

FINANCIAL REPORT

BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

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



Mr. Kan Trakulhoon
Chairman of the Board of Directors



Mr. Somchai Lertsutiwong
Chief Executive Officer

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

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matters	Audit Responses
<p>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>We focused our audit on the following areas of revenue recognition specifically relating to</p> <ul style="list-style-type: none"> ● accounting and tariffs during the year ● completeness of information used to recognize revenue ● 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. ● Validated with the assumptions and key management estimates adopted where revenue is recognized but they have not issued invoice yet and items that have been paid but still has an obligation to provide future services to customers

Key Audit Matters	Audit Responses
<p>Significant commercial disputes and litigations</p> <p>The Group has a number of legal, regulatory and commercial disputes. There is a high level of judgement required in estimating the level of provisioning required.</p> <p>The Group operates under the supervision of the National Broadcasting and Telecommunications Commission (NBTC). If NBTC has acted lawfully upon any interpretation amendments and/or enactment of new rules and regulations, the Group may not lawfully file a lawsuit and/or make any claim for any indemnification.</p> <p>In addition, the Group cooperates with TOT Public Company Limited and CAT Telecom Public Company Limited. There is a risk of conflict between the entities from different interpretation in terms and conditions of contract.</p> <p>Significant events, commercial disputes and litigations were disclosed in Note 39 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> ● Designed and performed audit procedures in order to identify litigations and disputes involving the Group which may give rise to a risk of material misstatement, including: <ul style="list-style-type: none"> - Inquired of management and in-house legal counsel about significant events, commercial disputes and litigation. - Reviewed minutes of meetings of those charged with governance. - Sent legal confirmation to external legal counsel regarding to status of significant legal cases. - Reviewed legal expense accounts. ● Considered compliance with laws and regulations of the Group including: <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 Group's and the Company's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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

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

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

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

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

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

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

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

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

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



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

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT

STATEMENTS OF FINANCIAL POSITION

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

UNIT : BAHT

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

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

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

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

UNIT : BAHT

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

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

STATEMENTS OF PROFIT OR LOSS

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

UNIT : BAHT

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

UNIT : BAHT

	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Profit for the years		29,714,104,963	30,077,923,386	29,682,178,137	30,077,312,101
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 years, net of income tax		-	816,516,913	-	816,501,269
Total comprehensive income for the years		<u>29,714,104,963</u>	<u>30,894,440,299</u>	<u>29,682,178,137</u>	<u>30,893,813,370</u>
Total comprehensive income attributable to:					
Owners of parent		29,682,178,137	30,893,813,370	29,682,178,137	30,893,813,370
Non-controlling interests		31,926,826	626,929	-	-
Total comprehensive income for the years		<u>29,714,104,963</u>	<u>30,894,440,299</u>	<u>29,682,178,137</u>	<u>30,893,813,370</u>

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ance as at January 1, 2017

comprehensive income for the year
 profit for the year
 other comprehensive income
 total comprehensive income for the year
 balance as at December 31, 2017

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

CONSOLIDATED FINANCIAL STATEMENTS

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

UNIT : BAHT													
Notes	Issued and paid share capital	Share premium on ordinary share	Other deficits		Retained earnings		Other components of shareholders' equity				Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
			Deficits arising from change in ownership interest in subsidiaries	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components shareholders' equity					
Balance as at January 1, 2018	2,973,095,330	22,372,276,085	-	500,000,000	24,174,742,689	139,053,886	161,186,663	300,240,549	50,320,354,653	106,433,070	50,426,787,723		
Transactions with owners, recorded directly in shareholders' equity													
Contributions by and distributions to owners of the Company													
Share-based payment transaction	23	-	-	-	-	38,775,637	-	38,775,637	38,775,637	-	38,775,637		
Dividends paid	33, 34	-	-	-	(21,851,813,203)	-	-	-	(21,851,813,203)	(665,722)	(21,852,478,925)		
Total contributions by and distributions to owners of the Company		-	-	-	(21,851,813,203)	38,775,637	-	38,775,637	(21,813,037,566)	(665,722)	(21,813,703,288)		
Changes in ownership interests in a subsidiary													
Acquisition of non-controlling interests from investment in a subsidiary	37	-	-	-	-	-	-	-	-	220,476,756	220,476,756		
Change in ownership interest in a subsidiary	37	-	-	(668,455,415)	-	-	-	-	(668,455,415)	(210,629,974)	(879,085,389)		
Total changes in ownership interests in subsidiary		-	-	(668,455,415)	-	-	-	-	(668,455,415)	9,846,782	(658,608,633)		
Total transactions with owners, recorded directly in shareholders' equity		-	-	(668,455,415)	-	38,775,637	-	38,775,637	(22,481,492,981)	9,181,060	(22,472,311,921)		
Comprehensive income for the year													
Profit for the year		-	-	-	29,682,178,137	-	-	-	29,682,178,137	31,926,826	29,714,104,963		
Total comprehensive income for the year		-	-	-	29,682,178,137	-	-	-	29,682,178,137	31,926,826	29,714,104,963		
Balance as at December 31, 2018	2,973,095,330	22,372,276,085	(668,455,415)	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186	57,521,039,809	147,540,956	57,668,580,765		

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED FINANCIAL STATEMENTS

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

		Notes	Other components of shareholders' equity						UNIT : BAH	
			Retained earnings		Total other components of shareholders' equity					
			Issued and paid share capital	Share premium on ordinary share	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment		Total shareholders' equity
Balance as at January 1, 2017			2,973,095,330	22,388,093,275	500,000,000	16,471,015,050	75,493,131	161,186,663	236,679,794	42,568,883,449
Transactions with owners, recorded directly in shareholders' equity										
Share-based payment transaction			-	(15,817,190)	-	-	63,560,755	-	63,560,755	47,743,565
Dividends paid			-	-	-	(23,190,085,731)	-	-	-	(23,190,085,731)
Total transactions with owners, recorded directly in shareholders' equity			-	(15,817,190)	-	(23,190,085,731)	63,560,755	-	63,560,755	(23,142,342,166)
Comprehensive income for the year										
Profit for the year			-	-	-	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

UNIT : BAHT

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

CONSOLIDATED FINANCIAL STATEMENTS

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

		UNIT : BAHT							
Notes		Other components of shareholders' equity							
		Retained earnings		Reserve for share-based payment	Gain on dilution of investment	Total other components of shareholders' equity	Total shareholders' equity		
		Issued and paid share capital	Share premium on ordinary share	Appropriated Legal reserve	Unappropriated				
Balance as at January 1, 2018		2,973,095,330	22,372,276,085	500,000,000	24,174,742,689	139,053,886	161,186,663	300,240,549	50,320,354,653
Transactions with owners, recorded directly in shareholders' equity									
Share-based payment transaction	23	-	-	-	-	38,775,637	-	38,775,637	38,775,637
Dividends paid	33, 34	-	-	-	(21,851,813,203)	-	-	-	(21,851,813,203)
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	(21,851,813,203)	38,775,637	-	38,775,637	(21,813,037,566)
Comprehensive income for the year									
Profit for the year	2	-	-	-	29,682,178,137	-	-	-	29,682,178,137
Total comprehensive income for the year		-	-	-	29,682,178,137	-	-	-	29,682,178,137
Balance as at December 31, 2018		2,973,095,330	22,372,276,085	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186	58,189,495,224

UNIT : BAHT

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

STATEMENTS OF CASH FLOWS STATEMENTS OF CASH FLOWS

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

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

STATEMENTS OF CASH FLOWS STATEMENTS OF CASH FLOWS (CONTINUED)

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

UNIT : BAHT

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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NOTE TO THE FINANCIAL STATEMENTS

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

1. COMPANY OPERATIONS AND OTHER GENERAL INFORMATION

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

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

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

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

2.2) Thai Financial Reporting Standard Group of Financial Instruments

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

Thai Financial Reporting Standard No.9 “Financial Instruments”

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

2.3) Thai Financial Reporting Standard Revised 2018

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

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

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

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

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

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

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

This revised financial reporting standard adds the requirements as follows.

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

1) Temporary exemption from TFRS 9

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

2) The Overlay approach

This method is not permitted to apply in Thailand.

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

Business combinations

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

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

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

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

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

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

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

Acquisitions from entities under common control

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

NOTE TO THE FINANCIAL STATEMENTS

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

Subsidiaries

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

Loss of control

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

Interests in equity - accounted investees

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

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

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

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

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

Transactions eliminated on consolidation

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

3.2 Foreign currencies

Foreign currency transactions

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

3.3 Derivative financial instruments

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

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

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

3.4 Cash and cash equivalents

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

3.5 Trade and other current receivables

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

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

3.6 Inventories

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

3.7 Investments

Investments in an associate, subsidiaries and joint ventures

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

Investments in fixed deposit at banks other debt and equity securities

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

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

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

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

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

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

Disposal of investments

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

3.8 Property, plant and equipment

Recognition and measurement

Owned assets

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

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

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

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

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

Leased assets

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

Subsequent costs

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

NOTE TO THE FINANCIAL STATEMENTS

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

Depreciation

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

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

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

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

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

3.9 Assets under the Agreements for operations

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

Depreciation and amortization

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

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

The estimated useful lives are as follows:

Datanet tools and equipment	10	years not exceeding the remaining period of the Agreement for operations
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The Group and the Company have no amortization provided on assets under construction of the assets under the Agreements for operations.

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

NOTE TO THE FINANCIAL STATEMENTS

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

3.10 Other intangible assets

Goodwill

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

Spectrum licenses

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

Other intangible assets

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

Subsequent expenditure

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

Amortization

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

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

The estimated useful lives are as follows:

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

3.11 Other assets

Deferred charges

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

Amortization

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

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

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

3.12 Impairment

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

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

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

Calculation of recoverable amount

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

Reversals of impairment

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

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

3.13 Interest-bearing liabilities

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

3.14 Trade and other current payables

Trade and other current payables are stated at cost.

3.15 Employee benefits

Provident fund

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

Post-employment benefit and long-term service award

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

Termination benefits

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

Short-term employee benefits

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

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

Share-based payments

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

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

3.16 Provisions

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

3.17 Recognition of revenue and expense

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

NOTE TO THE FINANCIAL STATEMENTS

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

Sale of goods and services rendered

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

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

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

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

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

Rental income

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

Interest income

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

Expense

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

3.18 Finance costs

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

3.19 Lease

Operating lease

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

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

Finance lease

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

3.20 Tax expense

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

3.21 Earnings per share

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

3.22 Segment financial information

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

3.23 Use of management's judgement

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

NOTE TO THE FINANCIAL STATEMENTS

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

Significant judgements in applying accounting policies are as follows:

The recognition cost of assets and depreciation method

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

Impairment

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

Recognition of deferred tax assets associated with tax losses carryforward

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

Significant commercial disputes and litigations

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

3.24 Fair value measurements

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

5. SPECIFICALLY-DESIGNATED BANK DEPOSITS

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

NOTE TO THE FINANCIAL STATEMENTS

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

6. TRADE AND OTHER CURRENT RECEIVABLES

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

Aging analysis for trade receivables are as follows:

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

7. INVENTORIES

Inventories as at December 31, are as follows:

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

8. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

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

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

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

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

Investment in joint ventures

Amata Network Co., Ltd.

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

Rabbit - Line Pay Co., Ltd.

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

	Consolidated financial statements						Unit: Million Baht	
	% of Ownership interest		Paid-up capital		Cost		Equity	
	2018	2017	2018	2017	2018	2017	2018	2017
Associate								
Information Highway Co., Ltd.	29	29	50	50	15	15	18	31
							-	-
Joint ventures								
Amata Network Co., Ltd.	60	60	100	100	60	60	69	59
							-	-
Rabbit Line Pay Co., Ltd.	33.33	-	600	-	787	-	667	-
							-	-

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

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

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NOTE TO THE FINANCIAL STATEMENTS

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

9. INVESTMENTS IN SUBSIDIARIES

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

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

Reducing in share capital of a subsidiary

Digital Phone Co., Ltd.

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

Invested in share capital of a subsidiary

Advanced Digital Distribution Co., Ltd.

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

10. OTHER LONG-TERM INVESTMENTS

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

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

Fixed deposits at financial institutions - pledged

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

Other investments

National Digital ID Co., Ltd.

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

NOTE TO THE FINANCIAL STATEMENTS

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

11. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31, 2018

Unit: Million Baht

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

NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements				
	Balance as at 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
Depreciation for the years ended December 31,					
2018				Million Baht	24,822
2017				Million Baht	21,487

NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2018

Unit: Million Baht

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

NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

Unit: Million Baht

	Balance as at January 1, 2017	Separate financial statements 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	<u>337</u>	<u>(49)</u>	<u>(34)</u>	<u>-</u>	<u>254</u>

Depreciation for the years ended December 31,

2018

Million Baht

74

2017

Million Baht

85

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

NOTE TO THE FINANCIAL STATEMENTS

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

12. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

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

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

13. GOODWILL

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

14. SPECTRUM LICENSES

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

As at December 31, 2018

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

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

Amortization for the years ended December 31,

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

15. OTHER INTANGIBLE ASSETS

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

As at December 31, 2018

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

NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

Unit: Million Baht

	Consolidated financial statements				
	Balance as at 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

Amortization for the years ended December 31,

2018

Million Baht 980

2017

Million Baht 808

As at December 31, 2018

Unit: Million Baht

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

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

Amortization for the years ended December 31,

2018

Million Baht 11

2017

Million Baht 14

NOTE TO THE FINANCIAL STATEMENTS

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

16. DEFERRED TAX ASSETS

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

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

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

As at December 31, 2018

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

NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

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

As at December 31, 2018

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

NOTE TO THE FINANCIAL STATEMENTS

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

As at December 31, 2017

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

17. INTEREST-BEARING LIABILITIES

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

Long-term borrowings

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

Outstanding loan in foreign currency 2018	2017	Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Unit: Million Baht Separate financial statements	
					2018	2017	2018	2017
Advanced Info Service Public Company Limited								
-	USD 7.11	LIBOR plus margin	Semi-annual	20 equal installments from 2008 to 2018	-	233	-	233
-	USD 85.00	LIBOR plus margin	Semi-annual	Entirely redeemed in 2018	-	2,792	-	2,792
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	-	-
-	-	6MTHBFX plus margin	Semi-annual	2 equal installments in 2020	12,300	12,300	-	-
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	7 equal installments from 2019 to 2022	5,000	5,000	-	-
-	-	6MTHBFX plus margin	Semi-annual	Entirely redeemed in 2020	4,200	4,200	-	-
-	-	6MBIBOR plus margin	Semi-annual	6 equal installments from 2020 to 2023	20,000	20,000	-	-
-	-	6MBIBOR plus margin	Semi-annual	5 equal installments from 2019 to 2023	7,000	7,000	-	-
-	-	6MTHBFX plus margin	Semi-annual	6 equal installments from 2021 to 2023	4,500	4,500	-	-
-	USD 56.70	6MLIBOR plus margin	Semi-annual	2 equal installments in 2022*	-	1,862	-	-
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	2 equal installments in 2022*	1,961	-	-	-
Total loans					59,961	62,887	-	3,025
Less transaction cost					(32)	(44)	-	-
Long-term borrowings					59,929	62,843	-	3,025

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

NOTE TO THE FINANCIAL STATEMENTS

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

Long-term debentures

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

Unit: Million Baht

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

Unit: Million Baht

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

NOTE TO THE FINANCIAL STATEMENTS

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

Unit: Million Baht

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

18. TRADE AND OTHER CURRENT PAYABLES

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

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

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

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

19. SPECTRUM LICENSES PAYABLE

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

20. PROVISIONS FOR EMPLOYEE BENEFIT

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

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

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Present value of obligations	2,254	1,856	263	235

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

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Provisions for employee benefit as at January 1,	1,856	2,555	235	327
Increase from acquisition of business	156	-	-	-
Current service costs and interest	268	315	50	63
Benefits paid	(26)	(29)	(10)	(9)
Transfer employee to subsidiaries	-	-	(12)	(2)
Gains on remeasurements of defined benefit plans	-	(1,021)	-	(148)
Past service cost	-	36	-	4
Provisions for employee benefit as at December 31,	2,254	1,856	263	235

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	3%	3%	3%	3%
Future salary increases	6%	6%	6%	6%

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

Sensitivity analysis

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

21. SHARE CAPITAL

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

	Par value per share (in Baht)	2018		(Million shares/million Baht) 2017	
		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

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

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

Share premium

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

22. LEGAL RESERVE

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

NOTE TO THE FINANCIAL STATEMENTS

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

23. OTHER COMPONENTS OF SHAREHOLDERS' EQUITY

Share-based payment

The performance share plan

Grant I

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

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

Grant II

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

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

Grant III

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

Grant IV

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

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

Grant V

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

	As at January 1, 2018	Transaction during the period		Unit: Thousand units As at December 31, 2018
		Issued	Expired	
ESOP - Grant I				
- Directors	20	-	(20)	-
- Employees	352	-	(352)	-
	<u>372</u>	<u>-</u>	<u>(372)</u>	<u>-</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>1,053</u>	<u>-</u>	<u>-</u>	<u>1,053</u>
Total	<u>3,555</u>	<u>-</u>	<u>(372)</u>	<u>3,183</u>

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

Fair value measurement

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

Grant II

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

NOTE TO THE FINANCIAL STATEMENTS

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

Grant III

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

Grant IV

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

Grant V

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

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

Unrealized gain on dilution of investment

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

NOTE TO THE FINANCIAL STATEMENTS

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

24. SEGMENT FINANCIAL INFORMATION

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

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

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

Information about reportable segments

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

Geographical segments

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

Major Customer

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

25. REVENUE FROM RENDERING OF SERVICES AND EQUIPMENT RENTALS

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

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

26. INTEREST INCOME

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

27. OTHER INCOME (REVERSAL)

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

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

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

28. PROVIDENT FUND

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

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

29. EXPENSES BY NATURE

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

30. FINANCE COSTS

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

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

31. TAX EXPENSE (INCOME)

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

32. EARNINGS PER SHARE

Basic earnings per share

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

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

Diluted earnings per share

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

33. DIVIDENDS

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

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

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

34. RELATED PARTIES

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Significant agreements with related parties

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

35. FINANCIAL INSTRUMENTS

Financial risk management policies

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

Capital management

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

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

Interest rate risk

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

NOTE TO THE FINANCIAL STATEMENTS

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

Foreign currency risk

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

* 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	
	2018	2017	2018	2017
Current assets				
Other current financial assets	6	83	-	226
Total current assets	6	83	-	226
Non-current liabilities				
Other non-current financial liabilities	-	(118)	-	-
Total non-current liabilities	-	(118)	-	-
Total	6	(35)	-	226

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Credit risk

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

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

Liquidity risk

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

NOTE TO THE FINANCIAL STATEMENTS

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

Fair values of financial assets and liabilities

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

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

As at December 31, 2017					
Swap and forward contracts	10,341	-	-	10,239	10,239
Debentures	40,203	-	41,442	-	41,442

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

Fair value hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

36. COMMITMENTS WITH NON-RELATED PARTIES

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

	Consolidated financial statements		Unit: Million Separate financial statements	
	2018	2017	2018	2017
Capital commitments				
Unrecognized contractual commitments				
Buildings and equipment				
Thai Baht	7,853	10,586	2	4
US Dollar	213	108	-	-
Euro	1	1	-	-
Service maintenance				
Thai Baht	1,986	1,742	33	32
US Dollars	22	15	-	-
Purchase orders for goods and supplies				
Thai Baht	5,949	5,611	-	-
US Dollar	2	13	-	-
	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2018	2017	2018	2017
Non-cancellable operating lease commitments				
Within one year	2,387	2,866	106	104
After one year but within five years	2,757	2,918	17	110
After five years	63	96	-	-
Total	<u>5,207</u>	<u>5,880</u>	<u>123</u>	<u>214</u>

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

NOTE TO THE FINANCIAL STATEMENTS

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Unit: Million				
Other commitments				
Thai Baht				
Swap and forward contracts	4,514	10,341	-	2,799
Bank guarantees:				
- Spectrum license payable	74,739	83,311	-	-
- Others	2,513	1,764	185	182
Total	81,766	95,416	185	2,981
US Dollar				
Bank guarantees:				
- Others	1	1	-	-
Others	5	-	-	-
Total	6	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. Such agreement will be terminated when a party submits advance written notice not less than 90 days.
- On January 5, 2018, Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, has entered into service agreement with TOT Public Co., Ltd. ("TOT") to receive the service relating to the national roaming service for the period from March 1, 2018 to August 3, 2025. AWN has letter of irrevocable guarantee from domestic commercial banks of Baht 720 million used as collateral for the throughout the period of agreement.
- On January 5, 2018, Super Broadband Network Co., Ltd. ("SBN"), a subsidiary, has entered into rental agreement with TOT Public Co., Ltd. ("TOT") to provide the telecommunication equipment rental for the period from March 1, 2018 to August 3, 2025. SBN has letter of irrevocable guarantee from domestic commercial banks of Baht 525 million used as collateral for the throughout the period of agreement.

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

37. ACQUISITION OF BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38. PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

39. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

The Group

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

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

The Company

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

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

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

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

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

On December 30, 2008, the Company remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of the Company to TOT. Later, the Company and TOT had set up the negotiation committee to seek for the conclusion but it could not be done. TOT required the Company to pay revenue sharing calculated on gross interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company had to pay to other operators. Thus, on January 26, 2011, TOT sent a letter demanding the Company had to pay the revenue sharing on the interconnection charges of the Agreement for operations year 17th - 20th in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month. 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 subject to the request by TOT.

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

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

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

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

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

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

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

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

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3) 900 MHz subscribers migration to 3G 2100 MHz

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

Digital Phone Company Limited ("DPC")

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

On July 29, 2008, CAT submitted a dispute under black case no. 68/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 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.

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

On July 15, 2010, CAT submitted a dispute under black case no. 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 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.

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

On August 24, 2012, CAT submitted a dispute under black case no. 110/2555 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of the 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.

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

Advanced Wireless Network Company Limited (“AWN”)

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

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

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

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

NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

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

40. EVENT AFTER THE REPORTING PERIOD

Dividends

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

41. APPROVAL OF FINANCIAL STATEMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Maintained leadership in mobile business

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

Expanded fixed broadband and strengthened digital services

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

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

Implemented company-wide cost optimization

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

Expect mid-single digit growth in FY19

In summary, AIS delivered Bt133,429mn of core service revenue for FY18, a growth of 3.8% YoY. EBITDA increased 4.7% YoY to stand at Bt73,792mn or a margin (excluding equipment rental) of 45.2%, up from 44.7% in FY17. With continued network investment, net profit was reported at Bt29,682mn, slightly declining 1.3% YoY. For FY19, AIS expects to grow mid-single digit driven by all business segments. EBITDA margin is expected to be stable while budgeted for CAPEX of Bt20-25bn (see guidance on page 272).

Significant Event for FY19

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

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

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

Considering the entire contract term, profitability of the contract remains the same. Please note that our guidance for FY19 provided on page 6 does not take into account TFRS 15 and is based on the same accounting principle as in FY18. Please see note 2 for more detail on TFRS 15.

Market and Competitive Environment

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

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

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

4Q18 Financial and Operational Summary

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

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

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

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

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

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

FY18 Financial Summary

Revenue

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

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

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

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

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

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

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

Cost & Expense

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

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

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

- **Network OPEX** was Bt26,929mn increasing 34% YoY due mainly to the change in accounting on partnership with TOT. Excluding the TOT cost, network OPEX slightly increased 1.6% YoY following the cost optimization program.

- **Other costs of service**, which included cost of content, prepaid commission, and IC cost, were Bt10,766mn increasing 1.9% YoY due to higher cost of content offset by lower prepaid commission.

SG&A expenses were Bt26,295mn increasing 4.9% YoY mainly due to higher admin expenses offset by lower marketing expense.

- **Marketing expenses** were Bt9,550mn declining 4.4% YoY due to more targeted handset campaigns. This has resulted in a reduction of %marketing expenses to total revenue from 6.3% in 2017 to 5.6% in 2018.

● **Admin and other expenses** were Bt16,745mn increasing 11% YoY mainly from higher staff cost, shop expansion & renovation, and the one-time expense of Bt134mn regarding withholding tax in 3Q18. In 2018, %bad debt to postpaid revenue declined to 3.8%, compared to 4.3% in 2017 following a focus on quality acquisition in both mobile and fixed broadband.

Net FX gain was Bt119mn decreasing from Bt225mn in 2017. FX gain/loss was incurred from CAPEX payables due to currency fluctuation whereas foreign debts were all fully hedged.

Finance cost was Bt5,148mn decreasing 2.9% YoY due to lower deferred interest from spectrum licenses. Average cost of borrowing was maintained at 3.1% per year.

Profit

In 2018, **EBITDA** was Bt73,792mn, increasing 4.7% YoY due to the improved operational results from both service revenue growth and cost optimization. Reported EBITDA margin was 43.4%. However, **excluding equipment rental, EBITDA margin** would be 45.2%, in line with the guidance of 45–47% and improved from 44.7% in 2017. In summary, AIS reported a **net profit** of Bt29,682mn, a slight decline of 1.3% YoY, following a pressure in D&A.

Financial position

As at December 2018, AIS had total assets of Bt290,505mn increasing 2.3% YoY mainly from the new 1800MHz spectrum license. Total current assets were Bt34,905mn stable from 2017 as higher account receivables, following a larger base of postpaid customers, was offset by lower cash. Total non-current assets were Bt255,600mn increasing 2.6% YoY from spectrum license, goodwill and investment in Rabbit LINE Pay (RLP).

Total liabilities were Bt232,836mn, stable from 2017 as payments for existing spectrum licenses were offset by the 1800MHz license acquisition. Total equity was Bt57,669mn increasing 14% YoY from higher retained earnings. As a result, AIS's financial position remained strong with a current ratio and an interest coverage ratio of 0.5x and 12x, respectively. At the end of 2018, AIS had interest-bearing debt of Bt109,100mn with a net debt to EBITDA of 1.3x, stable from 2017, while maintained an investment grade credit rating at BBB+ for S&P.

Cash Flow

In 2018, AIS generated Bt69,132mn of operating cash flow (after tax) increasing 5.5% YoY following the improved EBITDA. Cash CAPEX was Bt20,198mn, largely declining from Bt41,108mn in 2017 following controlled investment and the negotiation with suppliers for longer payment term. Also, AIS has paid license installments totaling Bt20,536mn to the NBTC. As a result, free cash flow was Bt28,398mn (OCF less CAPEX less license fee), improving from Bt14,174mn in 2017. AIS paid Bt5,042mn for the acquisition of CSL and the investment in RLP as well as dividend of Bt21,852mn. With net repayments of Bt738mn, cash outstanding was Bt9,067mn.

FY 18 MD&A Advanced Info Servic PCL

Income statement (Bt mn)	4Q17	3Q18	4Q18	%YoY	%QoQ	FY17	FY18	%YoY
Mobile revenue	31,016	30,862	31,364	1.1%	1.6%	122,979	124,601	1.3%
Fixed broadband revenue	956	1,117	1,212	27%	8.6%	3,128	4,436	42%
Other service revenues	639	1,155	1,107	73%	-4.1%	2,476	4,391	77%
Core service revenue	32,611	33,134	33,683	3.3%	1.7%	128,583	133,429	3.8%
IC and equipment rental	1,107	3,111	3,202	189%	2.9%	4,364	10,576	142%
Service revenue	33,717	36,245	36,885	9.4%	1.8%	132,947	144,005	8.3%
SIM and device sales	7,488	5,865	7,699	2.8%	31%	24,775	25,851	4.3%
Total revenues	41,205	42,110	44,584	8.2%	5.9%	157,722	169,856	7.7%
Regulatory fee	(1,301)	(1,429)	(1,420)	9.2%	-0.6%	(6,272)	(5,723)	-8.7%
Depreciation & Amortization	(8,044)	(8,401)	(8,767)	9.0%	4.4%	(29,686)	(33,282)	12%
Network operating expense	(5,012)	(7,223)	(7,366)	47%	2.0%	(20,080)	(26,929)	34%
Other costs of services	(2,661)	(2,781)	(2,830)	6.3%	1.7%	(10,566)	(10,766)	1.9%
Cost of service	(17,018)	(19,835)	(20,383)	20%	2.8%	(66,604)	(76,700)	15%
Cost of SIM and device sales	(7,534)	(6,189)	(8,032)	6.6%	30%	(25,654)	(26,756)	4.3%
Total costs of service and sale	(24,552)	(26,023)	(28,414)	16%	9.2%	(92,259)	(103,456)	12%
Gross profit	16,653	16,087	16,170	-2.9%	0.5%	65,463	66,400	1.4%
SG&A	(6,338)	(6,794)	(6,968)	9.9%	2.6%	(25,078)	(26,295)	4.9%
Marketing Expense	(2,357)	(2,426)	(2,713)	15%	12%	(9,990)	(9,550)	-4.4%
Admin and others	(3,982)	(4,368)	(4,255)	6.9%	-2.6%	(15,088)	(16,745)	11%
Operating profit	10,315	9,293	9,202	-11%	-1.0%	40,385	40,105	-0.7%
Net foreign exchange gain (loss)	21	12	129	502%	939%	225	119	-47%
Other income (expense)	223	119	118	-47%	-0.8%	613	560	-8.5%
Finance cost	(1,346)	(1,277)	(1,288)	-4.3%	0.9%	(5,302)	(5,148)	-2.9%
Income tax	(1,512)	(1,345)	(1,320)	-13%	-1.8%	(5,843)	(5,923)	1.4%
Non-controlling interest	(1.4)	(1)	(1)	-7.7%	39%	(0.6)	(32)	5125%
Net profit for the period	7,701	6,800	6,839	-11%	0.6%	30,077	29,682	-1.3%

EBITDA (Bt mn)	4Q17	3Q18	4Q18	%YoY	%QoQ	FY17	FY18	%YoY
Operating Profit	10,315	9,293	9,202	-11%	-1.0%	40,385	40,105	-0.7%
Depreciation & amortization	8,164	8,556	8,919	9%	4.2%	30,151	33,879	12%
(Gain) loss on disposals of PPE	7	12	(20)	-377%	-270%	164	2	-99%
Management benefit expense	(24)	(41)	(32)	35%	-22%	(143)	(177)	24%
Other financial cost	(8)	(2)	2	-123%	-230%	(60)	(18)	-71%
EBITDA	18,454	17,817	18,071	-2.1%	1.4%	70,498	73,792	4.7%
Reported EBITDA margin (%)	44.8%	42.3%	40.5%			44.7%	43.4%	

Financial Position (Bt mn/% to total asset)	4Q17		4Q18	
Cash	10,650	3.7%	9,067	3.1%
ST investment	2,643	0.9%	2,221	0.8%
Trade receivable	14,179	5.0%	16,361	5.6%
Inventories	3,951	1.4%	3,823	1.3%
Others	3,418	1.2%	3,433	1.2%
Current Assets	34,841	12%	34,905	12%
Spectrum license	107,524	38%	111,749	38%
Network and PPE	132,579	47%	130,212	45%
Intangible asset	4,499	1.6%	5,092	1.8%
Defer tax asset	2,562	0.9%	3,210	1.1%
Others	2,062	0.7%	5,337	1.8%
Total Assets	284,067	100%	290,505	100%

Financial Position (Bt mn/% to total asset)	4Q17		4Q18	
Trade payable	14,686	5.2%	18,422	6.3%
ST loan & CP of LT loans	9,575	3.4%	17,104	5.9%
Accrued R/S expense	5,362	1.9%	5,362	1.8%
Others	39,977	14%	31,877	11%
Current Liabilities	69,601	25%	72,764	25%
Debenture & LT loans	100,102	35%	92,030	32%
Others	63,938	23%	68,042	23%
Total Liabilities	233,641	82%	232,836	80%
Retained earnings	24,675	8.7%	32,505	11%
Others	25,752	9.1%	25,163	8.7%
Total Equity	50,427	18%	57,669	20%

Key Financial Ratio	4Q17	3Q18	4Q18
Interest-bearing debt to equity (times)	2.2	2.2	1.9
Net debt to equity (times)	1.9	2.0	1.7
Net debt to EBITDA (times)	1.4	1.4	1.3
Current Ratio (times)	0.5	0.4	0.5
Interest Coverage (times)	14	13	12
Debt Service Coverage Ratio (times)	3.4	4.4	2.9
Return on Equity	65%	66%	55%

Figures from P&L are annualized YTD.

Debt Repayment Schedule			License payment schedule	
Bt mn	Debenture	Loan	1800MHz	900MHz
2019	7,789	9,264	-	4,020
2020	-	24,829	3,128	59,574
2021	1,776	12,079	3,128	-
2022	-	13,440	-	-
2023	7,820	6,550	-	-
2024	6,638	150	-	-
2025	-	300	-	-
2026	7,180	750	-	-
2027	9,000	750	-	-
2028	-	750	-	-

Credit Rating

Fitch	National rating: AA+ (THA), Outlook: Stable
S&P	BBB+, Outlook: Stable

Source and Use of Fund: FY18				(Bt mn)
Source of fund		Use of fund		
Operating cash flow	75,895	CAPEX & Fixed assets		20,198
Sale of equipment	847	Payment of spectrum license		20,536
Interest received	173	Dividend paid		21,852
Proceed from ST borrowings	3,000	Income tax paid		6,763
Cash decrease	1,577	Finance cost and financial lease paid		3,363
		Repayment of ST borrowings		850
		Repayment of LT borrowings		2,888
		Investment in joint venture and others		788
		Cash paid for business acquisition		4,254
Total	81,492	Total		81,492

2019 MANAGEMENT OUTLOOK & STRATEGY

Core service revenue	● Mid-single digit growth (Pre TFRS 15)
Consolidated EBITDA margin	● Stable from last year
Budgeted CAPEX	● Bt20–25bn
Dividend policy	● Minimum 70% of net profit

Core service revenue is expected to grow mid-single digit

In 2019, AIS strives to continue strengthening core mobile business while putting more focus on growing fixed broadband and enterprise as well as continue the building blocks of new digital services. We target to achieve core service revenue growth of mid-single digit YoY with the focus on being competitive to gain fair market share and hence retain or expand our scale in respective businesses.

For mobile business, 4G adoption and demand is expected to continue rising following improved customer perception of our 4G network supported by the competitive spectrum portfolio. As a leading operator, AIS aims to be competitive in maintaining our mobile business scale as well as enhancing our product and brand proposition to better penetrate and serve certain growing segments.

Having been in the market for four years, AIS Fibre continues to grow with subscriber market share reaching 8%. Our focus on quality acquisition has brought in healthy revenue stream and provided us vital customer access at home. In 2019, deployment of FMC (Fixed-Mobile Convergence) strategy will be more pronounced as we aim to increase ARPU per household (ARPH) leveraging the high-value mobile customer

base and deeper household personalization. That said, we aim to achieve 1mn fibre customers milestone this year, implying an estimated market share of 10%.

Post the acquisition of CSL in 2018, strategic alignment has been actively executed. In 2019, we aim to continue our growth in Enterprise Data Service (EDS) while the integrated capability of AIS and CSL shall strongly support our provision of Cloud, Data Centers, ICT managed services as well as other enterprise verticals. Overall, the enterprise revenue, currently representing 10% of core service revenue including revenue from mobile airtime, should continue delivering high-single digit growth in 2019.

EBITDA expands with a margin stable from last year and CAPEX planned at Bt20–25bn

As we have executed the company-wide cost management, our cost structure has been continually optimized amidst the competitive landscape. To support our aspiration in 2019, we ensure to allocate sufficient capital to marking our core mobile leadership and expanding other businesses. As process digitization continues, operating expense is expected to be controlled, offset by the cost to support network growth in all businesses. As a result, we expect EBITDA margin (EBITDA over total revenue) to be stable from last year (43.4% in 2018). With the full range of spectrum

portfolio in 900/1800/2100MHz to support more 4G and continued 3G, we plan to invest at a similar range to the previous year with Bt20–25bn in total, of which Bt4–5bn allocated for fixed broadband. This budgeted CAPEX is mainly for 4G capacity expansion incorporating our plan to ensure 5G-compatible architecture and our focus to carefully balancing investment with return.

Dividend policy at minimum 70% of net profit

AIS is committed to driving long-term growth while delivering return to shareholders. We place importance in maintaining strong financial health and flexibility to pursue future growth. Our dividend policy is to pay a minimum 70% of net profit. By preserving cash flow, we ensure that we have the financial flexibility to lead, compete, and pursue growth prospect in any changing circumstances.

The dividend payment shall still be made twice a year and is based on consolidated earnings and subjected to the availability of retained earnings on the separate financial statements. In all cases, dividend payment shall depend on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not adversely affect the Company and subsidiaries ongoing operations.

Disclaimer

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “intend”, “estimate”, “continue” “plan” or other similar words. The statements are based

on our management’s assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.

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