprehensive
	2016		income
			Balance as at
			December 31,
			2016
Deferred tax assets			
Trade receivables (doubtful accounts)	165	77	-
Inventories (allowance for obsolescence and decline in value)	36	115	-
Unearned income - mobile phone service (income recognized difference)	390	9	-
Accrued expense	-	410	-
Provisions for employee benefit	461	67	-
Loss carry forward	-	400	-
Spectrum licenses payable (deferred interest)	9	190	-
Allowance for unused equipment	-	27	-
Others	212	71	-
Total	1,273	1,366	-
Deferred tax liabilities			
Others	(21)	-	-
Total	(21)	-	-
Deferred tax – net	1,252	1,366	-

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As at December 31, 2017

Unit: Million Baht			
	Separate financial statements (Charged)/credited to		
	Balance as at January 1, 2017	Profit or loss	Other comprehensive income
			Balance as at December 31, 2017
Deferred tax assets			
Accrued expense	410	-	-
Provisions for employee benefit	65	12	(30)
Loss carry forward	400	(292)	-
Total	875	(280)	(30)
Deferred tax liabilities			
Others	(7)	2	-
Total	(7)	2	-
Deferred tax - net	868	(278)	(30)

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	-
Provisions for employee benefit	86	(21)	-
Loss carry forward	-	400	-
Total	86	789	-
Deferred tax liabilities			
Others	(21)	14	-
Total	(21)	14	-
Deferred tax - net	65	803	-

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Loss carry forward	385	385	-	-
Impairment loss on investments	-	-	-	1,649
Others	99	107	93	101
Total	484	492	93	1,750

As at December 31, 2016, the Group and the Company have recognized temporary difference as 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 from loss carry forward.

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

17. INTEREST-BEARING LIABILITIES

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

		Consolidated financial statements		Unit: Million Baht Separate financial statements	
	Notes	2017	2016	2017	2016
Current					
Short-term loans from financial institutions		6,500	9,200	-	5,700
Current portion of long-term liabilities					
- Current portion of long-term borrowings		3,025	2,041	3,025	2,041
- Current portion of long-term debentures	34	-	397	-	-
- Current portion of finance lease liabilities	34	51	47	13	12
Total current portion of long-term liabilities		3,076	2,485	3,038	2,053
Short-term loans from related parties	34	-	-	4,640	6,440
		9,576	11,685	7,678	14,193
Non-current					
Long-term liabilities					
- Long-term borrowings - net		59,818	55,962	-	3,314
- Long-term debentures - net	34	40,163	31,168	-	-
- Finance lease liabilities	34	121	143	29	31
		100,102	87,273	29	3,345
Total		109,678	98,958	7,707	17,538

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

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Within one year	9,526	11,638	7,665	14,181
After one year but within five years	62,975	50,245	-	3,314
After five years	37,005	36,885	-	-
Total	<u>109,506</u>	<u>98,768</u>	<u>7,665</u>	<u>17,495</u>

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

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Thai Baht (THB)	104,790	92,920	4,682	12,180
US Dollar (USD)	4,888	6,038	3,025	5,358
Total	<u>109,678</u>	<u>98,958</u>	<u>7,707</u>	<u>17,538</u>

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Long-term borrowings

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

Outstanding loan in foreign currency		Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Unit: Million Baht Separate financial statements	
2017	2016				2017	2016	2017	2016
(Million)								
Advanced Info Service Public Company Limited								
USD 7.11	USD 21.32	LIBOR plus margin	Semi-annual	20 equal installments from 2008 to 2018	233	768	233	768
-	USD 42.50	LIBOR plus margin	Semi-annual	4 equal installments in 2016 and 2017	-	1,530	-	1,530
USD 85.00	USD 85.00	LIBOR plus margin	Semi-annual	Entirely redeemed in 2018	2,792	3,060	2,792	3,060
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	-	-
-	-	6MTHBFIX plus margin	Semi-annual	2 equal installments in 2020	12,300	12,300	-	-
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	7 equal installments from 2019 to 2022	5,000	5,000	-	-
-	-	6MTHBFIX plus margin	Semi-annual	Entirely redeemed in 2020	4,200	4,200	-	-
-	-	6MBIBOR plus margin	Semi-annual	6 equal installments from 2020 to 2023	20,000	14,000	-	-
-	-	6MBIBOR plus margin	Semi-annual	5 equal installments from 2019 to 2023	7,000	7,000	-	-
-	-	6MTHBFIX plus margin	Semi-annual	6 equal installments from 2021 to 2023	4,500	4,500	-	-
USD 56.70	USD 18.89	6MLIBOR plus margin	Semi-annual	2 equal installments from 2022	1,863	680	-	-
Total loans					62,888	58,038	3,025	5,358
Less transaction cost					(45)	(35)	-	(3)
Long-term borrowings					62,843	58,003	3,025	5,355

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Long-term debentures

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

Issue date	No. of units (Million)	Amount	Interest rate (per annum)	Term of interest payment	Principal payment term	Unit: Million Baht			
						Consolidated financial statements		Separate financial statements	
						2017	2016	2017	2016
Advanced Wireless Network Co., Ltd.									
April 11, 2014	0.39	397	Fixed interest rate of 3.39%	Semi-annual	Entirely redeemed on April 11, 2017	-	397	-	-
April 11, 2014	7.79	7,789	Fixed interest rate of 4.17%	Semi-annual	Entirely redeemed on April 11, 2019	7,789	7,789	-	-
April 11, 2014	1.78	1,776	Fixed interest rate of 4.56%	Semi-annual	Entirely redeemed on April 11, 2021	1,776	1,776	-	-
April 11, 2014	6.64	6,638	Fixed interest rate of 4.94%	Semi-annual	Entirely redeemed on April 11, 2024	6,638	6,638	-	-
May 11, 2016	7.82	7,820	Fixed interest rate of 2.51%	Semi-annual	Entirely redeemed on May 11, 2023	7,820	7,820	-	-
May 11, 2016	7.18	7,180	Fixed interest rate of 2.78%	Semi-annual	Entirely redeemed on May 11, 2026	7,180	7,180	-	-
November 30, 2017	9.00	9,000	Fixed interest rate of 3.35%	Semi-annual	Entirely redeemed on November 30, 2027	9,000	-	-	-
Total debentures						40,203	31,600	-	-
<u>Less</u> bond issuing cost						(40)	(35)	-	-
Long-term debentures						40,163	31,565	-	-

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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, 2017, the Group and the Company do not have undrawn committed loans and as at December 31, 2016, the Group has undrawn committed loans amounting to Baht 6,000 million, USD 38 million and the Company does not have undrawn committed loans.

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

	Unit: Million Baht			
	Consolidated financial statements			
	Carrying amount		Fair values*	
	2017	2016	2017	2016
Long-term debentures	40,203	31,600	41,442	32,082

* 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		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
As at January 1,	98,958	65,432	17,538	27,930
Additions	43,346	80,169	2,965	14,523
Borrowing cost	(24)	(5)	-	-
Bond issuing cost	(12)	(20)	-	-
Repayments	(31,947)	(46,026)	(12,260)	(24,286)
Unrealized gain on foreign exchange rate	(665)	(634)	(539)	(660)
Amortization	22	42	3	31
As at December 31,	109,678	98,958	7,707	17,538

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

	Unit: Percent per annum			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term borrowings	1.57	1.63	1.35	1.51
Long-term borrowings	2.89	2.92	4.46	4.10
Long-term debentures	3.56	3.62	-	-
Finance lease liabilities	5.56	5.79	4.33	4.81

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

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18. TRADE AND OTHER CURRENT PAYABLES

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

		Consolidated		Unit: Million Baht	
		financial statements		Separate	
	Notes	2017	2016	financial statements	2016
		2017	2016	2017	2016
Trade payables					
Related parties	34	54	300	18	219
Other parties		14,632	17,437	25	38
Total trade payables		<u>14,686</u>	<u>17,737</u>	<u>43</u>	<u>257</u>
Other payables					
Accrued expenses	34	16,654	15,700	2,735	2,814
Valued added tax payable		50	171	9	8
Withholding tax payable		256	262	5	5
Others	34	495	422	-	2
Total other payables		<u>17,455</u>	<u>16,555</u>	<u>2,749</u>	<u>2,829</u>
Total trade and other current payables		<u>32,141</u>	<u>34,292</u>	<u>2,792</u>	<u>3,086</u>

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

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	financial statements	2016
	2017	2016	2017	2016
Thai Baht (THB)	8,551	12,278	30	222
US Dollar (USD)	5,683	5,438	2	15
Euro (EUR)	13	1	-	1
Yen (JPY)	422	1	-	-
Singapore Dollar (SGD)	16	19	11	19
Pound (GBP)	1	-	-	-
Total	<u>14,686</u>	<u>17,737</u>	<u>43</u>	<u>257</u>

19. SPECTRUM LICENSES PAYABLE

Spectrum licenses payable as at December 31, are as follows:

	Unit: Million Baht	
	Consolidated	
	financial statements	
	2017	2016
Spectrum licenses payable		
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1)	10,017	19,790
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2)	63,933	62,407
	<u>73,950</u>	<u>82,197</u>
<u>Less</u> current portion of spectrum licenses payable	<u>(13,989)</u>	<u>(10,017)</u>
Spectrum licenses payable	<u>59,961</u>	<u>72,180</u>

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Movements in spectrum licenses payable for the years ended December 31, are as follows:

	Unit: Million Baht	
	Consolidated	
	financial statements	
	2017	2016
As at January 1,	82,197	19,902
Addition	-	69,113
Payments	(10,246)	(8,040)
Amortization of deferred interest expense	1,999	1,222
As at December 31,	73,950	82,197

20. PROVISIONS FOR EMPLOYEE BENEFIT

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

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

Obligations under the statement of financial position as at December 31, are as follows:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Present value of obligations	1,856	2,555	235	327

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

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Provisions for employee benefit as at January 1,	2,555	2,294	327	431
Current service costs and interest	315	293	63	38
Benefits paid	(29)	(32)	(9)	(29)
Transfer employee to subsidiaries	-	-	(2)	(113)
Gains on remeasurements of defined benefit plans	(1,021)	-	(148)	-
Past service cost	36	-	4	-
Provisions for employee benefit as at December 31,	1,856	2,555	235	327

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

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Current service costs	226	214	50	28
Interest on obligations	89	79	13	10
Past service cost	36	-	4	-
Total	351	293	67	38

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

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Cost of rendering of services and equipment rental	26	20	48	-
Administrative expenses	235	193	5	27
Management benefit expenses	1	1	1	1
Finance costs	89	79	13	10
Total	351	293	67	38

(Gains) losses on remeasurements of defined benefit plans 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:

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Included in retained earnings :				
At January 1,	1,360	1,360	403	403
Recognized during the year	(1,021)	-	(148)	-
As at December 31,	339	1,360	255	403

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

	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Financial assumptions	(864)	-	(70)	-
Experience adjustment	(157)	-	(78)	-
Total	(1,021)	-	(148)	-

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	3%	3.5%	3%	3.5%
Future salary increases	6%	9%	6%	9%

Assumptions regarding future mortality for the years ended December 31, 2017 and 2016 are based on published statistics and Thailand Mortality Ordinary Life table 2017 (“TMO17”) and 2008 (“TMO08”), respectively.

Sensitivity analysis

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Discount rate				
- Increase 1%	(328)	(375)	(30)	(51)
- Decrease 1%	395	459	35	61
Future salary growth				
- Increase 1%	371	427	33	57
- Decrease 1%	(315)	(359)	(29)	(49)

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:

	Par value per share (in Baht)	2017		(Million shares/million Baht) 2016	
		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					
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

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As at December 31, 2017 and 2016, 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 SHAREHOLDERS' EQUITY

Share-based payment

The performance share plan

Grant I

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

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

Grant II

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

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

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Grant III

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

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

Grant IV

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

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

Grant V

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

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

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Movements in the number of outstanding warrants for the year ended December 31, 2017 are as follows:

	As at January 1, 2017	Transaction during the period		Unit: Thousand units As at December 31, 2017
		Issued	Exercised	
ESOP - Grant I				
- Directors	20	-	-	20
- Employees	352	-	-	352
	<u>372</u>	<u>-</u>	<u>-</u>	<u>372</u>
ESOP - Grant II				
- Directors	30	-	-	30
- Employees	612	-	-	612
	<u>642</u>	<u>-</u>	<u>-</u>	<u>642</u>
ESOP - Grant III				
- Directors	51	-	-	51
- Employees	726	-	-	726
	<u>777</u>	<u>-</u>	<u>-</u>	<u>777</u>
ESOP - Grant IV				
- Directors	57	-	-	57
- Employees	654	-	-	654
	<u>711</u>	<u>-</u>	<u>-</u>	<u>711</u>
ESOP - Grant V				
- Directors	-	89	-	89
- Employees	-	964	-	964
	<u>-</u>	<u>1,053</u>	<u>-</u>	<u>1,053</u>
Total	<u>2,502</u>	<u>1,053</u>	<u>-</u>	<u>3,555</u>

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

Fair value measurement

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

Grant 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%

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Grant II

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

Grant III

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

Grant IV

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

Grant V

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

For the year ended December 31, 2017, the Group and the Company recognized share-based payment expense amounting to Baht 48 million and Baht 48 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2016: Baht 35 million and Baht 35 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.

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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:

	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2017	2016	2017	2016	2017	2016	2017	2016
External revenue	128,124	126,046	24,778	23,947	4,820	2,157	157,722	152,150
Investment income	157	184	16	18	2	2	175	204
Finance costs	(5,299)	(4,233)	(2)	(2)	(1)	(1)	(5,302)	(4,236)
Depreciation and amortization	(28,592)	(20,950)	(7)	(6)	(1,552)	(711)	(30,151)	(21,667)
Material items of expenses	(14,918)	(23,011)	(5,804)	(2,691)	(44)	(30)	(20,766)	(25,732)
Segment profit (loss) before income tax expense	42,629	39,354	(6,744)	(3,694)	36	205	35,921	35,865

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

	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2017	2016	2017	2016	2017	2016	2017	2016
Segment assets	269,205	262,117	8,205	7,375	6,658	6,178	284,068	275,670
Segment liabilities	225,883	222,805	3,976	4,932	3,782	5,225	233,641	232,962

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

	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2017	2016	2017	2016	2017	2016	2017	2016
Capital expenditure	35,343	117,087	3	1	2,552	3,104	37,898	120,192

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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 AND EQUIPMENT RENTALS

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

	Unit: Million Baht	
	Separate	
	financial statements	
	2017	2016
Internet License Type 1	-	-
Other service income	1,689	4,950
Total	<u>1,689</u>	<u>4,950</u>

26. INTEREST INCOME

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

		Consolidated		Unit: Million Baht	
		financial statements		Separate	
	Note	2017	2016	financial statements	
				2017	2016
					“Restated”
Subsidiaries	34	-	-	1,318	1,508
Financial institutions		175	204	7	23
Total		<u>175</u>	<u>204</u>	<u>1,325</u>	<u>1,531</u>

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27. OTHER OPERATING INCOME

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

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2017	2016	2017	2016
Bad debt recovery		117	112	16	34
Management income	34	-	-	-	1,542
Others	34	458	252	124	87
Total		<u>575</u>	<u>364</u>	<u>140</u>	<u>1,663</u>

28. PROVIDENT FUND

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

For the year ended December 31, 2017, the Group's and the Company's recognized contribution paid to provident fund amounting to Baht 251.34 million and Baht 28.02 million, respectively, in the consolidated and separate statement of profit or loss (For the year ended December 31, 2016: Baht 241.46 and Baht 25.62 million, respectively).

29. EXPENSES BY NATURE

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

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2017	2016	2017	2016
Depreciation of buildings and equipment	11	21,487	15,465	85	127
Amortization of spectrum licenses	14	7,854	5,545	-	-
Amortization of intangible assets	15	808	658	14	25
Doubtful accounts and bad debts (bad debts recovery)	6	2,199	1,538	(12)	(2)
Marketing expenses		9,990	16,012	1	22
Staff costs		8,577	8,182	922	772

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30. FINANCE COSTS

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

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2017	2016	2017	2016
Interest expense	34	3,154	2,754	296	607
Finance cost related to spectrum license		1,999	1,222	-	-
Others		149	260	18	11
Total		<u>5,302</u>	<u>4,236</u>	<u>314</u>	<u>618</u>

31. TAX EXPENSE

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

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2017	2016	2017	2016
Current tax expense					
Current year		6,082	6,513	-	-
Adjustment for prior years		(91)	28	(5)	-
		<u>5,991</u>	<u>6,541</u>	<u>(5)</u>	<u>-</u>
Deferred tax expense	16				
Movements in temporary differences		(148)	(1,366)	279	(803)
Total tax expense		<u>5,843</u>	<u>5,175</u>	<u>274</u>	<u>(803)</u>

Tax expense recognized in the statements of profit or loss and other comprehensive income for the year ended December 31, 2017 are as follows: (2016: nil)

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

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

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

Unit: Million Baht				
Consolidated financial statements				
		2017		2016
	Rate (%)		Rate (%)	
Profit before income tax expense		35,921		35,865
Income tax using the applicable tax rate	20	<u>7,184</u>	20	<u>7,173</u>
Expenses not deductible for tax purposes		26		97
Additional capital expenditure deduction				
Allowed		(1,273)		(835)
Recognition of previously unrecognized temporary difference		(1)		(1,281)
Adjustment for prior years		(91)		28
Effect from elimination with subsidiaries		<u>(2)</u>		<u>(7)</u>
Total	16	<u>5,843</u>	14	<u>5,175</u>

Unit: Million Baht				
Separate financial statements				
		2017		2016
	Rate (%)		Rate (%)	“Restated”
Profit before income tax expense		30,351		29,863
Income tax using the applicable tax rate	20	<u>6,070</u>	20	<u>5,973</u>
Share of profit of subsidiaries		(5,797)		(5,743)
Expenses not deductible for tax purposes		6		(17)
Recognition of previously unrecognized temporary difference		-		(1,016)
Adjustment for prior years		<u>(5)</u>		<u>-</u>
Total	1	<u>274</u>	(3)	<u>(803)</u>

According to the Revenue Code Amendment Act No. 42 B.E. 2559 which is effective from March 5, 2016 onwards, the corporate increase 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, 2017 and 2016.

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32. EARNINGS PER SHARE

Basic earnings per share

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

	(Million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
				“Restated”
Profit attributable to ordinary shareholders of the Company (basic)	<u>30,077</u>	<u>30,667</u>	<u>30,077</u>	<u>30,667</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>10.12</u>	<u>10.31</u>	<u>10.12</u>	<u>10.31</u>

Diluted earnings per share

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

	(Million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
				“Restated”
Profit attributable to equity holders of the Company (basic)	<u>30,077</u>	<u>30,667</u>	<u>30,077</u>	<u>30,667</u>
Profit attributable to equity holders of the Company (diluted)	<u>30,077</u>	<u>30,667</u>	<u>30,077</u>	<u>30,667</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>10.12</u>	<u>10.31</u>	<u>10.12</u>	<u>10.31</u>

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33. DIVIDENDS

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 Directors' 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.

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

At the Board of Directors' meeting held on July 27, 2017, it was approved to declare an interim dividend of Baht 3.51 per share amounting to Baht 10,435 million. The interim dividend was paid to shareholders on August 25, 2017.

34. RELATED PARTIES

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

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

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

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

Name of entities	Country of incorporation/ nationality	Nature of relationships
Subsidiaries	Thailand	Subsidiaries are entities controlled by the Group
Intouch Holdings Public Company Limited 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:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Service income				
Subsidiaries	-	-	1,686	4,593
INTOUCH Group	35	31	-	-
SingTel Group	42	402	-	1
Other related parties	135	135	-	-
Total	212	568	1,686	4,594
Sales of property and other assets				
Subsidiaries	-	-	13	22
Joint Venture	7	-	-	-
Total	7	-	13	22
Dividend income				
Subsidiaries	-	-	16,362	28,010
Interest income				
Subsidiaries	-	-	1,318	1,508
Other income				
Subsidiaries	-	-	58	1,577
INTOUCH Group	9	9	1	-
Associate	2	-	-	-
Total	11	9	59	1,577
Rental and other service expenses				
Subsidiaries	-	-	22	3,732
INTOUCH Group	387	519	-	1
SingTel Group	139	283	-	95
Associate	241	176	-	-
Other related parties	24	1	-	-
Total	791	979	22	3,828

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	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Advertising expense				
INTOUCH Group	4	1	-	-
SingTel Group	1	-	-	-
Total	<u>5</u>	<u>1</u>	<u>-</u>	<u>-</u>
Sale promotion expense				
Subsidiaries	-	-	-	2
Commission expense				
Subsidiary	-	-	-	12
Management benefit expenses				
Short-term employee benefit	132	141	132	141
Share-based payments	11	9	11	9
Total	<u>143</u>	<u>150</u>	<u>143</u>	<u>150</u>
Purchase of property and other assets				
INTOUCH Group	25	130	-	-
Associate	14	27	-	-
Total	<u>39</u>	<u>157</u>	<u>-</u>	<u>-</u>
Finance costs				
Subsidiaries	-	-	77	91
INTOUCH Group	1	2	-	-
Associate	6	6	-	-
Other related parties	12	27	-	6
Total	<u>19</u>	<u>35</u>	<u>77</u>	<u>97</u>
Dividend paid				
INTOUCH	9,380	14,768	9,380	14,768
SingTel	5,408	8,514	5,408	8,514
Total	<u>14,788</u>	<u>23,282</u>	<u>14,788</u>	<u>23,282</u>

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Cash and cash equivalents				
Bank deposit				
Other related parties	<u>101</u>	<u>113</u>	<u>1</u>	<u>1</u>
Trade and other current receivables				
Trade receivables				
Subsidiaries	-	-	14	49
INTOUCH Group	31	6	3	-
SingTel Group	9	19	1	4
Joint Venture	7	-	-	-
Other related parties	<u>6</u>	<u>31</u>	<u>-</u>	<u>-</u>
	<u>53</u>	<u>56</u>	<u>18</u>	<u>53</u>
Accrued income				
Subsidiaries	-	-	3	3
INTOUCH Group	2	3	-	-
SingTel Group	105	8	-	-
Associate	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>107</u>	<u>12</u>	<u>3</u>	<u>3</u>
Total trade receivables	<u>160</u>	<u>68</u>	<u>21</u>	<u>56</u>
Other receivables				
Accrued interest income				
Subsidiaries	-	-	523	123
Total other receivables	<u>-</u>	<u>-</u>	<u>523</u>	<u>123</u>
Total trade and other current receivables (see Note 6)	<u>160</u>	<u>68</u>	<u>544</u>	<u>179</u>
Dividend receivable				
Subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,093</u>
Short-term loans to related parties				
Subsidiaries	<u>-</u>	<u>-</u>	<u>39,534</u>	<u>39,244</u>

As at December 31, 2017, the Company has short-term loans to subsidiaries represent promissory notes at call, bearing interest at the average rate of 3.54 % per annum (December 31, 2016: average rate of 2.84 % per annum).

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Short-term loans to related parties				
As at January 1,	-	-	39,244	44,244
Increase	-	-	26,710	25,839
Decrease	-	-	(26,420)	(30,839)
As at December 31,	<u>-</u>	<u>-</u>	<u>39,534</u>	<u>39,244</u>

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	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Trade and other current payables				
Trade payables				
Subsidiaries	-	-	6	199
INTOUCH Group	17	25	-	-
SingTel Group	31	269	12	20
Associate	5	6	-	-
Other related parties	1	-	-	-
Total trade payables	<u>54</u>	<u>300</u>	<u>18</u>	<u>219</u>
Other payables				
Accrued expenses				
Subsidiaries	-	-	43	111
INTOUCH Group	43	50	-	-
SingTel Group	1	22	-	15
Joint Venture	1	-	-	-
Associate	17	17	-	-
Total other payables	<u>62</u>	<u>89</u>	<u>43</u>	<u>126</u>
Total trade and other current payables (see Note 18)	<u>116</u>	<u>389</u>	<u>61</u>	<u>345</u>
Financial lease liabilities				
Associate	<u>77</u>	<u>85</u>	<u>-</u>	<u>-</u>
Short-term borrowings from related parties				
Subsidiaries	<u>-</u>	<u>-</u>	<u>4,640</u>	<u>6,440</u>

As at December 31, 2017, short-term borrowings from related parties represent promissory notes at call, bearing interest at the rate of 1.35 % per annum (December 31, 2016: 1.41% per annum).

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Short-term borrowings from related parties				
As at January 1,	-	-	6,440	6,490
Increase	2,000	4,000	400	2,523
Decrease	(2,000)	(4,000)	(2,200)	(2,573)
As at December 31, (see Note 17)	<u>-</u>	<u>-</u>	<u>4,640</u>	<u>6,440</u>

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	Consolidated		Unit: Million Baht	
	financial statements		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
Long-term debentures				
INTOUCH Group	21	37	-	-
Other related parties	29	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 Group and CS Loxinfo Public Company Limited, a related party, 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 Group has entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.

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

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35. FINANCIAL INSTRUMENTS

Financial risk management policies

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

Capital management

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

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

Interest rate risk

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

Foreign currency risk

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

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

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2017	2016	2017	2016
Cash and cash equivalents	4				
US dollar (USD)		206	477	52	157
Euro (EUR)		43	111	1	2
Total		<u>249</u>	<u>588</u>	<u>53</u>	<u>159</u>
Trade current receivables	6				
US dollar (USD)		2,316	630	-	13
Euro (EUR)		17	1	-	-
Total		<u>2,333</u>	<u>631</u>	<u>-</u>	<u>13</u>
Interest-bearing liabilities	17				
US dollar (USD)		(4,888)	(6,038)	(3,025)	(5,358)
Total		<u>(4,888)</u>	<u>(6,038)</u>	<u>(3,025)</u>	<u>(5,358)</u>
Trade current payables	18				
US dollar (USD)		(5,683)	(5,450)	(2)	(15)
Euro (EUR)		(13)	(1)	-	(1)
Yen (JPY)		(422)	(1)	-	-
Singapore dollar (SGD)		(16)	(19)	(11)	(19)
Pound (GBP)		(1)	-	-	-
Total		<u>(6,135)</u>	<u>(5,471)</u>	<u>(13)</u>	<u>(35)</u>
Gross statement of financial position exposure		(8,441)	(10,290)	(2,985)	(5,221)
Swap contracts					
- Purchasing contracts		4,731	6,473	2,769	4,511
- Selling contracts		-	(1,308)	-	-
Total swap contracts		<u>4,731</u>	<u>5,165</u>	<u>2,769</u>	<u>4,511</u>
Forward contracts		<u>5,610</u>	<u>4,943</u>	<u>30</u>	<u>89</u>
Net exposure		<u>1,900</u>	<u>(182)</u>	<u>(186)</u>	<u>(621)</u>

Swap and forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2017 and 2016 and to retain future purchases.

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Swap contracts:				
- Purchasing contracts				
Swap contracts receivable	4,841	7,289	2,998	5,267
Swap contracts payable*	(4,731)	(6,473)	(2,769)	(4,511)
	<u>110</u>	<u>816</u>	<u>229</u>	<u>756</u>
- Selling contracts				
Swap contracts receivable*	-	1,308	-	-
Swap contracts payable	-	(1,361)	-	-
	<u>-</u>	<u>(53)</u>	<u>-</u>	<u>-</u>
Total swap contracts receivable	<u>110</u>	<u>763</u>	<u>229</u>	<u>756</u>
Forward contracts:				
Forward contracts receivable	5,465	4,994	27	91
Forward contracts payable*	(5,610)	(4,943)	(30)	(89)
Total forward contracts receivable	<u>(145)</u>	<u>51</u>	<u>(3)</u>	<u>2</u>
Total swap and forward contracts:				
Swap and forward contracts receivable	10,306	13,591	3,025	5,358
Swap and forward contracts payable	(10,341)	(12,777)	(2,799)	(4,600)
Total swap and forward contracts receivable	<u>(35)</u>	<u>814</u>	<u>226</u>	<u>758</u>

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

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2017	2016	2017	2016
Current assets				
Other current financial assets	83	236	226	241
Total current assets	<u>83</u>	<u>236</u>	<u>226</u>	<u>241</u>
Non-current assets				
Other non-current financial assets	-	578	-	517
Total non-current assets	<u>-</u>	<u>578</u>	<u>-</u>	<u>517</u>
Non-current liabilities				
Other non-current financial liabilities	(118)	-	-	-
Total non-current liabilities	<u>(118)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>(35)</u>	<u>814</u>	<u>226</u>	<u>758</u>

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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*	
	2017	2016	2017	2016
Swap contracts				
- Purchasing contracts	4,731	6,473	4,773	7,174
- Selling contracts	-	1,308	-	1,262
Total swap contracts	4,731	7,781	4,773	8,436
Forward contracts	5,610	4,943	5,466	5,025
Total	10,341	12,724	10,239	13,461

	Unit: Million Baht			
	Separate financial statements			
	Nominal amounts**		Fair values*	
	2017	2016	2017	2016
Swap contracts				
- Purchasing contracts	2,769	4,511	2,949	5,140
Forward contracts	30	89	27	91
Total	2,799	4,600	2,976	5,231

* 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.

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Fair values of financial assets and liabilities

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

					Unit: Million Baht
Consolidated financial statements					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
As at December 31, 2017					
Swap and forward contracts	10,341	-	-	10,239	10,239
Debentures	40,203	-	41,442	-	41,442
As at December 31, 2016					
Swap and forward contracts	12,724	-	-	13,461	13,461
Debentures	31,600	-	32,082	-	32,082

		Unit: Million Baht			
		Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
As at December 31, 2017					
Swap and forward contracts	2,799	-	-	2,976	2,976
As at December 31, 2016					
Swap and forward contracts	4,600	-	-	5,231	5,231

Fair value hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

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

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

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

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

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

36. COMMITMENTS WITH NON-RELATED PARTIES

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

	Consolidated		Unit: Million	
	financial statements	financial statements	Separate	financial statements
	2017	2016	2017	2016
Capital commitments				
Unrecognized contractual commitments				
Buildings and equipment				
Thai Baht	10,586	14,927	4	1
US Dollar	108	129	-	-
Yen	-	50	-	-
Euro	1	1	-	-
Service maintenance				
Thai Baht	1,742	1,880	32	31
US Dollars	15	15	-	-
Purchase orders for goods and supplies				
Thai Baht	5,611	7,236	-	-
US Dollar	13	37	-	-
	Consolidated		Unit: Million Baht	
	financial statements	financial statements	Separate	financial statements
	2017	2016	2017	2016
Non-cancellable operating lease commitments				
Within one year	2,866	3,101	104	124
After one year but within five years	2,918	2,750	110	238
After five years	96	74	-	-
Total	5,880	5,925	214	362

The Company recorded the rental expenses under operating lease agreements in the consolidated and the separate statements of profit or loss for the year ended December 31, 2017 of Baht 8,072 million and Baht 105 million, respectively (2016 : Baht 5,203 million and Baht 162 million, respectively).

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	Consolidated financial statements		Unit: Million Separate financial statements	
	2017	2016	2017	2016
Other commitments				
Thai Baht				
Swap and forward contracts	10,341	11,416	2,799	4,600
Bank guarantees:				
- Spectrum license payable	83,311	94,275	-	-
- Others	1,764	1,687	182	227
Total	95,416	107,378	2,981	4,827
US Dollar				
Bank guarantees:				
- Others	1	-	-	-
Total	1	-	-	-

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.

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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 Agreement for operation (“the Agreement”) in the amount of Baht 31,463 million plus interest at the rate of 1.25% 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. The Company has fully complied with the Cabinet’s resolution dated February 11, 2003. In addition, this practice is same as other operators in telecommunication industries. 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 Agreement.

On May 20, 2011, the Arbitral Tribunal dismissed the case by giving the reason which can be summarized that the Company didn’t breach of the Agreement because the Company had completely fully paid the revenue sharing. 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. Subsequently, TOT had appealed to the Central Administrative Court on September 5, 2016.

On July 13, 2017, the Central Administrative Court has read the Supreme Administrative Court’s decision by dismissal the TOT’s appeal on the ground that TOT’s appeal was prohibited under section 45 of Arbitration Act which prohibit the appeal of the court order or the court judgment except for the award on this dispute matter against the public order or good morality, In this regard, this case is final and hereby terminated.

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

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

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

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

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

On July 29, 2014, TOT submitted a dispute no. 55/2557 demanding the Company to pay additional payment for the revenue sharing on the interconnection charges of the operation years 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.

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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.

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Later, on November 30, 2015, TOT submitted the dispute black case no. 122/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice to decrease the amount of the revenue claimed by TOT to Baht 62,774 million according to the percentage 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.

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

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

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

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

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

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

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

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

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Digital Phone Company Limited (“DPC”)

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

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

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

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

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

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

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

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

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

Pursuant to the resolution of the meeting on January 14, 2004 between TOT Public Company Limited (“TOT”), CAT 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.

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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. Later, on October 15, 2014, CAT appealed such dismissal to the Supreme Administrative Court. Currently, this case has been considered by the Supreme Administrative Court.

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

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

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

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Later, on July 31, 2014, TOT submitted a petition for revision to 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.

On June 12, 2017, the Central Administrative Court informed an order to approve CAT to withdraw the black case no. 2757/2555 from directory dated June 9, 2017.

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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, totaling Baht 2,000 million and penalty at the rate of 1.25 percent per month from April 2010 until the full amount is paid by alleging that CAT approved the said roaming fee reduction up to March 31, 2007 only.

On September 12, 2011, CAT submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute under black case no. 89/2554 demanding DPC to make additional payment of revenue sharing of 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.

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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 totaling Baht 183 million and penalty at the rate of 1.25% per month of the above principal amount starting from the default date of each year until the full amount is paid.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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- 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.

Advanced Wireless Network Company Limited (“AWN”)

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

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

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.

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

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

Currently, the dispute has been considered by the Civil Court process. The Company’s management believes that the outcome of the said case should not be considerable impact on the consolidated financial statements of the Group.

39. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements for the year ended December 31, 2016, to conform to the classification used in current period's financial statements (see Note 2.2). Such reclassifications have no effect to previously reported net profit, total comprehensive income and shareholders’ equity. The reclassifications are as follows:

Account	Previous presentation	Current presentation	Amount (Million Baht)	
			Consolidated Financial Statements	Separate Financial Statements
Current tax assets	Other non-current assets which presented under non-current assets	Current tax assets which presented under current asset	367	280
Other current financial assets	Other current assets which presented under current assets	Other current financial assets which presented under current assets	236	241

Moreover, the brief particulars in the financial statements for the years ended December 31, 2017 and 2016 have been changed to comply with the Notification of the Department of Business Development dated October 11, 2016 (see Note 2.2). Significant changes in the brief particulars are as follows:

Financial Statements	Previous name of brief particular	Current name of brief particular
Statements of financial position	Employee benefit obligations	Provisions for employee benefit
Statements of profit or loss	Selling expense	Distribution costs

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40. EVENT AFTER THE REPORTING PERIOD

1) Dividends

On February 5, 2018, the Board of Directors' meeting passed a resolution proposing to the Annual General Shareholders' Meeting the payment of dividends for the year 2017, at the rate of Baht 7.08 per share, Baht 3.51 each of which was paid as an interim dividend on August 25, 2017. The proposed dividends shall be approved by the shareholders.

2) Significant Agreements

National Roaming Agreement

On January 5, 2018, Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, has entered into service agreement with TOT Public Co., Ltd. ("TOT") to receive the service relating to the national roaming service for the period from March 1, 2018 to August 3, 2025. AWN has letter of guarantee from commercial banks of Baht 720 million for the throughout the period of agreement.

Telecommunication Equipment Rental Agreement

On January 5, 2018, Super Broadband Network Co., Ltd. ("SBN"), a subsidiary, has entered into rental agreement with TOT Public Co., Ltd. ("TOT") to provide the telecommunication equipment rental for the period from March 1, 2018 to August 3, 2025. SBN has letter of guarantee from commercial banks of Baht 525 million for the throughout the period of agreement.

41. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 5, 2018.