

CAT Telecom Public Company Limited and its Subsidiary

Statements of Financial Position

As at 31 December 2016

Unit : Baht

		Consolidated Financial Statements			Separate Financial Statements		
	Notes	Dec 31, 2016	Dec 31, 2015 (Restated)	Jan 1, 2015 (Restated)	Dec 31, 2016	Dec 31, 2015	Jan 1, 2015
Assets							
Current assets							
Cash and cash equivalents	6	4,119,664,765	3,518,072,898	1,420,046,861	4,119,300,061	3,449,543,987	1,420,046,861
Short-term investments	7	50,773,085,929	52,618,828,910	50,922,590,124	50,773,085,929	52,618,828,910	50,922,590,124
Trade and other receivables	8	33,637,339,580	31,610,961,968	57,200,265,897	33,637,339,580	31,610,961,968	57,200,265,897
Concession receivable	9	1,815,338,580	1,674,530,657	4,494,279,561	1,815,338,580	1,674,530,657	4,494,279,561
Accrued income	10	5,181,064,323	6,476,709,973	6,733,005,879	5,181,064,323	6,476,709,973	6,733,005,879
Inventories and supplies	11	410,485,666	428,873,495	461,055,877	410,485,666	428,873,495	461,055,877
Other current assets	12	12,681,444,667	7,342,267,783	6,895,637,581	12,682,994,208	7,342,417,096	6,895,637,581
Total current assets		108,618,423,510	103,670,245,684	128,126,881,780	108,619,608,347	103,601,866,086	128,126,881,780
Non-current assets							
Restricted short-term investments	13	3,020,000,000	3,020,000,000	2,020,000,000	3,020,000,000	3,020,000,000	2,020,000,000
Investment in a subsidiary	14	-	-	-	62,500	62,500	-
Investments in associates	15	621,129,713	612,843,664	655,653,258	18,113,100	18,113,100	18,113,100
Investments in joint ventures	16	140,698,113	92,044,695	61,780,610	57,028,373	57,441,397	28,202,600
Other long-term investments	17	2,342,530,000	1,868,805,000	3,031,980,000	2,342,530,000	1,868,805,000	3,031,980,000
Trade receivables - long-term	18	6,324,484,510	-	-	6,324,484,510	-	-
Loans to a related party	19	-	-	-	70,000,000	70,000,000	-
Investment property	20	17,058,542	17,058,542	37,509,350	17,058,542	17,058,542	37,509,350
Property, plant and equipment	21	30,596,501,484	32,145,453,260	32,443,121,728	30,596,501,484	32,145,453,260	32,443,121,728
Assets under concession agreements	22	11,501,987,477	10,040,938,835	14,938,641,374	11,501,987,477	10,040,938,835	14,938,641,374
Intangible assets	23	753,788,427	653,943,786	694,013,714	753,788,427	653,943,786	694,013,714
Deferred tax assets	30	-	-	-	-	-	-
Other non-current assets	24	455,362,117	479,119,459	483,949,185	455,362,117	479,119,459	483,949,185
Total non-current assets		55,773,540,383	48,930,207,241	54,366,649,219	55,156,916,530	48,370,935,879	53,695,531,051
Total assets		164,391,963,893	152,600,452,925	182,493,530,999	163,776,524,877	151,972,801,965	181,822,412,831

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited and its Subsidiary

Statements of Financial Position

As at 31 December 2016

Unit : Baht

		Consolidated Financial Statements			Separate Financial Statements		
	Notes	Dec 31, 2016	Dec 31, 2015 (Restated)	Jan 1, 2015 (Restated)	Dec 31, 2016	Dec 31, 2015	Jan 1, 2015
Liabilities and equity							
Current liabilities							
Trade and other payables	25	10,354,536,782	5,080,724,049	4,462,104,573	10,354,536,782	5,080,724,049	4,462,104,573
Current portion of deferred income	26	7,345,130,943	4,581,743,672	6,189,379,485	7,345,130,943	4,581,743,672	6,189,379,485
Value Added Tax payable		312,781,814	447,488,310	608,805,652	312,781,814	447,488,310	608,805,652
Accrued expenses	27	58,808,432,462	54,991,856,335	79,264,806,657	58,808,414,462	54,991,848,335	79,264,806,657
Dividend payable		-	-	2,000,000,000	-	-	2,000,000,000
Advance received	28	38,051,718,690	37,728,765,093	36,968,827,683	38,051,718,690	37,728,765,093	36,968,827,683
Other current liabilities	29	3,636,355,251	4,865,389,881	5,521,605,938	3,636,355,251	4,865,389,881	5,521,605,938
Total current liabilities		118,508,955,942	107,695,967,340	135,015,529,988	118,508,937,942	107,695,959,340	135,015,529,988
Non-current liabilities							
Deferred income	26	4,310,792,313	5,567,476,123	8,812,804,830	4,310,792,313	5,567,476,123	8,812,804,830
Employee benefit obligations	31	3,891,190,787	3,453,652,888	3,301,420,894	3,891,190,787	3,453,652,888	3,301,420,894
Rights in privatisation payable	32	975,063,146	975,063,146	975,063,146	975,063,146	975,063,146	975,063,146
Other non-current liabilities	33	1,341,236,818	616,993,812	577,051,695	1,341,236,818	616,993,812	577,051,695
Total non-current liabilities		10,518,283,064	10,613,185,969	13,666,340,565	10,518,283,064	10,613,185,969	13,666,340,565
Total liabilities		129,027,239,006	118,309,153,309	148,681,870,553	129,027,221,006	118,309,145,309	148,681,870,553

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited and its Subsidiary


Statements of Financial Position

As at 31 December 2016

Unit : Baht

	Notes	Consolidated Financial Statements			Separate Financial Statements		
		Dec 31, 2016	Dec 31, 2015 (Restated)	Jan 1, 2015 (Restated)	Dec 31, 2016	Dec 31, 2015	Jan 1, 2015
Liabilities and equity							
Equity							
Share capital							
Authorised share capital							
1,000,000,000 ordinary shares of Baht 10 each		10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Issued and paid-up share capital							
1,000,000,000 ordinary shares of Baht 10 each		10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Retained earnings							
Appropriated - legal reserved	34	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Unappropriated		23,928,742,420	22,854,988,009	22,330,027,718	23,363,382,554	22,260,171,576	21,718,669,465
Other components of equity		435,794,967	436,124,107	481,632,728	385,921,317	403,485,080	421,872,813
Total equity attributable to owners of the parents		35,364,537,387	34,291,112,116	33,811,660,446	34,749,303,871	33,663,656,656	33,140,542,278
preferred stock		187,500	187,500	-	-	-	-
Total equity		35,364,724,887	34,291,299,616	33,811,660,446	34,749,303,871	33,663,656,656	33,140,542,278
Total liabilities and equity		164,391,963,893	152,600,452,925	182,493,530,999	163,776,524,877	151,972,801,965	181,822,412,831

The accompany notes are an integral part of these financial statements.

Colonel 
 (Sanpachai Huvanandana)
 President
 CAT Telecom Public Company Limited


 (Ms.Somsri Soontrapirom)
 Executive Vice President
 Acting Senior Executive Vice President
 CAT Telecom Public Company Limited

CAT Telecom Public Company Limited and its Subsidiary

Statements of Income

For the year ended 31 December 2016

Unit : Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2016	2015 (Restated)	2016	2015 (Restated)
Revenues					
Service income	35	37,833,499,868	40,094,960,839	37,833,499,868	40,094,960,839
Sales of goods		33,098,308	37,423,770	33,098,308	37,423,770
Revenue sharing from concession agreements	36	4,132,935,357	4,414,068,846	4,132,935,357	4,414,068,846
Amortisation of deferred income from concession agreements	26	6,138,146,087	8,475,189,523	6,138,146,087	8,475,189,523
Gain on exchange rate		707,351	41,484,744	707,351	41,484,744
Other income	37	7,902,582,092	1,765,019,049	8,038,538,494	1,869,669,526
Total revenues		56,040,969,063	54,828,146,771	56,176,925,465	54,932,797,248
Expenses					
Cost of services		35,651,071,063	35,259,348,361	35,651,071,063	35,259,348,361
Cost of goods sold		29,508,018	41,332,144	29,508,018	41,332,144
Depreciation - assets under concession agreements	22	6,138,143,751	6,962,200,398	6,138,143,751	6,962,200,398
Selling expenses		1,844,389,906	2,020,619,529	1,844,389,906	2,020,619,529
Administrative expenses		2,869,338,233	3,998,197,191	2,869,311,449	3,998,188,289
Lost on impairment of assets	20,22	-	1,489,482,292	-	1,489,482,292
Remittance to NBTC under Section 84 of the Act on Organization to Assign Radio Frequency	1.4	568,739,449	1,777,919,913	568,739,449	1,777,919,913
Other expenses	38	6,683,189,689	31,069,591	6,683,602,713	31,830,794
Finance costs		40,366,377	18,692,893	40,366,377	18,692,893
Total expenses		53,824,746,486	51,598,862,312	53,825,132,726	51,599,614,613
Operating profit		2,216,222,577	3,229,284,459	2,351,792,739	3,333,182,635
Shares of profit from investments in associates and joint ventures	15-16	105,739,367	87,418,538	-	-
Profit before income tax		2,321,961,944	3,316,702,997	2,351,792,739	3,333,182,635
Income tax	30	4,016,713	192,592,706	4,390,941	192,530,524
Net profit for the year		2,317,945,231	3,124,110,291	2,347,401,798	3,140,652,111
Earnings per share					
Basic earnings per share	40	2.32	3.12	2.35	3.14

The accompany notes are an integral part of these financial statements.



CAT Telecom Public Company Limited and its Subsidiary

Statement of Comprehensive Income

For the year ended 31 December 2016

Unit : Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2016	2015 (Restated)	2016	2015
Net profit for the year		2,317,945,231	3,124,110,291	2,347,401,798	3,140,652,111
Other comprehensive income :					
Item that will not be reclassified to profit or loss					
Remeasurement of post-employment benefit obligations	30	(451,199,170)	-	(451,199,170)	-
Total of item that will not be reclassified to profit or loss		(451,199,170)	-	(451,199,170)	-
Item that will be reclassified to profit or loss					
Unrealised loss on changes in fair value of available-for-sale investments	30	(21,954,704)	(22,984,666)	(21,954,704)	(22,984,666)
Foreign currency translation difference	30	17,608,850	(27,183,070)	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	30	4,016,714	4,659,115	4,390,941	4,596,933
Total of item that will be reclassified to profit or loss		(329,140)	(45,508,621)	(17,563,763)	(18,387,733)
Other comprehensive income for the year - net of tax		(451,528,310)	(45,508,621)	(468,762,933)	(18,387,733)
Total comprehensive income for the year		1,866,416,921	3,078,601,670	1,878,638,865	3,122,264,378

The accompanying notes are an integral part of these financial statements.

CAT Telecom Public Company Limited and its Subsidiary

Statements of Changes in Equity

For the year ended 31 December 2016

Unit : Baht

	Consolidated Financial Statement										
	Total equity attributable to owners of the parents										
	Notes	Other components of equity							Owners of the parent	Preferred stock	Total equity
		Retained earnings			Other comprehensive income						
		Issued and paid-up share capital	Appropriated legal reserve	Unappropriated retained earnings	Unrealised gain on changes in fair value of available-for-sale investments	"Unrealised gain on dilution of investments in associates"	Foreign currency translation difference	Total other components of equity			
Opening balance as at 1 January 2016 - as previously reported	10,000,000,000	1,000,000,000	22,855,078,165	403,485,080	1,224,872	12,311,343	417,021,295	34,272,099,460	187,500	34,272,286,960	
impact of accounting adjustments	3	-	-	(90,156)	-	-	19,102,812	19,102,812	19,012,656	-	19,012,656
Opening balance as at 1 January 2016 -as restated	10,000,000,000	1,000,000,000	22,854,988,009	403,485,080	1,224,872	31,414,155	436,124,107	34,291,112,116	187,500	34,291,299,616	
Comprehensive income for the year		-	-	1,866,746,061	(17,563,763)	(374,227)	17,608,850	(329,140)	1,866,416,921	-	1,866,416,921
Dividends paid	45	-	-	(792,991,650)	-	-	-	-	(792,991,650)	-	(792,991,650)
Closing balance as at 31 December 2016	10,000,000,000	1,000,000,000	23,928,742,420	385,921,317	850,645	49,023,005	435,794,967	35,364,537,387	187,500	35,364,724,887	
Opening balance as at 1 January 2015 - as previously reported	10,000,000,000	1,000,000,000	22,330,027,718	421,872,813	1,162,690	2,604,148	425,639,651	33,755,667,369	-	33,755,667,369	
Impact of accounting adjustments	3	-	-	-	-	-	55,993,077	55,993,077	55,993,077	-	55,993,077
Opening balance as at 1 January 2015-as restated	10,000,000,000	1,000,000,000	22,330,027,718	421,872,813	1,162,690	58,597,225	481,632,728	33,811,660,446	-	33,811,660,446	
Payment of preferred shares of subsidiary"		-	-	-	-	-	-	-	-	187,500	187,500
Total comprehensive income for the year - as previously reported		-	-	3,124,200,447	(18,387,733)	62,182	9,707,195	(8,618,356)	3,115,582,091	-	3,115,582,091
Retrospective adjustment		-	-	(90,156)	-	-	(36,890,265)	(36,890,265)	(36,980,421)	-	(36,980,421)
Dividends paid	45	-	-	(2,599,150,000)	-	-	-	-	(2,599,150,000)	-	(2,599,150,000)
Closing balance as at 31 December 2015	10,000,000,000	1,000,000,000	22,854,988,009	403,485,080	1,224,872	31,414,155	436,124,107	34,291,112,116	187,500	34,291,299,616	

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited and its Subsidiary
Statements of Changes in Equity
For the year ended 31 December 2016

Unit : Baht

Separate Financial Statements							
		Retained earnings			Other components of equity		
	Notes	Issued and paid up share capital	Appropriated legal reserve	Unappropriated retained earnings	Unrealised gain on changes in fair value of available-for-sale investments	Total other component of equity	Total equity
Opening balance as at 1 January 2016		10,000,000,000	1,000,000,000	22,260,171,576	403,485,080	403,485,080	33,663,656,656
Comprehensive income for the year		-	-	1,896,202,628	(17,563,763)	(17,563,763)	1,878,638,865
Dividends paid	45	-	-	(792,991,650)	-	-	(792,991,650)
Closing balance as at 31 December 2016		10,000,000,000	1,000,000,000	23,363,382,554	385,921,317	385,921,317	34,749,303,871
Opening balance as at 1 January 2015		10,000,000,000	1,000,000,000	21,718,669,465	421,872,813	421,872,813	33,140,542,278
Comprehensive income for the year		-	-	3,140,652,111	(18,387,733)	(18,387,733)	3,122,264,378
Dividends paid	45	-	-	(2,599,150,000)	-	-	(2,599,150,000)
Closing balance as at 31 December 2015		10,000,000,000	1,000,000,000	22,260,171,576	403,485,080	403,485,080	33,663,656,656

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited and its Subsidiary

Statements of Cash Flows

For the year ended 31 December 2016

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2016	2015 (Restated)	2016	2015
Cash flows from operating activities					
Profit before income tax		2,321,961,944	3,316,702,997	2,351,792,739	3,333,182,635
Reconciliation of profit before income tax to cash flows from operating activities					
Depreciation of property, plant and equipment	21	7,284,599,693	7,485,216,263	7,284,599,693	7,485,216,263
Transfer of assets to expenses		922,818	(74,990)	922,818	(74,990)
Transfer of assets to revenue		(219)	(1)	(219)	(1)
Depreciation of assets under concession agreements	22	6,138,143,751	6,962,200,398	6,138,143,751	6,962,200,398
Amortisation of intangible assets	23	301,797,885	307,937,391	301,797,885	307,937,391
Amortisation of prepaid land leases and submarine cable expenses		528,262,030	541,841,817	528,262,030	541,841,817
Amortisation of deferred income		(6,163,252,359)	(8,499,073,744)	(6,163,252,359)	(8,499,073,744)
Gain on disposal of property, plant and equipment		(389,263,386)	(19,968,721)	(389,263,386)	(19,968,721)
Gain on disposal of assets under concession agreements		(16,870,267)	(13,113,871)	(16,870,267)	(13,113,871)
Gain on disposal of intangible assets		(903)	(3,347)	(903)	(3,347)
Reversal of loss on impairment of investment property		-	(9,578,450)	-	(9,578,450)
Loss on impairment of assets under concession agreement	22	-	1,499,060,742	-	1,499,060,742
Interest income		(1,002,055,636)	(1,204,081,299)	(1,003,455,636)	(1,204,230,889)
Dividends income from investments in associates		-	-	(134,561,250)	(103,696,275)
Dividends income from investments in joint ventures		-	-	-	(832,202)
Dividends income from available-for-sale investments		(77,987,082)	(72,545,934)	(77,987,082)	(72,545,934)
Dividends income from other long-term investments		(262,660)	(325,500)	(262,660)	(325,500)
Unrealised (gain) loss on trading investments - private funds		188,993,742	(40,726,399)	188,993,742	(40,726,399)
Adjustment of investment value - amortised cost method		82,509,612	44,359,614	82,509,612	44,359,614
Shares of profit from investments in associates	15	(125,590,702)	(84,784,392)	-	-
Shares of (profit) loss from investments in join ventures	16	19,851,335	(2,634,147)	-	-
Loss on impairment of investments in joint ventures		-	-	413,023	761,203
(Profit) loss on foreign exchange		21,057,935	(38,635,259)	21,057,935	(38,635,259)
Allowance for obsolete inventory, loss on damaged, obsolete and unusual supplies		14,590,511	(822,365)	14,590,511	(822,365)
Doubtful accounts and bad debts		169,454,786	1,407,464,682	169,454,786	1,407,464,682
Interest expenses		14,420,177	16,693,691	14,420,177	16,693,691
Income from asset donation		-	(4,122,591)	-	(4,122,591)
Operating profit before changes in operating assets and liabilities		9,311,283,005	11,590,986,585	9,311,304,940	11,590,967,898
Decrease (increase) in operating assets					
Trade and other receivables		(7,575,262,397)	25,674,433,288	(7,575,262,397)	25,674,433,288
Concession receivables		(140,807,923)	1,599,357,807	(140,807,923)	1,599,357,807
Accrued income		1,296,681,489	259,309,566	1,296,681,489	259,309,566



CAT Telecom Public Company Limited and its Subsidiary

Statements of Cash Flows

For the year ended 31 December 2016

Unit : Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2016	2015 (Restated)	2016	2015
Inventories and supplies		4,771,379	(8,266,771)	4,771,379	(8,266,771)
Other current assets		227,894,594	852,056,537	227,894,367	851,907,224
Other non-current assets		23,757,342	4,829,725	23,757,342	4,829,725
Increase (decrease) in operating liabilities					
Trade and other payables		6,261,447,687	136,978,246	6,261,447,687	136,978,246
Value Added Tax payables		(134,706,496)	(161,317,342)	(134,706,496)	(161,317,342)
Accrued expense		3,815,916,346	(24,271,776,541)	3,815,906,345	(24,271,784,541)
Advance received		322,953,597	759,937,411	322,953,597	759,937,411
Other current liabilities		(1,786,881,029)	(647,180,455)	(1,786,881,029)	(647,180,455)
Employee benefit obligation - net with payment		(13,661,271)	152,231,995	(13,661,271)	152,231,995
Other non-current liabilities		147,955,502	148,124,560	147,955,502	148,124,560
Cash generated from operations before income tax		11,761,341,825	16,089,704,611	11,761,353,532	16,089,528,611
Income tax paid		(6,098,542,420)	(2,102,908,316)	(6,098,542,420)	(2,102,908,316)
Net cash generated from operating activities		5,662,799,405	13,986,796,295	5,662,811,112	13,986,620,295

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited and its Subsidiary

Statements of Cash Flows

For the year ended 31 December 2016

Unit : Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
Net cash generated from operating activities		5,662,799,405	13,986,796,295	5,662,811,112	13,986,620,295
Cash flows from investing activities:					
Proceeds from short-term investments		87,469,840,016	82,129,380,182	87,469,840,016	82,129,380,182
Payments for short-term investments		(85,798,729,786)	(82,835,116,732)	(85,798,729,786)	(82,835,116,732)
Interest received		1,004,181,379	1,276,495,739	1,004,181,379	1,276,645,328
Dividends received from investments in associates	15	134,561,250	103,696,275	134,561,250	103,696,275
Dividends received from investments in joint ventures	16	-	832,202	-	832,202
Dividends received from other long-term investments		77,987,082	-	77,987,082	-
Proceeds from disposal/redemption of other long-term investments	17	5,000,000	500,000,000	5,000,000	500,000,000
Payments for investment in a subsidiary	14	-	-	-	(62,500)
Payments for investment in joint ventures	16	(68,152,500)	(31,747,500)	-	(30,000,000)
Payments for other long-term investments	17	(420,000,000)	(1,570,000,000)	(420,000,000)	(1,570,000,000)
Dividends received from available-for-sale investments		-	72,545,934	-	72,545,934
Dividends received from other long-term investments		262,660	325,500	262,660	325,500
Loans to a subsidiary		-	-	-	(70,000,000)
Proceeds from disposals of property, plant and equipment		429,754,405	24,739,491	429,754,405	24,739,491
Purchase of property, plant and equipment		(7,063,986,301)	(6,904,214,457)	(7,063,986,301)	(6,904,214,457)
Proceeds from disposals of assets under concession agreements		16,870,555	13,114,000	16,870,555	13,114,000
Proceeds from disposals of intangible assets		916	3,408	916	3,408
Purchase of intangible assets		(65,591,957)	(82,885,995)	(65,591,957)	(82,885,995)
Net cash used in investing activities		(4,278,002,281)	(7,302,831,953)	(4,209,849,781)	(7,370,997,364)
Cash flows from financing activities:					
Cash receive from issue preferred stock of subsidiary		-	187,500	-	-
Dividends paid	45	(792,991,650)	(4,599,150,000)	(792,991,650)	(4,599,150,000)
Net cash used in financing activities		(792,991,650)	(4,598,962,500)	(792,991,650)	(4,599,150,000)
Effects of exchange rate changes		9,786,393	13,024,195	9,786,393	13,024,195
Net increase (decrease) in cash and cash equivalents		601,591,867	2,098,026,037	669,756,074	2,029,497,126
Opening balance of cash and cash equivalents		3,518,072,898	1,420,046,861	3,449,543,987	1,420,046,861
Closing balance of cash and cash equivalents		4,119,664,765	3,518,072,898	4,119,300,061	3,449,543,987
Supplementary information					
Non-cash transactions					
Assets under concession agreements	22	7,599,182,711	3,563,558,729	7,599,182,711	3,563,558,729
Assets from donation	21	-	4,122,591	-	4,122,591
Purchase of property, plant, equipment and intangible assets on payable		241,841,912	1,232,359,855	241,841,912	1,232,359,855

The accompanying notes are an integral part of these financial statements.



CAT Telecom Public Company Limited and its subsidiary

Notes to the Financial Statements

For the year ended 31 December 2016

(In millions of Baht, unless otherwise stated)

1 General information**1.1 Company incorporation**

CAT Telecom Public Company Limited (the Company) is a public limited company, incorporated in Thailand.

The address of its registered office is as follows:

99 Chaengwattana Road, Toong-Song-Hong, Laksi, Bangkok 10210

1.2 Business activities

The Company is principally engaged in all types of telecommunication activities and providing other related domestic and international services. Those services include international call services, radio communication and mobile phone services, data communication services, wireless communication services, internet service provider and network system services, IT security services, E-Auction services, and other related services.

On 19 August 2015, the Company invested in a subsidiary company, CAT Telecom Holding Company Limited, to operate its core business in the management of the Company's investments. The consolidated financial statements are prepared which included a subsidiary's financial statements.

For reporting purposes, the Company and its subsidiary are referred to as the Group.

1.3 Concession agreements

The Company has granted various concessions (concession agreements) to private operators including the Company's associates and joint ventures. Services rendered by the private operators under the concession agreements comprise cellular mobile system services, internet service provider services and satellite network services. Under most concession agreements, e.g., cellular mobile system services, the operators shall pay annual fees to the Company at the higher rate determined as a percentage of service income or at the minimum rate specified in the individual agreements (whichever is higher). In addition, the operators, in accordance with their concession agreements, are required to procure properties and equipment for their operations, and transfer ownership of such properties and equipment to the Company within the period specified in the concession agreements. Generally, the legal title to the assets is transferred to the Company before the operation commences. However, the operators can retain the right to use the assets to generate revenue over the concession period in accordance with the terms and conditions stated in the concession agreements. The accounting policies for concession assets and revenue recognition are set out in Notes 2.16 and 2.22 (d), respectively.

As at 31 December 2016 and 2015, the following private operators are required to transfer the ownership of assets under concession agreements to the Company:

Private Operator	Type of Services	Contract Duration/ Contract Start Date
1. Total Access Communication Public Company Limited (DTAC)	Digital 800 MHz and Digital PCN1800 mobile phone services throughout Thailand under the DTAC brand name	27 years commencing 14 November 1990
2. CS Loxinfo Company Limited (formerly "CS Loxinfo Company Limited)	Up-link and down-link services and satellite Internet services (Up/Down Link)	22 years commencing 9 August 1994

1.4 Act on organization to assign radio frequency and to regulate the broadcasting and telecommunications services B.E. 2553

Section 84 of the Act on organization to assign radio frequency and to regulate the broadcasting and telecommunications services B.E. 2553 (Act on Organization to Assign Radio Frequency), which became effective on 20 December 2010, requires the Company to submit revenues derived from an undertaking under an authorisation, concession, or contract according to the enterprises operated under the law on private participation in the state undertaking whether in whole or in part, shall be subtracted by the following expenses and remitted to the National Broadcasting and Telecommunications Commission (NBTC) , the NBTC shall transfer the mentioned money to the state treasury.

- (1) Business license fees calculated on an income base that is generated from the authorisation, concession or contract
- (2) Expenses for supporting the provision of universal basic telecommunications and social services, in accordance with government policies and section 50, calculated on an income base that is generated from an authorisation, concession or contract
- (3) Expenses incurred from the operation associated with the authorisation, concession, or contract as prescribed by the Ministry of Finance

The Company recognised the expense for the remittance to the NBTC in the financial statements for the year ended 31 December 2016 of Baht 568.74 million (2015: Baht 1,777.92 million).

On 9 December 2014 the Ministry of Finance informed the Company about the regulation of expense subtraction and the practice of revenues submission. By requirement of section 84 paragraph 3 of Act on organization to assign radio frequency and to regulate the broadcasting and telecommunications services B.E. 2553, the Company is required to submit the revenues after the expenses to the NBTC within 60 days after the end of each quarter except for the fourth quarter, where the company shall submit the revenues to the NBTC within 30 days after the date of which the Office of the Auditor General of Thailand (OAG) completes the audit of the Company's financial statements. In addition, the Company shall submit the revenues derived from 20 December 2013 to 30 September 2014 to the NBTC by 20 December 2014. The company has not yet submitted the revenue since 20 December 2013 to the NBTC. There are the notifications to the NBTC that the Company is in the process of appealing the Ministry of Finance's command to revoke the regulation of expense subtraction and the practice of revenues submission.

On 13 August 2015, the Office of the NBTC reissued the notification to the Company to submit such revenues to the NBTC. On 11 December 2015, the Company filed with the Central Administrative Court against the Office of the NBTC as a first defendant, the National Telecommunications Commission as a second defendant, NTBC as a third defendant to revoke the NTBC's order on 13 August 2015. The Central Administrative Court dismissed the case. Currently, the Company is in the process of filing an appeal the court's judge of dismissing the case.

On 1 August 2016, the Supreme Administrative Court has an order No. 649/2559 that section 84 paragraph 3 of the Frequency Allocation Act is not the law which authorises the NBTC to order the Company to submit revenue to the NBTC. Therefore, the Company does not have to submit revenue following the NBTC's notification.

1.5 Telecommunications licenses

On 4 August 2005, the Company was granted telecommunications licenses from the National Telecommunications Commission (NTC) for the following categories:

1. Type I Internet License allowing the Company to provide internet services under the provision of Type I Internet License without having its own network - this license was renewed on 4 August 2014 and will be expired on 3 August 2019
2. Type II International Internet Gateway and Internet Exchange License allowing the Company to provide international internet gateway and internet exchange services with their own networks - this license was renewed on 24 January 2013 and will be expired on 23 January 2018
3. Type I Telecommunications License allowing the Company to provide international calling card services - this license was renewed on 4 August 2014 and will be expired on 3 August 2019
4. Type III Telecommunications License allowing the Company to operate the following types of telecommunications operators:
 - (a) Networks or facilities provider
 - (b) Service provider on their own telecommunications network

The Type III Telecommunications License will be expired on 3 August 2025

The Company is required to follow the regulations regarding license fees and service charges as specified by the NBTC.

1.6 Broadcasting licenses

On 28 January 2013, the Company was granted broadcasting licenses as follows:

1. Broadcasting License for providing broadcasting services in non-national frequency - the license is valid for 15 years (from 28 January 2013 to 27 January 2028)
2. Broadcasting License for providing broadcasting services only on "CAT CHANNEL" - the license is valid for 5 years (from 28 January 2016 to 27 January 2021)
3. Broadcasting License for facilitating broadcasting services for 44 stations – the license is valid for 15 years (from 23 December 2013 to 22 December 2028)

The Company is required to follow the regulations regarding license fees and service charges as specified by the NBTC.

1.7 International call service agreements

The Company entered into international call service agreements with the following mobile operators: Advanced Wireless Network Co., Ltd (AWN), True Move H Universal Communication Co., Ltd (TUC), Real Move Co., Ltd (RMV), Total Access Communication Public Company Limited (DTAC), DTAC Trinet Co., Ltd (DTN), Samart I-Mobile Public Company Limited, Data CDMA Communication Co., Ltd., and The Whitespace Company Limited. Its objective is to provide international call services using mobile phones and mobile operators' networks. The customers are required to apply for international call service agreements with their mobile operators. The Company collects a service fee from the mobile operators and the mobile operators collect a service fee from their customers. The revenue from international call services is presented as the net amount after discounts according to the invoices issued to the mobile operators.

2 Accounting policies

The principal accounting policies adopted in the preparation of the consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being the Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and separate financial statements have been prepared under the historical cost convention except for certain investments, where fair value has been used, as disclosed in the accounting policy for other long-term investments (Note 2.11).

Items included in the consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

Significant transactions that occurred between the Company and a subsidiary have been eliminated in the consolidated financial statements.

Comparative figures have been adjusted to conform to changes in the presentation in the current year and the impact of retrospective adjustment from accounting error is mentioned in Note 3.

2.2 New accounting standards, new financial reporting standards, amendments to accounting standards and new interpretations

Effective for the periods beginning on or after 1 January 2016:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, plant and equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 24 (revised 2015)	Related party disclosures
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2015)	Separate financial statements
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 36 (revised 2015)	Impairment of assets
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TAS 41 (revised 2015)	Agriculture
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 4 (revised 2015)	Insurance contracts
TFRS 5 (revised 2015)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 11 (revised 2015)	Joint arrangements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement
TSIC 10 (revised 2015)	Government assistance – No specific relation to operating activities

TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes – Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2015)	Service concession arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue – Barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets – Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS 29 (revised 2015) Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial report and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 (Revised 2016) – The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine
TFRIC 21 (revised 2015)	Levies

Effective for the periods beginning on or after 1 January 2017:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting. Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, plant and equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs

TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 29 (revised 2016)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2016)	Earnings per share
TAS 34 (revised 2016)	Interim financial reporting
TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 4 (revised 2016)	Insurance contracts
TFRS 5 (revised 2016)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2016)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2016)	Operating segments
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 11 (revised 2016)	Joint arrangements
TFRS 12 (revised 2016)	Disclosure of interests in other entities
TFRS 13 (revised 2016)	Fair value measurement
TSIC 10 (revised 2016)	Government assistance – No specific relation to operating activities
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes – Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2016)	Evaluating the substance of transactions involving the legal form of a lease
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TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2016)	Applying the restatement approach under TAS29 (Revised 2016) Financial reporting in hyperinflationary economies

TFRIC 10 (revised 2016)	Interim financial report and impairment
TFRIC 12 (revised 2016)	Service concession arrangements
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 (Revised 2016) – The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2016)	Agreements for the construction of real estate
TFRIC 17 (revised 2016)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2016)	Transfers of assets from customers
TFRIC 20 (revised 2016)	Stripping costs in the production phase of a surface mine
TFRIC 21 (revised 2016)	Levies

The Federation of Accounting Professions has issued the Accounting Standards, Financial Reporting Standards, Interpretation of accounting standards, and the new and revised IFRIC Interpretation which expected to be effective for fiscal years beginning on or after 1 January 2016 and 1 January 2017. Accounting Standard that has significant changes is TAS 27 (revised 2016) Separate financial statements which the main change is that providing entities more choices in recording investments in associates, joint ventures or associates in the separate financial statements by using the equity method as discussed in TAS 28 (Revised 2016) Investments in associates and joint ventures in addition to the cost method or the fair value method (when applied). The Company has chosen to apply the cost method, which is the same as the previous practice, so it has no impact on the Company's financial statements. However, the management of the Group has assessed the effect of these revised standards and interpretations. They believe that there is no significant changes in accounting treatment and no material impact on the consolidated and separate financial statements.

2.3 Group Accounting – Investment in subsidiaries, related parties and joint ventures

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.



Information of the subsidiaries is set out in Note 14 to the financial statements.

(b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's

interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Information of the associates is set out in Note 15 to the financial statements.

(e) Joint arrangements

The Group has applied TFRS11 to all joint arrangements as of 1 January 2015. Under TFRS11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Information of the joint ventures is set out in Note 16 to the financial statements.

2.4 Accounting estimates

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.



2.5 Foreign currency translation

(a) Functional currency and presentation currency in financial statements.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each statement of income are translated at average rate.
- All resulting exchange differences are recognized in other comprehensive income.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with banks excluding deposits with banks which are held to maturity, and other short-term highly liquid investments with original maturities of three months or less after acquisition date.

2.7 Short-term investments

Short-term investments are fixed-term deposits, bills of exchange, promissory notes, and investments in debt securities with original maturities of more than three months, but less than 12 months and investments that the Company's management intends to hold for less than 12 months.

2.8 Trade and other receivables

Trade and other receivables are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income within administrative expenses. Trade receivables - revenue sharing from telecommunication service is presented net of trade payable - revenue sharing from telecommunication service.

2.9 Inventories and supplies

Inventories and supplies are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories and supplies, such as import duties and transportation charges, less all discounts, allowances or rebates attributable to purchasing the inventories and supplies. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories or supplies when they are identified and is recognised as expenses in the statement of income.

2.10 Prepayments

(a) Indefeasible Rights of Use (IRU)

The Company has entered into agreements to purchase Indefeasible Right of Use (IRU). In case that the Company obtains a right of use which is cancellable anytime during the contract period and significant risks and rewards are not transferred to the Company, costs incurred are recorded as prepayments. Amounts paid and due within 1 year are presented as current assets and amounts paid and due in over 1 year are presented as non-current assets. IRU is initially recognised at cost and amortised on a straight-line basis over the contract period or the estimated useful life of the cable systems, whichever is lower.

(b) Leasehold rights

Costs incurred from the acquisition of leasehold rights are recognised as prepayments and amortised on a straight-line basis over the contract period.

2.11 Other investments

Investments other than investments in associates and investments in joint ventures are classified into the following four categories: (1) trading investments, (2) held-to-maturity investments, (3) available-for-sale investments and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a regular basis:

- (1) Trading investments are investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price for not more than three months from the acquisition date and are included in current assets.
- (2) Held-to-maturity investments are investments with fixed maturity that management has the intention and ability to hold to maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Available-for-sale investments are investments intended to be held for an indefinite period of time that may be sold in response to liquidity needs or changes in interest rates and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless management will sell in order to raise operating capital, in which case they are included in current assets.
- (4) General investments are investments in non-marketable equity securities.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in the statement of income. The unrealised gains and losses of available for sale investments are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less allowance for impairment.

General investments are carried at cost less allowance for impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, an impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

The details of investments that the Company's management intends to hold for more than one year and are classified as other long-term investments are set out in Note 17.

2.12 Investments from the exchange of the rights of operation under concession agreement and marketing contract

Investments received from private companies are from the exchange of the operation rights with the private companies under the concession agreement and the marketing contract. The Company has no obligation to pay any costs to the private parties. The investments are recorded at fair value and recognised as income immediately in the period they are incurred.

2.13 Gains or losses on dilution of investments

Gains or losses arising as a result of the dilution or anti-dilution of investments caused by changes in the associate or joint venture's authorised share capital without interest changes are recorded in equity.

2.14 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as an investment property.

Land held under operating lease is the company's investment property as the definition of investment property. Operating lease is recognised as finance lease.

The Company's investment property is land held for undetermined future use. The Company has not determined whether the land will be used as an owner-occupied property or for trading purposes.

Investment property is measured initially at cost, including related transactions. After initial recognition, investment property is carried at cost less allowance for impairment (if any).

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

The fair value of investment property is determined by independent valuers.

2.15 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and allowance for impairment.

Depreciation is calculated on a straight-line basis to write-off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over its estimated useful life as follows:

Buildings, structures and improvements	10 - 40 years
Telecommunication equipment	5 - 10 years
Submarine cable network	10 - 20 years
Tools and other equipment, furniture, fixtures and office equipment	5 - 10 years
Motor vehicles	5 years

At the end of each reporting period, the Company reviews, and adjusts if appropriate, the residual values and economic useful life of its property, buildings and equipment.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are included in the statement of income.

The cost of addition, renewal or improvement is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Such costs are depreciated over the remaining useful lives of the related asset. Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

2.16 Assets under concession agreements

Assets for which legal title has been transferred to the Company are fully recognised at the date on which the concession operators transfer ownership to the Company. Such assets are recognised at the cost notified by the concession operators, with a corresponding entry for deferred revenue, which is presented as a liability.

Depreciation of transferred assets is calculated on a straight-line basis over the shorter of their estimated useful lives and the remaining periods of concession contract and recorded as an expense in the statement of income as follows:

Buildings and structure	20 years
Telecommunication equipment	5 - 10 years
Tools, other equipment, furniture, fixture and office equipment	5 - 10 years

Amortisation of deferred revenue is described in Note 2.22 (e).

2.17 Intangible assets

Computer software

Acquired computer software licenses are capitalised based on the costs incurred to acquire the software and bring it into use. The costs are amortised over the estimated useful life of the specific software of not exceeding 5 years.

Costs associated with developing and maintaining computer software programs are recognised as an expense in the period in which they are incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and that will probably generate economic benefits exceeding the costs after one year are recognised as intangible assets. Direct costs include the staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is additionally capitalised to the original cost of the software. Computer software development costs are recognised as assets and amortised using a straight-line basis over their useful lives, but not more than 5 years.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be successful considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised when an expense is incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 5 years.

2.18 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



2.19 Leases

(a) Where the Company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with that used for other similar property, plant and equipment owned by the Company (Note 2.15). Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) Where the Company is the lessee

Leases of property, plant and equipment that substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

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

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

2.20 Provisions

Provisions, excluding provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.21 Employee benefits

(a) Benefits Plan

1. Legal severance pay

The Company has set up a severance benefits plan to comply with the Labour Laws applicable in Thailand. The severance pay calculation is based on salary and a number of years of services until the termination date in future.

2. Pension fund for CAT's employees (Pension Fund)

The Company established a Pension Fund in 1979 with the main objective of providing pension benefits for retired staff. The Company makes monthly contribution to the Pension Fund at the rate of 10% of employee salaries and additional contribution equals to the estimated obligation to pay as at the statement of financial position date. The obligation is calculated by multiplying the salaries as at the statement of financial position date by a number of years of service in accordance with the regulation of the pension fund. Returns from Pension Fund assets are recognised as revenues. The assets of the pension fund are segregated and included in the statement of financial position under cash and cash equivalents, short-term investments, employee receivables, and accrued interest income.

3. Other long-term benefits

Other long-term benefits given for long servicing or retired employees are benefits in case of death, long-service award (gold given on the retirement date and souvenir gold given to employees who have been working at the Company for 20 years), overseas travelling and unused annual leave.

The liabilities arising from regulations under Thai Labour Laws, the pension fund, and other long term benefits are calculated by an actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market yield of government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related liabilities.

The Company recognised actuarial gains and losses on employee benefits in the statement of other comprehensive income in the period in which they arise.

(b) Provident fund

The Company established and registered a defined-contribution provident fund, "The Registered Provident Fund for staffs of CAT Telecom and Thailand Post" in 1996. On 4 October 2013, the provident fund's name was changed to "The Registered Provident Fund for staffs of CAT Telecom". Employees who joined the Company before 13 December 1996 had the right to voluntarily join either the provident fund or pension fund, while employees who joined on or after 13 December 1996 can only voluntarily join the provident fund.

The Company makes monthly contribution at the rate of 11% of salary for the employee reaching more than 20 years of service, 10% of salary for the employee reaching more than 10 years of service but not greater than 20 years, and 9% of salary for the employee reaching 10 years of service or less than.

The Company's contribution to the provident fund is recognised as an expense in the period where the transactions are incurred. The contribution assets are separated from the Company's assets and managed by SCB Asset Management Company Limited and Kasikorn Asset Management Co., Ltd.



(c) Right in privatisation payable

The Company has allocated shares to employees as a result of the privatisation of the Communications Authority of Thailand to CAT Telecom Plc. and Thailand Post Co., Ltd. on 14 August 2003 whereby employees of the Communications Authority of Thailand are entitled to obtain shares at par value equivalent to six times of their monthly salary as at 13 August 2003 and free shares (par value) equivalent to two times of their monthly salary as at 13 August 2003. Staff may exercise their privileges whenever the Company offers its shares to employees and general public. However, employee ordinary shareholding ratio must not exceed 6.5% of the registered capital at the time of Initial Public Offering. The Company records such employee benefits as non-current liabilities when giving the rights to employees.

2.22 Revenues and expenses recognition

(a) Service income

The Group recognises service income when the services are rendered.

(b) Revenue sharing from international call services

The Group recognises revenue from services when the services are rendered according to the agreements.

(c) Revenue from sales of telecommunication service cards

The Company recognises revenue from telecommunication service cards based on actual time usage.

(d) Revenue sharing from concession agreements

The Company recognises revenue sharing from concession agreements (compensation) on an accrual basis for both annual minimum compensation and revenue sharing in excess of the minimum compensation.

(e) Amortisation of deferred revenue for concession assets

The Company recognises the amortisation of deferred revenue as revenue based on the shorter of the useful life of the transferred assets and the remaining period of the concession agreements.

(f) Other income

Interest income is recognised on a time proportion basis, based on the actual return on asset.

Dividends are recognised when the right to receive payment is established.

(g) Revenue from sales of goods

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue is presented net of output tax and discounts.

(h) Expenses are recognised on an accrual basis.

2.23 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 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. Associates and 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.

2.25 Dividends paid

Interim dividends are recorded in the Company's financial statements in the period in which they are approved by the board of directors' meeting. Annual dividends are recorded in the Company's financial statements in the period in which they are approved by annual shareholders' meeting.

2.26 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sales transaction and the sale is considered highly probable. They are stated at the lower of the carrying amount and the fair value less cost to sell if their carrying amount is to be recovered principally through a sales transaction rather than through continuing use.

3 Effects of retrospective accounting adjustments

The Company made retrospective accounting adjustments of the transactions wrongly recorded as follows:

3.1 Investments in foreign associates and joint ventures, where investments are recorded by using equity method

3.2 Adjust investments in joint ventures of a subsidiary from cost method to equity method

The effect on the statement of financial position and statement of changes in equity as at 31 December 2015 and the statement of income and the statement of comprehensive income for the year ended 31 December 2015 are as follows:

Consolidated financial statements	
Statement of changes in equity as at 1 January 2015	
Increase in other components of equity	55.99
Statement of changes in equity as at 31 December 2015	
Decrease in unappropriated retained earnings	0.09
Increase in other components of equity	19.10
Statement of financial position as at 1 January 2015	
Increase in investments in associates	47.99
Increase in investments in joint ventures	8.00
Increase in other components of equity	55.99
Statement of financial position as at 31 December 2015	
Increase in investment in associates	13.19
Increase in investment in joint ventures	5.82
Increase in other components of equity	19.10
Statement of income for the year ended 31 December 2015	
Decrease in sharing of profit (loss) from investment in associates and joint ventures	0.09
Decrease in net profit	0.09
Decrease in basic earnings per share (Baht/share)	0.00009
Statements of comprehensive income	
Decrease in total comprehensive income	36.98

4 Critical accounting estimates, assumptions and judgements

4.1 Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions relating to future events are as follows:

4.1.1 Impairment of trade receivables

The Company maintains an allowance for doubtful accounts to reflect the impairment of trade receivables relating to estimated losses resulting from the inability of customers to pay for debts. The allowance for doubtful accounts is significantly impacted by the Company's assessment of future cash flows, such assessments being based on the consideration of historical collection experience, reputations, and the default of debts.

In case that the trade receivables of the wholesale service on the HSPA mobile network are long outstanding, the management believes that the Company would be received the repayment from accounts receivable by considering the debtors' ability to repay debt and their intention to repay their loans. The Company takes into account the terms of the contract and the relevant laws and ensures that the Company has an enough argument to call for repayment. Therefore, the Company has not yet recorded the allowance for such doubtful accounts receivable. For domestic roaming on the mobile network using the HSPA technology, the Company received the confirmation of payment from the debtor and considered the debtor's ability to pay the loans. The debtor had strong finance performance and won the auction 4G spectrum. Management, therefore, believes that the Company will receive the repayment from the debtor. As a result, the Company has not yet recorded allowance for doubtful trade receivables in this case.

4.1.2 Depreciation of tangible assets and amortisation of intangible assets

The Company's business is capital intensive and the amount of the depreciation of the operating tangible assets and amortisation of intangible assets materially presents to the statements of income. The cost of purchased of property, plant and equipment, principally telecommunication and network equipment, is depreciated over their estimated useful lives using the straight-line method. The useful lives are estimated at the time the asset is acquired and are based on historical experience with similar assets as well as taking into account anticipated technological or other changes. The Company reviews on an annual basis changes in technology, the industry, competitive conditions, asset retirement activity, and residual values to determine whether any adjustment is required to estimate remaining useful lives and depreciation rates. Actual economic lives may differ from the estimated useful lives, and periodic reviews in the future could result in a change in the depreciable lives of telecommunication and network equipment.

4.1.3 Impairment of assets

The Company has substantial investments in tangible assets and intangible assets, primarily the telecommunication networks and submarine cables. Changes in technology or changes in the Company's intended use of these assets may cause the estimated period of use or value of these assets to change. The Company assesses at each statement of financial position date whether there is an indication that one or more of its assets are impaired. If any such indication exists, the Company carries out an impairment test to determine the recoverable amount, and monitors its

businesses, markets, and business environments for indicators that suggest impairment may have occurred. An impairment loss is recognised for an asset to the extent that the carrying amount of the asset cannot be recovered. In determining whether an impairment loss should be recognised, significant estimates arise in the determination of the value that may be derived from selling the asset given the limited market for the disposal of such assets, and the estimation of the present value of the future cash flows to be derived from the use of the asset.

Estimates of the present value of the future cash flows includes consideration of the assumptions underlying the cash flows, such as the growth of the telecommunications market, the behaviour of subscribers, the selection of an appropriate discount rate taking into consideration the time value of money and the risks specific to the assets. Future actions of the regulator may have a significant impact on the Company's reported financial position, operating performance and impairment assessment of the Company's assets.

4.2 Capital risk management

The Company's objectives of capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

5 Fair Values

Short-term investment and other long-term investments consist of trade securities and available for sales which disclosed in fair values as at 31 December 2016 and 2015 as follows:

As at 31 December 2016				
Consolidated and separate financial statements	Level 1	Level 2	Level 3	Total
Short-term investment				
Trade Securities	22,294.84	-	-	22,294.84
Available for sales	21,087.99	-	-	21,087.99
Other long-term investment				
Available for sales	499.53	-	-	499.53
As at 31 December 2015				
Consolidated and separate financial statements	Level 1	Level 2	Level 3	Total
Short-term investment				
Trade Securities	10,983.66	-	-	10,983.66
Available for sales	23,730.69	-	-	23,730.69
Other long-term investment				
Available for sales	270.81	-	-	270.81

The above table shows the classification method to estimate fair value. The different levels of information are as follows.

1. Level 1 : Quoted market prices (unadjusted) in active market for identical assets or liabilities.
2. Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
3. Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable input)

6 Cash and cash equivalents

	Consolidated		Separate	
	2016	2015	2016	2015
Cash on hand	6.79	7.81	6.79	7.81
Short-term deposits at banks (Baht)	4,069.92	3,503.35	4,069.56	3,434.82
Short-term deposits at banks (Foreign currency)	42.95	6.91	42.95	6.91
Total	4,119.66	3,518.07	4,119.30	3,449.54

Short-term deposits at banks are the deposits in current accounts, savings accounts and fixed accounts with original maturities less than 3 months. During 2016, the interest rates on short-term deposits at banks are 0.125% to 1.70 % per annum (2015: 0.10% to 2.00% per annum). The Company holds deposits in US dollars in order to reduce exposure to foreign currency risk in respect of the settlement of US dollar currency in the future.

As at 31 December 2016, cash and cash equivalents include savings accounts and fixed deposits in respect of the Pension Fund totalling 10.29 Baht million (2015: Baht 11.01 million).

7 Short-term investments

Movements of short-term investments for the years ended 31 December 2016 and 2015 are as follows:

		Consolidated and separate financial statements	
	Notes	2016	2015
Opening net book amount		52,618.83	50,922.59
Additions (redemption), net		(1,493.56)	(510.32)
Transfer from long-term investments	17	50.00	2,085.00
Interest income		-	(0.99)
Unrealized gain on changes in fair value of available-for-sale investments		(130.68)	125.19
Adjusted amount of investments under amortized cost method		(82.51)	(43.37)
Unrealized gain on trading investments – private funds		(188.99)	40.73
Closing net book amount		50,773.09	52,618.83
Fixed deposits with original maturities over 3 months		5,138.26	9,644.28
Fixed deposits with original maturities over 3 months - private funds		2,202.00	2,975.20
Fixed deposits with original maturities over 12 months - current portion - private funds		-	1,085.00
Trading investments – private funds		22,294.84	10,983.66
Available-for-sale investments		21,027.59	23,687.98
Available-for-sale - mixed - private funds		60.40	42.71
Held-to-maturity investments in debt securities		-	3,200.00
Long-term debt securities due within one year		50.00	-
Current portion of fixed deposits over 12 months due within one year		-	1,000.00
Total		50,773.09	52,618.83

Fixed deposits in Thai Baht currency at local banks with original maturities of over 3 months but less than 12 months for 2016 carried interest at the rate of 1.15% to 2.05% per annum (2015: 1.50% to 3.75% per annum). Investments in debt securities are promissory notes and bonds with original maturities of over 3 months but less than 12 months.

8 Trade and other receivables

Consolidated and separate financial statements		
	2016	2015
Trade Receivables		
Telecommunication service		
Individual / Enterprise	30,488.15	30,151.93
Government / State enterprise	715.10	412.89
Associates	-	0.05
Joint ventures	395.25	403.58
Total	31,598.50	30,968.45
<u>Less</u> Allowance for doubtful accounts	(403.47)	(351.63)
Total trade receivables - telecommunication service	31,195.03	30,616.82
Trade receivables - revenue sharing from telecommunication		
Individual / Enterprise	4,991.18	10,631.06
<u>Less</u> Trade payables - revenue sharing from telecommunication	(836.27)	(1,537.91)
Telecommunication connection payable - agent for collection	(3,389.60)	(8,680.68)
Allowance for doubtful accounts	(24.40)	(27.32)
Total trade receivables - revenue sharing from telecommunication	740.91	385.15
Total trade receivables	31,935.94	31,001.97
Other receivables		
Individual / Enterprise	1,873.54	772.41
<u>Less</u> Allowance for doubtful accounts	(172.14)	(163.42)
Total other receivables	1,701.40	608.99
Total trade and other receivables	33,637.34	31,610.96

Outstanding trade receivables as at 31 December 2016 and 2015 can be aged as follows:

Consolidated and separate financial statements		
	2016	2015
Trade receivables - telecommunication services		
Not later than 3 months	11,418.57	8,159.84
From 3 - 6 months	886.20	1,850.98
From 6 - 12 months	1,635.85	1,967.16
More than 12 months	17,657.88	18,990.47
Total	31,598.50	30,968.45
<u>Less</u> Allowance for doubtful accounts	(403.47)	(351.63)
Trade receivables - telecommunication services	31,195.03	30,616.82
Trade receivables - revenue sharing from telecommunication		
Not later than 3 months	2,991.30	3,334.26
From 3 - 6 months	123.45	1,012.23
From 6 - 12 months	116.11	2,025.30
More than 12 months	1,760.32	4,259.27
Total	4,991.18	10,631.06
<u>Less</u> Trade payables - revenue sharing from telecommunication services	(836.27)	(1,537.91)
Telecommunication connection payable - agent	(3,389.60)	(8,680.68)
Allowance for doubtful accounts	(24.40)	(27.32)
Trade receivables - revenue sharing from telecommunication	740.91	385.15
Trade receivables	31,935.94	31,001.97

As at 31 December 2016, the Company had trade receivables - Real Move Company Limited which was caused by the wholesale service on the HSPA mobile network amounting to Baht 18,500.07 million (2015: Baht 17,317.29 million). The Company received the payment from the debtor during the year 2016 of Baht 20,474.97 million (2015: Baht 53,937.85 million) and on 25 January 2017 of Baht 11,770 million. The Company had not set aside allowance for doubtful account receivables because the executive believed that the Company will receive the payment from debtor as described in Note 4 about management's judgement. If the Company does not receive the payment from debtor, the Company will not pay for the rental of equipment to provide HSPA network services to creditors who belong to the same group of such debtors.

In addition, the Company has trade receivables - True Move H Universal Communication Co., Ltd. (TUC) from domestic roaming on HSPA mobile network of Baht 4,170.20 million. (2015: Baht 9,766.30 million). The Company received a letter confirming payment of service fees for the year 2013-2015, according to the

amounts charged by the Company. TUC would like to divide the payment in cash for 8 years and the Company is willing to pay interest on the outstanding debt. In 2016, the Company received principal payment from TUC in an amount of Baht 264.29 million and also received interest payment in the amount of Baht 80.74 million. Therefore, no allowance for doubtful accounts has been recognised in this case. The Company has set aside allowance for doubtful debt arising from the wholesale services provided by HSPA network of 168 Communication Co., Ltd., amounting to Baht 173.55 million and Data CDMA Communications, amounting to Baht 17.22 million in the financial statements.

9 Concession receivable

Consolidated and separate financial statements		
	2016	2015
Trade receivables - customers under concession agreements	379.13	378.50
Accrued income	2,657.89	2,517.71
Total	3,037.02	2,896.21
<u>Less</u> Allowance for doubtful accounts	(1,221.68)	(1,221.68)
Trade receivables - customers under concession agreements	1,815.34	1,674.53

10 Accrued income

Consolidated and separate financial statements		
	2016	2015
Revenue from wireless communication services	5,009.10	6,127.20
Revenue from telephone services	227.69	343.82
Revenue from broadband	270.17	286.53
Revenue from asset development	3.29	152.39
Revenue from telecommunication network services	223.91	42.00
Revenue from network services	58.33	48.51
Revenue from radio communication services	16.89	21.05
others	417.07	500.60
	6,226.45	7,522.10
<u>Less</u> Allowance for doubtful accounts	(1,045.39)	(1,045.39)
Total	5,181.06	6,476.71

11 Inventories and supplies

Consolidated and separate financial statements		
	2016	2015
Finished goods	174.80	129.15
Supplies for telecommunication	265.18	329.74
Prepaid telecommunication service cards	1.97	2.00
	441.95	460.89
<u>Less</u> Allowance for damage or obsolescence	(31.46)	(32.02)
Inventories and supplies	410.49	428.87

Allowance for damages or obsolescences includes allowance for inventory loss waiting for verification amounting to Baht 23.22 million (2015: Baht 23.22 million).

Inventory recognised as expenses

Consolidated and separate financial statements		
	2016	2015
Cost of goods sold	29.51	41.33
Adjustment to net realisable value	-	5.54
Reversal of allowance for damages or obsolescences	(0.29)	(12.87)
Total, net	29.22	34.00

In 2016, the Company did not write down of its (2015: Baht 5.54 million). Allowance for inventories was reversed in 2016 of Baht 0.29 million (2015: Baht 12.87 million).

12 Other current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accrued interest income	241.26	241.48	242.81	241.63
Withholding tax receivable	3,789.07	2,865.59	3,789.07	2,865.59
Prepaid expenses	4,649.87	156.25	4,649.87	156.25
Undue input value added tax	3,984.43	4,060.55	3,984.43	4,060.55
Others	16.81	18.40	16.81	18.40
Total	12,681.44	7,342.27	12,682.99	7,342.42

As at 31 December 2016, accrued interest income includes interest on the Pension Fund amounting to Baht 1.56 million (2015: Baht 2.07 million).

13 Restricted short-term investments

	Consolidated and separate financial statements	
	2016	2015
Fixed deposits – Krung Thai Bank Public Company Limited	15.00	15.00
Fixed deposits – Government Housing Bank	485.00	485.00
Fixed deposits – CIMB Thai Bank Public Company Limited	20.00	20.00
Fixed deposits – Thanachart Bank Public Company Limited	2,500.00	2,500.00
Total	3,020.00	3,020.00

Restricted short-term investments represent fixed deposits pledged for bank guarantees when entering into juristic contracts and deposits that the Company has agreed with the bank to use as a guarantee for employees' housing loans from the bank. The Company is required by the bank to maintain a one-year fixed deposit as described in Note 42 (f). In 2016, interest rates on the restricted short-term investments are 1.15% to 1.75% per annum (2015: 1.50% to 3.15% per annum).

14 Investments in subsidiary

The subsidiary as at 31 December 2016 is as follows:

Name of company	Country of incorporation	Nature of business	Proportion of shares held by the parent company (percent)	Proportion of shares held by the Group (percent)	Proportion of shares held by non-controlling interests (percent)	Proportion of preferred shares held by the Group (percent)
CAT Telecom Holdings Company Limited	Thailand	Principally engaged in the management of the Company's investments to streamline its business and investment in business that supports the core business of the Company	100	-	-	-

A subsidiary is included in the consolidated financial statements of the Group. The proportion of voting rights in a subsidiary held by a parent company is 97.09% of the total number of shares. The parent company does not hold preferred shares of a subsidiary included in the Group. The Company has control over the subsidiary as the Company has the power to make decisions regarding activities that materially affect the return of CAT Telecom Holding Company Limited, as well as the right to receive variable returns from its involvement with CAT Telecom Holding and the Company has the ability to take any action that will affect the amount of dividend that CAT Telecom Holding will receive, therefore, CAT Telecom Holding is a subsidiary of the Company.

15 Investments in associates

Movements in investments in associates for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015 (restated)	2016	2015
Opening net book amount	612.84	655.65	18.11	18.11
Sharing profit in investments under equity method	125.59	84.79	-	-
Cumulative foreign currency translation adjustment	17.26	(23.90)	-	-
Dividend income	(134.56)	(103.70)	-	-
Closing net book amount	621.13	612.84	18.11	18.11

The associates, which are not listed in the stock exchange, are as follows:

Name of Company	Nature of business	Country of incorporation	% of Ownership interest	
			31 December 2016	31 December 2015
Associates - Domestic				
C&C International Venture Co., Ltd.	Consulting services	Thailand	21.43	21.43
Thai-Amadeus Southeast Asia Co., Ltd.	Provision of flight reservation services	Thailand	20.00	20.00
Telephone Number Portability Service Center Co., Ltd.	Provision of IT system and central database for services providers	Thailand	20.00	20.00
Associates - Abroad				
Asean Cablesip PTE LTD	Business management, ship repair and maintenance systems for submarine communications cable.	Singapore	16.67	16.67

The Group's interest in the associates in which each associate is not material, and they are accounted for using equity method are as follows:

	2016	2015
Aggregate carrying amount of individually immaterial associates	621.13	612.84
Aggregate amounts of the Group's share of:		
Profit or losses from continuing operations	125.59	84.79
Profit or losses after tax on discontinued operations	-	-
Other comprehensive income	17.26	(23.90)
Total comprehensive income	142.85	60.89

16 Investments in joint ventures

Movements in investments in joint ventures of the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015 (restated)	2016	2015
Opening net book amount	92.04	61.78	57.44	28.20
Additions	68.15	31.75	-	30.00
Shares of profit (loss) from investments under equity method (19.84)		2.63	-	-
Cumulative foreign currency translation adjustment	0.35	(3.29)	-	-
Dividends income	-	(0.83)	-	-
Loss on impairment of investments	-	-	(0.41)	(0.76)
Closing net book amount	140.70	92.04	57.03	57.44

- At the Board of Directors' Meeting No. 1/2015 held on 12 January 2015, the Board has approved the investment budget for the Company to buy shares in Tree Pay (Thailand) Company Limited (Tree Pay) of 6 million shares at Baht 5 per share, totalling Baht 30.00 million, representing a stake of 15 percent of the total shares and CAT Telecom holding's shares in Tree Pay of 13.98 million shares, representing a stake of 34.95 percent of total shares. On 25 September 2015 Tree Pay had been registered with to the Department of Commerce, Ministry of Commerce to do business relating to electronic transactions and online transactions. The Company paid a full amount of Baht 30.00 million and CAT Telecom Holding had paid up amount of Baht 1.75 million.
- On 31 July 2015, the Company disposed all of investments in three joint ventures as follows:
 - Chomanan Worldnet Co., Ltd., 480,000 shares, cost of Baht 4.80 million due to closure.
 - Internet Service Provider Co., Ltd., 480,000 shares, cost of Baht 4.80 million because the Company has cancelled an agreement with Internet Service Provider Co., Ltd. on 18 June 2015.
 - Telecard Corporation Co., Ltd., 390,000 shares, cost of Baht 3.90 million because the Court ruled Telecard Corporation Co., Ltd. to be bankrupt.

The Company has an allowance for impairment of investment in joint ventures of such three companies in the separate financial statements for the full amount.

3. The Company considered the impairment of investments in Cat Buzz TV Co., Ltd. (Cat Buzz) and recognised in the financial statements for the year ended 31 December 2015 of Baht 0.76 million (2014: Baht 0.75 million). This is caused by the performance of Cat Buzz illustrations that continues loss leading to the decrement of shareholders lower than the value of investment at cost.

The joint ventures which are not listed in stock exchange are as follows:

Name of Company	Nature of business	Country of incorporation	Proportion of shareholding (%)		
			Dec. 31, 2016	Dec 31, 2015	
Domestic joint ventures					
Internet Service Providers (ISPs) :					
Asia Infonet Co., Ltd ^{1,2}	Internet services	Thailand	32.00	32.00	
Roynet Internet Co., Ltd ^{1,3}	Internet services	Thailand	32.00	32.00	
Other telecom service providers:					
Hutchison-CAT Wireless Multimedia Co., Ltd	Marketing services for Digital AMPS 800 BAND A	Thailand	26.00	26.00	
STC Network Corporation Limited	Marketing services for data communication	Thailand	46.00	46.00	
Smart Highway Co., Ltd ¹	Domestic high-speed leased circuit and frame relay services	Thailand	32.00	32.00	
CAT BUZZ TV Co., Ltd	Advertisement media on bus	Thailand	49.00	49.00	
Tree Pay (Thailand) Co., Ltd	Electronics and online marketing	Thailand	15.00	-	
Foreign joint ventures					
ACASIA Communications Sdn Bhd	Provide services relating to telecommunications, computer, data and information within and outside Malaysia	Malaysia	12.80	12.80	
Asean Telecom Holdings Sdn Bhd	Invest in ACASIA Communications Sdn Bhd.	Malaysia	14.29	14.29	

¹ These joint ventures operate under concession agreements

² Joint ventures for which the contracts have expired and the Company is in the process of asset and liability settlement

³ Joint ventures which the Company is in the process of a lawsuit

The Group's interest in the joint ventures in which each joint venture is not material, and they are accounted for using equity method are as follows:

	2016	2015
Aggregate carrying amount of individually immaterial joint ventures	82.11	90.39
Aggregate amounts of the Group's share of:		
Profit or losses from continuing operations	(8.63)	2.72
Profit or losses after tax on discontinued operations	-	-
Other comprehensive income	0.35	(3.28)
Total comprehensive income	(8.28)	(0.56)

17 Other long term investment

Movements in other long-term investments, comprise fixed deposits, available-for-sale investments, investments in debt securities which will be held to maturity and general investments, for the years ended 31 December 2016 and 2015 are as follows:

	Notes	Consolidated and separate financial statements
	2016	2015
Opening net book value	1,868.81	3,031.98
Addition	420.00	1,570.00
Deduction/redemption	(5.00)	(500.00)
Transfer to current portion	7 (50.00)	(2,085.00)
Unrealised gain (loss) on changes in fair value of available-for-sale	108.72	(148.17)
Closing net book amount	2,342.53	1,868.81

The details and net book value of other long-term investments can be summarized as follows:

	December 31, 2016			
	Available-for-sale investments	Held-to-maturity investments	General investments	Total
Debt securities ¹				
CP All Public Company Limited	-	100.00	-	100.00
CIMB Thai Bank Public Company Limited	-	1,100.00	-	1,100.00
Secondary Mortgage Corporation	-	70.00	-	70.00
TISCO Bank Public Company Limited	-	350.00	-	350.00
Kasikornbank Public Company Limited	-	100.00	-	100.00
Bank of Ayudhya Public Company Limited	-	100.00	-	100.00
Equity securities				
Internet Thailand Public Company	376.00	-	-	376.00
Total Access Communication Public Company Limited ²	94.38	-	-	94.38
CS Loxinfo Public Company Limited ²	29.15	-	-	29.15
True Move Co., Ltd ²	-	-	-	-
Digital Phone Co., Ltd ²	-	-	1.25	1.25
Aces Regional Service Co., Ltd	-	-	20.00	20.00
Trade Siam Co., Ltd	-	-	1.75	1.75
Lenso Phonecard Co., Ltd	-	-	105.73	105.73
Less Allowance for impairment	-	-	(105.73)	(105.73)
Total	499.53	1,820.00	23.00	2,342.53

	December 31, 2015			
	Available-for-sale investments	Held-to-maturity investments	General investments	Total
Debt securities ¹				
CP All Public Company Limited	-	-	-	-
CIMB Thai Bank Public Company Limited	-	1,100.00	-	1,100.00
Secondary Mortgage Corporation	-	120.00	-	120.00
TISCO Bank Public Company Limited	-	250.00	-	250.00
Kasikornbank Public Company Limited	-	100.00	-	100.00
Bank of Ayudhya Public Company Limited	-	-	-	-
Equity securities				
Internet Thailand Public Company	164.80	-	-	164.80
Total Access Communication Public Company Limited ²	75.63	-	-	75.63
CS Loxinfo Public Company Limited ²	30.38	-	-	30.38
True Move Co., Ltd ²	-	-	5.00	5.00
Digital Phone Co., Ltd ²	-	-	1.25	1.25
Aces Regional Service Co., Ltd	-	-	20.00	20.00
Trade Siam Co., Ltd	-	-	1.75	1.75
Lenso Phonecard Co., Ltd	-	-	105.73	105.73
Less Allowance for impairment	-	-	(105.73)	(105.73)
Total	270.81	1,570.00	28.00	1,868.81

The details of held-to-maturity investments in debt securities are classified by maturity period as follows:

	December 31, 2016				December 31, 2015			
	within				within			
	1 year	2 - 5 years	6 - 12 years	Total	1 year	2 - 5 years	6 - 12 years	Total
Held-to-maturity investments in debt securities 1								
CP All Public Company Limited **	-	-	100.00	100.00	-	-	-	-
CIMB Thai Bank Public Company Limited *	-	1,100.00	-	1,100.00	-	1,100.00	-	1,100.00
Secondary Mortgage Corporation **	50.00	70.00	-	120.00	-	120.00	-	120.00
TISCO Bank Public Company Limited **	-	-	350.00	350.00	-	-	250.00	250.00
Kasikornbank Public Company Limited **	-	-	100.00	100.00	-	-	100.00	100.00
Bank of Ayudhya Public Company Limited **	-	-	100.00	100.00	-	-	-	-
Grand total	50.00	1,170.00	650.00	1,870.00	-	1,220.00	350.00	1,570.00

1 Investments in debt securities are classified as held-to-maturity investments and their maturities are from one to twelve years. The interest rates are 2.35% to 5.00% per annum with following terms and conditions:

* The interest rates for each year are determined by agreement.

** The interest rates are at a fixed rate throughout the period.

2 These companies operate under concession agreements.

18 Trade receivables - Long-term

TrueMove H Universal Communication Co., Ltd. (TUC) has paid for the mobile network service for the use of the service over the domestic mobile phone network on the 800 MHz to the Company by which TUC allows the Company to use the service across the country's mobile phone network on the 2100 MHz and 1800 MHz frequency bands of TUC for data services valued at Baht 6,456.33 million. TUC has already delivered all of its traffic to the Company. The Company can gradually use the service from 31 August 2016 to 3 August 2025. Therefore, the Company has recognised such transactions as long-term trade receivables in the financial statements. In 2016, the Company has gradually used such services and recognised the cost of services in the amount of Baht 8.55 million and classified current amount as trade receivables of Baht 123.30 million. Long-term trade receivables outstanding as at 31 December 2016, is amounting to Baht 6,324.48 million.

19 Loans to a related party

The Board of Directors No. 1/2015 held on 12 January 2015, approved the loan to CAT Telecom Holding of Baht 70.00 million for investment of CAT Telecom's holding in Tree Pay Co., Ltd.

On 23 November 2015, CAT Telecom Holding requested the loan from the Company of Baht 70.00 million by issuing a promissory note with type of no term of repayment. The principal will be settled when being literally requested to pay from the Company after CAT Telecom Holding has received the loan at least 5 years. And during the promissory notes are not due for principal repayment, CAT Telecom Holding will pay interest at the rate of 2 percent per year (non-compounded interest) on the last business day of the year. The first period begins at the end of the fifth year after receiving a loan (on 30 December 2020).

20 Investment property

Investment property is land. The details as at 31 December 2016 and 2015 are as follows:

Consolidated and separate financial statements	
At 31 December 2015	
Cost	17.17
<u>Less</u> Allowance for impairment	(0.11)
Closing net book amount	17.06
Movement for the year ended 31 December 2016	
Opening net book amount	17.06
Reclassification	-
Reversal of loss on impairment	-
Closing net book amount	17.06
Fair value	20.51
Cost	17.17
<u>Less</u> Allowance for impairment	(0.11)
Closing net book amount	17.06
Fair value	20.51
At 31 December 2014	
Cost	47.20
<u>Less</u> Allowance for impairment	(9.69)
Closing net book amount	37.51
Movement for the year ended 31 December 2015	
Opening net book amount	37.51
Reclassification	(30.03)
Reversal of loss on impairment	9.58
Closing net book amount	17.06
Fair value	20.51
Cost	17.17
<u>Less</u> Allowance for impairment	(0.11)
Closing net book amount	17.06
Fair value	20.51

The fair value of investment property is based on the Weighted Quality Score method by comparing the market prices of similar assets and adjusted by various factors that affect the value of assets. The fair value of such method is a level 2 of the fair value hierarchy.

21 Property, plant and equipment

Details as at December 31, 2016 are as follows:

	Consolidated and separate financial statement						
	Land	Building and building improvements	Telecommunication equipment	Tools, other equipment and furniture	Motor vehicles	Assets under installation	Total
As at 31 December 2015							
Cost	1,251.67	10,145.62	120,487.26	6,478.59	513.27	5,171.68	144,048.09
<u>Less</u> Accumulated depreciation	-	(6,612.53)	(99,268.88)	(4,401.29)	(393.63)	-	(110,676.33)
Allowance for impairment	-	(0.10)	(1,205.30)	(20.91)	-	-	(1,226.31)
Closing net book amount	1,251.67	3,532.99	20,013.08	2,056.39	119.64	5,171.68	32,145.45
Movement for the year ended 31 December 2016							
Opening book amount	1,251.67	3,532.99	20,013.08	2,056.39	119.64	5,171.68	32,145.45
Additions	13.94	75.15	1,594.88	179.10	13.56	4,266.16	6,142.79
Adjustment of assets	-	-	-	-	-	0.11	0.11
Changes in estimates decommissioning	-	(0.34)	(30.34)	-	-	-	(30.68)
Disposals							
- Cost	-	(200.16)	(50,272.52)	(114.90)	(48.53)	-	(50,636.11)
- Accumulated depreciation	-	162.11	50,029.27	114.11	47.67	-	50,353.16
- Allowance for impairment	-	-	241.96	0.34	-	-	242.30
Reclassification							
- Cost	-	324.44	2,937.83	345.21	-	(3,944.81)	(337.33)
- Accumulated depreciation	-	(9.00)	(30.75)	41.16	-	-	1.41
Depreciation charge	-	(336.68)	(6,121.73)	(793.83)	(32.36)	-	(7,284.60)
Closing net book amount	1,265.61	3,548.51	18,361.68	1,827.58	99.98	5,493.14	30,596.50
Cost	1,265.61	10,344.71	74,717.11	6,888.00	478.30	5,493.14	99,186.87
<u>Less</u> Accumulated depreciation	-	(6,796.10)	(55,392.09)	(5,039.85)	(378.32)	-	(67,606.36)
Allowance for impairment	-	(0.10)	(963.34)	(20.57)	-	-	(984.01)
Closing net book amount	1,265.61	3,548.51	18,361.68	1,827.58	99.98	5,493.14	30,596.50

Depreciation charged for the year ended 31 December 2016 is Baht 7,284.60 million (2015: Baht 7,485.22 million), which was classified as cost of services amounting to Baht 6,912.95 million (2015: Baht 7,042.86 million) and classified as selling and administrative expenses amounting to Baht 371.65 million (2015: Baht 442.36 million).

Property, plant and equipment as at 31 December 2015 are as follows:

	Consolidated and separate financial statement						
	Land	Budilding and building improvements	Telecommunication equipment	Tools, other equipment and furniture	Motor vehicles	Assets under installation	Total
As at 31 December 2014							
Cost	1,191.64	9,836.08	118,179.20	6,174.48	510.15	6,218.87	142,110.42
<u>Less</u> Accumulated depreciation	-	(6,269.10)	(97,685.18)	(3,798.48)	(424.19)	-	(108,176.95)
Allowance for impairment	-	(0.10)	(1,466.42)	(23.83)	-	-	(1,490.35)
Closing net book amount	1,191.64	3,566.88	19,027.60	2,352.17	85.96	6,218.87	32,443.12
Movement for the year ended 31 December 2015							
Opening book amount	1,191.64	3,566.88	19,027.60	2,352.17	85.96	6,218.87	32,443.12
Additions	30.00	83.75	2,625.17	254.92	60.23	4,336.77	7,390.84
Donation	-	4.12	-	-	-	-	4.12
Changes in estimates decommissioning	-	-	(51.37)	-	-	-	(51.37)
Disposals							
- Cost	-	(16.81)	(4,942.98)	(217.79)	(59.50)	-	(5,237.08)
- Accumulated depreciation	-	13.74	4,680.45	214.52	59.50	-	4,968.21
- Allowance for impairment	-	-	261.12	2.92	-	-	264.04
Reclassification							
- Cost	30.03	238.48	4,677.24	266.98	2.39	(5,383.96)	(168.84)
- Accumulated depreciation	-	(16.61)	37.33	(3.09)	-	-	17.63
- Allowance for impairment	-	-	-	-	-	-	-
Depreciation charge	-	(340.56)	(6,301.48)	(814.24)	(28.94)	-	(7,485.22)
Closing net book amount	1,251.67	3,532.99	20,013.08	2,056.39	119.64	5,171.68	32,145.45
Cost	1,251.67	10,145.62	120,487.26	6,478.59	513.27	5,171.68	144,048.09
<u>Less</u> Accumulated depreciation	-	(6,612.53)	(99,268.88)	(4,401.29)	(393.63)	-	(110,676.33)
Allowance for impairment	-	(0.10)	(1,205.30)	(20.91)	-	-	(1,226.31)
Closing net book amount	1,251.67	3,532.99	20,013.08	2,056.39	119.64	5,171.68	32,145.45

22 Assets under concession agreements

As at 31 December 2016, assets under concession agreements are as follows:

	Consolidated and separate financial statements		
	Buidling and improvements	Telecommunication equipment	Total
As at 31 December 2015			
Cost	0.91	102,231.24	102,232.15
<u>Less</u> Accumulated depreciation	(0.76)	(88,883.28)	(88,884.04)
Allowance for impairment	-	(3,307.17)	(3,307.17)
Net book amount	0.15	10,040.79	10,040.94
For the year ended 31 December 2016			
Opening net book amount	0.15	10,040.79	10,040.94
Transfer	-	7,599.19	7,599.19
Disposals			
- Cost	-	(5,685.03)	(5,685.03)
- Accumulated depreciation	-	5,525.59	5,525.59
- Allowance for impairment	-	159.44	159.44
Reclassification			
- Cost	-	(41.74)	(41.74)
- Accumulated depreciation	-	41.74	41.74
Depreciation charge	(0.05)	(6,138.09)	(6,138.14)
Closing net book amount	0.10	11,501.89	11,501.99
As at 31 December 2016			
Cost	0.91	104,103.66	104,104.57
<u>Less</u> Accumulated depreciation	(0.81)	(89,454.04)	(89,454.85)
Allowance for impairment	-	(3,147.73)	(3,147.73)
Net book amount	0.10	11,501.89	11,501.99

As at 31 December 2015, assets under concession agreements are as follows:

	Consolidated and separate financial statements		
	Buidling and improvements	Telecommunication equipment	Total
As at 31 December 2014			
Cost	0.91	102,110.52	102,111.43
<u>Less</u> Accumulated depreciation	(0.71)	(85,363.97)	(85,364.68)
Allowance for impairment	-	(1,808.11)	(1,808.11)
Net book amount	0.20	14,938.44	14,938.64
For the year ended 31 December 2015			
Opening net book amount	0.20	14,938.44	14,938.64
Transfer	-	3,563.56	3,563.56
Disposals			
- Cost	-	(3,442.84)	(3,442.84)
- Accumulated depreciation	-	3,442.84	3,442.84
Depreciation charge	(0.05)	(6,962.15)	(6,962.20)
Impairment charge	-	(1,499.06))	(1,499.06)
Closing net book amount	0.15	10,040.79	10,040.94
As at 31 December 2015			
Cost	0.91	102,231.24	102,232.15
<u>Less</u> Accumulated depreciation	(0.76)	(88,883.28)	(88,884.04)
Allowance for impairment	-	(3,307.17)	(3,307.17)
Net book amount	0.15	10,040.79	10,040.94

23 Intangible assets

As at 31 December 2016, intangible assets are as follows:

	Consolidated and separate financial statements		
	Software	Development cost	Total
As at 31 December 2015			
Cost	2,543.18	-	2,543.18
<u>Less</u> Accumulated amortisation	(1,865.10)	-	(1,865.10)
Provision for impairment	(24.14)	-	(24.14)
Net book amount	653.94	-	653.94
For the year ended 31 December 2016			
Opening net book amount	653.94	-	653.94
Additions	65.50	0.99	66.49
Disposals			
- Cost	(6.56)	-	(6.56)
- Accumulated amortization	6.03	-	6.03
Reclassification			
- Cost	379.74	(0.91)	378.83
- Accumulated amortization	(43.14)	-	(43.14)
Amortisation charge	(301.80)	-	(301.80)
Closing net book amount	753.71	0.08	753.79
As at 31 December 2016			
Cost	2,981.86	0.08	2,981.94
<u>Less</u> Accumulated amortisation	(2,204.01)	-	(2,204.01)
Provision for impairment	(24.14)	-	(24.14)
Net book amount	753.71	0.08	753.79

As at 31 December 2015, intangible assets are as follows:

	Consolidated and separate financial statements		
	Software	Development cost	Total
As at 31 December 2014			
Cost	2,325.54	1.77	2,327.31
<u>Less</u> Accumulated amortisation	(1,609.16)	-	(1,609.16)
Provision for impairment	(24.14)	-	(24.14)
Net book amount	692.24	1.77	694.01
For the year ended 31 December 2015			
Opening net book amount	692.24	1.77	694.01
Additions	85.64	1.00	86.64
Disposals			
- Cost	(69.63)	-	(69.63)
- Accumulated amortization	69.63	-	69.63
Reclassification			
- Cost	201.63	(2.77)	198.86
- Accumulated amortization	(17.63)	-	(17.63)
Amortization charge	(307.94)	-	(307.94)
Closing net book amount	653.94	-	653.94
As at 31 December 2015			
Cost	2,543.18	-	2,543.18
<u>Less</u> Accumulated amortisation	(1,865.10)	-	(1,865.10)
Provision for impairment	(24.14)	-	(24.14)
Net book amount	653.94	-	653.94

24 Other non-current assets

	Consolidated and separate financial statements	
	2016	2015
Deposits	26.11	33.19
Prepaid expenses	360.34	393.18
Other receivables	37.24	21.09
Others	31.67	31.66
Total	455.36	479.12

25 Trade and other payables

	Consolidated and separate financial statements	
	2016	2015
Trade payables	7,396.64	708.98
Payables from revenue sharing to telecommunications services	1,749.99	2,212.13
Total trade payables	9,146.63	2,921.11
Other payables	1,207.91	2,159.61
Total trade and other payables	10,354.54	5,080.72

26 Deferred income

Deferred income as at 31 December 2016 is as follows:

	Consolidated and separate financial statements		
	Deferred service revenues	Deferred revenue from assets transferred under concession agreements	Total
Current portion			
Opening balance	22.74	4,559.00	4,581.74
Addition	0.94	-	0.94
<u>Add</u> Transfer from portion due later than one year	66.01	8,859.69	8,925.70
<u>Less</u> Revenue realised during the year	(25.11)	(6,138.14)	(6,163.25)
Closing balance	64.58	7,280.55	7,345.13
Non-current portion			
Opening balance	103.46	5,464.02	5,567.48
<u>Add</u> Addition	69.82	7,599.19	7,669.01
<u>Less</u> Transfer to portion due within one year	(66.01)	(8,859.69)	(8,925.70)
Closing balance	107.27	4,203.52	4,310.79

Deferred income as at 31 December 2015 is as follows:

	Consolidated and separate financial statements		
	Deferred service revenues	Deferred revenue from assets transferred under concession agreements	Total
Current portion			
Opening balance	21.36	6,168.02	6,189.38
Addition	9.05	-	9.05
Add Transfer from portion due later than one year	16.21	6,866.17	6,882.38
Less Revenue realised during the year	(23.88)	(8,475.19)	(8,499.07)
Closing balance	22.74	4,559.00	4,581.74
Non-current portion			
Opening balance	46.17	8,766.64	8,812.81
Add Additions during the year	73.50	3,563.55	3,637.05
Less Transfer to portion due within one year	(16.21)	(6,866.17)	(6,882.38)
Closing balance	103.46	5,464.02	5,567.48

27 Accrued expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Telecommunication service expenses	36,042.34	33,416.65	36,042.34	33,416.65
Asset rental expenses	14,592.64	13,367.48	14,592.64	13,367.48
Marketing and selling expenses	1,612.06	1,371.81	1,612.06	1,371.81
Repair and maintenance expenses	1,794.94	1,338.37	1,794.94	1,338.37
Remittance to the NBTC under Section 84 of the Act on organization	6,547.24	5,978.50	6,547.24	5,978.50
Staff costs	728.57	745.12	728.57	745.12
Others	(2,509.36)	(1,226.07)	(2,509.38)	(1,226.08)
Total	58,808.43	54,991.86	58,808.41	54,991.85

28 Advance received

	Notes	Consolidated and separate financial statements	
		2016	2015
Advance received – access charge of mobile phone	42(a)	38,043.46	37,723.79
Advance received – service expenses		0.45	0.59
Others		7.81	4.39
Total		38,051.72	37,728.77

29 Other current liabilities

	Consolidated and separate financial statements	
	2016	2015
Deposits received from customers for services	138.86	127.91
Unearned revenue	352.67	342.00
Undue output value added tax	2,836.49	3,381.16
Others	308.34	1,014.32
Total	3,636.36	4,865.39

30 Deferred income tax and income tax

Deferred income tax

Movements of deferred tax assets and liabilities are as follows:

Deferred tax assets	Consolidated financial statements			
	Depreciation of building and impairment loss of equipment - Company	Employee benefits	Others	Total
At 1 January 2016	214.82	-	-	214.82
Charged/(credited) to profit or loss	(214.82)	253.45	-	38.63
At 31 December 2016	-	253.45	-	253.45
At 1 January 2015	212.65	-	-	212.65
Charged/(credited) to profit or loss	2.17	-	-	2.17
At 31 December 2015	214.82	-	-	214.82

Deferred tax liabilities	Consolidated financial statements			
	Depreciation of building and impairment loss of equipment - Company	Employee benefits	Others	Total
At 1 January 2016	-	-	214.82	214.82
Charged/(credited) to profit or loss	-	-	42.65	42.65
Charged/(credited) to other comprehensive income	-	-	(4.02)	(4.02)
At 31 December 2016	-	-	253.45	253.45
At 1 January 2015	-	-	212.65	212.65
Charged/(credited) to profit or loss	-	-	6.83	6.83
Charged/(credited) to other comprehensive income	-	-	(4.66)	(4.66)
At 31 December 2015	-	-	214.82	214.82

Deferred tax assets	Separate financial statements			
	Depreciation of building and impairment loss of equipment - Company	Employee benefits	Others	Total
At 1 January 2016	108.08	-	-	108.08
Charged/(credited) to profit or loss	(108.08)	143.20	-	35.12
At 31 December 2016	-	143.20	-	143.20
	-			
At 1 January 2015	108.10	-	-	108.10
Charged/(credited) to profit or loss	(0.02)	-	-	(0.02)
At 31 December 2015	108.08	-	-	108.08

Deferred tax liabilities	Separate financial statements			
	Depreciation of building and impairment loss of equipment - Company	Employee benefits	Others	Total
At 1 January 2016	-	-	108.08	108.08
Charged/(credited) to profit or loss	-	-	39.51	39.51
Charged/(credited) to other comprehensive income	-	-	(4.39)	(4.39)
At 31 December 2016	-	-	143.20	143.20
At 1 January 2015	-	-	108.10	108.10
Charged/(credited) to profit or loss	-	-	4.58	4.58
Charged/(credited) to other comprehensive income	-	-	(4.60)	(4.60)
At 31 December 2015	-	-	108.08	108.08

The Company measures deferred income tax assets and liabilities by using tax rate for the period in which the related deferred income tax assets is expected to be realised or the deferred income liability is expected to be settled. The tax rate for the year ended 31 December 2016 and 2015 are 20%.

Income tax expense

Income tax for the period is accrued using the tax rate that would be applicable to expected total annual profit which is 20% per annum.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
For the year ended 31 December				
Current tax	-	187.93	-	187.93
Decrease/(Increase) in deferred tax assets	(38.63)	(2.17)	(35.12)	0.02
Increase/(Decrease) in deferred tax liabilities	42.65	6.83	39.51	4.58
Total	4.02	192.59	4.39	192.53

Reconciliations of income tax for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015 (restated)	2016	2015
Profit before tax	2,321.96	3,316.70	2,351.79	3,333.18
Tax rate	20%	20%	20%	20%
Tax calculated at a tax rate of 20%	464.39	663.34	470.36	666.64
Tax effect of:				
Income not subject to tax	(65.66)	(181.09)	(66.37)	(186.66)
Expenses not deductible for tax purpose	3,465.62	1,617.27	3,459.63	1,617.62
Additional deductible expenses for tax purpose	(3,318.45)	(1,432.69)	(3,318.45)	(1,432.69)
Temporary differences for which no deferred income tax was previously recognised	(677.55)	(474.24)	(676.45)	(472.38)
Tax losses for which no deferred income tax asset was recognised	135.67	-	135.67	-
Income tax expense charged in the statement of income	4.02	192.59	4.39	192.53

As at 31 December 2016, the Company did not recognise deferred tax assets amounting to Baht 1,725.97 and Baht 1,832.99 million (2015: Baht 2,403.53 million and Baht 2,509.45 million) in the consolidated financial statements and separate financial statements, respectively.

The disclosure relating to tax effect on each component of other comprehensive income for the year ended 31 December 2016 and 2015 is as follows:

	2016			2015 (restated)		
	Amount before tax	Benefit (tax expenses)	Net amount from tax	Amount before tax	Benefit (tax expenses)	Net amount from tax
Consolidated financial statements						
Cumulative foreign currency translation adjustment	17.61	-	17.61	(27.18)	-	(27.18)
Unrealised gain on changes in fair value of available-for-sale	(21.95)	4.02	(17.93)	(22.98)	4.66	(18.32)
Re-measurement of post-employment benefit obligations	(451.20)	-	(451.20)	-	-	-
Other comprehensive income	(455.54)	4.02	(451.52)	(50.16)	4.66	(45.50)
Separate financial statements						
Unrealised gain on changes in fair value of available-for-sale	(21.95)	4.39	(17.56)	(22.98)	4.60	(18.38)
Re-measurement of post-employment benefit obligations	(451.20)	-	(451.20)	-	-	-
Other comprehensive income	(473.15)	4.39	(468.76)	(22.98)	4.60	(18.38)

31 Employee benefit obligations

The movements in present value of employee benefit obligations are as follows:

	Consolidated and separate financial statements	
	2016	2015
Defined benefit obligation at the beginning of the year	3,453.65	3,301.42
Current service cost	155.73	151.34
Interest cost	143.72	137.20
Payment to employee	(267.59)	(128.68)
Payment to employee – pension fund	(23.76)	(5.65)
Remeasurement of post-employment benefit obligations	451.47	-
Gain on changes in plan curtailment	(22.03)	(1.98)
Defined benefit obligation at the end of the year	3,891.19	3,453.65

Net liabilities recognised in the statement of financial position at the end of the periods are as follows:

	Consolidated and separate financial statements	
	2016	2015
Retirement benefit	3,767.26	3,319.20
Pension fund	123.93	134.45
Total	3,891.19	3,453.65

The amounts recognised in the statement of income for the year ended December 31, 2016 and 2015 are as follows:

	Consolidated and separate financial statements	
	2016	2015
Current service cost	155.73	151.34
Interest cost	143.72	137.20
Gain on changes in plan arrangements	(22.03)	(1.98)
Total	277.42	286.56

The principal actuarial assumptions used were as follows:

(a) Financial assumptions

Discount rate	3.0160% per annum
Inflation rate	2.50% per annum
Gold price	Baht 20,250 per 1 baht gold (15.6 gram), with inflation rate adjustment
Overseas trip value	Baht 20,000, with inflation rate adjustment
Salary growth rate – full-time staff	6% - 10% per annum
Salary growth rate – part-time staff	4% per annum

(b) Demographic assumptions

Turnover rate (by employee age)	Full-time (%)	Part-time (%)
Less than 45 years	1.0	10.0
From 45 years to 50 years	0.1	7.0
More than 50 years	-	-
Mortality rate	Thai mortality table, B.E. 2008 for male and female with 3% mortality rate adjustment	

Pension fund for employees

The movements of Pension fund for employees are as follows:

	Consolidated and separate financial statements	
	2016	2015
Opening balance	134.45	129.15
Contributions during the year	13.24	10.95
Payments to employees during the year	(23.76)	(5.65)
Closing balance	123.93	134.45

The Company contributes to employee's pension fund at 10% of employee's salary who are members of the fund and pays for shortcomings to meet the obligations as at period end.

As at 31 December 2016 there are 79 fund members (2015: 87 fund members)

Sensitivity analysis for actuarial assumptions as at 31 December 2016 are as follows:

1. Retirement benefit plan

Assumptions	Impact on defined benefit obligations		
	Changes in assumptions	Increased	Decreased
1. Discount rate	± 1.0%	385.45	(333.94)
2. Salary growth rate	± 1.0%	356.56	(316.61)
3. Inflation rate	± 1.0%	13.62	(11.89)
4. Turnover rate	± 20.0%	7.47	(7.26)
5. Mortality rate	± 1.0%	14.29	(15.88)

2. Long service awards

Assumptions	Impact on defined benefit obligations		
	Changes in assumptions	Increased	Decreased
1. Discount rate	± 1.0%	0.42	(0.37)
2. Inflation rate	± 1.0%	0.47	(0.42)
3. Turnover rate	± 20.0%	0.06	(0.06)
4. Mortality rate	± 1.0%	0.01	(0.01)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to a change in significant actuarial assumptions, the same method, Projected Unit Credit Method, has been applied when calculating the retirement benefits recognised within the statement of financial position as of the end of reporting period.

The weighted average duration of the defined benefit obligation is 3 years.

32 Right in privatisation payable

At the present, there is unclear timeline for the Initial Public Offering. The Company records right of staff who are entitled in the Company's common shares as a result of privatisation as non-current liabilities.

As described in Note 2.21 (c), accrual of right in share totalling to Baht 975.06 million is of the Company's employees in an amount of Baht 291.89 million and of Thailand Post's employees in an amount of Baht 683.17 million.

33 Other non-current liabilities

Consolidated and separate financial statements		
	2016	2015
Provision for telecommunication equipment decommissioning	432.87	449.13
Unearned interest	592.55	-
Deposits	315.82	167.86
Total	1,341.24	616.99

34 Appropriated retained earnings – legal reserve

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% percent of the registered capital. The legal reserve is non-distributable. At present, the Company has set aside legal reserve in full.

35 Service income

Consolidated and separate financial statements		
	2016	2015
Revenue from telephone service	2,550.51	2,968.91
Revenue from broadband service	7,611.59	7,549.01
Revenue from wireless communication services	26,865.76	28,697.97
Revenue from radio communication service	175.04	170.69
Revenue from network service	229.35	279.44
Revenue from assets developments service	400.45	426.94
Revenue from other services	0.80	2.00
Total	37,833.50	40,094.96

36 Revenue sharing from concession agreements

Consolidated and separate financial statements		
	2016	2015
Total Access Communication Public Company Limited	4,132.94	4,336.75
True Move Company Limited	-	77.32
Total	4,132.94	4,414.07

37 Other income

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Interest income from deposits with banks	299.43	615.40	299.43	615.37
Interest income from investment in debt instruments	731.52	603.81	731.52	603.81
Other interest income	5,483.21	2.38	5,484.61	2.53
Penalty income	533.20	46.56	533.20	46.56
Dividends income	78.25	72.87	212.81	177.40
Gain on disposal of investments	280.98	282.84	280.98	282.84
Others	495.99	141.16	495.99	141.16
Total	7,902.58	1,765.02	8,038.54	1,869.67

During the year 2016, the Company recognised interest income from Real Move Company Limited for late payment in the amount of Baht 5,392.00 million.

38 Other expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Penalty and damage compensation	6,493.83	30.82	6,493.83	30.82
Unrealised loss on trading investments	188.99	-	188.99	-
Others	0.37	0.25	0.78	1.01
total	6,683.19	31.07	6,683.60	31.83

The Company agreed to pay for damage compensation that the Company delayed to request allocation of phone numbers process for Real Move Company Limited in the amount of Baht 6,492.00 million. The Company already recognised those penalty and damage compensation in the financial statements.

39 Expense by nature

Expenses by nature for the years ended 31 December 2016 and 2015 are as follows;

Consolidated and separate financial statements		
	2016	2015
Staff costs	5,749.94	5,394.07
Repair and maintenance, and supplies used	944.83	833.53
Depreciation of property, plant and equipment, and amortisation charge	7,586.40	7,793.15
Depreciation of asset under concession agreements charge	6,138.14	6,962.20
Telecommunication service revenue sharing	1,192.41	1,507.70
Telecommunication network charge (interconnection charge and access charge)	2,345.17	2,143.64
Telecommunication service expenses	1,657.14	1,281.70
Rental expenses	17,185.57	17,177.61
Telecommunication license fees	2,081.02	2,173.21
Loss on impairment	-	1,489.48
Penalty and damage compensation	6,493.83	30.82

40 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2016	2015 (restated)	2016	2015
Net profit attributable to ordinary shareholders of the Company	2,317.95	3,124.11	2,347.40	3,140.65
Weighted average number of ordinary shares outstanding (unit: million shares)	1,000.00	1,000.00	1,000.00	1,000.00
Basic earnings per share (unit: Baht per share)	2.32	3.12	2.35	3.14

The Company has no diluted earnings per share for the year 2016 and 2015.

41 Financial risks

As at 31 December 2016 and 2015 the Company is party to derivative financial instruments including foreign currency forward contracts to protect the Company from movements in exchange rates. Also, the Company invests in structured notes and derivatives financial instruments. The Company's financial assets are trade receivables, other receivables, concession receivables and accrued income. The Company's financial liabilities are trade payables, other payables, value added tax payables, accrued income tax and accrued expenses.

The Company's significant financial risks include foreign exchange risk from normal operation and liquidity risk. The Company's overall risk management programme focuses on potential adverse effects to the Company. The Company has not used financial instrument for trading purpose.

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk, primarily with respect to US Dollar arising from transponder leasing, submarine communication cable network leasing and deposits. Additionally, the Company has revenue and cost of services in foreign currency especially in US Dollar from international telephone network interconnection with other telecommunication operators globally. Asset in foreign currency includes deposits with domestic banks in US Dollar for the purpose of repayment liabilities. Liabilities in foreign currency includes trade payable, other payable and accrued expenses.

The Company manages foreign exchange risk by:

- Negotiate offset payment arrangement with overseas telecommunicate operators
- Maintaining deposits in foreign currencies

As at 31 December 2016 and 2015, financial assets and financial liabilities in the consolidated and separated financial statements are as follows:

	2016		2015	
	Foreign Currency	Baht	Foreign Currency	Baht
Assets				
US Dollar	15.22	542.85	16.74	601.30
Eurozone	0.03	1.29	0.04	1.40
SDR *	-	-	0.01	0.07
		544.14		602.77
Liabilities				
US Dollar	7.25	260.97	7.78	282.18
Hong Kong Dollar	0.01	0.39	0.01	0.39
Eurozone	0.01	3.76	0.01	2.87
Singapore Dollar	0.01	0.24	0.01	0.25
SDR *	0.01	0.27	0.01	0.28
		265.63		285.97

*SDR refers to Special Drawing Right which is an international reserve asset, created by International Monetary Fund based on a basket of five major currencies.

(b) Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that the services are made to customers with an appropriate credit history. Additionally the Company has policies in place to maintain deposits with good credit rating financial institutions.

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash for its operation, and the availability of funding through an adequate amount of committed credit facilities as well as other source of funds to conform to credit term.

(d) Fair values

Book value of financial assets and financial liabilities is approximate to their fair value.

42 Contingent liabilities, contingent assets and commitments

(a) Access charge under concession agreements

The arrangements between TOT Public Company Limited (TOT), the Company and other mobile operators under concession agreements namely Total Access Communications Public Company Limited (DTAC), Digital Phone Co., Ltd. (DPC) and True Move Company Limited (True Move), state that mobile operators have to pay TOT an access charge. The access charge are 200 Baht per postpaid mobile phone number and 18% of the face value of any top-up cards sold for prepaid number. If TOT doesn't receive the access charge payments from the operators, the Company has agreed to pay the access charge, plus interest 1.25% per month for a late payment, a fraction of a month is counted as one month. However, the Company is entitled to claim for reimbursement from the operators.

Two mobile operators, DTAC and True Move, have refused to pay the access charge to TOT since 18 November 2006.

On 16 November 2007, TOT filed a case against the Company as the first defendant and DTAC as the second defendant. The case stated that the Company and/or DTAC must pay the access charge from 18 November 2006 to 31 October 2007 plus interest at the rate of 1.25% per month from the date after the filing date until the total payment is made, totalling Baht 11,705.07 million. On the same date, TOT filed a similar case against the Company as the first defendant and True Move as the second defendant. The case stated that the Company and/or DTAC must pay the access charge from 18 November 2006 to 31 October 2007 plus interest at the rate of 1.25% per month from the date after the filing date until the total payment is made, totalling Baht 4,508.10 million.

After considering the arguments submitted by DTAC and True Move, the Civil Court and the Central Administrative Court decided that the cases are under the jurisdiction of the Administrative Court. The Civil Court agreed to remove the cases from its directory and requested TOT to submit the cases to the Administrative Court.

On 7 June 2011, TOT filed a black case No.1097/2554 against the Company as the first defendant and DTAC as the second defendant with the Central Administrative Court for the amount of Baht 117,203.84 million. TOT also filed a black case No.1098/2554 against the Company as the first defendant and True Move as the second defendant for the total amount of Baht 41,540.28 million. On the same date, TOT also filed a black case No. 1099/2554 against the Company as the first defendant and DPC as the second defendant to the Administrative Court for the amount of Baht 3,315.71 million because DPC stopped paying access charge to TOT since 1 June 2009. TOT also filed another case against the Company, black case No. 1100/2554 about the access charge on prepaid CDMA radio communication services, with the amount of Baht 779.11 million. These four cases are in the Administration Court process.

Since the access charge cases are not yet finalised, the Company recognised revenue and expenses on the basis of the original concession agreements and memorandum on mobile access charge. The memorandum states that the access charge can be deducted from total revenue from services from postpaid and prepaid numbers when calculating the annual compensation to be paid to the Company at a rate determined for each year. However, the concessionaires have paid annual compensation to the Company without deducting the access charge from their revenue from services since the concessionaires stopped paying access charge to TOT. The Company, therefore, recognised the annual compensation, by not deducting the access charge, from the concessionaires as liabilities of Baht 38,043.46 million in the Company's financial statements as at 31 December 2016 (2015: Baht 37,723.79 million) under advance received.

(b) Universal Service Obligations (USO)

Universal Service Obligations for 2010

The implementing of a universal service supply for basic telecommunications services, based on the USO Service Provision Plan 2010, requires the Company to have available funds of Baht 1,369.68 million. The Company has already spent Baht 1,152.15 million and has Baht 217.53 million for further implementation. The NBTC has approved the Company for the USO Service Provision Plan 2010. Under this plan the Company still has the obligation to establish an additional 160 internet centers. To fulfil this obligation the Company engaged Bliss-Tel Public Company Limited on 11 November 2016 to establish the centers within 180 days from the contract date for the value of Baht 111.71 million (inclusive of VAT).

Master Plan for Universal Service Obligation B.E. 2555 – 2559 (2012 – 2016)

The NBTC announced the Master Plan for Universal Service Obligation B.E. 2555 - 2559 (2012 - 2016), and the Notification on Rules and Procedures on Revenue Collection for USO, which became effective on 31 May 2012. The Notification requires licensees to submit 3.75% per annum of their net revenue from telecommunication services to the fund semi-annually. The first payment is within 31 July and covers revenue from January to June of the same year and the second payment is within 31 January and covers revenue from July to December of the previous year.

The Company recognised liabilities on its contributions to the fund in the statement of financial position under accrued expenses in the amount of Baht 676.00 million (inclusive of VAT).

The NBTC also announced the Notification of the NBTC on Rules and Procedures on Revenue Collection for USO (No. 2) with an effective date on 1 January 2014. This amended the Notification on Rules and Procedures on Revenue Collection for USO dated 29 May 2012 to conform with the implementation budget of the Master Plan for Universal Service Obligation B.E. 2555 – 2559 (2012 – 2016). It expands the net revenue exemption ceiling from Baht 20 million per annum to be Baht 40 million per annum. This means licensees are exempted from the contribution if they have net revenue less than Baht 40 million per annum and if they have net revenue more than Baht 40 million, the first Baht 40 million is exempt.

The NBTC announced that the National Telecommunications Commission under NBTC (TC)'s meeting No. 32/2558 on 2 December 2015 is held to consider the USO implementation using licensees' revenue from telecommunication services from 1 January 2011 to 30 May 2012. The meeting passed a resolution requiring licensees with License Type II who own a telecommunication network and licensees with License Type III to allocate 4% per annum of their revenue from telecommunication business between 1 January 2011 and 30 May 2012 to the Broadcasting and Telecommunications Research and Development Fund for the Public Interest (BTFP).

The Company has not yet submitted its contributions to the NBTC. This is because before the Master Plan for Universal Service Obligation B.E. 2555 - 2559 (2012 - 2016) became effective on 31 May 2012, the Company abided by the NTC Notification on Rules and Procedures on Revenue Collection for USO. In abiding with this the Company chose to provide the service itself instead of paying the 4% contribution to BTFP.

On 21 September 2016, the Company filed a case with the Administration Court against the Office of the NBTC as the first defendant, TC as the second defendant and the NBTC as the third defendant. The case demanded the court to cancel the NBTC Notification and prohibit the Office of the NBTC, TC and the NBTC requiring the Company to allocate 4% of its revenue from its telecommunication business from 1 January 2011 to 30 May 2012 to BTFP. This case is in the Administration Court process.

(c) Provision for value added tax on revenue sharing after excise tax deduction from mobile phone concession agreement

The Revenue Department notified the Company about its value added tax assessment on the excise tax deducted from revenue sharing by Notices No. P.P. 73.1-01009410-25511209-005-01372 to P.P. 73.1-01009410-25511209-005-01377, all dated 9 December 2008. These notices demanded the Company to pay value added tax for taxable month in December 2003, February 2004, December 2004, December 2005, December 2006 and December 2007. The amount to be paid was Baht 4,561.30 million. This was value added tax of Baht 1,819.45 million, and penalties and surcharges of Baht 2,741.85 million (the surcharge was calculated until 15 December 2008). The Board of Directors passed a resolution on 28 November 2008 to appeal for the tax payment of Baht 1,819.45 million, and to provide a bank guarantee of Baht 2,741.85 million as a collateral to prevent a further surcharge and a delay in tax payment. Though management considered that the Company had complied with the Cabinet's resolution and that the Company did not have to pay the value added tax to the Revenue Department, it was uncertain whether the Company would receive the tax return. The Company, therefore, recognised the value added tax paid to the Revenue Department as an expense on 15 December 2008.



On 24 January 2011, the Revenue Department notified the Company regarding the decision of the Appeal Committee to amend the appeal. The decision was to reduce the penalty to 80% but to neither decrease nor waive the surcharge. This means the outstanding penalties and surcharges were Baht 2,377.96 million. On 21 February 2011 the Company filed a case against the Revenue Department and others for Baht 4,197.41 million, black case No. 41/2554. On 1 March 2011, the Company also filed a petition to delay the tax payment to the Revenue Department.

The Company processed to amend the letter of guarantee so the amount was Baht 2,377.37 million. On 11 March 2011 the Revenue Department approved the delay of the tax payment until the court's final judgement is finalised.

On 26 December 2011, the Central Tax Court ruled in favour of the Company regarding the penalty of Baht 1,455.56 million. The value added tax of Baht 1,819.45 million and surcharge of Baht 922.40 million remained since the Court decided that the Company must comply with the officer's tax assessment and the Appeal Committee's decision. On 9 January 2012 the Company filed an objection to the Central Tax Court's ruling and also requested to amend the letter of guarantee to be reduced by Baht 1,455.56 million.

On 1 March 2012, the Revenue Department rejected the request to amend the letter of guarantee since the court's judgement has not yet been finalised.

The Company did not record liabilities relating to the surcharge in financial statements since the management believed that the Company will not be liable to the Revenue Department's ruling.

(d) Dispute on Interconnection Charge (IC)

On 17 May 2006, the NTC issued the Notification on Telecommunications Network Access and Interconnection, B.E. 2549 (2006). The notification defined the duties of licensees who own telecommunication networks in permitting other licensees to interconnect with their telecommunication network when requested. This notification is to support connection between telecommunication networks and to allow network owners to collect interconnection charges at rates reflecting their cost. Licensees and concessionaires, according to Section 80 of the Telecommunication Act, B.E. 2544 (2001), must agree on network access and interconnection. The Company is an operator with networks and is affected by the Notification. Its networks include the International Telephone Network, Fixed Line Network and the central and regional CDMA Mobile Telephone Networks.

The Company negotiated with other operators regarding the network interconnection but could not get agreements on interconnection charge (IC). The Company entered into a dispute resolution process with DTAC (a mobile operator who is under a concession agreement with the Company), and TOT and Advance Info Service Public Company Limited (AIS) (mobile operators who are not under concession agreements with the Company) according to the Notification of TC.

On 28 January 2010, the Dispute Resolution Committee (DRC) considered the dispute between the Company and TOT. The DRC ruled that the Company and TOT to charge IC for the Fixed-Line Network from 6 May 2008 (the date the DRC accepted the Company's petition into their process).

On 12 March 2010, the DRC considered the dispute between the Company and AIS. The DRC ruled that the Company and AIS to charge IC at a rate of Baht 0.43 per minute for call termination and call origination services from 4 November 2008 (the date the DRC accepted the Company's petition into their process). The Company and AIS had the option to request the DRC to interpret or explain its decision within 30 days of receiving a copy of the decision. They also had the option to object to the decision within 90 days.

On 6 April 2010, the Company and AIS entered into an IC agreement following the final judgement No. 1/2553 and charged IC from 7 April 2010 for only the Mobile Telephone Network and Fixed-Line Network. AIS claimed that it already had an agreement with TOT on the International Telephone Network which guaranteed the minimum revenue from voice-calls and therefore could not enter into an agreement regarding international call with the Company.

On 28 December 2010, the Company acknowledged the final judgement on the dispute with AIS and the final judgement on the dispute with TOT, in accordance with the Notification on IC. The final judgement on the dispute with AIS allowed the Company the right to interconnect its International Telephone Network with AIS's network but AIS still refused to enter into an IC agreement.

On 22 March 2011, TOT filed a case against the NBTC with the Administrative Court. The case requested the Court to withdraw the NBTC's final judgement on dispute No. 3/2553, withdraw DRP's decision on dispute No. 5/2551 and the NBTC's meeting No. 28/2553 resolution.

On 5 April 2013, the Company submitted written notification to the Office of the NBTC requesting TC to enforce TOT to comply with the final judgement since TOT refused to collect IC.

On 24 November 2015, the Central Administrative Court ruled to withdraw the NBTC's final judgement on dispute No. 3/2553 on the part that required counterparties to collect IC from the effective date of the Notification on IC. The Company appealed to the Supreme Administrative Court.

Before the NBTC's Notification on Telecommunications Network Access and Interconnection became effective, the Company, as an international telephone service provider, entered into an agreement with other operators regarding the sharing of revenue from international voice calls when the Company's customers use those operators' networks. On 1 November 2008 the Company issued a notification that it was no longer sharing revenue from international voice calls with any operators. From 1 January 2009, the Company recognised revenue sharing relating to international voice calls in the financial statements at the IC rate of Baht 0.5652 per minute. There were objections from some operators about the rate. DTAC did not object as the Company was able to reach an agreement on IC with DTAC. In this regards, from 20 April 2010, the Company recognised revenue sharing relating to

international voice calls with operators other than DTAC at the IC rate determined in the NBTC's Notification on Reference Interconnection Charge Rate dated 7 July 2014.

The Company already recognised obligations from telecommunication network interconnection in the financial statements. The management believed that the outcome and the due process of law will not materially affect the Company's financial position.

(e) Pending litigations

As at 31 December 2016 the Company had the following pending litigation and lawsuits:

1. The Company is a plaintiff in disputes with individuals and entities relating to violations and breach of agreements. As at 31 December 2016 the claims were Baht 495,974.34 million (2015: Baht 449,234.18 million). The significant litigation and lawsuits are as follows:

- 1.1 The Company filed for arbitration in shortcomings in revenue sharing for Baht 21,981.87 million by DTAC. The claim is that DTAC deducted excise tax from its revenue sharing paid to the Company between operation year 12th and 16th (16 September 2002 to 15 September 2007) in accordance with the Cabinet's resolution. The Arbitrators decided to dismiss the claim. The Company then filed a petition to revoke the arbitration award with the Central Administrative Court. The Court dismissed the Company's appeal. The Company then appealed the Central Administrative Court ruling. Currently, the case is in the Supreme Administrative Court process.
- 1.2 The Company filed for arbitration in shortcomings in revenue sharing for Baht 3,410.99 million by DPC. The claim is that DPC deducted excise tax from its revenue sharing paid to the Company between operation year 6th and 10th (16 September 2002 to 15 September 2007) in accordance with the Cabinet's resolution. The Arbitrators decided to dismiss the claim. The Company then filed a petition to revoke the arbitration award with the Central Administrative Court. The Court dismissed the Company's appeal. Currently, the Company is appealing the case with the Supreme Administrative Court.
- 1.3 The Company filed for arbitration in shortcomings in revenue sharing for Baht 8,969.08 million by True Move. The claim is that True Move deducted excise tax from its revenue sharing paid to the Company between operation years 7th to 11th (16 September 2002 to 15 September 2007) in accordance with the Cabinet's resolution. The Arbitrators decided to dismiss the claim. The Company then filed a petition to revoke the arbitration award with the Central Administrative Court. The Court dismissed the Company's appeal. The Company then appealed to the Supreme Administrative Court. Currently, the case is in the Supreme Administrative Court process.
- 1.4 The Company filed for arbitration claiming DTAC has not transferred ownership of 5,016 masts and towers, together with their accessories to the Company, in accordance with the concession agreement. The total value of the masts, towers and accessories was Baht 2,411.85 million. DTAC claimed that masts and towers were buildings under the Building Control Act, B.E. 2522 in conjunction with Ministerial Regulation B.E. 2544 when they were constructed on a third party's land. Currently, the Arbitrators have temporarily postponed the trial, waiting a result from the negotiation for dispute resolution.

- 1.5 The Company filed for arbitration claiming True Move has not transferred ownership of 4,546 masts and towers, together with their accessories to the Company, in accordance with the concession agreement. The total value of the masts, towers and accessories was Baht 2,766.17 million. True Move claimed that masts and towers were not telecommunication equipment but were buildings. The Arbitrators dismissed the Company's claim deeming that the event to transfer ownership has yet been occurred. The Company filed a petition to revoke the arbitration award, black case No. 1813/2556. The Company then requested to withdraw the petition to prepare for arbitration after the concession agreement period ended.
- 1.6 The Company filed for arbitration claiming that Hutchison CAT Wireless Multimedia Ltd. (Hutch) breached a marketing agreement made with the Company, black case No. 134/2551, for Baht 1,163.06 million. Hutch objected and counterclaimed for Baht 2,544.72 million in compensation claiming that the Company delayed the marketing compensation payment. On 11 September 2015 the Arbitrators made the final judgement to red case No. 98/2552 and withdrew the case. The Company filed a petition to revoke the final judgement with the Central Administrative Court, black case No. 2292/2558. Currently the case is in the Central Administrative Court process.
- 1.7 The Company filed a case against the Revenue Department with the Central Tax Court to revoke the value added tax assessment of Baht 4,197.41 million and the Appeal committee's decision under Revenue Code. The Court ruled to adjust the penalty but did not change the value added tax and surcharge amounts. Currently the Company is appealing the case in the Supreme Court.
- 1.8 The Company filed for arbitration claiming DPC Baht 2,000.22 million in compensation because DPC hasn't paid excess charge from roaming service with AIS during its 10th and 11th years of operation and also partially during its 12th year. Currently the arbitrators are being appointed.
- 1.9 The Company filed a case against the Ministry of Finance with the Central Administrative Court claiming that Pol.Lt.Col. Thaksin Shinawatra, when was a prime minister and a government minister, abused his authority causing trouble and damage to the Company. This made the Company not be able to receive revenue sharing from the concession agreements from DTAC, True Move and DPC and the Company has to pay value added tax of revenue sharing that deducted on the excise tax as well as additional tax for the Ministry of Interior. This also included penalty and surcharge paid to the Revenue Department. The total claim was Baht 41,169.40 million. The Central Administrative Court did not accept the filing and removed the case from the Court's directory. The Company appealed to the Supreme Administrative Court objecting the Central Administrative Court's order. The Supreme Administrative Court ordered the Central Administrative Court to accept the Company's motion. The Central Administrative Court then dismissed the case. The Company is now appealing to the Supreme Administrative Court again.
- 1.10 The Company filed for arbitration claiming DTAC Baht 4,022.19 million in compensation because DTAC has not paid revenue sharing to the Company. DTAC deducted IC from revenue before calculating revenue sharing to be paid to the Company during its operation year 16th (between 16 September 2006 and 15 September 2007). Currently the arbitrators are still being appointed and the arbitration procedure has been temporarily suspended.

- 1.11 The Company filed for arbitration claiming DTAC Baht 3,777.71 million in compensation because DTAC has not paid revenue sharing to the Company. DTAC deducted IC from revenue before calculating revenue sharing to be paid to the Company during its operation year 17th (between 16 September 2007 and 15 September 2008). Currently, the case is in the arbitration process but this has been temporarily suspended, waiting the Supreme Administrative Court's order to appoint the Arbitrators' chairperson.
- 1.12 The Company filed for arbitration claiming DPC Baht 2,229.89 million in compensation because DPC has not supplied or transferred ownership of 3,343 masts and towers and 2,653 power supply units to the Company. The Arbitrators decided to dismiss the claim deeming that the event to transfer ownership has not occurred yet. The Company filed a petition to revoke the arbitration award with the Central Administrative Court. Currently the case is in the Central Administrative Court process.
- 1.13 The Company filed a case with the Central Administrative Court against the Office of the NBTC as the first defendant, the NBTC as the second defendant and TC as the third defendant. The case is for the withdrawal of the Notification of the NBTC on Interim Measures to Protect Consumers After the End of Mobile Phone Concession Agreements B.E. 2556 (2013). The claim was for Baht 275,658.36 million. Currently the case is in the Central Administrative Court process.
- 1.14 The Company filed for arbitration claiming True Move Baht 2,441.69 million in shortcomings in revenue sharing. True Move deducted IC from their revenue before calculating the revenue sharing to be paid to the Company during their 16th operation year. Currently the case is in the arbitration procedure.
- 1.15 The Company filed a case with the Central Administrative Court against Hutch as the first defendant, BFKT (Thailand) Limited (BFKT) as the second defendant and The Siam Commercial Bank Public Company Limited as the third defendant. The case concerns breaching of a cellular radio communication marketing agreement, cancellation of the agreement, a marketing agreement, a customer service agreement, a telecommunication equipment rental agreement, an automatic international call marketing agreement and a letter of guarantee. The claim was Baht 1,576.19 million. Currently the case is under the Central Administrative Court's process.
- 1.16 The Company filed for arbitration claiming DTAC Baht 3,517.00 million in shortcomings in revenue sharing. DTAC breached the agreement by not sharing additional revenue from its operation year 18th (16 September 2008 to 15 September 2009). Currently the case is in the arbitration procedure. However, the Company requested a postponement of the procedures, waiting a result from the negotiation for dispute resolution.
- 1.17 The Company filed for arbitration claiming DTAC Baht 3,537.41 million in shortcomings in revenue sharing. DTAC breached the agreement by not sharing additional revenue from its operation year 19th (16 September 2009 to 15 September 2010). Currently the case is in the arbitration procedure. However, the Company requested a postponement of the procedures, waiting a result from the negotiation for dispute resolution.
- 1.18 The Company filed for arbitration claiming DTAC Baht 7,152.18 million in shortcomings in revenue sharing. DTAC breached the agreement by not sharing additional revenue from its operation year 20th (16 September 2010 to 15 September 2011). Currently the case is in the arbitration procedure. However, the Company requested a postponement of the procedures, waiting a result from the negotiation for dispute resolution.

- 1.19 The Company filed a case with the Central Administrative Court against the Office of the NBTC as the first defendant, TC as the second defendant, the NBTC as the third defendant, True Move as the fourth defendant and DPC as the fifth defendant. The case claimed such defendants to pay together for the network cost occurred during the protection period (16 September 2013 – 15 September 2014) according to the Notification of the NBTC on Interim Measures to Protect Consumers After the End of Mobile Phone Concession Agreements B.E. 2556 (2013). The claim was Baht 24,117.04 million.
- 1.20 The Company filed for arbitration claiming True Move Baht 1,571.60 million in shortcomings in revenue sharing. True Move deducted IC from their revenue before calculating the revenue sharing paid to the Company during their 15th operation year. The Arbitrators ruled in favour to the Company. True Move then appealed to the Central Administrative Court to revoke the arbitration award. Currently the case is in the Central Administrative Court process.
2. The Company, as a defendant, has lawsuits against individuals and entities for tort and breach of contracts totalling Baht 405,320.53 million as at 31 December 2016 (2015: Baht 362,627.07 million). The details of the significant cases totalling Baht 366,031.25 million are as follows:
- 2.1 TOT filed a case with the Central Administrative Court against the Company as the first defendant and DTAC as the second defendant claiming for access charge payment from 18 November 2006 to 9 May 2011 plus interest charges from 1 May 2011 until the payment is made, including a requirement for the Company to be continually in compliance with the access charge agreement. The claim was Baht 117,203.84 million (including interest and value added tax). The Company submitted a testimony to the Central Administrative Court and the case is currently under the court's fact-finding proceeding. Subsequently, TOT has amended the claim to made additional claim from 18 November 2006 to 10 July 2014 plus interest, the claim amount was Baht 250,882.25 million.
- 2.2 TOT filed a case with the Central Administrative Court against the Company as the first defendant and True Move as the second defendant claiming for access charge payment from 1 December 2006 to 9 May 2011 plus interest charges from 1 May 2011 until the payment is made, including a requirement for the Company to be continually in compliance with the access charge agreement. The claim was Baht 41,540.28 million (including interest and value added tax). The Company submitted a testimony to the Central Administrative Court and the case is currently under the court's fact-finding proceeding. Subsequently, TOT has amended the claim to made additional claim from 18 November 2006 to 10 July 2014 plus interest, the claim amount was Baht 90,907.70 million.
- 2.3 TOT filed a case with the Central Administrative Court against the Company as the first defendant and DPC as the second defendant claiming for access charge payment from 1 June 2009 to 9 May 2011 plus interest charges from 1 May 2011 until the payment is made, including a requirement for the Company to be continually in compliance with the access charge agreement. The claim was Baht 3,315.71 million (including interest and value added tax). The Company submitted a testimony to the Central Administrative Court and the case is currently under the court's fact-finding proceeding. Subsequently, TOT has amended the claim to made additional claim from 18 November 2006 to 10 July 2014 plus interest, the claim amount was Baht 5,454.35 million.

- 2.4 TOT filed a case with the Central Administrative Court against the Company claiming for access charge payment of prepaid CDMA cellular service cards for the period from 1 October 2007 to 9 May 2011 plus interest charges from 1 August 2010 until the payment is made, including a requirement for the Company to be continually in compliance with the access charge agreement of prepaid cards. The claim was Baht 779.11 million (including interest and value added tax). The Company submitted a testimony to the Central Administrative Court and the case is currently in the judicial of the Central Administrative Court.
- 2.5 On 30 December 2008, the Company filed for arbitration claiming Hutch for service fees, license fee for license type III, fees for general telephone numbers and special four-digit telephone numbers, minimum revenue guarantee and excise tax. Total claim was Baht 1,163.06 million. On 22 April 2009, Hutch filed an objection and counterclaimed for Baht 2,544.72 million in compensation claiming that the Company breached the contractual payment schedule, compete in marketing in 25 provinces of central region, not solving the problem of outgoing calls to another networks and not take the deducted access charge under concession agreement, not yet paid to TOT, in calculating the marketing service fee to Hutch. Currently the arbitrators are still being appointed.
- On 27 January 2011, the Company signed an agreement with Hutch to terminate the marketing agreement for the radio communication system, Cellular Digital AMPS 800 BAND A, so the Company and Hutch are no longer bound by marketing agreement. The termination of the marketing agreement has no impact on any rights of claim or disputes existing before the effective date of the termination agreement. Regardless of whether the rights of claim have been exercised, the Company and Hutch agreed to negotiate amicably and in good faith for all disputes and claims between the parties. If the Company and Hutch could not reach an agreement within 90 days from the signing date of termination agreement, either party would have the right to submit a dispute to a Thai court. The unresolved issues were then submitted to the court. The cases are currently in the judicial of the Administrative Court.
- 2.6 On 12 February 2002, Telecard Corporation Co., Ltd. (Telecard) filed a case against the Company to the Arbitration Institute for an alleged illegal cancellation of an agreement on international calling card services and damages totalling Baht 1,059.54 million. The Company filed an objection and counterclaimed for outstanding debt due to the Company. The Arbitration Institute ruled that the agreement cancellation was lawful, dismissed Telecard's damages claim, and required Telecard to pay its debt to the Company. Telecard's shareholder, Telemaid Corporation Co., Ltd. (Telemaid), submitted a request to the Central Administrative Court to annul the arbitral award, and the Company submitted a request to validate the award. Telemaid filed an appeal to the Supreme Administrative Court. Further, the Supreme Administrative Court dismissed the appeal. This case is finalised.
- 2.7 True Move submitted a dispute to the Arbitration Institute (Black Case 6/2559) demanding the Company to pay Baht 11,827.67 million under Clause 15.6 of their Cellular Radio Communication Service Agreement. The Arbitration Institute is currently considering this case.
- 2.8 The following are cases regarding the Company's fibre optic cable network agreements.
- 2.8.1 A.L.T. Inter Corporation Co., Ltd. (ALT) filed a case with the Central Administrative Court against the Company for damages of Baht 275.56 million plus 15% annual interest calculated from the principal of Baht 271.64 million from the date of filing, and a compensation for loss of use of the fibre optic cable network at Baht 13.50 million per month from the date of filing to the date the Company resumed service to ALT. The Central Administrative

Court ruled in favour of ALT that the Company has to pay Baht 85.05 million plus 7.5% annual interest from date of filing until payment is made in full, and Baht 13.50 million per month for the loss of using the network from the date of filing to the date the Company resumed service to ALT. The Company's appeal to the Supreme Administrative Court is currently under the consideration.

2.8.2 On 27 September 2013, Thai Transmission Industry Co., Ltd. and Miracle Star Capital Co., Ltd. filed a case with the Civil Court against the Company for unpaid lease charges under lease agreements of fibre optic cable network lines in Pattaya. The claim was Baht 475.53 million plus 15% annual interest of Baht 417.97 million. The Central Administrative Court ruled that the Company has to pay Baht 451.34 million plus 15% annual interest on the principal of Baht 402.77 million from date of filing and interest on the principal of Baht 18.99 million from 12 October 2013 until the payment is made in full. The Company's appeal to the Supreme Administrative Court is currently under the consideration.

2.8.3 Simat Technology Co., Ltd. filed a case with the Central Administrative Court against the Company to pay service fees and damages regarding leased optical fibre cable network and equipment in Nakhon Ratchasima and Chiang Mai. The claim was Baht 665.62 million. This case is currently under consideration by the Central Administrative Court.

2.8.4 ALT and New Hampshire Insurance Co., Ltd. (Thailand Branch) filed a case against the Company to pay service fees and damages regarding leased optical fibre cable network and FTTx equipment in Hemaraj Eastern Seaboard Industrial Estate and the Eastern Seaboard Industrial Estate (Rayong). The claim was Baht 299.97 million. This case is currently under consideration by the Central Administrative Court.

2.8.5 Elitetech Intercom Co., Ltd. filed a case against the Company to pay service fees and damages regarding leased optical fibre cable network and FTTx equipment in Ubon Ratchathani Province and Hua Hin, Prachuap Khiri Khan Province. The claim was Baht 366.10 million. This case is currently under consideration by the Central Administrative Court.

2.8.6 Platt Nera Co., Ltd. filed a case with the Civil Court against the Company to compensate for completion of the installation of optical fibre cable network lines and FTTx equipment in Prachuap Khiri Khan, Ubon Ratchathani, and Udon Thani Provinces. The claim was Baht 493.13 million. This case is currently under consideration by the Civil Court.

As at 31 December 2016, the courts have not yet finalised the results of claim. No additional liabilities are accrued in addition to the amounts that are already recorded in the financial statements as the management believes that the Company will not be liable for the differences.

(f) Guarantees

As at 31 December 2016, the Company has guarantees as follows:

The Company has letters of guarantee issued by various banks totalling Baht 2,377.37 million to appeal tax payment to the Revenue Department resulting from revenue sharing after excise tax deduction from private operators under mobile phone concession agreements.



The Company pledged fixed deposits with maturity within 12 months at Thanachart Bank Public Company Limited amounting to Baht 2,500 million for bank guarantees, which the Company classified as non-current restricted temporary investments.

The Company pledged fixed deposits with maturity of 1 year at CIMB Thai Bank Public Company Limited amounting to Baht 20.00 million for any juristic contracts and agreements on behalf of the Company and fixed deposits with a maturity of 1 year at Government Housing Bank amounting to Baht 485.00 million and Krung Thai Bank amounting to Baht 15.00 million as collateral for employee loans.

The total restricted temporary investment is Baht 3,020.00 million.

Capital commitments as at 31 December 2016 and 2015, but not recognised in the financial statements is as follows:

	Consolidated and separate financial statements	
	2016	2015
Land and land improvements	17.87	3.47
Buildings and building improvement	460.57	1,372.25
Telecommunication equipment	4,346.31	3,934.09
Submarine cable system	549.83	979.63
Tools, equipment, furniture & fixtures and office equipment	869.81	1,422.67
Motor vehicles	2.71	17.17
Research and development	3.63	0.03
Other long-term investments	0.18	0.18
Long-term prepayments (submarine cable system)	2.18	37.93
Total	6,253.09	7,767.42

As at 31 December 2016, the capital commitments in relation to telecommunication equipment and submarine cable network system amounting to Baht 1,940.32 million comprise the following significant items:

1. Submarine cable system expansion amounting to Baht 549.83 million
2. Optical fibre network construction amounting to Baht 907.27 million
3. DW/DM system equipment amounting to Baht 194.13 million
4. Gateway – Point of Interconnection (GW-POI) equipment amounting to Baht 146.78 million
5. Transmission Upgrade for Backhaul Network and Optical Transport Network amounting to Baht 142.31 million

(h) Operating lease commitments

The Company entered into lease and related service agreements for certain office, space, cars, telecommunication networks, computer system services and repair and maintenance services for software and hardware for periods ranging from 1 to 15 years with options to renew. As at 31 December 2016 and 2015, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Unit : Million

	2016		2015	
Baht				
Payment due within one year		164.93		181.11
2 - 5 years		125.46		119.28
Total		290.39		300.39
Hong Kong Dollar	Dollar	Baht Equivalent	Dollar	Baht Equivalent
Payment due within one year	0.50	2.35	0.50	2.37
2 - 5 years	0.13	0.59	0.63	2.96
Total	0.63	2.94	1.13	5.33
Euro	Euro	Baht Equivalent	Euro	Baht Equivalent
Payment due within one year	-	-	0.01	0.62
Total	-	-	0.01	0.62
US Dollars	Dollar	Baht Equivalent	Dollar	Baht Equivalent
Payment due within one year	1.07	38.46	3.89	141.25
2 - 5 years	0.05	1.93	0.37	13.36
Total	1.12	40.39	4.26	154.61

In addition to these non-cancellable operating lease commitments, the Company has commitments under service supply agreements, which do not include fixed rates. The Company will recognise these expenses in the financial statements when the services are rendered.

Commitments under concession agreements are set out in Note 42 (a).

43 Related party transactions

Transactions with related parties during the period were carried on in the ordinary course of business. Price and terms of trading with these related parties are generally the same as those applied to transactions with non-related parties.

The Company did not disclose transactions with employees and management personnel of the government departments and state-owned enterprises or close members of the families of these individuals as related party transactions. However, these transactions were carried out in the normal course of business.

The Company believed that transactions with related parties have been properly disclosed.

Significant transactions with related parties for the periods are summarised below:

Revenues and expenses with related parties for the years ended 31 December 2016 and 2015 are summarised as follows:

Consolidated and separate financial statements		
	2016	2015
Revenues		
Telephone business		
- Associates	0.07	0.08
Total	0.07	0.08
Broadband business		
- Joint ventures	13.41	1.89
Total	13.41	1.89
Network business		
- Joint ventures	0.13	0.32
Total	0.13	0.32
Asset development and other services		
- Associates	0.52	0.81
Total	0.52	0.81
Total revenues from related parties	14.13	3.10
Expenses		
Telecommunication expenses		
- Associates	9.67	7.66
- Joint ventures	35.42	33.96
Total	45.09	41.62
Marketing expenses		
- Joint ventures	1.48	1.53
Total	1.48	1.53
Total expenses for related parties	46.57	43.15

Balances with related parties as at 31 December 2016 and 2015 are summarised below:

Consolidated and separate financial statements		
	2016	2015
Trade and other accounts receivable		
Trade accounts receivable		
- Associates	-	0.05
- Joint ventures	395.26	403.59
Total	395.26	403.64
<u>Less</u> Allowance for doubtful accounts	(0.95)	(9.69)
Total	394.31	393.95
Trade accounts payable		
- Joint ventures	0.08	-
Total	0.08	-
Accrued expenses		
- Joint ventures	238.35	233.36
Total	238.35	233.36
Other non-current liabilities		
- Joint ventures	3.20	3.20
Total	3.20	3.20

Management compensation

Management compensation, comprising salary, welfares, vehicle and fuel, pension and post-employment benefits, for the year ended 31 December 2016 and 2015 are as follows:

Consolidated and separate financial statements		
	2016	2015
Management compensation		
- Short-term benefits	26.04	25.32
- Post-employment benefits	0.44	0.60
Total	26.48	25.92

44 Revenues from telecommunication business and broadcasting and telecommunications business

The Company is granted Type I, Type II and Type III telecommunications business licenses and broadcasting and telecommunications licenses to provide broadcasting and telecommunications services as described in Note 1.5 and 1.6, respectively. The stated detail of revenues from telecommunication business and broadcasting and telecommunications business was as of the year ended 31 December 2016 and 2015 classified by license are detailed as follows:

Type of license	2016	2015
1. Revenue from Type I telecommunications business	3,032.44	2,552.60
2. Revenue from Type II telecommunications business	900.89	1,080.39
3. Revenue from Type III telecommunications business	36,379.52	39,369.18
4. Revenue from CAT channel broadcasting and telecommunications service under broadcasting and telecommunications licenses	2.96	1.05
5. Revenue from broadcasting and telecommunications services without national frequency under broadcasting and telecommunications licenses	106.09	137.51

Revenues from telecommunication services include internet service.

According to the NBTC's notification regarding Universal Service Obligations (USO) Plan B.E.2012 – 2016 and revenue collection regulation for USO effective on 31 May 2012 that requires all licensees to transfer telecommunication service revenue to the NBTC fund at the rate of 3.75% of net income per year on semi-annual basis. The first payment will be made by 31 July of every year by based on revenues generated from January to June of the same year. The second payment will be made by 31 January of every year by based on revenues generated from July to December of the prior year. The Company's net revenue of 2016 which would be transferred to the fund is Baht 37,395.52 million (2015: Baht 39,052.63 millions).

45 Dividends

At the Board of Directors' meeting No. 17/2559 held on 14 September 2016, the directors passed a resolution approving the payment of interim dividends from the operating results for half-year period of 2016 (January to June) to shareholders at the rate of Baht 0.79 per share, totalling Baht 792.99 million. The Company distributed these dividends on 31 October 2016.

At the Annual General Shareholders' meeting for the year 2015 held on 13 August 2015, the shareholders passed a resolution approving the payment of dividends from the operating results for the year 2014 to shareholders at the rate of Baht 1.59915 per share, totalling Baht 1,599.15 million. The Company distributed these dividends on 11 September 2015.

At the Board of Directors' meeting No. 11/2558 held on 10 August 2015, the directors passed a resolution approving the payment of interim dividends from the operating results for half-year period of 2015 (January to June) to shareholders at the rate of Baht 1.00 per share, totalling Baht 1,000.00 million. The Company distributed these dividends on 30 September 2015.

At the Annual General Shareholders' meeting for the year 2013 held on 2 July 2014, the shareholders passed a resolution approving the payment of dividends from the operating result for the year 2012 to shareholders at the rate of Baht 16.50 per share, totalling Baht 16,500.00 million. The Company has recorded dividend payable since the year 2013 the financial statements and completed the dividend distribution for the year 2012 to the Ministry of Finance on 26 January 2015 when it paid the fifth and final instalment of Baht 2,000.00 million.

The total dividend which the Company distributed to the Ministry of Finance for the year ended 31 December 2015 is Baht 4,599.15 million.

46 Operation after the expiry of the concession agreement between True Move and DPC

(a) The Notification of NBTC on Interim Measures to Protect Consumers after the End of Concession or Mobile Phone Service Agreements B.E. 2556 (2013)

The NBTC issued a notification on Interim Measures to Protect Consumers after the End of Concession or Mobile Phone Service Agreements B.E. 2556 (2013), effective from 30 August 2013, to support the end of the concession to operate 1800 Digital Personal Communication Network radio communication system between the Company and True Move and between the Company and DPC. The protection period is less than one year from the end of contract on 15 September 2013. The Company, as a network provider to True Move and DPC, has submitted consumers' protection plan to the NBTC. In this regards, the NBTC appointed a committee comprising representatives from Office of the Attorney General as a head of the committee, Ministry of Finance, Ministry of Information and Communication Technology, an economics expert, and a finance and accounting expert with the NBTC's Secretary General as a secretary. The Committee is responsible for investigating revenue and expenses from mobile phone service during the one year protective period before reporting the remaining revenue as national income. The Company filed a case to the Administrative Court to withdraw the Notification on 16 October 2013. Currently, the case is in the Administrative Court process.

National Council for Peace and Order (NCPO) issued Announcement of the NCPO No. 94/2557 on 17 July 2014 instructing the NBTC to postpone a spectrum auction for one year from the Announcement date. In this regards, on 31 August 2014 the NBTC issued the Notification on Interim Measures to Protect Consumers after the End of Concession Agreements B.E. 2556 (2013) according to the Announcement of the NCPO No.94/2557. The Notification is to inform that consumers still have protection under the Notification on the Interim Measures to Protect Consumers after the End of Concession or Mobile Phone Service Agreements B.E. 2556 (2013) until 17 July 2015.



The Company published the service rate for 1800MHz spectrum during the extension period under the Announcement of the NCPO No. 94/2557 to the NBTC. The rate for True Move is Baht 478.16 million per month and the rate for DPC is Baht 156.60 million per month. The Company already recognised the revenue of Baht 536 million in the financial statements. The Company recognised allowance for doubtful accounts in full because there is uncertainty in an amount of revenue to be received.

On 24 September 2015, the Office of the NBTC advised the Company that the TC meeting approved costs for operating a mobile network on the 1800 MHz frequency during customer protection coverage (first period) from 16 September 2013 to 17 July 2014 of Baht 0.74 million. The Company is currently in the process of obtaining the details and methods used to calculate the costs in accordance with the TC resolution as well as the concepts and rationale used to determine the customer protection coverage for the first period.

On 18 December 2015, the Company filed a case to the Central Administrative Court to revoke the TC's resolution that approved the costs for operating a mobile network on 1800 MHz frequency during customer protection coverage (first period) in the amount of Baht 0.74 million and filed a request for a temporary period of delay the TC's resolution during the consideration of the case.

On 28 December 2015, the Office of the NBTC advised the Company that the TC passed a resolution to approve the termination of the mobile network on 1800 MHz frequency of DPC, effective from 23:59:59 p.m. on 25 November 2015 and of True Move, effective from 23:59:59 p.m. on 3 December 2015.

(b) Process of transferred assets under the expired concession agreement

The Company granted private operators DTAC, True Move and DPC to operate under the service provider agreements or concession agreements for mobile service on a cellular system. The concession agreement between the Company and True Move and DPC expired on 15 September 2013. Under the agreement, the operators had to arrange for the location and equipment to provide services and transfer the rights of telecommunication equipment to the Company within the period specified in the agreement. According the agreement, most legal rights were transferred to the Company before the operators started operations. However, the operators received the right of possession and right to use the assets to provide services for the period of the concession given that the operators and the Company have complied with the conditions of the agreement. Additionally, the NBTC issued Notification on Interim Measures to Protect Consumers after the End of Concession or Mobile Phone Service Agreements B.E. 2556 (2013) to support the end of the concession to operate 1800 Digital Personal Communication Network radio communication system between the Company and True Move and between the Company and DPC. As a result, True Move and DPC still remained in possession of and able to use the assets to provide services under the agreement after the agreement expired. After the end of the concession agreement, True Move and DPC submitted a control list demonstrating equipment including all spare parts that had been transferred to the Company under the agreement. The Company examined all assets transferred from True Move and DPC and found that some assets hadn't been handed over to the Company in accordance with the concession agreement. The Company is

currently in the process of collecting information to pursue legal action to claim compensation for damages from those operators.

47 Lease projects of a fibre-optic cable network (Fibre to the X: FTTx)

At the Board of Directors' Meeting No.19/2555 held on 14 November 2012, the Board passed a resolution to approve a lease of the network with equipment project to provide the FTTx service in eleven provinces in regional area, namely Chonburi (Pattaya), Chiangmai, Nakhon Ratchasima, Songkhla, Surat Thani (Samui Island), Phuket, Khon Kaen, Udon Thani, Ubon Ratchathani, Prajuab Kirikhan (Hua Hin), Eastern Seaboard Industrial Estate and Hemaraj Eastern Seaboard Industrial Estates (Rayong) and Amata City Industrial Estate (covering 2 areas, Chonburi and Rayong). This project needs to be approved by the cabinet. Currently, the Office of the National Economic and Social Development Board (NESDB) already considered the project and submitted it to the Ministry of Information and Communication Technology (ICT) (recently renamed as the Ministry of Digital Economy and Society (MDES)), who is the governing body, to examine the project's operations in detail to ensure that they comply with the relevant laws and regulation. The Company has already reported its operating results and provided the necessary documents on the project to the MDES. The MDES is currently considering the project. Consequently, the Company has not yet accounted for the rental expense from the lease of FTTx services from the receipt until December 2013, amounting to Baht 611.57 million, as detailed below.

1. Lease in Hemaraj Eastern Seaboard Industrial Estates and Eastern Seaboard Industrial Estate (Rayong) areas from 27 September 2011 to 7 February 2013 (the contract termination date by lessee) of Baht 220.95 million.
2. Lease in Pattaya area, the first area using fibre-to-the-home to celebrate His Majesty the King Bhumibol' s Birthday on 5 December 2009, from November 2011 to 31 August 2013 (the contract termination date by the lessee) of Baht 390.62 million.

Thai Transmission Industry Co., Ltd. as the first plaintiff and Miracle Star Capital Co., Ltd. as the second plaintiff jointly filed a case against the Company to settle the FTTx service fee in the Pattaya area amounting to Baht 475.53 million, with interest at the rate of 15% per annum on the principal of Baht 417.97 million. On 21 April 2016, the Central Administrative Court ordered the Company to pay Thai Transmission Industry Co., Ltd. and Miracle Star Capital Co., Ltd. amounting to Baht 451.34 million, with interest at the rate of 15% per annum on the principal of Baht 402.77 million from the date of the filing until the final payment date, and interest at the rate of 15% per annum on the principal of Baht 18.99 million from 12 October 2013 until the final payment date. The Company is required to make payment within 60 days after the case being finalised. The Company appealed the case to the Supreme Administrative Court. Currently the case is under the Supreme Administrative Court consideration.

A.L.T. Inter Corporation Co., Ltd. (ALT) filed a case against the Company to the Central Administrative Court claiming compensation for damages from the use of an optical fibre cable network in Hemaraj Eastern Seaboard Industrial Estates and Eastern Seaboard Industrial Estate (Rayong) amounting to Baht 275.56 million, with interest

at the rate of 15% per annum on the principal of Baht 271.64 million, and compensation for loss of benefit from the use of the fibre optic cable network of Baht 13.50 million per month, starting from the filing date until the Company hands over the network back. On 30 September 2016, the Central Administrative Court ordered the Company to pay compensation to ALT amounting to Baht 85.05 million, with interest at the rate of 7.5% per annum from the filing date. The Company was also ordered to pay compensation for the loss of benefit amounting to Baht 13.50 million per month, from the filing date until the Company hands over the network back to ALT. The Company appealed the case to the Supreme Administrative Court. Currently the case is under the Supreme Administrative Court consideration.

48 The Company's restructuring

In Meeting No. 3/2559 held on 11 July 2016, the State Enterprise Policy Office (SEPO) passed a resolution approving the principal to restructure CAT Telecom Public Company Limited and TOT Public Company Limited by establishing three new companies, National Broadband Network Company (NBN Co.), Neutral Gateway Network (NGN Co.) and Internet Data Center Company (IDC Co.), for asset management purposes. The new companies will be 100% owned by the government. The operation will commence in July 2017.

A joint working team from the Company and TOT prepared a feasibility study complying with the SEPO's resolution with a consulting company. The team concluded that NGN Co. should be merged with IDC Co. and established as one new company, Neutral Gateway & Data Center Company Limited (NGDC Co.) to enhance the competitiveness of the new company and maximise the benefit to the Company and TOT.

In Meeting No. 1/2560 held on 9 January 2017, the SEPO passed a resolution approving the proposal to establish NGDC Co. and NBN Co. On 3 February 2017, the Company presented a business plan, approved by the Company's Board of Directors, on NGDC Co. The meeting has a resolution approving the principle to establish NGDC Co. and NBN Co and assigning the MDES to take into account the views of the Office of the National Economic and Social Development Board and the Office of the NBTC to further process on the establishment.

49 Subsequent events after reporting period

(a) Dividends payment

At the Annual General Shareholders' meeting for the year 2016 held on 17 January 2017, the shareholders passed a resolution approving the payment of dividends to shareholders from the operating results for the year 2015 at Baht 1.413 per share, totalling to Baht 1,413.29 million. The Company distributed an interim dividend for half-year period of 2015 of Baht 1000.00 million to the Ministry of Finance on 30 September 2015. The Company distributed the remaining portion of the dividend of Baht 413.29 million to the Ministry of Finance on 15 February 2017.

(b) Entering into memorandum with True Group

The Company and True Group negotiated the provision of wholesale HSPA mobile phone network service under 2 memorandums as detail below.

1. Memorandum on lease of radio communication equipment under HSPA technologies, effective from 18 January 2017
2. Memorandum on wholesale for use of HSPA technology, effective from 18 January 2017

(c) Provision for value added tax liable on revenue sharing after excise tax deduction from mobile phone concession agreement

The Revenue Department notified the Company about its value added tax assessment on excise tax deducted from revenue sharing under Value Added Tax Assessment Notice No. P.P. 73.1-01009410-25511209-005-01372 to P.P. 73.1-01009410-25511209-005-01377 dated 9 December 2008. The notices demanded the Company to pay its value added tax for December 2003, February 2004, December 2004, December 2005, December 2006 and December 2007 totalling to Baht 4,561.30 million, comprising value added tax of Baht 1,819.45 million, and penalty and surcharge of Baht 2,741.85 million. The Company recognised the value added tax paid to the Revenue Department as an expense on 15 December 2008. The Company filed a case to the Central Tax Court to revoke the value added tax assessment of Baht 4,197.41 million and the Appeal Committee's decision about the penalty but to maintain the value added tax and surcharge assessment. The Company then appealed the case to the Supreme Court as described in Note 42. The Central Tax Court handed down the Supreme Court's verdict on 16 May 2017 dismissing the case and the fees of both courts were vested. This is the final judgement. The Company is in the process of paying penalty and surcharge of Baht 2,377.97 million to the Revenue Department.

(d) The Company's Board of Directors approved these financial statements for issue on 22 August 2017.
