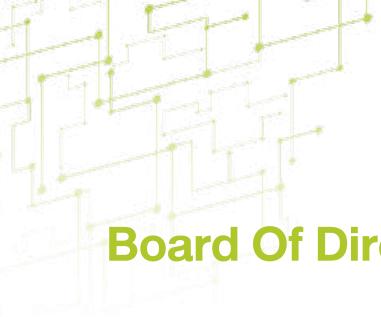




Financial Report



Board Of Directors' Responsibility for Financial Reporting

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

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

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

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

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

Mr. Kan Trakulhoon

Chairman of the Board of Directors

Mr. Allen Lew Yoong Keong

Chairman of the Executive Committee



Report of The Independent Certified Public Accountants

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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



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



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

Other Matter

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

Other Information

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand)

Registration No. 3356

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

February 3, 2017

Statements of Financial Position

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

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

Statements of Financial Position (Continued)

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

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

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

Statements of Profit or Loss

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

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

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

Statements of Profit or Loss and Other Comprehensive Income

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

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

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

Statements of Changes In Equity

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

CONSOLIDATED FINANCIAL STATEMENTS									
FOR THE YEAR ENDED DECEMBER 31, 2016									
Notes	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			Total equity attributable to owners of the Company	Non-controlling interests
			Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Fair value changes available-for-sale investments		
2,973,095,330	22,372,276,085	500,000,000	20,710,294,423	25,908,614	161,186,663	7,637,094	194,732,371	46,750,398,209	114,356,316
Balance as at January 1, 2015									
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owner of the company	23	-	-	-	30,661,163	-	-	30,661,163	-
Share-based payment transaction	33, 34	-	-	(37,042,012,632)	-	-	-	(37,042,012,632)	-
Dividends		-	-	(37,042,012,632)	30,661,163	-	-	30,661,163	(37,042,012,632)
Total Contributions by and distributions to owner of the company									
Change in ownership interests in subsidiaries									
Liquidation of a subsidiary		-	-	-	-	-	-	-	(7)
Total Change in ownership interests in subsidiaries		-	-	-	-	-	-	-	(7)
Total transactions with owners, recorded directly in equity									
Comprehensive income for the year									
Profit	-	-	39,152,410,435	-	-	(7,637,099)	-	39,152,410,435	2,441,467
Other comprehensive income	-	-	(507,487,825)	-	-	(7,637,099)	(515,124,924)	49,905	(515,075,019)
Total comprehensive income for the year									
Balance as at December 31, 2015									
2,973,095,330	22,372,276,085	500,000,000	22,313,204,401	56,589,777	161,186,663	(5)	217,756,435	48,376,332,251	116,649,532
									48,927,981,783

Statements of Changes In Equity (Continued)

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

Notes	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	CONSOLIDATED FINANCIAL STATEMENTS						
					FOR THE YEAR ENDED DECEMBER 31, 2016					Total equity attributable to owners of the Company	
					Retained earnings	Other components of equity	Fair value changes available-for-sale investments	Total other components of equity			
					22,372,276,085	500,000,000	22,313,204,401	56,569,777	161,186,663	(5)	217,756,435
Balance as at January 1, 2016	2,973,095,330										48,376,332,251
Transactions with owners, recorded directly in equity											116,649,532
Share-based payment transaction	23	-	15,817,190	-	-	18,923,354	-	-	18,923,354		48,492,981,783
Dividends	33,34	-	-	-	(36,508,727,776)	-	-	-	-		34,740,544
Total transactions with owners, recorded directly in equity			15,817,190	-	(36,508,727,776)	18,923,354	-	-	18,923,354		(36,508,727,776)
											(304,794)
Comprehensive income for the year											
Profit		-	-	-	30,666,538,425	-	-	-	-		30,666,538,425
Other comprehensive income		-	-	-	-	-	-	-	-		-
Total comprehensive income for the year					30,666,538,425	-	-	-	-		30,666,538,426
Balance as at December 31, 2016	2,973,095,330	22,388,693,275	500,000,000	16,471,015,650	75,493,131	161,186,663	-	236,679,794	42,568,883,449	139,450,634	42,708,334,083

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

Statements of Changes In Equity

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

SEPARATE FINANCIAL STATEMENTS						
FOR THE YEAR ENDED DECEMBER 31, 2016						
Notes	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	
			Legal reserve	Unappropriated	Reserve for share based payment	Total equity
Balance as at January 1, 2015	2,973,095,330	22,372,276,085	500,000,000	17,742,315,443	25,908,614	43,613,595,472
Transactions with owners, recorded directly in equity						
Share-based payment transaction	23	-	-	-	30,661,163	30,661,163
Dividends	33,34	-	-	-	(37,042,012,632)	(37,042,012,632)
Total transactions with owners, recorded directly in equity					30,661,163	(37,011,351,469)
Comprehensive income for the year						
Profit	-	-	-	38,596,843,530	-	38,596,843,530
Other comprehensive income	-	-	-	11,210,144	-	11,210,144
Total comprehensive income for the year				38,608,053,674		38,608,053,674
Balance as at December 31, 2015	2,973,095,330	22,372,276,085	500,000,000	19,308,356,485	56,569,777	45,210,297,677
Balance as at January 1, 2016	2,973,095,330	22,372,276,085	500,000,000	19,308,356,485	56,569,777	45,210,297,677
Transactions with owners, recorded directly in equity						
Share-based payment transaction	23	-	15,817,190	-	18,923,354	34,740,544
Dividends	33,34	-	-	(36,508,727,776)	-	(36,508,727,776)
Total transactions with owners, recorded directly in equity			15,817,190	(36,508,727,776)	18,923,354	(36,473,987,232)
Comprehensive income for the year						
Profit	-	-	-	29,961,969,184	-	29,961,969,184
Total comprehensive income for the year				29,961,969,184		29,961,969,184
Balance as at December 31, 2016	2,973,095,330	22,388,093,275	500,000,000	12,761,597,893	75,493,131	38,698,279,629

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

Statements of Cash Flows

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

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

Statements of Cash Flows (Continued)

Advanced Info Service Public Company Limited and Its Subsidiaries

UNIT : BAHT

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

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

Notes to the Financial Statements

Advanced Info Service Public Company Limited and Its Subsidiaries

For the year ended December 31, 2016

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Notes to the Financial Statements

Advanced Info Service Public Company Limited and Its Subsidiaries

For the year ended December 31, 2016

1. GENERAL INFORMATION

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

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

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

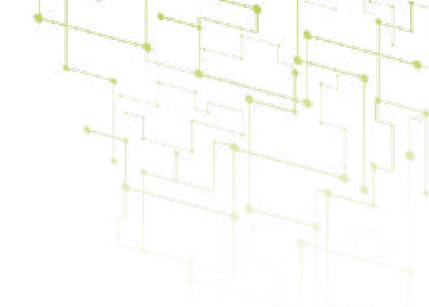
The major principal business operations of the Company and its subsidiaries (“the Group”) are summarized as follows:

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

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

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

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



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

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

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

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

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

- 2) The operation of a DATAKIT VIRTUAL CIRCUIT SWITCH as the operator. Advanced Datanetwork Communications Co., Ltd. (“ADC”), an indirect subsidiary, has been granted permission from TOT Public Company Limited (“TOT”), under the Agreement dated September 19, 1989, for rendering services for DATAKIT VIRTUAL CIRCUIT SWITCH in the area of the Metropolitan Telephone Exchange.

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

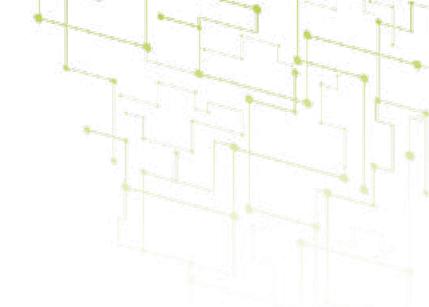
ADC and TOT have mutually agreed to amend the Agreement and signed the Supplemental Agreement on September 25, 1997 to extend the validity period from 10 years to 25 years (such validity period will be ended on September 24, 2022) and waive the collection of annual revenue sharing under the agreements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

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

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

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

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



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

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

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

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

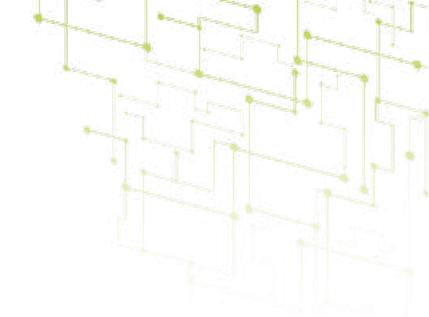
On November 17, 2015, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), under the license certificate (“License”) dated on November 25, 2015, to operate and service Cellular Mobile Telephone, frequency between 1725 MHz to 1740 MHz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

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

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

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

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



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

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

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

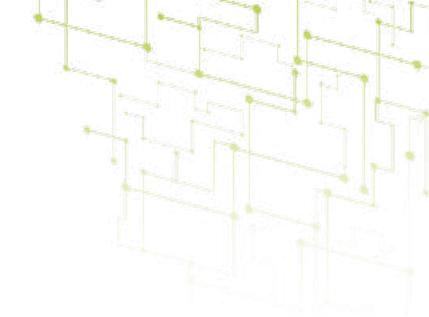
- 2.1 The Group and the Company maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and General Accepted Accounting Principal in Thailand.
- 2.2 The Group's and the Company's financial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

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

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

Thai Accounting Standards (“TAS”)

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

**Thai Financial Reporting Standards (“TFRS”)**

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

Thai Accounting Standards Interpretations (“TSIC”)

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

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

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

Above TFRSs have no material impact on these financial statements.

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

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

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
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

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

**Thai Accounting Standard Interpretations (“TSIC”)**

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

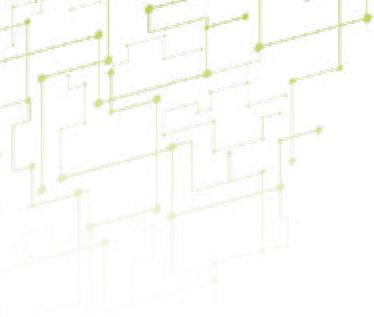
Thai Financial Reporting Standard Interpretations (“TFRIC”)

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TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline of Accounting

Guideline of accounting for derecognition of financial assets and financial liabilities

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



3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 *Basis of consolidation*

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

Business combinations

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

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

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

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

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



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

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

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

Acquisitions from entities under common control

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

Subsidiaries

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

Loss of control

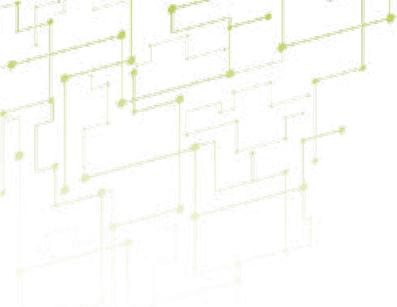
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss and the statement of profit or loss and other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

Interests in equity - accounted investees

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

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

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



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

Transactions eliminated on consolidation

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

3.2 Foreign currencies

Foreign currency transactions

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

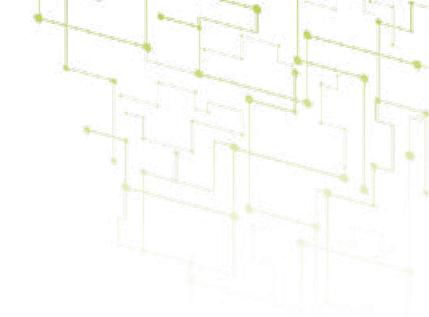
Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of profit or loss.

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

3.3 Derivative financial instruments

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

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



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

3.4 *Cash and cash equivalents*

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

3.5 *Trade and other receivables*

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

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

3.6 *Inventories*

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

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

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

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

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

3.7 *Investments*

Investments in associate, joint venture and subsidiaries

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

Investments in fixed deposit at banks other debt and equity securities

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

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

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

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

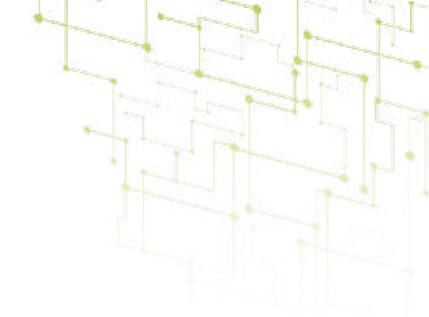
Equity securities which are not marketable are stated at cost less any impairment losses.

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

Disposal of investments

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

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



3.8 *Property, plant and equipment*

Recognition and measurement

Owned assets

Property is stated at cost less allowance for impairment.

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

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

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

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

Leased assets

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

Subsequent costs

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

Depreciation

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

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

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

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

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

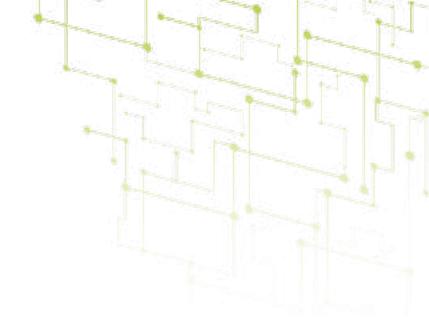
3.9 Assets under the Agreements for operations

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

Depreciation and amortization

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

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



The estimated useful lives are as follows:

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

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

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

3.10 Intangible assets

Goodwill

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

Spectrum licenses

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

Other intangible assets

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

Subsequent expenditure

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

Amortization

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

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

The estimated useful lives are as follows:

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

No amortization is provided on advance payment.

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

3.11 Other assets

Deferred charges

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

Amortization

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

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

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



3.12 *Impairment*

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

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

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

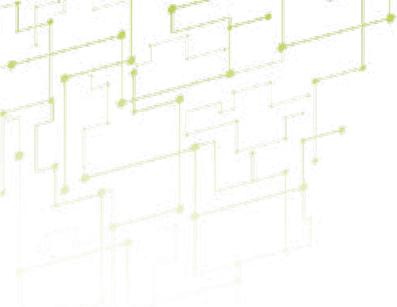
Calculation of recoverable amount

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

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

Reversals of impairment

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



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

3.13 *Interest-bearing liabilities*

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

3.14 *Trade and other payables*

Trade and other payables are stated at cost.

3.15 *Employee benefits*

Provident fund

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

Employee benefit obligations and long-term service award

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

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



Termination benefits

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

Short-term employee benefits

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

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

Share-based payments

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

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

3.16 Provisions

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

3.17 *Recognition of revenue and expense*

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

Sale of goods and services rendered

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

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

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

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

Rental income

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

Service concession arrangements

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

Dividend income

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



Interest income

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

Expense

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

3.18 Finance costs

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

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

3.19 Lease

Operating lease

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

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

Finance lease

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

3.20 *Income tax*

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

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

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

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

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

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

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



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

3.21 *Earnings per share*

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

3.22 *Segment reporting*

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

3.23 *Use of management's judgement*

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

Significant judgements in applying accounting policies are as follows:

The recognition cost of assets and depreciation method

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

Impairment

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

Recognition of deferred tax assets associated with tax losses carryforward

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

Significant commercial disputes and litigations

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

3.24 *Fair value measurements*

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

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

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

4. CASH AND CASH EQUIVALENTS

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

	Notes	Consolidated financial statements		Separate financial statements		Unit : Million Baht
		2016	2015	2016	2015	
Cash on hand		56	6	2	2	
Cash at bank - current accounts	34	607	811	8	81	
Cash at bank - saving accounts	34	<u>13,526</u>	<u>13,495</u>	<u>400</u>	<u>1070</u>	
		14,189	14,312	410	1,153	
<u>Less</u> Specifically-designated bank deposits	5	<u>(2,963)</u>	<u>(4,447)</u>	<u>-</u>	<u>-</u>	
Total		<u>11,226</u>	<u>9,865</u>	<u>410</u>	<u>1,153</u>	

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

	Consolidated financial statements		Separate financial statements		Unit : Million Baht
	2016	2015	2016	2015	
Thai Baht (THB)	10,638	9,709	251	1,051	
US Dollar (USD)	477	153	157	100	
Euro (EUR)	<u>111</u>	<u>3</u>	<u>2</u>	<u>2</u>	
Total	<u>11,226</u>	<u>9,865</u>	<u>410</u>	<u>1,153</u>	

As at December 31, 2016, the effective interest rate on cash and cash equivalents are 0.04% - 1.66% per annum (2015: 0.04% - 1.50% per annum).

5. SPECIFICALLY-DESIGNATED BANK DEPOSITS

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries' held deposits at call with banks equal to the subsidiaries' outstanding balance of advance received from customers which cannot be used for other purposes apart from payments to service providers as at December 31, 2016 amounting to Baht 2,963 million (December 31, 2015: Baht 4,447 million).

6. OTHER INVESTMENTS

Other investments as at December 31, are as follows:

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current investments				
Available-for-sale investments	-	305	-	-
	-	305	-	-
Other long-term investments				
Fixed deposit at financial institutions -				
pledged	11	11	-	-
Other long-term investments	48	47	48	47
	59	58	48	47
Total	59	363	48	47

Available-for-sale investments

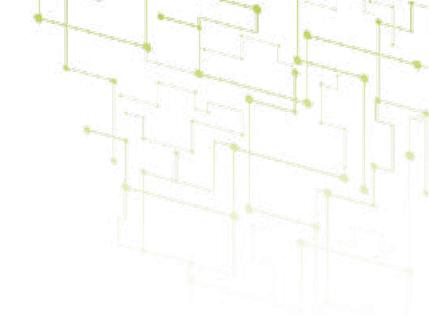
As at December 31, 2015, the Group has investments held through private funds, managed by independent fund manager and bear interest rate at 0.37% - 3.70 % per annum (December 31, 2016: nil).

Movements of available-for-sale investments for the years ended December 31, are as follows:

	Unit : Million Baht	
	Consolidated financial statements	
	2016	2015
Current investments		
Available-for-sale investments		
As at January 1,	305	1,542
Increase during the years	3	1,155
Decrease during the years	(308)	(2,392)
As at December 31,	-	305

Fixed deposits at financial institutions - pledged

As at December 31, 2016, the Group has fixed deposit at financial institutions in the amount of Baht 11.20 million (December 31, 2015: Baht 11.20 million), which have been pledged with a bank in respect of the contract's compliance.



Other long-term investments

On April 24, 2015, at the Annual General Meeting of the Clearing House for Number Portability Co., Ltd., the shareholders approved the appropriation of dividend of Baht 10,000 per share to shareholders on July 31, 2015, amounting to Baht 40 million and Baht 20 million for the Group and the Company, respectively.

On September 29, 2016, the Company invested in Pracharath Rak Samakee Thailand Co., Ltd., of 1,000 ordinary shares with a par value of Baht 1,000 per share, totalling Baht 1 million. Total shares invested represented 1.00% ownership. The objective of business is to develop Thailand economic with the government.

7. TRADE AND OTHER RECEIVABLES

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

	Note	Unit : Million Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Trade receivables					
Related parties:	34				
Trade receivables		56	5	53	711
Accrued income		12	6	3	910
		68	11	56	1,621
Other parties:					
Trade receivables		6,773	5,973	211	842
Accrued income		5,903	6,074	1,580	1,639
		12,676	12,047	1,791	2,481
Total trade receivables		12,744	12,058	1,847	4,102
Less allowance for doubtful accounts		(1,367)	(1,028)	(122)	(194)
Trade receivables - net		11,377	11,030	1,725	3,908
Other receivables					
Prepaid expense		2,153	1,593	19	52
Account receivables - cash card/ refill on mobile		276	705	-	-
Withholding tax receivable		-	1,159	-	1,008
Value added tax receivable		223	1,694	-	-
Others		87	207	125	514
Total other receivables		2,739	5,358	144	1,574
Total trade and other receivables		14,116	16,388	1,869	5,482
(Reversal of) bad and doubtful debts expense for the year ended December 31		1,538	1,315	(2)	-

Aging analysis for trade receivables are as follows:

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Related parties				
Current - within 3 months	67	11	56	1,621
Overdue 3 - 6 months	1	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue over 12 months	-	-	-	-
	<u>68</u>	<u>11</u>	<u>56</u>	<u>1,621</u>
Other parties				
Current - within 3 months	10,125	9,610	2	461
Overdue 3 - 6 months	475	393	13	56
Overdue 6 - 12 months	300	131	54	88
Overdue over 12 months	1,776	1,913	1,722	1,876
	<u>12,676</u>	<u>12,047</u>	<u>1,791</u>	<u>2,481</u>
<u>Less</u> Allowance for doubtful accounts	<u>(1,367)</u>	<u>(1,028)</u>	<u>(122)</u>	<u>(194)</u>
	<u>11,309</u>	<u>11,019</u>	<u>1,669</u>	<u>2,287</u>
Trade receivables - net	<u>11,377</u>	<u>11,030</u>	<u>1,725</u>	<u>3,908</u>

The normal credit term granted by the Group and the Company ranges from 14 days to 30 days.

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

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)				
Thai Baht (THB)	10,745	10,970	1,712	3,899
United States Dollars (USD)	630	59	13	8
Euro (EUR)	2	1	-	1
Total	<u>11,377</u>	<u>11,030</u>	<u>1,725</u>	<u>3,908</u>

As at December 31, 2016, the Group and the Company have the outstanding balance of accrued income of revenue sharing in international direct dial service (“IDD”) of Baht 1,584 million and Baht 1,574 million, respectively (December 31, 2015: Baht 1,584 million and Baht 1,574 million, respectively). Part of that outstanding is presented in overdue 12 months of Baht 1,584 million and Baht 1,574 million, respectively (December 31, 2015: Baht 1,573 million and Baht 1,564 million, respectively).

On January 16, 2013, the Company has submitted a dispute to the Arbitration Institute demanding TOT Public Company Limited (“TOT”) to pay this receivable plus interest, the total amount of Baht 1,527 million.

On November 26, 2013, Digital Phone Company Limited, a subsidiary, has submitted a dispute to the Central Administrative Court demanding CAT Public Company Limited (“CAT”) to pay this receivable plus interest, the total amount of Baht 11 million.

8. INVENTORIES

Inventories as at December 31, are as follows:

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Finished goods	3,529	4,831	-	2
Supplies and spare parts	46	602	-	15
Spare parts for mobile phone network maintenance	677	478	383	440
	4,252	5,911	383	457
<u>Less</u> allowance for obsolescence and decline in value of inventory	(1,167)	(852)	(382)	(418)
Inventories - net	3,085	5,059	1	39

The Group and the Company recognized expenses in respect of (reversal of) allowance for obsolescence and decline in value of inventory for the year ended December 31, 2016 of Baht 315 million and Baht (36) million, respectively (2015: Baht 207 million and Baht (20) million, respectively).

9. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

Movements in investment in an associate for the years ended December 31, are as follows:

	Unit : Million Baht	
	Consolidated financial statements	
	2016	2015
As at January 1,	-	-
Additional investments	-	11
Share gain (loss) from investment in an associate	24	(11)
As at December 31,	24	-

On July 15, 2015, ABN made an additional payment for 75% paid-up in share capital of IH of Baht 10.88 million. The purpose of additional paid-up in share capital is for future investment and ABN remains 29% of ownership.



Movements in investment in a joint venture for the year ended December 31, 2016 is as follows: (2015: nil)

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

The establishment of a joint venture

On October 20, 2015, at the Board of Directors' meeting, the Board passed the resolution to approve the establishment of a joint venture company between Advanced Broadband Network Co., Ltd. ("ABN"), a subsidiary, and Amata Corporation Public Company Limited ("AMATA") for 60% holding or 599,998 shares, totalling Baht 60 million to develop infrastructure of fibre optic network in Amata Nakorn industrial estate named Amata Network Co., Ltd. ("AN"). ABN registered the increase in the share capital on November 30, 2016 (see Note 10).

On December 6, 2016, ABN invested in Amata Network Co., Ltd. ("AN"), 599,998 shares by Baht 25 per share, totalling Baht 15 million, representing 60% of ownership. AN has not started the business operation in 2016.

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

	Consolidated financial statements										Unit : Million Baht	
	% of Ownership interest		Paid-up capital		Cost		Equity		Dividend income			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Associate												
Information Highway Co., Ltd.	29	29	50	50	15	15	24	-	-	-		
Joint venture												
Amata Network Co., Ltd.	60	-	25	-	15	-	15	-	-	-		

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

	Consolidated financial statements						Unit : Million Baht				
	Reporting date	% of Ownership interest	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Profit/(loss)
2016											
Associate											
Information Highway Co., Ltd.	December 31	29	197	584	781	555	142	697	275	207	68
Joint venture											
Amata Network Co., Ltd.	December 31	60	25	-	25	1	-	1	-	1	(1)
2015											
Associate											
Information Highway Co., Ltd.	December 31	29	132	500	632	247	370	617	159	175	(16)

10. INVESTMENTS IN SUBSIDIARIES

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

	Unit : Million Baht	
	2016	2015
As at January 1,	7,661	7,912
Increase in share capital of a subsidiary	60	14
Decrease in share capital of subsidiary	-	(75)
Impairment loss on investment in subsidiary	-	(179)
Liquidation of a subsidiary	-	(11)
As at December 31,	7,721	7,661

Increase in share capital of a subsidiary

On January 19, 2015, Advanced Broadband Network Co., Ltd. (“ABN”), a subsidiary, registered the increase in the share capital from Baht 1 million (10,000 ordinary shares, Baht 100 par value) to Baht 15 million (150,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is for future investment. The Company paid for the increased shares by Baht 100 per share, totalling Baht 14 million and holds 99.99% of the issued share capital.

On November 30, 2016, ABN, a subsidiary, registered the increase in the share capital from Baht 15 million (150,000 ordinary shares, Baht 100 par value) to Baht 75 million (750,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is for investment in joint venture. The Company paid for the increased shares by Baht 100 per share, totalling Baht 60 million and holds 99.99% of the issued share capital.

Decrease in share capital of a subsidiary

On January 12, 2015, the Company received return share capital of Advanced Internet Revolution Co., Ltd. (“AIR”), a subsidiary, in amount of Baht 75 million.

Loss on impairment of investment in subsidiary

The Company recorded impairment loss on investment in Advanced Internet Revolution Co., Ltd. (“AIR”), a subsidiary, for year ended December 31, 2015 of Baht 179 million from the review of the carrying amount of AIR. On October 19, 2015, AIR completed the process of liquidation.

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

Unit : Million Baht

	Separate financial statements										
	% of ownership interest		Paid-up capital		Cost		Impairment		Cost - net		Dividend income
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Subsidiaries											
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	-	-	811	811	273
Digital Phone Co., Ltd.	98.55	98.55	3,655	3,655	12,493	12,493	(8,230)	(8,230)	4,263	4,263	-
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	-	-	336	336	591
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	-	-	100	100	166
Advanced Wireless Network Co., Ltd.	99.99	99.99	1,350	1,350	1,485	1,485	-	-	1,485	1,485	23,492
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	-	-	300	300	31,793
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	835
Fax Lite Co., Ltd.	99.98	99.98	1	1	1	1	-	-	1	1	1,465
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	-	-	50	50	933
Advanced Broadband Network Co., Ltd.	99.99	99.99	75	15	15	15	-	-	15	15	477
Total			15,951	15,891	(8,230)	(8,230)	7,721	7,721	28,009	36,725	

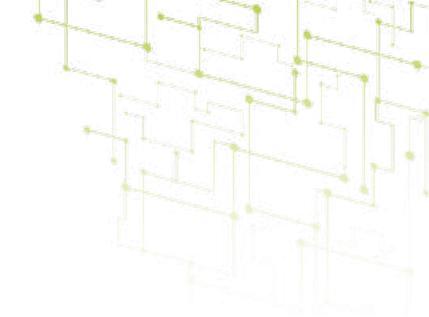
11. PROPERTY, PLANT AND EQUIPMENT

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

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2016	Additions	Disposals	Transfer/Other	Balance as at December 31, 2016
Cost					
Land	524	-	-	-	524
Building and building improvements	477	-	(34)	-	443
Leasehold building improvements	1,383	287	(92)	17	1,595
Computer, tools and equipment	99,805	45,683	(1,379)	7,361	151,470
Furniture, fixtures and office equipment	1,629	98	(526)	4	1,205
Communication equipment for rental	8	-	-	-	8
Vehicles	237	9	(34)	-	212
Total	104,063	46,077	(2,065)	7,382	155,457
Accumulated depreciation					
Building and building improvements	(420)	(12)	34	-	(398)
Leasehold building improvements	(754)	(193)	82	1	(864)
Computer, tools and equipment	(30,506)	(15,148)	1,358	-	(44,296)
Furniture, fixtures and office equipment	(1,397)	(77)	523	(1)	(952)
Communication equipment for rental	(4)	-	-	-	(4)
Vehicles	(114)	(35)	24	-	(125)
Total	(33,195)	(15,465)	2,021	-	(46,639)
Assets under construction and installation	13,778	3,646	(6)	(7,474)	9,944
Less Allowance for impairment	(355)	-	-	-	(355)
Allowance for unused equipment	-	(136)	-	-	(136)
Property, plant and equipment	84,291	34,122	(50)	(92)	118,271



As at December 31, 2015

Unit : Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2015	Additions	Disposals	Transfer/Other	Balance as at December 31, 2015
Cost					
Land	524	-	-	-	524
Building and building improvements	493	-	(7)	(9)	477
Leasehold building improvements	1,127	342	(85)	(1)	1,383
Computer, tools and equipment	83,380	24,508	(15,535)	7,452	99,805
Furniture, fixtures and office equipment	1,615	117	(89)	(14)	1,629
Communication equipment for rental	8	-	-	-	8
Vehicles	239	63	(65)	-	237
Total	87,386	25,030	(15,781)	7,428	104,063
Accumulated depreciation					
Building and building improvements	(417)	(19)	7	9	(420)
Leasehold building improvements	(668)	(148)	62	-	(754)
Computer, tools and equipment	(36,090)	(9,887)	15,486	(15)	(30,506)
Furniture, fixtures and office equipment	(1,437)	(61)	89	12	(1,397)
Communication equipment for rental	(4)	-	-	-	(4)
Vehicles	(131)	(38)	55	-	(114)
Total	(38,747)	(10,153)	15,699	6	(33,195)
Assets under construction and installation	12,427	9,050	(98)	(7,601)	13,778
Less Allowance for impairment	(363)	-	8	-	(355)
Property, plant and equipment	60,703	23,927	(172)	(167)	84,291

Depreciation for the years ended December 31,

2016	Million Baht	15,465
2015	Million Baht	10,153

As at December 31, 2016

Unit : Million Baht

	Separate financial statements				Balance as at December 31, 2016
	Balance as at January 1, 2016	Additions	Disposals	Transfer/Other	
Cost					
Building and building improvements	357	-	(35)	-	322
Leasehold building improvements	458	7	(118)	16	363
Computer, tools and equipment	5,886	2	(1,273)	-	4,615
Furniture, fixtures and office equipment	1,178	5	(531)	-	652
Vehicles	105	2	(24)	-	83
Total	7,984	16	(1,981)	16	6,035
Accumulated depreciation					
Building and building improvements	(345)	(8)	35	-	(318)
Leasehold building improvements	(380)	(20)	91	-	(309)
Computer, tools and equipment	(5,623)	(63)	1,262	-	(4,424)
Furniture, fixtures and office equipment	(1,123)	(20)	529	-	(614)
Vehicles	(50)	(16)	18	-	(48)
Total	(7,521)	(127)	1,935	-	(5,713)
Assets under construction and installation	37	-	(6)	(16)	15
Property, plant and equipment	500	(111)	(52)	-	337



As at December 31, 2015

Unit : Million Baht

	Separate financial statements				
	Balance as at January 1, 2015	Additions	Disposals	Transfer/Other	Balance as at December 31, 2015
Cost					
Building and building improvements	372	-	(6)	(9)	357
Leasehold building improvements	573	57	(172)	-	458
Computer, tools and equipment	21,898	16	(16,074)	46	5,886
Furniture, fixtures and office equipment	1,201	24	(47)	-	1,178
Vehicles	152	30	(77)	-	105
Total	24,196	127	(16,376)	37	7,984
Accumulated depreciation					
Building and building improvements	(346)	(14)	6	9	(345)
Leasehold building improvements	(421)	(38)	79	-	(380)
Computer, tools and equipment	(21,194)	(196)	15,771	(4)	(5,623)
Furniture, fixtures and office equipment	(1,140)	(21)	38	-	(1,123)
Vehicles	(87)	(20)	57	-	(50)
Total	(23,188)	(289)	15,951	5	(7,521)
Assets under construction and installation	95	-	(13)	(45)	37
Property, plant and equipment	1,103	(162)	(438)	(3)	500
Depreciation for the years ended December 31,					
2016				Million Baht	127
2015				Million Baht	289

12. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

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

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements					Balance as at December 31, 2016
	Balance as at January 1, 2016	Additions	Disposals	Transfer/Other	Transfer to TOT	
Cost						
Cost of datanet tools and equipment	1,248	-	-	-	-	1,248
Total	1,248	-	-	-	-	1,248
Accumulated depreciation and amortization						
Cost of datanet tools and equipment	(1,038)	-	-	-	-	(1,038)
Total	(1,038)	-	-	-	-	(1,038)
<u>Less</u> Allowance for impairment	(210)	-	-	-	-	(210)
Assets under the Agreements for operations						
	-	-	-	-	-	-



As at December 31, 2015

Unit : Million Baht

	Consolidated financial statements				
	Balance as at January 1, 2015	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2015
Cost					
Cost of mobile phone networks	145,423	676	(21,721)	(31)	(124,347)
Cost of datanet tools and equipment	1,248	-	-	-	1,248
Total	146,671	676	(21,721)	(31)	(124,347)
					1,248
Accumulated depreciation and amortization					
Cost of mobile phone networks	(137,320)	(8,606)	21,558	21	124,347
Cost of datanet tools and equipment	(1,038)	-	-	-	(1,038)
Total	(138,358)	(8,606)	21,558	21	124,347
					(1,038)
Advance payment and assets under construction of mobile phone networks	635	(612)	-	(23)	-
Less Allowance for impairment	(210)	-	-	-	(210)
Assets under the Agreements for operations	8,738	(8,542)	(163)	(33)	-
Depreciation and amortization for the years ended December 31, 2015					Million Baht
(2016 : nil)					8,606

The gross amount of the Group's fully amortized assets under the Agreements for operations that was still in use as at December 31, 2015 amounted to Baht 1,248 million (December 31, 2016: nil).

As at December 31, 2015

Unit : Million Baht

	Separate financial statements					Balance as at December 31, 2015
	Balance as at January 1, 2015	Additions	Disposals	Transfer/ Other	Transfer to TOT	
Cost						
Cost of mobile phone networks	145,423	676	(21,721)	(31)	(124,347)	-
Total	145,423	676	(21,721)	(31)	(124,347)	-
Accumulated depreciation and amortization						
Cost of mobile phone networks	(137,320)	(8,606)	21,558	21	124,347	-
Total	(137,320)	(8,606)	21,558	21	124,347	-
Advance payment and assets under construction of mobile phone networks	635	(612)	-	(23)	-	-
Assets under the Agreements for operations						
Assets under the Agreements for operations	8,738	(8,542)	(163)	(33)	-	-
Depreciation and amortization for the years ended December 31, 2015					Million Baht	8,606
(2016 : nil)						

As part of assets under the Agreement for operations are 13,198 towers that the Company has transferred to TOT Public Company Limited. There are 152 towers and 115 containers that Digital Phone Company Limited, a subsidiary, has transferred to CAT Public Company Limited. The Group has an opinion that the towers and the containers are not the tools and equipment specified under the Agreement. Therefore, the Group shall not be obligated to transfer the towers and the containers. The Group has also submitted the disputes to the Dispute Reconciliation, the Court of Justice of request the Arbitral Tribunal to give an award that the said assets are not the property as stipulated in the Agreement in July 2014.

13. GOODWILL

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

	Consolidated financial statements		Unit : Million Baht
	2016	2015	
Cost			
As at January 1,	14,352	14,352	
As at December 31,	14,352	14,352	
Accumulated amortization			
As at January 1,	(7,662)	(7,662)	
As at December 31,	(7,662)	(7,662)	
Allowance for impairment			
Total	35	35	



14. SPECTRUM LICENSES

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

As at December 31, 2016

	Consolidated financial statements			Unit : Million Baht
	Balance as at January 1, 2016	Additions	Balance as at December 31, 2016	
Cost				
Spectrum licenses	55,010	69,132	124,142	
Total	55,010	69,132	124,142	
Accumulated Amortization				
Spectrum licenses	(3,219)	(5,545)	(8,764)	
Total	(3,219)	(5,545)	(8,764)	
Spectrum licenses	51,791	63,587	115,378	

As at December 31, 2015

	Consolidated financial statements			Unit : Million Baht
	Balance as at January 1, 2015	Additions	Balance as at December 31, 2015	
Cost				
Spectrum licenses	14,644	40,366	55,010	
Total	14,644	40,366	55,010	
Accumulated Amortization				
Spectrum licenses	(2,019)	(1,200)	(3,219)	
Total	(2,019)	(1,200)	(3,219)	
Spectrum licenses	12,625	39,166	51,791	
Amortization for the years ended December 31,				
2016		Million Baht	5,545	
2015		Million Baht	1,200	

On October 16, 2012, Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, was the auction winner for 2.1 GHz license (3G) at the bidding price of Baht 14,625 million. On December 7, 2012, AWN was officially granted the license to operate 2.1 GHz (3G) for 15 years from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid 50% of the fee plus VAT, totalling Baht 7,824 million on October 19, 2012 and submitted bank guarantee to pay the remaining fee to the NBTC. Another 25% was paid in the second year on December 22, 2014, and the remaining was paid in the third year on December 22, 2015.

On November 17, 2015, AWN was the auction winner for 1800 MHz license at the bidding price of Baht 40,986 million. AWN was officially granted the license to operate 1800 MHz from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid 50% of the fee plus VAT, totalling Baht 21,928 million on November 23, 2015 and submitted bank guarantee to pay the remaining fee to the NBTC. Another 25% will be paid in the second year, and the remaining will be paid in the third year.

On May 27, 2016, AWN was the auction winner for 900 MHz license at the bidding price of Baht 75,654 million. AWN was officially granted the license to operate 900 MHz from the National Broadcasting and Telecommunications Commission (“NBTC”). According to the auction terms and conditions, AWN paid 11% of the fee plus VAT, totalling Baht 8,603 million on June 28, 2016 and submitted bank guarantee to pay the remaining fee to the NBTC. Another payment will be paid in the second year and the third year by 5% each year, and the remaining will be paid in the fourth year.

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

15. OTHER INTANGIBLE ASSETS

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

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements				Balance as at December 31, 2016
	Balance as at January 1, 2016	Additions	Disposals	Transfer/ Other	
Cost					
Software licenses	5,804	1,310	(25)	117	7,206
Total	<u>5,804</u>	<u>1,310</u>	<u>(25)</u>	<u>117</u>	<u>7,206</u>
Accumulated amortization					
Software licenses	(2,694)	(658)	25	-	(3,327)
Total	<u>(2,694)</u>	<u>(658)</u>	<u>25</u>	<u>-</u>	<u>(3,327)</u>
Assets under installation	82	163	-	(25)	220
Other intangible assets	<u>3,192</u>	<u>815</u>	<u>-</u>	<u>92</u>	<u>4,099</u>

As at December 31, 2015

Unit : Million Baht

	Consolidated financial statements				Balance as at December 31, 2015
	Balance as at January 1, 2015	Additions	Disposals	Transfer/ Other	
Cost					
Software licenses	4,618	1,143	(2)	45	5,804
Total	<u>4,618</u>	<u>1,143</u>	<u>(2)</u>	<u>45</u>	<u>5,804</u>
Accumulated amortization					
Software licenses	(2,152)	(536)	-	(6)	(2,694)
Total	<u>(2,152)</u>	<u>(536)</u>	<u>-</u>	<u>(6)</u>	<u>(2,694)</u>
Assets under installation	38	67	-	(23)	82
Other intangible assets	<u>2,504</u>	<u>674</u>	<u>(2)</u>	<u>16</u>	<u>3,192</u>

Amortization for the years ended December 31,

2016

Million Baht

658

2015

Million Baht

536



As at December 31, 2016

Unit: Million Baht

	Separate financial statements				Balance as at December 31, 2016
	Balance as at January 1, 2016	Additions	Disposals	Transfer/Other	
Cost					
Software licenses	480	-	(25)	-	455
Total	480	-	(25)	-	455
Accumulated amortization					
Software licenses	(408)	(25)	25	-	(408)
Total	(408)	(25)	25	-	(408)
Other intangible assets	72	(25)	-	-	47

As at December 31, 2015

Unit: Million Baht

	Separate financial statements				Balance as at December 31, 2015
	Balance as at January 1, 2015	Additions	Disposals	Transfer/Other	
Cost					
Software licenses	474	-	(2)	8	480
Total	474	-	(2)	8	480
Accumulated amortization					
Software licenses	(362)	(41)	-	(5)	(408)
Total	(362)	(41)	-	(5)	(408)
Other intangible assets	112	(41)	(2)	3	72

Amortization for the years ended December 31,

2016	Million Baht	25
2015	Million Baht	41

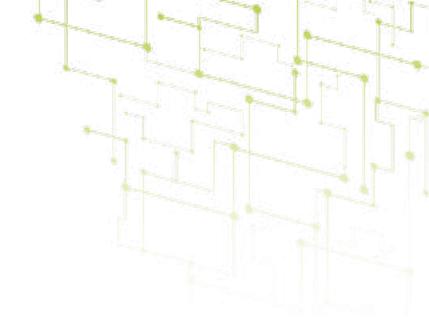
16. DEFERRED TAX ASSETS

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	2,639	1,273	875	86
Deferred tax liabilities	(21)	(21)	(7)	(21)
Deferred tax - net	2,618	1,252	868	65

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

As at December 31, 2016		Unit: Million Baht		
		Consolidated financial statements		
		(Charged)/credited to	Balance as at January 1, 2016	Profit or loss
			Other comprehensive income	Balance as at December 31, 2016
Deferred tax assets				
Trade receivables (doubtful accounts)	165	77	-	242
Inventories (allowance for obsolescence and decline in value)	36	115	-	151
Unearned income - mobile phone service (income recognized difference)	390	9	-	399
Accrued expense	-	410	-	410
Employee benefit obligations	461	67	-	528
Loss carry forward	-	400	-	400
Others	221	288	-	509
Total	1,273	1,366	-	2,639
Deferred tax liabilities				
Others	(21)	-	-	(21)
Total	(21)	-	-	(21)
Deferred tax - net	1,252	1,366	-	2,618
As at December 31, 2015		Unit: Million Baht		
		Consolidated financial statements		
		(Charged)/credited to	Balance as at January 1, 2015	Profit or loss
			Other comprehensive income	Balance as at December 31, 2015
Deferred tax assets				
Trade receivables (doubtful accounts)	186	(21)	-	165
Inventories (allowance for obsolescence and decline in value)	114	(78)	-	36
Assets under the Agreements for operations (amortization difference)	355	(355)	-	-
Unearned income - mobile phone service (income recognized difference)	394	(4)	-	390
Employee benefit obligations	302	30	129	461
Others	158	63	-	221
Total	1,509	(365)	129	1,273
Deferred tax liabilities				
Prepaid revenue sharing expense (expense recognized difference)	(27)	27	-	-
Others	(40)	19	-	(21)
Total	(67)	46	-	(21)
Deferred tax - net	1,442	(319)	129	1,252



As at December 31, 2016

Unit: Million Baht

	Separate financial statements			
	(Charged)/credited to			
	Balance as at January 1, 2016	Profit or loss	Other comprehensive income	Balance as at December 31, 2016
Deferred tax assets				
Accrued expense	-	410	-	410
Employee benefit obligations	86	(21)	-	65
Loss carry forward	-	400	-	400
Total	86	789	-	875
Deferred tax liabilities				
Others	(21)	14	-	(7)
Total	(21)	14	-	(7)
Deferred tax - net	65	803	-	868

As at December 31, 2015

Unit: Million Baht

	Separate financial statements			
	(Charged)/credited to			
	Balance as at January 1, 2015	Profit or loss	Other comprehensive income	Balance as at December 31, 2015
Deferred tax assets				
Trade receivables (doubtful accounts)	41	(41)	-	-
Inventories (allowance for obsolescence and decline in value)	88	(88)	-	-
Assets under the Agreements for operations (amortization difference)	355	(355)	-	-
Unearned income - mobile phone service (income recognized difference)	122	(122)	-	-
Employee benefit obligations	82	7	(3)	86
Others	47	(47)	-	-
Total	735	(646)	(3)	86
Deferred tax liabilities				
Prepaid revenue sharing expense (expense recognized difference)	(27)	27	-	-
Others	(40)	19	-	(21)
Total	(67)	46	-	(21)
Deferred tax - net	668	(600)	(3)	65

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loss carry forward	385	1,410	-	1,022
Impairment loss on investments	-	-	1,649	1,649
Accrued expense of the Agreements for operations	-	238	-	-
Others	107	-	101	-
Total	492	1,648	1,750	2,671

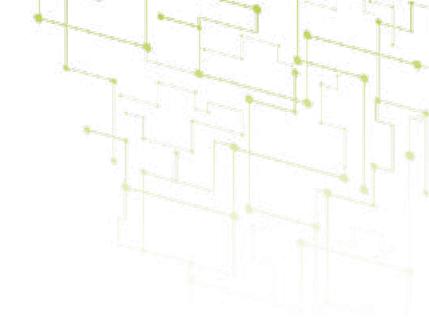
As at December 31, 2015, the Group and the Company have not recognized loss carryforward expired in 2017-2020 and no maturity temporary differences under current tax legalisation recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

As at December 31, 2016, the Group and the Company have recognized deferred tax assets in respect of loss carry forward in partial amount and full amount, respectively, because it is probable that future taxable profit will be available against which the Group and the Company can utilize the benefits therefrom.

17. INTEREST-BEARING LIABILITIES

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

	Notes	Consolidated financial statements		Separate financial statements		Unit: Million Baht
		2016	2015	2016	2015	
Current						
Short-term loans from financial institutions		9,200	8,500	5,700	7,700	
Current portion of long-term liabilities						
- Current portion of long-term borrowings		2,041	4,314	2,041	4,314	
- Current portion of long-term debentures	34	397	-	-	-	
- Current portion of finance lease liabilities	34	47	41	12	13	
Total current portion of long-term liabilities		<u>2,485</u>	<u>4,355</u>	<u>2,053</u>	<u>4,327</u>	
Short-term loans from related parties	34	-	-	6,440	6,490	
		<u>11,685</u>	<u>12,855</u>	<u>14,193</u>	<u>18,517</u>	
Non-current						
Long-term liabilities						
- Long-term borrowings		55,962	35,836	3,314	9,369	
- Long-term debentures	34	31,168	16,580	-	-	
- Finance lease liabilities	34	143	161	31	44	
		<u>87,273</u>	<u>52,577</u>	<u>3,345</u>	<u>9,413</u>	
Total		<u>98,958</u>	<u>65,432</u>	<u>17,538</u>	<u>27,930</u>	



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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Within one year	11,638	12,814	14,181	18,504
After one year but within five years	50,245	30,536	3,314	9,369
After five years	36,885	21,880	-	-
Total	<u>98,768</u>	<u>65,230</u>	<u>17,495</u>	<u>27,873</u>

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	92,920	55,715	12,180	18,213
US Dollar (USD)	6,038	9,717	5,358	9,717
Total	<u>98,958</u>	<u>65,432</u>	<u>17,538</u>	<u>27,930</u>

Long-term borrowings

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

	Outstanding loan in foreign currency (Million)	Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Separate financial statements	
					2016	2015	2016	2015
Advanced Info Service Public Company Limited								
USD 21.32	USD 35.54	LIBOR plus margin	Semi-annual	20 equal installments from 2008 to 2018	768	1,288	768	1,288
-	USD 62.50	LIBOR plus margin	Semi-annual	2 equal installments in 2015 and 2016	-	2,265	-	2,265
USD 42.50	USD 85.00	LIBOR plus margin	Semi-annual	4 equal installments in 2016 and 2017	1,530	3,082	1,530	3,082
USD 85.00	USD 85.00	LIBOR plus margin	Semi-annual	Entirely redeemed in 2018	3,060	3,082	3,060	3,082
		Fixed interest rate as stipulated in the agreement	Semi-annual	Entirely redeemed in 2018	-	4,000	-	4,000
Advanced Wireless Network Co., Ltd.								
-	-	Fixed interest rate as stipulated in the agreement	Semi-annual	4 equal installments from 2019 to 2021	5,000	5,000	-	-

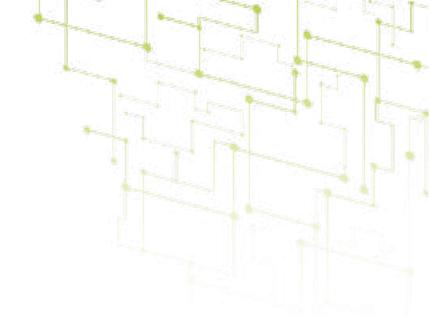
Unit: Million Baht

Outstanding loan in foreign currency (Million)	2016	2015	Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Separate financial statements	
						2016	2015	2016	2015
-	-	-	6MTHBFIIX plus margin Fixed interest rate as stipulated in the agreement	Semi-annual Semi-annual	2 equal installments in 2020 7 equal installments from 2019 to 2022	12,300	12,300	-	-
-	-	-	6MTHBFIIX plus margin 6MBIBOR plus margin	Semi-annual Semi-annual	Entirely redeemed in 2020 6 equal installments from 2020 to 2023	5,000 4,200	5,000 4,200	-	-
-	-	-	6MBIBOR plus margin	Semi-annual	5 equal installments from 2019 to 2023	14,000	-	-	-
-	-	-	6MTHBFIIX plus margin 6MLIBOR plus margin	Semi-annual Semi-annual	6 equal installments from 2021 to 2023 2 equal installments from 2022	7,000 4,500 680	-	-	-
USD 18.89	-	-				58,038 (35) 58,003	40,217 (67) 40,150	5,358 (3) 5,355	13,717 (34) 13,683
Total loans									
Less transaction cost									
Long-term borrowings									

Long-term debentures

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

Issue date	No. of units (Share)	Amount	Interest rate (per annum)	Term of interest payment	Principal payment term	Consolidated financial statements		Separate financial statements	
						2016	2015	2016	2015
Advanced Wireless Network Co., Ltd.									
11 April 2014	0.39	397	Fixed interest rate of 3.39%	Semi-annual	Entirely redeemed on April 11, 2017	397	397	-	-
11 April 2014	7.79	7,789	Fixed interest rate of 4.17%	Semi-annual	Entirely redeemed on April 11, 2019	7,789	7,789	-	-
11 April 2014	1.78	1,776	Fixed interest rate of 4.56%	Semi-annual	Entirely redeemed on April 11, 2021	1,776	1,776	-	-
11 April 2014	6.64	6,638	Fixed interest rate of 4.94%	Semi-annual	Entirely redeemed on April 11, 2024	6,638	6,638	-	-
11 May 2016	7.82	7,820	Fixed interest rate of 2.51%	Semi-annual	Entirely redeemed on May 11, 2023	7,820	-	-	-
11 May 2016	7.18	7,180	Fixed interest rate of 2.78%	Semi-annual	Entirely redeemed on May 11, 2026	7,180	-	-	-
Total debentures						<u>31,600</u>	<u>16,600</u>	<u>-</u>	<u>-</u>
<u>Less</u> bond issuing cost						<u>(35)</u>	<u>(20)</u>	<u>-</u>	<u>-</u>
Long-term debentures						<u><u>31,565</u></u>	<u><u>16,580</u></u>	<u><u>-</u></u>	<u><u>-</u></u>



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

As at December 31, 2016, the Group has undrawn committed loans amounting to Baht 6,000 million, USD 38 million and as at December 31, 2015 the Group has undrawn committed loans amounting to Baht 32,000 million, and the Company has no undrawn committed loans.

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

	Consolidated financial statements				Unit: Million Baht
	Carrying amount		Fair values*		
	2016	2015	2016	2015	
Long-term debentures	31,600	16,600	32,082	17,958	

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

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
As at January 1,	65,432	37,050	27,930	15,430
Additions	80,169	46,329	14,523	31,116
Borrowing cost	(5)	(32)	-	-
Bond issuing cost	(20)	-	-	-
Repayments	(46,026)	(18,635)	(24,286)	(19,315)
Terminate finance lease liabilities cost	-	-	-	(17)
Unrealized (gain) loss on foreign exchange	(634)	693	(660)	693
Amortization as expense	42	27	31	23
As at December 31,	98,958	65,432	17,538	27,930

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

	Unit: Percent per annum			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term borrowings	1.63	1.64	1.62	1.64
Long-term borrowings	2.60	2.97	2.58	3.25
Long-term debentures	3.62	4.50	-	-
Finance lease liabilities	5.79	5.59	4.81	4.84

18. TRADE AND OTHER PAYABLES

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

	Notes	Unit: Million Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Trade payables					
Related parties	34	300	323	219	264
Other parties		17,437	14,035	38	279
Total - trade payables		<u>17,737</u>	<u>14,358</u>	<u>257</u>	<u>543</u>
Other payables					
Accrued expenses	34	15,700	12,668	2,814	2,527
Valued added tax payable		171	154	8	79
Withholding tax payable		262	280	5	45
Others	34	422	291	2	282
Total - other payables		<u>16,555</u>	<u>13,393</u>	<u>2,829</u>	<u>2,933</u>
Total trade and other payables		<u>34,292</u>	<u>27,751</u>	<u>3,086</u>	<u>3,476</u>

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	12,278	10,525	222	372
US Dollar (USD)	5,438	3,611	15	108
Euro (EUR)	1	56	1	58
Yen (JPY)	1	166	-	5
Singapore Dollar (SGD)	19	-	19	-
Total	<u>17,737</u>	<u>14,358</u>	<u>257</u>	<u>543</u>



19. SPECTRUM LICENSES PAYABLE

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

Unit: Million Baht

	Consolidated financial statements	
	2016	2015
Spectrum licenses payable		
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1)	19,790	19,902
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2)	62,407	-
	82,197	19,902
<u>Less</u> current portion of spectrum licenses payable	(10,017)	-
Spectrum licenses payable	<u>72,180</u>	<u>19,902</u>

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

Unit: Million Baht

	Consolidated financial statements	
	2016	2015
As at January 1,		
Addition	19,902	3,656
Payments	69,113	40,346
Amortization of deferred interest expense	(8,040)	(24,149)
As at December 31,	<u>1,222</u>	<u>49</u>
	<u>82,197</u>	<u>19,902</u>

20. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Present value of obligations	2,555	2,294	327	431

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit obligations as at January 1,	2,294	1,500	431	406
Current service costs and interest	293	172	38	51
Benefits paid	(32)	(15)	(29)	(4)
Transfer employee to subsidiaries	-	-	(113)	(8)
Actuarial (gains) losses from employee benefit obligations	-	637	-	(14)
Employee benefit obligations as at December 31,	2,555	2,294	327	431

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current service costs	214	114	28	35
Interest on obligations	79	58	10	16
Total	293	172	38	51

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of rendering of services and equipment rental	20	9	-	-
Administrative expenses	193	104	27	34
Management benefit expenses	1	1	1	1
Finance costs	79	58	10	16
Total	293	172	38	51



Actuarial (gains) losses from employee benefit obligations recognized in other comprehensive income in the statement of profit or loss and other comprehensive income for the years ended December 31, are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Included in retained earnings :				
At January 1,	1,360	723	403	417
Recognized during the year	-	637	-	(14)
As at December 31,	1,360	1,360	403	403

Actuarial (gains) losses recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are arising from:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Financial assumptions	-	439	-	64
Demographic assumptions	-	(23)	-	(12)
Experience adjustment	-	221	-	(66)
Total	-	637	-	(14)

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	3.5%	3.5%	3.5%	3.5%
Future salary increases	9%	9%	9%	9%

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2008 (“TMO08”).

Sensitivity analysis

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations as at December 31, by the amounts shown below.

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate				
- Increase 1%	(375)	(338)	(51)	(49)
- Decrease 1%	459	414	61	58
Future salary growth				
- Increase 1%	427	385	57	54
- Decrease 1%	(359)	(323)	(49)	(47)

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

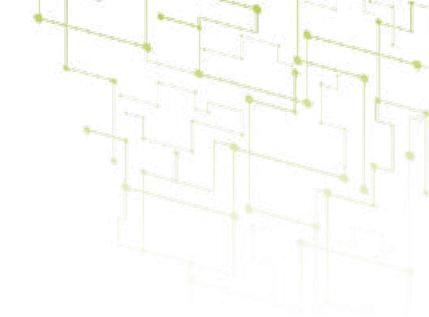
21. SHARE CAPITAL

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

	Par value per share (in Baht)	2016		2015	
		Number of share	Amount	Number of share	Amount
Authorized					
As at January 1,					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
As at December 31,					
- ordinary shares	1.00	4,997	4,997	4,997	4,997
Issued and paid-up					
As at January 1,					
- ordinary shares	1.00	2,973	2,973	2,973	2,973
As at December 31,					
- ordinary shares	1.00	2,973	2,973	2,973	2,973

As at December 31, 2016 and 2015, the total issued number of ordinary shares is 2,973 million shares with a par value of Baht 1.00 per share. All issued shares are fully paid.

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



Share premium

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

22. LEGAL RESERVE

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

23. OTHER COMPONENTS OF EQUITY

Share-based payment

The performance share plan

Grant I

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

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

Grant II

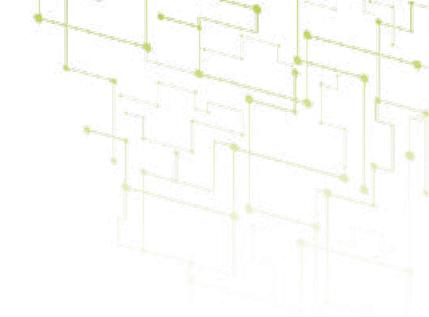
In March 2014, the Annual General Meeting of shareholders No.1/2014 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the board of directors of the Company, who are qualified to the Performance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

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

Grant III

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

Approved date:	March 24, 2015
Number of warrants offered:	872,200 Units
Exercise price:	249.938 Baht/share
Number of reserved shares:	872,200 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share
Offer period:	Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2015 Annual General Meeting of shareholders



Grant IV

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

Approved date:	March 29, 2016
Number of warrants offered:	826,900 Units
Exercise price:	166.588 Baht/share
Number of reserved shares:	826,900 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share
Offer period:	Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2016 Annual General Meeting of shareholders

Movements in the number of outstanding warrants are as follows:

	As at January 1, 2016	Transaction during the year				As at December 31, 2016
		Issued	Exercised	Forfeited	Returned	
(in units)						
ESOP - Grant I						
- Directors	19,824	-	-	-	(19,824)	-
- Employees	352,476	-	-	-	(352,476)	-
	<u>372,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,300)</u>	<u>-</u>
ESOP - Grant II						
- Directors	29,816	-	-	-	-	29,816
- Employees	611,768	-	-	(33,636)	-	578,132
	<u>641,584</u>	<u>-</u>	<u>-</u>	<u>(33,636)</u>	<u>-</u>	<u>607,948</u>
ESOP - Grant III						
- Directors	51,600	-	-	-	-	51,600
- Employees	725,716	-	-	(39,366)	-	686,350
	<u>777,316</u>	<u>-</u>	<u>-</u>	<u>(39,366)</u>	<u>-</u>	<u>737,950</u>
ESOP - Grant IV						
- Directors	-	56,800	-	-	-	56,800
- Employees	-	653,900	-	(5,200)	-	648,700
	<u>-</u>	<u>710,700</u>	<u>-</u>	<u>(5,200)</u>	<u>-</u>	<u>705,500</u>
Total	1,791,200	710,700	-	(78,202)	(372,300)	2,051,398

Fair value measurement

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

Grant I

Weighted average fair value at the grant date	183.499 Baht/share
Share price at the grant date	262.000 Baht/share
Exercise price	206.672 Baht/share
Expected volatility	23.51%
Expected dividend	4.16%
Risk-free interest rate	3.07%

Grant II

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

Grant III

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

Grant IV

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

For the year ended December 31, 2016, the Group and the Company recognized share-based payment expense at Baht 35 million and Baht 35 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2015: Baht 31 million and Baht 31 million, respectively).



Unrealized gain on dilution of investment

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

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognized or impaired.

24. SEGMENT FINANCIAL INFORMATION

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

Segment 1	Mobile phone and call center services	
Segment 2	Mobile phone sales	
Segment 3	Datanet and broadband services	

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

Information about reportable segments

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

	Unit: Million Baht							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2016	2015	2016	2015	2016	2015	2016	2015
External revenue	126,046	126,435	23,947	27,827	2,157	1,014	152,150	155,276
Investment income	184	268	18	14	2	9	204	291
Finance costs	(4,233)	(1,958)	(2)	(2)	(1)	-	(4,236)	(1,960)
Depreciation and amortization	(20,950)	(20,291)	(6)	(7)	(711)	(197)	(21,667)	(20,495)
Material items of expenses	(23,011)	(15,064)	(2,691)	(1,119)	(30)	(111)	(25,732)	(16,294)
Segment profit (loss) before income tax expense	39,354	51,185	(3,694)	(1,476)	205	(555)	35,865	49,154



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

	Unit: Million Baht							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2016	2015	2016	2015	2016	2015	2016	2015
Segment assets	262,117	170,199	7,375	9,892	6,178	1,670	275,670	181,761
Segment liabilities	222,805	127,207	4,932	4,758	5,225	1,303	232,962	133,268

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

	Unit: Million Baht							
	Mobile phone and call center services		Mobile phone sales		Datanet and broadband services		Total reportable segments	
	2016	2015	2016	2015	2016	2015	2016	2015
Capital expenditure	117,087	73,816	1	4	3,104	1,684	120,192	75,504

Geographical segments

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

Major Customer

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

25. REVENUE FROM RENDERING OF SERVICES UNDER THE NBTC'S REGULATION

Revenue from rendering of services and equipment rentals of the Company for the years ended December 31, are classified as follows:

	Unit: Million Baht	
	Separate financial statements	
	2016	2015
Internet License Type 1	-	1
Other service income	4,950	31,530
Total	4,950	31,531

26. INVESTMENT INCOME

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

	Notes	Consolidated financial statements		Separate financial statements		Unit: Million Baht
		2016	2015	2016	2015	
Dividend income						
Subsidiaries	10, 34	-	-	28,009	36,725	
Other		-	40	-	20	
		<u>-</u>	<u>40</u>	<u>28,009</u>	<u>36,745</u>	
Interest income						
Subsidiaries	34	-	-	1,508	1,520	
Associate	34	-	2	-	-	
Financial institutions		204	249	23	49	
		<u>204</u>	<u>251</u>	<u>1,531</u>	<u>1,569</u>	
Total		204	291	29,540	38,314	

27. OTHER OPERATING INCOME

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

	Notes	Consolidated financial statements		Separate financial statements		Unit: Million Baht
		2016	2015	2016	2015	
Bad debt recovery						
		112	111	34	33	
Management income	34	-	-	1,542	209	
Others	34	252	337	87	267	
Total		364	448	1,663	509	

28. PROVIDENT FUND

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



29. EXPENSES BY NATURES

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

	Notes	Consolidated financial statements		Separate financial statements		Unit: Million Baht
		2016	2015	2016	2015	
Depreciation of buildings and equipment	11	15,465	10,153	127	289	
Depreciation and amortization of assets under Agreements for operations	12	-	8,606	-	8,606	
Amortization of spectrum licenses	14	5,545	1,200	-	-	
Amortization of intangible assets	15	658	536	25	41	
Doubtful accounts and bad debts (bad debts recovery)	7	1,538	1,315	(2)	-	
Marketing expenses		16,012	6,901	22	138	
Staff costs		8,182	8,078	772	1,183	

30. FINANCE COSTS

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

	Notes	Consolidated financial statements		Separate financial statements		Unit: Million Baht
		2016	2015	2016	2015	
Subsidiaries	34	-	-	91	57	
Associate and Related parties	34	35	5	6	-	
Financial institutions		4,201	1,954	521	653	
Total		4,236	1,959	618	710	

31. INCOME TAX EXPENSE

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

	Notes	Consolidated financial statements		Separate financial statements		Unit: Million Baht
		2016	2015	2016	2015	
Current tax expense						
Current year		6,513	9,666	-	-	
Adjustment for prior years		28	14	-	1	
		<u>6,541</u>	<u>9,680</u>	<u>-</u>	<u>1</u>	
Deferred tax expense						
Movements in temporary differences	16					
		(1,366)	319	(803)	600	
Total income tax expense		<u>5,175</u>	<u>9,999</u>	<u>(803)</u>	<u>601</u>	

Income tax expense recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, are as follows:

	Notes	Consolidated financial statements			Unit: Million Baht	
		2015				
		Before tax	Tax (expense) benefit	Net of tax		
Actuarial losses on employee benefit obligations		(637)	129	(508)		
Total		<u>(637)</u>	<u>129</u>	<u>(508)</u>		

	Notes	Separate financial statements			Unit: Million Baht	
		2015				
		Before tax	Tax (expense) benefit	Net of tax		
Actuarial gains from employee benefit obligations		14	(3)	11		
Total		<u>14</u>	<u>(3)</u>	<u>11</u>		

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

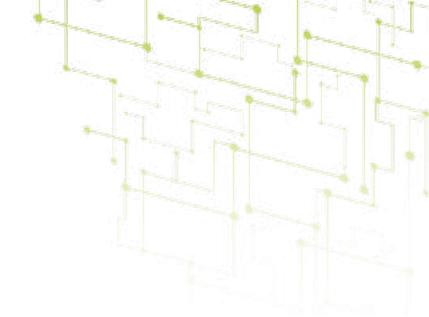
	Consolidated financial statements			
	2016		2015	
	Rate (%)	Million Baht	Rate (%)	Million Baht
Profit before income tax expense		35,865		49,154
Income tax using the applicable tax rate	20	7,173	20	9,831
Income not subject to tax		-		(6)
Expenses not deductible for tax purposes		97		9
Additional capital expenditure deduction allowed		(835)		-
Recognition of previously unrecognized temporary difference		(1,281)		(1,042)
Adjustment for prior years		28		14
Effect from elimination with subsidiaries		(7)		(32)
Current year losses for which no deferred tax assets was recognized		-		1,087
Written-off deferred tax assets		-		138
Total	14	5,175	20	9,999

	Separate financial statements			
	2016		2015	
	Rate (%)	Million Baht	Rate (%)	Million Baht
Profit before income tax expense		29,159		39,198
Income tax using the applicable tax rate	20	5,832	20	7,840
Income not subject to tax		(5,602)		(7,349)
Expenses not deductible for tax purposes		(17)		58
Recognition of previously unrecognized temporary difference		(1,016)		(1,109)
Adjustment for prior years		-		1
Current year loss for which no deferred tax asset was recognized		-		1,022
Written-off deferred tax assets		-		138
Total	(3)	(803)	2	601

According to the Royal Decree No. 557 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, the corporate income tax rates were 20% of net profit for accounting period which begins on or after January 1, 2015 but not later than December 31, 2015.

According to the Revenue Code Amendment Act No. 42 B.E. 2559 which is effective from March 5, 2016 onwards, the corporate increase tax is reduced from 30 % to 20% of net profit for accounting period beginning on or after January 1, 2016 onwards.

The Group and the Company have applied the tax rate of 20% for calculated income tax expense and deferred income tax for the years ended December 31, 2016 and 2015.



32. EARNINGS PER SHARE

Basic earnings per share

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

	(Million Baht / Million shares)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to ordinary shareholders of the Company (basic)	<u>30,667</u>	<u>39,152</u>	<u>29,962</u>	<u>38,597</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Earnings per share (basic) (in Baht)	<u>10.31</u>	<u>13.17</u>	<u>10.08</u>	<u>12.98</u>

Diluted earnings per share

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

	(Million Baht / Million shares)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to shareholders of the Company (basic)	<u>30,667</u>	<u>39,152</u>	<u>29,962</u>	<u>38,597</u>
Profit attributable to shareholders of the Company (diluted)	<u>30,667</u>	<u>39,152</u>	<u>29,962</u>	<u>38,597</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>
Earnings per share (diluted) (in Baht)	<u>10.31</u>	<u>13.17</u>	<u>10.08</u>	<u>12.98</u>



33. DIVIDENDS

At the Annual General Meeting of the shareholders of the Company held on March 24, 2015, the shareholders approved the appropriation of dividend of Baht 12.00 per share. The Company paid an interim dividend at the rate of Baht 6.04 per share on September 2, 2014, therefore the remaining dividend to be paid is Baht 5.96 per share, amounting to Baht 17,718 million. The dividend was paid to shareholders on April 22, 2015.

At the Board of Director's meeting held on August 3, 2015, it was approved to declare an interim dividend of Baht 6.50 per share amounting to Baht 19,324 million. The interim dividend was paid to shareholders on September 1, 2015.

At the Annual General Meeting of the shareholders of the Company held on March 29, 2016, the shareholders approved the appropriation of dividend of Baht 12.99 per share. The Company paid an interim dividend at the rate of Baht 6.50 per share on September 1, 2015, therefore the remaining dividend to be paid is Baht 6.49 per share, amounting to Baht 19,295 million. The dividend was paid to shareholders on April 22, 2016.

At the Board of Director's meeting held on August 4, 2016, it was approved to declare an interim dividend of Baht 5.79 per share amounting to Baht 17,214 million. The interim dividend was paid to shareholders on September 1, 2016.

34. RELATED PARTIES

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

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

During the year, the Group and the Company have entered into a number of transactions with related parties, the terms of which are negotiated in the ordinary course of business and according to normal trade conditions. Purchases of products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading conditions. In 2015, consulting and management service fees are charged on a mutually agreed basis as a percentage of assets. While, such fees are calculated based on activities portion which the Company performs to counter parties in 2016 and effective since January 1, 2016 onwards.

Relationships with related parties are as follows:

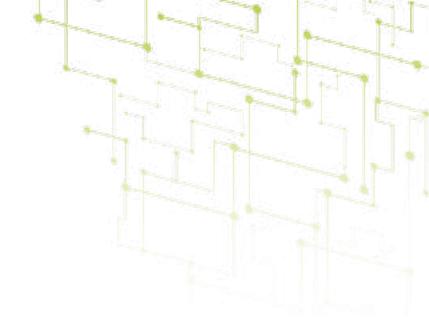
Name of entities	Country of incorporation/nationality	Nature of relationships
Subsidiaries	Thailand	Subsidiaries are entities controlled by the Group
Intouch Holdings Public Company Limited and its related parties (“INTOUCH Group”)	Thailand and Laos	Intouch Holdings Public Company Limited (“INTOUCH”)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

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Service income				
Subsidiaries	-	-	4,593	24,377
INTOUCH Group	31	34	-	9
SingTel Group	402	649	1	150
Other related parties	135	2	-	-
Total	568	685	4,594	24,536
Sales of property and other assets				
Subsidiaries	-	-	22	365
Dividend income				
Subsidiaries	-	-	28,009	36,725
Interest income				
Subsidiaries	-	-	1,508	1,520
Associate	-	2	-	-
Total	-	2	1,508	1,520

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other income				
Subsidiaries	-	-	1,577	310
INTOUCH Group	9	8	-	1
Total	9	8	1,577	311
Rental and other service expenses				
Subsidiaries	-	-	3,732	8,838
INTOUCH Group	519	498	1	20
SingTel Group	283	464	95	74
Associate	176	43	-	-
Other related parties	1	-	-	-
Total	979	1,005	3,828	8,932
Advertising expense				
INTOUCH Group	1	22	-	3
Sale promotion expense				
Subsidiaries	-	-	2	15
Commission expense				
Subsidiary	-	-	12	253
Management benefit expenses				
Short-term employee benefit	141	199	141	199
Share-based payments	9	10	9	10
Total	150	209	150	209
Purchase of property and other assets				
Subsidiaries	-	-	-	10
INTOUCH Group	130	59	-	-
Associate	27	-	-	-
Total	157	59	-	10
Finance costs				
Subsidiaries	-	-	91	57
INTOUCH Group	2	1	-	-
Associate	6	3	-	-
Other related parties	27	1	6	-
Total	35	5	97	57
Dividend paid				
INTOUCH	14,768	14,984	14,768	14,984
SingTel	8,514	8,638	8,514	8,638
Total	23,282	23,622	23,282	23,622



Balances with related parties are as follows:

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Cash and cash equivalents				
Bank deposit				
Other related parties	113	199	1	-
Trade and other receivables				
Trade receivables				
Subsidiaries	-	-	49	711
INTOUCH Group	6	4	-	-
SingTel Group	19	1	4	-
Other related parties	31	-	-	-
	56	5	53	711
Accrued income				
Subsidiaries	-	-	3	910
INTOUCH Group	3	2	-	-
SingTel Group	8	4	-	-
Associate	1	-	-	-
	12	6	3	910
Total trade receivables	68	11	56	1,621
Other receivables				
- Accrued interest income				
Subsidiaries	-	-	123	508
Total other receivables	-	-	123	508
Total trade and other receivables (see Note 7)	68	11	179	2,129
Dividend receivable				
Subsidiaries	-	-	12,093	19,944
Short-term loans to related parties				
Subsidiaries	-	-	39,244	44,244

As at December 31, 2016, the Company has short-term loans at call to subsidiaries represent promissory notes at call, bearing interest at the average rate of 2.84 % per annum (December 31, 2015: average rate of 3.67% per annum).

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term loans to related parties				
As at January 1,	-	95	44,244	35,590
Increase	-	-	25,839	39,157
Decrease	-	(95)	(30,839)	(30,503)
As at December 31,	-	-	39,244	44,244

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Long-term rental deposit				
Subsidiary	-	-	-	742
Trade and other payables				
Trade payables				
Subsidiaries	-	-	199	195
INTOUCH Group	25	89	-	1
SingTel Group	269	229	20	68
Other related parties	-	5	-	-
Associate	6	-	-	-
Total trade payables	300	323	219	264
Other payables				
- Other payable				
Subsidiaries	-	-	-	273
	-	-	-	273
- Accrued expenses				
Subsidiaries	-	-	111	584
INTOUCH Group	50	91	-	-
SingTel Group	22	31	15	16
Associate	17	10	-	-
	89	132	126	600
Total other payables	89	132	126	873
Total trade and other payables (see Note 18)	389	455	345	1,137
Financial lease liabilities				
Associate	85	72	-	-
Short-term loans from related parties				
Subsidiaries	-	-	6,440	6,490



As at December 31, 2016, short-term loan from related parties represent promissory notes at call, bearing interest at the rate of 1.41 % per annum (December 31, 2015: 1.40% per annum).

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

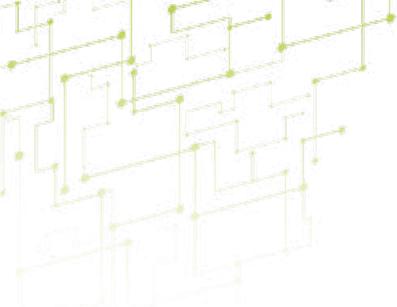
	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term borrowings from related parties				
As at January 1,	-	-	6,490	-
Increase	4,000	-	2,523	7,190
Decrease	(4,000)	-	(2,573)	(700)
As at December 31, (see Note 17)	-	-	6,440	6,490

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Long-term debentures				
INTOUCH Group	37	37	-	-
Other related parties	13	13	-	-
Total (see Note 17)	50	50	-	-

Significant agreements with related parties

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

- 1) The Group has entered into interconnection and national roaming agreements among its related parties. The termination and suspension of the agreement are referred to the regulations and conditions of the National Telecommunications Commission.
- 2) The Group has entered into site share agreements among its related parties to provide site area including related facilities for installation of telecommunication equipment. The counterparty has a right to terminate the agreement by giving advance written notice not less than 60 days.
- 3) The subsidiaries have received a service of a call center from Advanced Contact Center Co., Ltd. (“ACC”), a subsidiary. ACC will provide service and required information including resolving problem for the customers of the Group.

- 
- 4) Advanced Contact Center Co., Ltd., a subsidiary, has entered into a call center service agreement with Teleinfo Media Plc. (“TMC”), a related party. TMC will arrange the personnel and provide call center operation to execute each of incoming call service. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
 - 5) The Company and its related parties have entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, to provide payment service for goods/service purchased through electronic payments and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
 - 6) Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
 - 7) The Company and its subsidiaries have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
 - 8) The Company and its subsidiaries have entered into an international roaming service agreement with the SingTel Group, related parties. The counterparty has a right to terminate the agreement by giving advance written notice not less than of 60 days.
 - 9) The Company and its subsidiaries have entered into an agreement with MIMO Tech Co., Ltd., a subsidiary, of providing aggregating value added services on mobile network or wireless device. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
 - 10) The Company and its subsidiaries have entered into an agreement with its related parties to provide or aggregating value added services on mobile network or wireless device. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
 - 11) Advance Wireless Network Co., Ltd. (“AWN”), has entered into a satellite transponder lease agreement with Thaicom Public Company Limited, a related party, AWN agreed to pay service fee on monthly basis according to the rate and condition specified in the agreement. The agreement is valid until November 19, 2017.
 - 12) MIMO Tech Co., Ltd., a subsidiary, has entered into computer system maintenance services agreements with I.T. Applications and Services Company Limited, a related party. The agreement is valid for one year and is renewable on an annual basis. The counterparty has a right to terminate the agreement by giving advance written notice not less than 3 months.



- 13) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into fibre optic system and its site facilities agreement with Information Highway Co., Ltd. (“IH”), an associate. IH will provide installation fibre optic transmission and maintenance services in specific areas. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 14) Advanced Wireless Network Co., Ltd., a subsidiary, has entered into agreement with TC Broadcasting Company Limited, a related party, to receive a satellite equipment system and television signal service. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.

35. FINANCIAL INSTRUMENTS

Financial risk management policies

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

Capital management

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

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

Interest rate risk

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

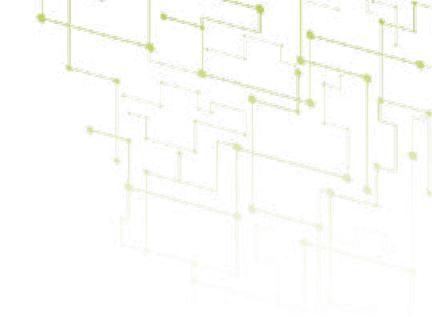
Foreign currency risk

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

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

	Notes	Consolidated financial statements		Separate financial statements		Unit: Million Baht
		2016	2015	2016	2015	
Cash and cash equivalents	4					
US dollar (USD)		477	153	157	100	
Euro (EUR)		111	3	2	2	
Total		<u>588</u>	<u>156</u>	<u>159</u>	<u>102</u>	
Trade accounts receivable	7					
US dollar (USD)		630	59	13	8	
Euro (EUR)		1	1	-	1	
Total		<u>631</u>	<u>60</u>	<u>13</u>	<u>9</u>	
Interest-bearing liabilities	17					
US dollar (USD)		(6,038)	(9,717)	(5,358)	(9,717)	
Total		<u>(6,038)</u>	<u>(9,717)</u>	<u>(5,358)</u>	<u>(9,717)</u>	
Trade accounts payable	18					
US dollar (USD)		(5,450)	(3,611)	(15)	(108)	
Euro (EUR)		(1)	(56)	(1)	(58)	
Yen (JPY)		(1)	(166)	-	(5)	
Singapore dollar (SGD)		(19)	-	(19)	-	
Total		<u>(5,471)</u>	<u>(3,833)</u>	<u>(35)</u>	<u>(171)</u>	
Gross statement of financial position exposure						
Swap contracts		(10,290)	(13,334)	(5,221)	(9,777)	
- Purchasing Contracts		6,473	8,159	4,511	8,159	
- Selling contracts		(1,308)	-	-	-	
Total swap contracts		<u>5,165</u>	<u>8,159</u>	<u>4,511</u>	<u>8,159</u>	
Forward contracts		4,943	8,190	89	147	
Net exposure		<u>(182)</u>	<u>3,015</u>	<u>(621)</u>	<u>(1,471)</u>	

Swap and forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2016 and 2015 and to retain future purchases.



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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Swap contracts:				
- Purchasing contracts				
Swap contracts receivable	7,289	9,565	5,267	9,565
Swap contracts payable*	(6,473)	(8,159)	(4,511)	(8,159)
	816	1,406	756	1,406
- Selling contracts				
Swap contracts receivable*	1,308	-	-	-
Swap contracts payable	(1,361)	-	-	-
	(53)	-	-	-
Total swap contracts receivable	763	1,406	756	1,406
Forward contracts:				
Forward contracts receivable	4,994	8,227	91	152
Forward contracts payable*	(4,943)	(8,190)	(89)	(147)
Total forward contracts receivable	51	37	2	5
Total swap and forward contracts:				
Swap and forward contracts receivable	13,591	17,792	5,358	9,717
Swap and forward contracts payable	(12,777)	(16,349)	(4,600)	(8,306)
Total swap and forward contracts receivable	814	1,443	758	1,411

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

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

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current assets				
Other current assets				
Other current assets	236	648	241	616
Total current assets	236	648	241	616
Non-current assets				
Swap and forward contracts receivable				
Swap and forward contracts receivable	578	795	517	795
Total non-current assets	578	795	517	795
Total	814	1,443	758	1,411

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

Unit: Million Baht

	Consolidated financial statements			
	Nominal amounts**		Fair values*	
	2016	2015	2016	2015
Swap contracts				
- Purchasing contracts	6,473	8,159	7,174	9,326
- Selling contracts	1,308	-	1,262	-
Total swap contracts	7,781	8,159	8,436	9,326
Forward contracts	4,943	8,190	5,025	8,289
Total	12,724	16,349	13,461	17,615

Unit: Million Baht

	Separate financial statements			
	Nominal amounts**		Fair values*	
	2016	2015	2016	2015
Swap contracts				
- Purchasing contracts	4,511	8,159	5,140	9,326
Forward contracts	89	147	91	153
Total	4,600	8,306	5,231	9,479

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

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

Credit risk

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

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

Liquidity risk

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



Fair values of financial assets and liabilities

Financial assets and liabilities measured at fair value in the consolidated statement of financial position as at December 31, 2015 are as follows: (December 31, 2016: nil)

	Consolidated financial statements					Unit: Million Baht	
	Carrying amount	Fair value					
		Level 1	Level 2	Level 3	Total		
Current assets							
Available-for-sale investments	305	-	305	-	305		

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

	Consolidated financial statements					Unit: Million Baht	
	Carrying amount	Fair value					
		Level 1	Level 2	Level 3	Total		
As at December 31, 2016							
Swap and forward contracts	12,776	-	-	13,461	13,461		
Debentures	31,600	-	32,082	-	32,082		
As at December 31, 2015							
Swap and forward contracts	16,349	-	-	17,615	17,615		
Debentures	16,600	-	17,958	-	17,958		

	Separate financial statements					Unit: Million Baht	
	Carrying amount	Fair value					
		Level 1	Level 2	Level 3	Total		
As at December 31, 2016							
Swap and forward contracts	4,600	-	-	5,231	5,231		
As at December 31, 2015							
Swap and forward contracts	8,306	-	-	9,479	9,479		

Fair value hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

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

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

The fair value of accounts receivable and accounts payable - trade and others is taken to approximate the carrying value.

The fair value of loans to and loans from related is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

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



36. COMMITMENTS WITH NON-RELATED PARTIES

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

Unit: Million

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015

Capital commitments

Unrecognized contractual commitments

Buildings and equipment

Thai Baht	14,927	21,174	1	33
US Dollar	129	385	-	-
Yen	50	82	-	-
Euro	1	-	-	-
Singapore Dollar	-	3	-	-

Service maintenance

Thai Baht	1,880	2,025	31	507
US Dollars	15	23	-	1
Yen	-	12	-	7

Purchase orders for goods and supplies

Thai Baht	7,236	5,146	-	-
US Dollar	37	124	-	-

Unit: Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015

Non-cancellable operating lease commitments

Within one year	3,101	2,099	124	221
After one year but within five years	2,750	2,339	238	56
After five years	74	6	-	-
Total	5,925	4,444	362	277

Other commitments

Forward and swap contracts	11,416	16,349	4,600	8,306
Bank guarantees:				
- Spectrum licenses payable	94,275	21,928	-	-
- Others	1,687	1,052	227	259
Total	107,378	39,329	4,827	8,565



Significant agreements

- The Group has entered into lease and related service agreements for office space, cars, computers and base station for periods ranging from 1 year to 15 years with options to renew.
- The Group has entered into a service agreement with a company, for the Group to receive the services relating to network station and other general services as stated in the agreement. The Group shall pay a service fee for the services at the rate as stated in the agreement. The services will be run until terminated by either party with 90 days written notice.

37. CONTINGENT LIABILITIES

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

38. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

The Company

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

On January 22, 2008, TOT submitted a dispute under the black case no. 9/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding the Company to pay additional payment of revenue sharing under the Cellular Mobile Phone Contract in the amount of Baht 31,463 million plus interest at the rate of 1.25 percent per month computing from the default date on January 10, 2007 until the full amount is paid.

This amount is the same as an excise tax that the Company had delivered to the Excise Department during January 28, 2003 to February 26, 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated February 11, 2003. Thus, the Company has fully complied with the Cabinet’s resolution dated February 11, 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet. Moreover, TOT had sent letter no. Tor Sor Tor. Bor Yor. /843 dated March 10, 2003 stating that the Company has fully complied with the Cabinet’s resolution and the Company’s burden remains at the same percentage rate as specified in the contract and the submission of that excise tax return shall not affect the terms of the contract.



On May 20, 2011, the Arbitral Tribunal dismissed the case by giving the reason which can be summarized that the Company was not in breach of the Agreement since the Company has completely made the payment of the revenue sharing and all debt was fully paid. Therefore, TOT has no right to re-claim for the alleged deficit amount.

On September 22, 2011, TOT submitted the black case no. 1918/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On August 11, 2016, the Central Administrative Court reached its decision to dismiss such dispute made by TOT to revoke the Arbitral Tribunal's award.

2) Interconnection agreement in accordance with the announcement of National Telecommunication Commission ("NTC")

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

Operators

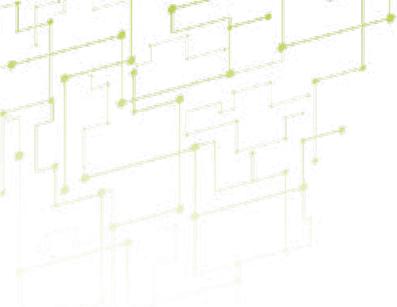
- 1) Total Access Communication PCL.
- 2) Truemove Company Limited
- 3) Digital Phone Company Limited
- 4) CAT Telecom Public Company Limited
- 5) Advanced Wireless Network Company Limited
- 6) dtac TriNet Company Limited
- 7) True Move H Universal Communication Company Limited
(Formerly Real Future Company limited)

Effective period

- | |
|---------------------------|
| November 30, 2006 onwards |
| January 16, 2007 onwards |
| June 1, 2009 onwards |
| April 7, 2010 onwards |
| April 1, 2013 onwards |
| July 1, 2013 onwards |
| July 1, 2013 onwards |

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

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



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

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

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

On July 29, 2014, TOT submitted a dispute no. 55/2557 demanding the Company to pay additional payment for the revenue sharing on the interconnection charges of the operation years 21st - 22nd in the amount of Baht 9,984 million plus interest at 1.25% per month on its outstanding and computing from the default date until the full amount is paid. In addition, TOT requested this case to be under the same consideration with the black case no. 19/2554 to the Arbitral Tribunal.



On August 23, 2016, the Company submitted the dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, under the black case no. 83/2559 requesting the Arbitral Tribunal to give an award on the ground that TOT had no right to claim for such revenue sharing on the interconnection charges of the operation years 23rd - 25th in the amount of Baht 8,368 million plus interest at 1.25% per month on its outstanding amount for each year and the Company requested this case to be under the same consideration with the black case no. 55/2557. Currently, the dispute has been considered by the Arbitration process.

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

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

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

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

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

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

4) 900 MHz subscribers migration to 3G 2100 MHz

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

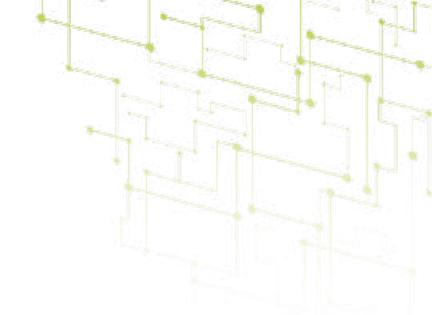
On March 29, 2016, TOT submitted the revision to amend the compensation amount from May 2013 to September 2015, the ending of the Agreement for operations for the amount of Baht 32,813 million plus VAT and interest at 1.25% per month from June 2013 until the full amount is paid.

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

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

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

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



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

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

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

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

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

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

Currently, this case has been considered by the Central Administrative Court process. The Company's management believes that the Company has correctly complied with the related conditions of the agreement in all respects then the outcome of this case should not be considerable impact on the financial statements of the Company.

Digital Phone Company Limited ("DPC")

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

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

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

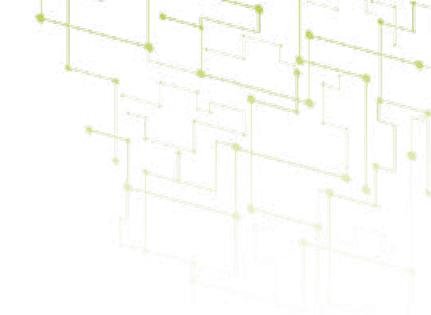
This amount is the same as an excise tax that DPC had delivered to the Excise Department during September 16, 2003 to September 15, 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated February 11, 2003 and DPC has correctly complied with the Cabinet's resolution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

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

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

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

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



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

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

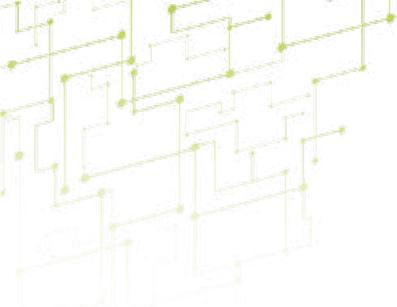
On October 12, 2006, TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demand CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully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

On July 29, 2008, CAT submitted a dispute under black case no. 68/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7th -10th operation year) plus value added tax and interest at the rate 1.25 percent per month of the above principal amount starting from the default date of each year since the 7th -10th operation year until the full payment is made.

On October 15, 2009, CAT submitted a dispute under black case no. 96/2552 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 22 million (additional consideration of the 11th operation year) including the penalty at the rate of 1.25 percent per month which calculated up to October 15, 2009, total amount of claim is Baht 26 million.

On March 23, 2012, the Arbitral Tribunal dismissed the said two disputes by giving the reason which can be summarized that CAT has not yet paid the discount Baht 22/number/month to TOT. Moreover, CAT cannot prove that DPC has breached the Agreement and has made the payment of revenue sharing incorrectly. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

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

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

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

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

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

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

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



- 4) To deliver and transfer ownership of towers and equipment of power supply between DPC and CAT Telecom Public Company Limited (“CAT”)

On February 3, 2009, CAT Telecom Public Company Limited (“CAT”) submitted a dispute under the black case no. 8/2552 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC, a subsidiary, to deliver and transfer ownership of 3,343 towers including 2,653 equipment of power supply under the Digital PCN (“Personal Communication Network Agreement”). In case of incomplete delivery, DPC must reimburse Baht 2,230 million to CAT. DPC considers that all disputed assets, towers and the equipment of power supply are not the property as stipulated in the Agreement.

On July 18, 2012, the Arbitral Tribunal gave the arbitration award to dismiss the disputes under the reason that the request by CAT to demand the delivery of the assets from DPC was the premature exercise of legal claim under the contract.

On October 25, 2012, CAT submitted the black case no. 2757/2555 to the Central Administrative Court to revoke the Arbitral Tribunal’s award. Currently, this case has been considered by the Central Administrative Court process.

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

On July 1, 2006, CAT Telecom Public Company Limited (“CAT”) allowed Digital Phone Company Limited (“DPC”), a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for three-month period several times until March 31, 2007. After that, CAT did not notify DPC of any changes until on March 24, 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from April 1, 2007. On May 8, 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On March 31, 2009, CAT approved DPC to charge roaming fee at Baht 1.10 per minute during January 1, 2009 - March 31, 2009. Moreover, DPC entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission (“NTC”) on June 16, 2009.

On July 15, 2010, CAT submitted a dispute under black case no. 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10th - 12th operation year that DPC reduced roaming fee per minute from Baht 2.10 to Baht 1.10 during April 1, 2007 - December 31, 2008 in amount of Baht 1,636 million plus penalty computing up to March 2010 of Baht 364 million, totalling Baht 2,000 million and penalty at the rate of 1.25 percent per month from April 2010 until the full amount is paid by alleging that CAT approved the said roaming fee reduction up to March 31, 2007 only.

On September 12, 2011, CAT submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute; black case no. 89/2554 demanding DPC to make additional payment of revenue sharing of 12th operation year which DPC reduced roaming fee from Baht 2.10 per minute to Baht 1.10 per minute during April 1, 2009 - June 15, 2009 in the amount of Baht 113 million plus penalty at the rate of 1.25% per month from April 1, 2009 until the full amount is paid.

Currently, the dispute has been considered by the Arbitration process. The Company's management believes that the outcome of this dispute shall have no material impact on the consolidated financial statements of the Group since DPC has correctly complied with the law and the relating Agreements in all respects.

6) The damage arisen from uncollectible international call service charges between DPC and CAT Telecom Public Company Limited ("CAT")

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

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

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



7) Revenue sharing on interconnection charge between DPC and CAT Telecom Public Company Limited (“CAT”)

On August 24, 2012, CAT submitted a dispute under black case no. 110/2555 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of the 10th - 14th operation year amounting to Baht 183 million and penalty at the rate of 1.25 percent per month of the above principal amount starting from the default date of each year until the full amount is paid.

On April 1, 2014, CAT submitted a dispute under black case no. 26/2557 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 15th operation year amounting to Baht 141 million and penalty at the rate of 1.25 percent per month of the above principal amount starting from the default date of each year until the full payment is made. Such amount represents the revenue sharing which CAT calculated on gross interconnection charge received by DPC from other operators at the percentage rate specified in the Agreement without deduction of interconnection charge which DPC has to pay to other operators.

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

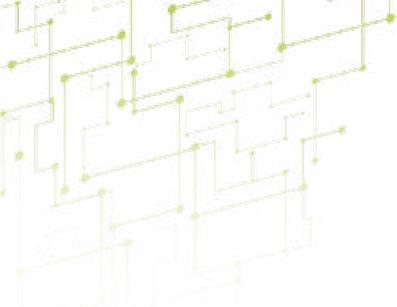
8) Obligations of the bank guarantees in connection with the Agreements for Operations

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

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

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

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

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

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

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

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

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



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

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

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

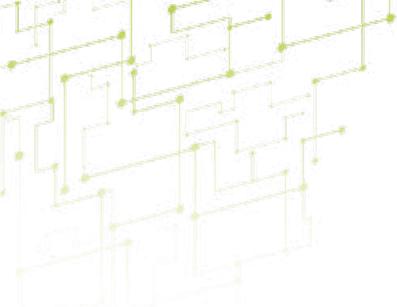
10) The claim to the Central Administrative Court for revocation of the NTC order regarding to revenue incurred from the temporary service for customer protection period after the Concession end.

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

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

The Company’s management considered that DPC has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2012, and the Company has obliged to submit the revenue after deducting any expenses to NBTC but DPC has the expenses more than the revenue incurred from the service. Therefore, DPC has no revenue remaining in order to submit to NBTC as stipulated in the announcement.

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

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

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

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

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

AIN Globalcomm Company Limited (“AIN”)

The international direct dialling service by using the symbol “+” between AIN and CAT Telecom Public Company Limited (“CAT”)

On June 7, 2008, CAT Telecom Public Company Limited (“CAT”) submitted the black case no. 1245/2551 to the Civil Court against Advanced Info Service Public Company Limited (“the Company”) as the defendant no. 1 and AIN Globalcomm Company Limited, a subsidiary, as the defendant no. 2 requesting the Company and the subsidiary to pay compensation with interest rate at 7.5% per annum for damage up to the date of case submission equalling to Baht 130 million. The reason is traffic changing of the international direct dialling service by the Company and the subsidiary during March 1-27, 2007 through the Company’s subscriber by using the symbol “+” dialling from no. 005 of the subsidiary, instead of no. 001 of CAT without the prior notification to subscriber. On September 4, 2008, CAT submitted a petition revision to adjust compensation for Baht 583 million (including interest) because CAT was damaged consecutively until March 7, 2008.



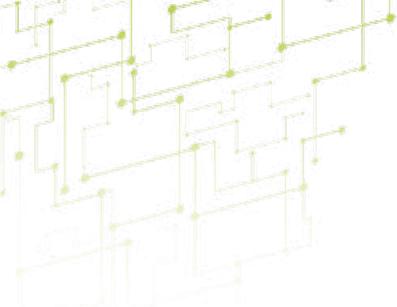
On November 19, 2008, CAT submitted the request for the order of provisional remedial measure before delivery of judgment to cease the Company and the subsidiary to transfer the traffic 001 or symbol “+” of CAT to traffic 005 of the subsidiary. On February 26, 2009, the Civil Court dismissed the CAT’s request and on March 20, 2009, CAT appealed the dismissal. On August 16, 2012, the Court of Appeal issued an order confirming the dismissal order of the Civil Court and CAT submitted the petition to the Supreme Court on October 19, 2012. On February 3, 2015, the Supreme Court issued an order confirming the dismissal order of the Appeal Court.

On December 17, 2009, the Civil Court dismissed the case as the facts cannot be proved that CAT has either an exclusive right to use the symbol “+” or the right to prohibit the Company and AIN to use the symbol “+” and it cannot also be proved that the changing of the connection setting of the international direct dialing service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN has caused the subscribers who use international direct dialing service to believe that they are using the code 001 of CAT, therefore, the acts of the Company have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongful act against the Company and have not infringed the right of CAT as well. CAT has appealed to the Court of Appeal on March 10, 2010. Subsequently, on June 27, 2013, the Court of Appeal issued an order confirming the dismissal order of the Civil Court by CAT has submitted the petition to the Supreme Court on September 16, 2013.

On May 24, 2016, the Supreme Court issued an order confirming the dismissal order of the Appeal Court. The Supreme Court’s judgment was read by the Civil Court on September 13, 2016.

Advanced Wireless Network Company Limited (“AWN”)

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



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

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

39. EVENT AFTER THE REPORTING PERIOD

Dividends

At the Board of Directors’ meeting held on February 3, 2017, the Board passed a resolution proposing to the Annual General Shareholders’ Meeting the payment of dividends for the year 2016, at the rate of Baht 10.08 per share, Baht 5.79 each of which was paid as an interim dividend on September 1, 2016. The proposed dividends shall be approved by the shareholders.

40. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 3, 2017.

Management Discussion and Analysis 2016

Executive Summary

Marked 98% of 4G coverage in one year: 2016 was the year that AIS focused on expanding 4G network and fixed broadband expansion with a total CAPEX of Bt48bn. We launched 4G services on 1800x15MHz in Jan-16 and continued to enhance network capacity and quality: 1) securing 900x10MHz spectrum license, 2) deploying Carrier Aggregation (CA) technology in key cities, and 3) entering to partnership agreement with TOT for the use of additional 2100x15MHz spectrum. During the year, competition has been focusing on handset subsidy to attract new customers as well as to retain the existing base. Through intense competition, mobile revenue improved 1%, driven by improved 4G coverage and higher smartphone adoption.

Build up fixed broadband business as new revenue stream: Within this second year of operation, AIS Fibre recorded 301,500 subscribers and covered 28 cities at the end of 2016. The competition on fixed-broadband market has increased. The offerings with short-period discount and better speed at the same price were introduced to attract new demand as well as those seeking upgrade. During the year, we streamlined working process, increased sales force and channels. As a result, AIS Fibre contributed 1.2% of revenue in 4Q16 and achieved 35,000 of subscribers acquisition run rate per month, a level comparable to incumbent players.

Improved revenue momentum in 2H amidst intense competition: In 2016, service revenue (excluding IC) grew 1.6%, in line with the full year guidance. However, marketing expense jumped to 10.5% of revenue mainly from handset campaigns (including subsidy for 2G to 3G migration) of Bt10bn in 2016. Network OPEX increased mainly from network expansion and payment of Bt3.8bn to TOT for the use of 2100MHz spectrum, towers, and equipment. EBITDA margin was 39.9% and slightly better than guided mainly due to the delay of TOT partnership while net profit dropped 22% to Bt30,667mn from lower EBITDA and higher license amortization.

Enhance profitability and maintain financial flexibility for future competitiveness: In 2017, service revenue (excluding IC) is expected to grow in a range of 4-5% supported by extensive 3G/4G networks. EBITDA margin is likely to be in a range of 42-44%. CAPEX of Bt40-45bn will be spent mainly on 4G network and selective fixed broadband expansion. New dividend policy is to pay minimum of 70% of net profit from 2017 onwards to preserve financial health and flexibility for future growth. (see the full guidance for FY17 on page 229)

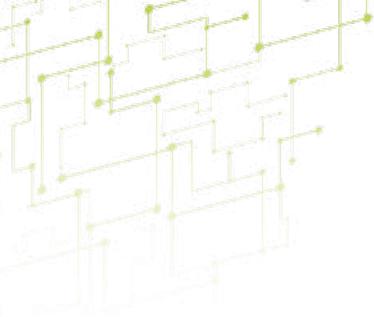
Significant events

1. In 4Q16, we started to make a payment to TOT for the commercial trial deal on 2100MHz spectrum amounting to Bt975mn per quarter, in addition to the payments for the use of towers and network equipment amounting to Bt1,400mn per quarter. In 2017, the payment to TOT will be made monthly, totaling Bt2,375mn per quarter, until the final contracts are signed.

2. According to the Royal Decree No. 604 dated 18 April 2016, investment in certain assets during the period from 3 November 2015 to 31 December 2016 can qualify for double depreciation tax benefits. The qualified assets are machinery, equipment, tools, computers software, vehicles, and buildings (excluding land and buildings for residential purposes). These benefits will be recognized over 5-years period starting from 2016. The tax benefit in 2016 is Bt835mn, with an approximately similar amount for the next four years.

Market Environment in 4Q16

In 4Q16, the operators continued to expand 4G network to claim leadership in mobile data while using handset subsidies as a mean to preserve and expand subscriber base. The high-end handset subsidy was pronounced after the launch of iPhone 7 causing a continued high level of industry marketing spending. Although data consumption grew along with the higher smartphone penetration, the monetization of data usage was pressured by the offering of non-stop packages with large data allowance. Meanwhile, the AIS 1-2-call and 7-11 incident posted limited revenue impact to AIS as customers gradually changed their behavior to top-up at other channels such as automatic KIOSKS, other modern trades, and via mPAY application.



The fixed broadband market continued to expand competitively both in terms of coverage expansion and pricing strategy. Fibre service continued to receive positive perception and good demand from consumers. The competition focused on improving speed and more attractive offering in high-end package.

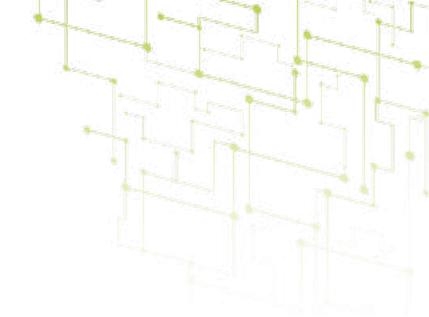
Operational Summary

In 4Q16, AIS had net addition of 1.2mn subscribers giving the total subscribers of 41mn. Postpaid subscribers were 6.4mn, a net addition of 320,900, and prepaid subscribers were 34.6mn, a net addition of 836,900. The high growth of subscribers was driven mainly by the 4G services and supported by a variety of handset campaigns. In 2H16, we

started to focus more on medium- to high-end smartphones; this, consequently, drove the smartphone adoption to 70%. Blended ARPU increased from Bt248 to Bt251 due to higher number of data subscribers which now represented 57% of total subscriber. As a result, blended VOU grew from 3.0 GB/data sub/month to 3.6 GB. Voice usage continued to decline reflected in blended MOU of 215 minutes from 226 minutes.

In 4Q16, AIS Fibre had net addition of 106,500 subscribers, compared to 80,000 and 18,000 in 3Q16 and 4Q15, respectively. As a result, AIS Fibre had total subscribers of 301,500, a net addition of 257,500 in 2016. ARPU was Bt510, improving from Bt498 in the previous quarter.

Mobile Business					
Subscribers	4Q15	1Q16	2Q16	3Q16	4Q16
Postpaid	5,431,200	5,412,400	5,812,800	6,108,700	6,429,600
Prepaid	33,056,900	33,515,900	33,542,200	33,764,700	34,601,600
Total subscribers	38,488,100	38,928,300	39,355,000	39,873,400	41,031,200
Net additions					
Postpaid	68,000	-18,800	400,400	295,900	320,900
Prepaid	609,400	459,000	26,300	222,500	836,900
Total net additions	677,400	440,200	426,700	518,400	1,157,800
ARPU (Baht/sub/month)					
Postpaid	612	608	608	597	600
Prepaid	195	194	188	186	186
Blended	254	251	248	248	251
MOU (minute/sub/month)					
Postpaid	330	320	313	305	296
Prepaid	286	272	234	213	201
Blended	292	279	246	226	215
VOU (MB/data sub/month)					
Postpaid	2,360	2,680	3,430	4,090	4,970
Prepaid	1,910	2,030	2,380	2,670	3,200
Blended	2,000	2,160	2,590	2,960	3,580
Device Penetration					
4G-handset penetration	N/A	16%	19%	24%	29%
Fixed Broadband Business					
FBB subscribers	44,000	72,000	115,000	195,000	301,500
FBB net addition	18,000	28,000	43,000	80,000	106,500
FBB ARPU (Baht/user/month)	615	583	520	498	510



4Q16 Snapshot

Revenue momentum in 4Q16 has shown an improvement while intense handset subsidy continued in the market. Total revenue was Bt41,319mn, an increase of 3.9% YoY and 11% QoQ driven by 4G subscription and handset campaigns. Sales margin was -3.3%, improved from -16% in 3Q16 due to higher margins from newly-launched smartphones in 4Q16 despite some discounts. Service revenue (excluding IC) was Bt31,617mn, a growth of 5.8% YoY and 3.2% QoQ underpinned by the trend of heavy data consumption, which rose to 3.6GB/data sub/month, together with the revenue growth of fixed broadband business, +64% QoQ, following higher subscriber acquisition and ARPU.

Overall cost increased QoQ following the start of TOT 2100MHz commercial trial agreement in Oct-16 which cost Bt975mn/quarter and accounted under network OPEX. Excluding this, network OPEX remained flat QoQ. Regulatory fee remained at 5.8% to service revenue (excluding IC), same as in 3Q16. SG&A increased 9.6% QoQ due to continued high level of handset subsidies and higher bad debt provision. YoY cost increased due to network expansion, handset subsidies, TOT's partnership cost and new spectrum. As a result, EBITDA dropped by 12% YoY and 1.3% QoQ to Bt15,058mn and EBITDA margin stood at 36.4%. Net profit was Bt6,468mn, a decrease of 40% YoY and 0.9% QoQ.

FY16 Financial Summary

Revenue

In FY16, **total revenue** (excluding construction) was Bt152,150mn declining 2% YoY from lower handset sales offset by higher service revenue.

SIM & device sales were Bt23,924mn, decreasing 14% YoY due to discounts and subsidizes. Hence, handset margin was -4.2% compared to -0.8% in FY15.

Service revenue (excluding IC) was Bt122,561mn, increasing 1.6% YoY in line with our guidance. Revenue in 1H was dampened by uncertainty around 900MHz and improved in 2H following the extensive and fast rollout of 4G network.

- **Voice revenue** was Bt51,250mn decreasing 15% YoY as voice usage continued to be substituted by the use of mobile data.

- **Non-voice revenue** was Bt63,857mn increasing 20% YoY following higher penetration of smartphone. The mobile data consumption grew from 2 GB/data sub/month last year to the current usage of 3.6 GB while 4G-handset users increased to 12mn. Mobile data revenue in FY16 represented 46% of service revenue (excluding IC), increasing from 37% in FY15.
- **Fixed broadband revenue** was Bt860mn increasing 616% YoY from Bt120mn in FY15 and represented 1.2% of service revenue in 4Q16. The growth came from both the larger subscriber base and the improved ARPU.
- **International revenues and others** were Bt6,594mn decreasing 2.5% mainly due to the declining IDD revenue offset with higher IR revenue from the improved tourism sentiment in 2016.

Net Interconnection charges (Net IC) was Bt285mn decreasing from Bt681mn in FY15. The interconnection revenue and cost in 2016 were lower than those in 2015 due to the adjustment of interconnection rate in July-15 from Bt0.45/minute to Bt0.34/minute. Starting January 2017, the new interconnection rate will be Bt0.27/minute.

Cost & Expense

Total cost (excluding construction) was Bt82,992mn decreasing 2.1% YoY from lower regulatory fee offset by higher D&A, network OPEX and cost of handset subsidies.

- **Regulatory fee** was Bt10,414mn decreasing 26% YoY as the high concession fee ended in 2Q16. Since 3Q16, the percentage of regulatory fee to service revenue (excluding IC) started to become in line with the license fee regulated by the NBTC. In FY16, the percentage was 8.5% compared to 11.7% in FY15.
- **Depreciation and Amortization** was Bt21,253mn, an increase of 5.5% YoY with addition of 900MHz and 1800MHz spectrum amortization offset by fully amortized 2G assets since 3Q15. The amortization of 2100/1800/900MHz licenses was Bt5.5bn in FY16 while the network D&A continued to increase from investments in 4G network.

- **Network OPEX** was Bt14,810mn increasing 54% YoY mainly due to the payments to TOT and 4G network rollout. This year AIS started to make payments of Bt3,775mn to TOT for the deals on 2100MHz spectrum, towers, and network equipment and facilities. The payment to TOT in 2017 will be a full-year of Bt9,500mn.
- **Other costs of service** were Bt6,216mn decreasing 7.8% YoY mainly due to the change in accounting of cost of fixed broadband from expensing to capitalizing since 1Q16.

SG&A expenses were Bt29,776mn, an increase of 48% YoY mainly due to higher marketing expenses.

- **Marketing expenses** were Bt16,012mn increasing 132% YoY mainly from handset subsidies. Marketing expenses to total revenue became 10.5% in FY16 compared to 4.4% in FY15. Excluding the handset subsidy, marketing expenses to total revenue was in the range of 4-4.5%.

- **General admin expenses** were Bt11,812mn slightly increasing 2.5% YoY.
- **Depreciation and amortization** was Bt414mn, an increase of 19% YoY mainly from shop expansion.
- **Bad debt** was Bt1,538mn increasing 17% YoY. Bad debt to postpaid revenue was 3.7% in FY16 compared to 3.4% in FY15 due to the larger postpaid subscriber base.

Finance cost were Bt4,236mn increasing 116% YoY from higher debt to fund spectrum payment and CAPEX. The finance costs also included the deferred interest of Bt1.2bn in FY16 for the 1800/900MHz licenses.

Net FX gain was Bt277mn increasing from the net gain of Bt229mn in FY15. Most of the gain was a realized gain from payables for network investment. Foreign-currency loans are fully-hedged.

Income statement (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Voice revenue	14,085	12,494	12,329	-13%	-1.4%	60,547	51,250	-15%
Non-voice revenue	14,174	16,242	17,265	22%	6.4%	53,193	63,857	20%
Fixed Broadband	65	232	380	485%	64%	120	860	616%
Others (IR, IDD, other fees)	1,563	1,659	1,643	5.1%	-0.9%	6,760	6,594	-2.5%
Service revenue (excluding IC)	29,887	30,626	31,617	5.8%	3.2%	120,621	122,561	1.6%
IC revenue	1,475	1,405	1,387	-6.0%	-1.3%	6,794	5,665	-17%
sales revenue	8,422	5,064	8,315	-1.3%	64%	27,798	23,924	-14%
Total revenues (excluding construction)	39,784	37,096	41,319	3.9%	11%	155,213	152,150	-2.0%
Regulatory fee	(2,662)	(1,769)	(1,834)	-31%	3.7%	(14,116)	(10,414)	-26%
Depreciation & Amortization	(3,495)	(6,156)	(6,717)	92%	9.1%	(20,146)	(21,253)	5.5%
Network Operation	(2,672)	(4,094)	(5,065)	90%	24%	(9,620)	(14,810)	54%
Other cost of service	(1,749)	(1,518)	(1,539)	-12%	1.3%	(6,742)	(6,216)	-7.8%
Cost of service (excluding IC)	(10,578)	(13,537)	(15,155)	43%	12%	(50,624)	(52,694)	4.1%
IC cost	(1,349)	(1,354)	(1,332)	-1.2%	-1.6%	(6,113)	(5,380)	-12%
Cost of sale of goods	(8,485)	(5,878)	(8,592)	1.3%	46%	(28,019)	(24,918)	-11%
Total cost (excluding construction)	(20,412)	(20,769)	(25,079)	23%	21%	(84,755)	(82,992)	-2.1



Income statement (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Gross profit	19,372	16,327	16,240	-16%	-0.5%	70,457	69,158	-1.8%
Total SG&A	(5,643)	(7,260)	(7,961)	41%	9.6%	(20,091)	(29,776)	48%
Marketing expenses	(2,209)	(3,828)	(3,988)	81%	4.2%	(6,901)	(16,012)	132%
Administrative expenses	(3,020)	(2,976)	(3,278)	8.5%	10%	(11,526)	(11,812)	2.5%
Bad debt expenses	(321)	(350)	(584)	82%	67%	(1,315)	(1,538)	17%
Depreciation	(93)	(106)	(111)	19%	4.4%	(349)	(414)	19%
Operating profit	13,730	9,067	8,279	-40%	-8.7%	50,366	39,382	-22%
Net foreign exchange gain (loss)	196	67	6	-97%	-91%	229	277	21%
Other income (expense)	68	94	114	69%	21%	518	442	-15%
Finance costs (interest expense & deferred interest)	(597)	(1,311)	(1,331)	123%	1.6%	(1,960)	(4,236)	116%
Total Income tax	(2,598)	(1,371)	(594)	-77%	-57%	(9,999)	(5,175)	-48%
Non-controlling interests	(7)	(17)	(6)	-16%	-65%	(2)	(23)	847%
Net profit for the period	10,791	6,529	6,468	-40%	-0.9%	39,152	30,667	-22%

EBITDA (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Operating Profit	13,730	9,067	8,279	-40%	-8.7%	50,366	39,382	-22%
Depreciation & amortization	3,588	6,262	6,828	90%	9.0%	20,495	21,667	5.7%
(Gain) loss on disposals of PPE	1	-	23	2,784%	N/A	303	23	-92%
Management benefit expense	(74)	(39)	(41)	-45%	4.1%	(209)	(150)	-28%
Other financial cost	(41)	(33)	(32)	-21%	-2.3%	(178)	(181)	1.5%
EBITDA	17,204	15,257	15,058	-12%	-1.3%	70,776	60,741	-14%
Recognition of USO fee (pre-tax)	-	-	-	-	-	-	2,208	-
Normalized EBITDA	17,204	15,257	15,058			70,776	62,949	-11%
EBITDA margin (%)	43.2%	41.1%	36.4%				45.6%	39.9%
Normalized EBITDA margin (%)	43.2%	41.1%	36.4%				45.6%	41.4%

Normalized net profit (Bt mn)	4Q15	3Q16	4Q16	%YoY	%QoQ	2015	2016	%YoY
Net profit for the period	10,791	6,529	6,468	-40%	-0.9%	39,152	30,667	-22%
Recognition of USO fee after tax	-	-	-	-	-	-	1,767	-
Recognition of deferred tax assets	-	-	-	-	-	-	(919)	-
Recognition of tax incentive	-	-	(835)	-	-	-	(835)	-
Normalized net profit for the period	10,791	6,529	5,633	-48%	-14%	39,152	30,680	-22%

Financial Position (Bt mn/% to total asset)	4Q15		4Q16	
Cash & cash equivalent	9,865	5.4%	11,226	4.1%
Bank dep. & ST investment	4,752	2.6%	2,963	1.1%
Trade receivable	11,030	6.1%	11,377	3.9%
Inventories	5,059	2.8%	3,085	1.1%
Others	7,301	4.0%	3,248	1.2%
Current Assets	38,007	21%	31,899	12%
Spectrum license	51,791	28%	115,378	42%
Network and PPE	84,291	46%	118,271	43%
Intangible asset	3,192	1.8%	4,099	1.5%
Deferred tax asset	1,252	0.7%	2,618	0.9%
Others	3,229	1.8%	3,404	0.7%
Total Assets	181,761	100%	275,670	100%
Trade payable	14,358	7.9%	17,737	6.4%
ST loan & CP of LT loans	12,856	7.1%	11,685	4.2%
Accrued R/S expense	5,364	3.0%	5,361	1.9%
Other	24,956	14%	34,545	13%
Current Liabilities	57,533	32%	69,328	25%
Debenture & LT loans	52,416	29%	87,130	32%
Others	23,319	13%	76,504	28%
Total Liabilities	133,268	73%	232,962	85%
Retained earnings	22,813	12%	16,971	6.2%
Others	25,680	14%	25,737	9.3%
Total Equity	48,493	27%	42,708	15%

Key Financial Ratio	4Q15	3Q16	4Q16
Interest-bearing debt to equity (times)	1.32	2.94	2.30
Net debt to equity (times)	1.02	2.57	1.97
Net debt to EBITDA (times)	0.70	1.53	1.38
Current Ratio (times)	0.66	0.49	0.46
Interest Coverage (times)	30	16	14
Debt Service Coverage Ratio (times)	3.9	1.7	3.4
Return on Equity	82%	90%	67%

Figures from P&L are annualized YTD.

Debt repayment schedule			License payment schedule	
Bt mn	Debenture	Loan	1800MHz	900MHz
2017	397	11,001	10,247	-
2018	-	2,799	10,247	4,020
2019	7,789	3,364	-	4,020
2020	-	23,929	-	59,574
2021	1,776	10,129	-	-
2022	-	9,882	-	-
2023	7,820	5,350	-	-
2024	6,638	-	-	-
2025	-	-	-	-
2026	7,180	-	-	-

Source and use of fund : FY16	(Bt mn)
Source of Fund	Use of Fund
Operating cash flow	71,538
Proceed of LT borrowings	41,154
Net Proceed of ST borrowings	700
Net change in investments	303
Interest received	215
Sale of property	17
Total	113,927
CAPEX & Fixed asset	47,554
Dividend paid	36,509
Payment of spectrum license	8,069
Repayment of LT borrowings	7,699
Income tax paid	9,902
Finance cost & Financial lease paid	2,818
Investment in joint venture	15
Cash increase	1,361
Total	113,927

Credit Rating

Fitch National rating: AA+ (THA), Outlook: Stable

S&P BBB+, Outlook: Negative

Profit

In FY16, **EBITDA** was Bt60,741mn declining 14% YoY mainly due to the payments to TOT and higher marketing expenses for handset subsidies. **Consolidated EBITDA margin** was at 39.9%, slightly better than the guidance but declining from 45.6% in FY15. The higher D&A and finance costs offset by the lower income tax expense (see significant events on page 1) caused the net profit to be Bt30,667mn, declining 22% YoY. Normalizing the one-time recognitions of USO fee and deferred tax asset in 1Q16 and the tax benefit in 4Q16, normalized net profit would be Bt30,680mn, a decline of 22% YoY. Net profit margin stood at 20.2% compared to 25.2% in FY15.

Financial position

As at Dec-16, AIS had Bt275,670mn of total assets, of which the values of PPE and licenses contributed around 85%. Total assets increased 52% YoY due to the acquisition of the 900MHz spectrum license in June 2016 and the network investments on 4G. The current assets were Bt31,899mn dropping 16% YoY mainly from the lower handset inventory while trade account receivables increased 3.1% YoY. Total liabilities were Bt232,962mn increasing 75% YoY mainly from the the 900MHz spectrum license and higher debt. Interest-bearing debt increased from Bt64bn in 2015 to

Bt98bn in 2016 to support spectrum payments and network investments. Total equity was Bt42,708mn declining 12% YoY from lower retained earnings, following a decline in net profit. Overall, the company's ability to service debt remained healthy with net debt to EBITDA ratio of 1.38x and interest coverage ratio of 14x. Our credit rating was maintained at BBB+ from S&P, in the range of investment grade. Meanwhile liquidity remained fair with current ratio of 0.46x, mainly weighted by payable on network investment.

Cash Flow

Despite softer earnings, AIS' operating cash flow (after tax) was stable at Bt61,635mn. CAPEX was Bt47,554mn in 2016, compared to Bt32,108mn in 2015, following the nationwide 4G coverage and 3G enhancement. CAPEX to service revenue (excluding IC) was 39%, up from 27% in 2015. Also, AIS paid Bt8,069mn for the 1st installment of the 900MHz spectrum license to the NBTC in Jun-16. This resulted in a free cash flow of Bt6,012mn. AIS had a net borrowing of Bt34,155mn and paid dividend for the performance of 2H15-1H16 totaling Bt36,509mn. In summary, AIS had a net cash increase of Bt1,361mn resulting in an outstanding cash of Bt11,226mn as of Dec-16.



2017 MANAGEMENT OUTLOOK & STRATEGY

Service revenue (excluding IC)	• increase 4-5% YoY
Handset sales	• increase with near-zero margin
Consolidated EBITDA margin	• 42-44%
CAPEX	• Bt40-45bn
Dividend payout	• minimum 70% of net profit

Build strong leadership in mobile data

In 2016, after acquiring 1800MHz, AIS has quickly built a nationwide 4G network covering 98% population in response to the accelerating demand for quality mobile data. We expect that the demand for faster speed will continue strongly, and will be more efficiently served by 4G network. To build on our leadership in mobile data, the investment in 2017 will focus on 4G capacity including the expanded deployment of 2-Carrier and 3-Carrier Aggregation in key cities. Also, we will continue to encourage further smartphone adoption and migrating 2G users through targeted handset subsidies.

Selectively expand new fixed broadband coverage and uplift utilization

Since the launch in April 2015, AIS Fibre has achieved coverage of about 5.2mn home pass in 28 cities and serves 301,500 subscribers with Bt10bn cumulative CAPEX. Striving to become a significant player in the next three years, we continue to expand our business and build stronger operational foundation. Starting the third year of operation in 2017, we will pursue selective expansion of new service areas with due consideration to demand and return on investment. At the same time, we will also put focus on increasing capacity utilization in the existing coverage areas through more effective sales and distribution channels, while remaining competitive in fibre pricing. We expect investment in fixed broadband of around Bt5bn this year.

Continue to grow with improvement in revenue and EBITDA

In summary, we expect the consolidated service revenue (excluding IC) to improve 4-5% YoY. With our focus on acquiring quality subscribers, we expect an improvement of handset sales with a near-zero margin contribution. This will partially be offset with a full-year recognition of payments to TOT for the use of spectrum, towers, and equipment. Overall, we expect the consolidated EBITDA margin to improve and stay in the range of 42-44%. The total cash CAPEX (excluding spectrum payment) is expected to be in the range of Bt40-45bn for both mobile and fixed broadband.

New dividend policy: a minimum payout of 70%

AIS is committed to driving long term growth while delivering return to shareholders. We place importance in maintaining strong financial health and flexibility to pursue future growth. The dividend policy is thus revised to a minimum 70% payout of net profit from 2017 onwards. By preserving cash flow, we ensure that we have the financial flexibility to lead, compete, and pursue growth prospect in any changing circumstances.

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

Disclaimer

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue" "plan" or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.