

TRUE CORPORATION PUBLIC COMPANY LIMITED

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

31 DECEMBER 2017

Index	Page
Auditor's report	1
Statements of financial position	4
Statements of comprehensive income	9
Statements of changes in equity	10
Statements of cash flows	12
Notes to the consolidated and separate financial statements	
1 General information	13
2 Joint Operation, Joint Investment Agreement and Agreements and licences for operation	13
3 Accounting policies	
3.1 Basis of preparation	16
3.2 Revised accounting standards and financial reporting standards	16
3.3 Foreign currency translation	16
3.4 Cash and cash equivalents	17
3.5 Investments	17
3.6 Trade accounts receivables	18
3.7 Inventories	18
3.8 Investment property	18
3.9 Investments in subsidiaries, associates and interests in joint ventures	19
3.10 Property, plant and equipment	21
3.11 Leases - where the Group is the lessee	22
3.12 Goodwill	23
3.13 Intangible assets	23
3.14 Impairment of assets	24
3.15 Subscriber acquisition cost	24
3.16 Current and deferred income tax	25
3.17 Borrowings	25
3.18 Provisions	26
3.19 Employee benefits	26
3.20 Share capital	26
3.21 Revenue recognition	27
3.22 Segment reporting	28
3.23 Non-current assets (or disposal groups) held-for-sale	28
4 Change in accounting estimate	28
5 Financial risk management	
5.1 Financial risk factors	29
(a) Foreign exchange rate risk	29
(b) Interest rate risk	29
(c) Credit risk	29
(d) Liquidity risk	29
5.2 Accounting for derivative financial instruments and hedging activities	30
6 Critical accounting estimates and judgements	
6.1 Critical accounting estimates and assumptions	30
(a) Estimated impairment of goodwill, property, plant and equipment and intangible assets	30
(b) Allowance for doubtful accounts	30
(c) Useful lives for property, plant and equipment and intangible assets	30
(d) Deferred tax	31
(e) Borrowings	31
(f) Employee benefits	31
(g) Service contract	31
6.2 Critical judgements in applying the entity's accounting policies	31
(a) Consolidation of the entity in which the Group holds less than 50%	31
(b) Investment in associates	31
(c) Joint arrangements	32

7	Capital risk management	32
8	Consolidated segment information	32
9	Fair Value	33
10	Expenses by nature	34
11	Finance costs	35
12	Income tax	35
13	Basic earnings per share	36
14	Cash and cash equivalents	36
15	Restricted cash at bank	36
16	Investments	37
17	Trade and other receivables	39
18	Inventories	40
19	Other current assets	40
20	Investments in subsidiaries, associates and interests in joint ventures	41
21	Investment property	49
22	Property, plant and equipment	49
23	Goodwill	55
24	Intangible assets	55
25	Deferred income taxes	59
26	Other non-current assets	62
27	Borrowings	62
28	Trade and other payables	66
29	Other current liabilities	67
30	Liabilities under agreements and licences for operation	67
31	Employee benefit obligations	67
32	Other non-current liabilities	70
33	Share capital and premium on share capital	70
34	Legal reserve	71
35	Non-controlling interests	71
36	Cash flows from operating activities	72
37	Financial instruments	73
38	Contracts and commitments	73
39	Litigations and Arbitration disputes and contingent liabilities	76
40	Access charges	85
41	Infrastructure fund transaction	87
42	Related party transactions	88
43	Event after reporting date	91

List of abbreviations

Subsidiaries, associates, and joint ventures

Abbreviation

AP&J Production Co., Ltd.	AP&J
Asia Wireless Communication Co., Ltd.	AWC
Bangkok Inter Teletech Public Company Limited	BITCO
BeboydCG Company Limited	Bboyd
BFKT (Thailand) Limited	BFKT
Cineplex Co., Ltd.	CNP
Hutchison CAT Wireless MultiMedia Limited	HCAT
Hutchison MultiMedia Services (Thailand) Limited	HMSTL
Hutchison Telecommunications (Thailand) Company Limited	HTTCL
Hutchison Wireless MultiMedia Holdings Limited	HWMH
Internet Knowledge Service Center Co., Ltd.	IKSC
KSC Commercial Internet Co., Ltd.	KSC
MKSC World Dot Com Co., Ltd.	MKSC
Panther Entertainment Co., Ltd.	PTE
Real Move Co., Ltd.	RMV
SamutPakan Media Corporation Co., Ltd.	SPM
Satellite Service Co., Ltd.	SSV
SM True Co., Ltd.	SM True
Song Dao Co., Ltd.	SD
Tele Engineering and Services Co., Ltd.	TE
Telecom Asset Management Co., Ltd.	TAM
Telecom Holding Co., Ltd.	TH
Telecom KSC Co., Ltd.	TKSC
Thai News Network (TNN) Co., Ltd.	TNN
True Digital & Media Platform Co., Ltd.	TDMP
True Digital Park Co., Ltd.	TDPK
True Distribution and Sales Co., Ltd.	TDS
True4U Station Co., Ltd.	True4U
True Icontent Co., Ltd.	TICT
True Incube Co., Ltd.	True Incube
True Information Technology Co., Ltd.	TIT
True International Communication Co., Ltd.	TIC
True International Gateway Co., Ltd.	TIG
True Internet Co., Ltd.	TI
True Internet Corporation Co., Ltd.	TICC
True Life Plus Co., Ltd.	TLP
True Media Solutions Co., Ltd.	TSC
True Move Co., Ltd.	TMV
True Move H Universal Communication Co., Ltd.	TUC
True Multimedia Co., Ltd.	TM
True Music Co., Ltd.	TMS
True Music Radio Co., Ltd.	TMR
True Public Communication Co., Ltd.	TPC
True Touch Co., Ltd.	TT
True United Football Club Co., Ltd.	TUFC
True Visions Cable Public Company Limited	True Cable
True Visions Group Co., Ltd.	TVG
True Visions Public Company Limited	True Visions
True Vistas Co., Ltd.	TVT
True Voice Co., Ltd.	TV
K.I.N. (Thailand) Co., Ltd.	KINBVI

List of abbreviations(Cont'd)

Subsidiaries, associates, joint ventures(Cont'd)

Abbreviation

Gold Palace Investments Limited	GPI
Golden Light Co., Ltd.	GDL
Goldsky Co., Ltd.	GSK
Golden Pearl Global Limited	GDP
Rosy Legend Limited	RL
Prospect Gain Limited	PG
True Internet Technology (Shanghai) Company Limited	TIS
True Trademark Holdings Company Limited	TTH
Digital Telecommunications Infrastructure Fund	DIF
True GS Co., Ltd.	TG
Asia Infonet Co., Ltd.	AI
BEC-TERO True Visions Co., Ltd.	BEC
Transformation Films Co., Ltd.	TFF
True CJ Creation Co., Ltd.	TRUECJ
True Axion Interactive Ltd.	TrueAxion

Other organisations

Telephone Organisation of Thailand (currently TOT Public Company Limited)	TOT
The National Telecommunication Commission	NTC
The National Telecommunication Commission of NBTC	NTC of NBTC
The National Broadcasting and Telecommunication Commission	NBTC
CAT Telecom Public Company Limited	CAT
Mass Communication Organization of Thailand (currently MCOT Public Company Limited)	MCOT
Securities and Exchange Commission of Thailand	SEC

Independent Auditor's Report

To the shareholders of True Corporation Public Company Limited

My opinion

In my opinion, the consolidated financial statements of True Corporation Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company 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 my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter paragraph

I draw attention to Notes 38.3, 39 and 40.2 to the financial statements discussing material uncertainties in respect of outstanding litigations and the significant commercial agreements of which details are not finalised. The ultimate outcome of the litigations and the conclusion regarding the significant agreements cannot presently be determined and no adjustment that may result, has been made in the financial statements. My opinion is not qualified in respect of these matters.

Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p>Valuation of goodwill</p> <p>Refer to Notes 6.1 and 23 to the consolidated and separate financial statements on critical accounting estimates and judgements and goodwill.</p> <p>The Group's goodwill is attributable to online and pay TV cash generating units (CGU) totalling Baht 360.62 million and Baht 11,042.47 million, respectively. Under the Financial Reporting Standards, the Group is required to test goodwill for impairment at least annually.</p> <p>I focussed on the valuation of goodwill because the goodwill balance is material to the financial statements. Goodwill recoverable amounts are based on management judgements of variables such as revenue, revenue growth, profit margin and discount rates.</p> <p>For the year ended 31 December 2017, the management performed an impairment test on goodwill by:</p> <ol style="list-style-type: none">determining the recoverable amount of goodwill from the values-in-use of each CGU using the discounted cash flow (DCF) model. This model is based on forecasted cash flows (revenue, expenses and capital expenditure) generated from each CGU for the next five years, with a terminal zero growth rate applied to the fifth year cash flows. These cash flows were then discounted to the net present value using the weighted average cost of capital (WACC), andcomparing the resulting values-in-use for each CGU to their respective book values and determining whether to record an impairment provision if the DCF values in use are less than the book values. <p>Based on the annual impairment test for goodwill, management concluded that no impairment provision was required. The key assumptions are disclosed in Notes 6.1 and 23 to the consolidated and separate financial statements.</p>	<p>My key procedures included the following:</p> <ul style="list-style-type: none">obtaining, understanding and evaluating management's cash flow forecasts and the process by which the forecasts were developed,agreeing the cash flow forecasts with the approved budgets set by the Group Chief Financial Officer,challenging management's key assumptions, such as sources of revenue, revenue growth, profit margin and discount rates, by comparing them against the economic and industry outlook and against the assumptions made in the prior year, taking into account the sensitivity of the goodwill balance changes in the respective assumptions, andusing my firm's valuation experts to evaluate the discount rate applied in the DCF model. <p>Based on my procedures, I noted the key assumptions used by management were supportable and appropriate in light of the current environment and circumstance.</p>

Key audit matter	How my audit addressed the key audit matter
<p><i>Revenue recognition - Accuracy and cut-off of recorded revenue</i></p> <p>Recording revenue is an inherent risk for the telecommunications industry and is considered significant because of the complexity of the billing systems, multiple element sales arrangements, such as product and service bundled package and the impact on revenue recognition of changing price plans (tariff, structures, and discount). These complexities may give rise to the risk that revenue may not be accurately recognised.</p> <p>Revenue cut-off is considered a key audit matter due to complex multiple monthly billing cycles for which closing billing periods may not necessarily close concurrently with the month-end close. This triggers a concern about whether revenue is recorded in the correct period.</p> <p>I focussed on this area because the balance and transaction volume of revenue are materially high, and involve management estimations.</p>	<p>My key procedures included the following:</p> <ul style="list-style-type: none"> • evaluating and testing IT general controls in which billing and other relevant support systems reside, including the change control procedures in place around systems, • evaluating the internal control in place over the authorisation of price rate changes, the implementation of new sales campaigns and input of the information into billing systems, • testing allocation of fair value between products sales and services revenue bundled in sales campaigns launched during the year, • testing end-to-end reconciliations from the billing systems to the general ledger. This includes validating material journals processed between the billing system and general ledger, • testing samples of individual and corporate customer bills and checking them against cash receipts, • testing revenue estimations for month-end close by subsequently checking actual revenue based on customers' usage data against estimated revenue for incomplete billing cycles recorded in the accounts, • performing a revenue trend analysis by estimating expected revenue based on usage data and number of subscribers, and • meeting with management members to corroborate the key revenue movements and trends during the year. <p>Based on my work, I noted no significant issues.</p>

Key audit matter	How my audit addressed the key audit matter
<p><i>Sale of assets and right in revenue to the Digital Telecommunication Infrastructure Fund (DIF) - Accuracy and classification</i></p> <p>Refer to Note 41, to the consolidated and separate financial statements in 2017 the Group entered into agreements with DIF to sell certain telecommunication assets, transfer right in net revenue and lease certain assets. The Group also leased back from DIF some of these assets.</p> <p>The Group recognised profit of Baht 8,388 million relating to the transactions and applied lease accounting for the lease and leaseback transactions.</p> <p>I focussed on these transactions because the amount involved was materially high and required interpretation of the terms of the agreements and significant management judgement in determining the appropriate accounting treatment. The accounting treatment has a significant impact on the Group's financial position and its operating results.</p>	<p>My procedures included the following:</p> <ul style="list-style-type: none"> • understanding the transactions and key terms and conditions of the related agreements, • evaluating the accounting treatment decided by management whether it conformed with the accounting standards, • evaluating management judgment and the accuracy of the amount recorded by challenging key assumptions such as discount rates and the related expenses, and performing the computation of certain significant amounts, • examining the cash receipt transaction received from DIF and tracing to the bank statement, and • reviewing the accuracy, completeness and classification of the accounting entries. <p>Based on my audit procedures, I noted no significant issues.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine 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, the directors are responsible for assessing the Group 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I 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 my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Prasit Yuengsrikul
Certified Public Accountant (Thailand) No. 4174
Bangkok
28 February 2018

True Corporation Public Company Limited
 Statements of Financial Position
 As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Assets					
Current assets					
Cash and cash equivalents	14	18,226,744	50,183,813	3,037,381	5,463,811
Restricted cash at bank	15	69,316	42,360	43,992	42,360
Short-term investments	16	2,910	502,312	1,817	501,234
Trade and other receivables	17	53,832,189	36,810,522	9,451,587	8,110,689
Short-term loans to related parties	42	197,000	147,000	9,573,440	3,000,000
Inventories	18	16,849,082	11,251,975	11,261	20,426
Income tax deducted at source		9,638,664	8,141,389	461,943	169,232
Claimable value added tax		8,653,539	5,509,182	-	-
Other current assets	19	10,342,092	10,089,763	62,206	66,536
Total current assets		117,811,536	122,678,316	22,643,627	17,374,288
Non-current assets					
Restricted cash at bank	15	26,763	27,696	-	-
Investment in available for sale securities	16	411,992	-	-	-
Investment in subsidiaries	20	-	-	181,028,382	178,678,264
Investment in associates and interests in joint ventures	20	16,539,115	18,174,762	16,327,908	16,327,908
General investments	16	543,848	325,211	241,741	240,741
Investment property	21	733,627	760,473	-	-
Property, plant and equipment	22	175,462,313	143,688,352	1,488,317	1,708,040
Goodwill	23	11,403,094	11,403,094	-	-
Intangible assets	24	129,377,058	139,745,965	147,206	1,224,493
Deferred income tax assets	25	5,396,614	5,375,822	-	99,126
Other non-current assets	26	7,604,976	6,780,769	146,299	149,864
Total non-current assets		347,499,400	326,282,144	199,379,853	198,428,436
Total assets		465,310,936	448,960,460	222,023,480	215,802,724

The accompanying notes on pages 13 to 91 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Liabilities and equity					
Current liabilities					
Short-term borrowings	27	46,752,379	37,571,675	39,253,825	16,980,391
Trade and other payables	28	115,494,627	98,514,397	3,151,289	2,814,034
Current portion of long-term borrowings	27	30,777,810	20,653,960	3,961,911	19,165,857
Short-term loans from related parties	42	-	-	5,021	-
Income tax payable		5,338	5,629	-	-
Other current liabilities	29	4,883,041	4,098,147	538,308	509,323
Total current liabilities		197,913,195	160,843,808	46,910,354	39,469,605
Non-current liabilities					
Long-term borrowings	27	49,924,210	60,490,046	8,190,495	12,119,200
Deferred income tax liabilities	25	3,196,865	1,995,052	207,577	-
Liabilities under agreements and licences for operation	30	64,633,973	77,652,487	-	-
Employee benefits obligations	31	2,154,845	1,982,115	906,249	555,044
Other non-current liabilities	32	13,285,093	14,269,013	-	-
Total non-current liabilities		133,194,986	156,388,713	9,304,321	12,674,244
Total liabilities		331,108,181	317,232,521	56,214,675	52,143,849
Equity					
Share capital	33				
Authorised share capital					
Common shares, 33,368,655,464 shares of par Baht 4 each		133,474,622	133,474,622	133,474,622	133,474,622
Issued and fully paid-up share capital					
Common shares, 33,368,195,301 shares of paid-up Baht 4 each		133,472,781	133,472,781	133,472,781	133,472,781
Premium on share capital		26,384,073	26,384,073	26,384,073	26,384,073
Retained earnings					
Appropriated - legal reserve	34	389,994	282,498	389,994	282,498
Retained earnings (deficits)		(25,072,523)	(27,287,553)	5,561,957	3,519,523
Other components of equity		(1,641,124)	(1,799,588)	-	-
Equity attributable to owners of the parent		133,533,201	131,052,211	165,808,805	163,658,875
Non-controlling interests	35	669,554	675,728	-	-
Total equity		134,202,755	131,727,939	165,808,805	163,658,875
Total liabilities and equity		465,310,936	448,960,460	222,023,480	215,802,724

The accompanying notes on pages 13 to 91 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Revenues	8				
Revenues from telephone and other services		117,624,253	107,892,009	11,682,109	9,205,238
Revenues from product sales		23,666,212	16,827,189	-	-
Total revenues		<u>141,290,465</u>	<u>124,719,198</u>	<u>11,682,109</u>	<u>9,205,238</u>
Costs					
Cost of providing services		84,287,978	78,276,315	4,411,548	4,806,669
Cost of sales		17,808,045	17,323,335	-	-
Total costs		<u>102,096,023</u>	<u>95,599,650</u>	<u>4,411,548</u>	<u>4,806,669</u>
Gross profit		39,194,442	29,119,548	7,270,561	4,398,569
Other income	41	5,468,563	1,830,084	1,865,234	2,475,003
Selling expenses		(19,372,507)	(17,213,181)	(1,052,899)	(921,121)
Administrative expenses		(13,933,160)	(12,397,980)	(3,340,597)	(2,730,667)
Other expenses		(2,585,287)	(2,098,095)	(256,785)	(279,429)
Share of results	20	3,153,802	4,608,618	-	-
Finance costs	11	(8,293,982)	(6,166,384)	(2,028,881)	(2,411,951)
Profit (loss) before income tax		3,631,871	(2,317,390)	2,456,633	530,404
Income tax	12	(1,315,519)	(489,639)	(306,703)	(398,730)
Profit (loss) for the year		<u>2,316,352</u>	<u>(2,807,029)</u>	<u>2,149,930</u>	<u>131,674</u>
Other comprehensive income :					
Item that will not be reclassified subsequently to profit or loss:					
Remeasurements of post-employment benefit obligations, net of tax		-	(463,317)	-	(173,988)
Item that will be reclassified subsequently to profit or loss:					
Unrealised gain on changes in fair value of available-for-sale securities, net of tax		159,180	-	-	-
Exchange differences on translation		(706)	660	-	-
Total comprehensive income for the year		<u>2,474,826</u>	<u>(3,269,686)</u>	<u>2,149,930</u>	<u>(42,314)</u>
Profit (loss) for the year attributable to:					
Owners of the parent		2,322,526	(2,814,348)	2,149,930	131,674
Non-controlling interests		(6,174)	7,319	-	-
Profit (loss) for the year		<u>2,316,352</u>	<u>(2,807,029)</u>	<u>2,149,930</u>	<u>131,674</u>
Total comprehensive income for the year attributable to:					
Owners of the parent		2,481,000	(3,276,901)	2,149,930	(42,314)
Non-controlling interests		(6,174)	7,215	-	-
Total comprehensive income for the year		<u>2,474,826</u>	<u>(3,269,686)</u>	<u>2,149,930</u>	<u>(42,314)</u>
Basic earnings per share attributable to owners of the parent	13				
- Basic (Baht per share)		0.0696	(0.0962)	0.0644	0.0045

The accompanying notes on pages 13 to 91 are an integral part of these financial statements.

True Corporation Public Company Limited
 Statements of Changes in Equity
 For the year ended 31 December 2017

Consolidated financial statements											Baht Thousand
Attributable to owners of the parent											
Notes	Issued and fully paid-up				Other components of equity						
	Common shares	Premium on shares	Legal reserve	Deficits	Unrealised gain on revaluation of available for sale securities	Change in non-controlling interests	Translating financial statements	Total other components of equity	Total owners of the parent	Non-Controlling interests	Total
Opening balance as at 1 January 2016	98,431,713	-	275,914	(22,362,876)	-	(1,806,543)	9,241	(1,797,302)	74,547,449	659,084	75,206,533
Issue of shares	33	35,041,068	26,384,073	-	-	-	-	-	61,425,141	-	61,425,141
Addition investment in subsidiary by non-controlling interests	20	-	-	-	-	-	-	-	-	14,154	14,154
Addition investment in subsidiary by purchasing shares from non-controlling interests	20	-	-	-	-	-	-	-	-	(7,671)	(7,671)
Dilution due to increase in non-controlling interests	-	-	-	-	-	(2,946)	-	(2,946)	(2,946)	2,946	-
Dividends paid	-	-	-	(1,640,532)	-	-	-	-	(1,640,532)	-	(1,640,532)
Appropriation of legal reserve	34	-	-	6,584	(6,584)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,277,561)	-	-	660	660	(3,276,901)	7,215	(3,269,686)
Closing balance as at 31 December 2016	133,472,781	26,384,073	282,498	(27,287,553)	-	(1,809,489)	9,901	(1,799,588)	131,052,211	675,728	131,727,939
Opening balance as at 1 January 2017	133,472,781	26,384,073	282,498	(27,287,553)	-	(1,809,489)	9,901	(1,799,588)	131,052,211	675,728	131,727,939
Addition investment in subsidiary by purchasing shares from non-controlling interests	20	-	-	-	-	-	-	-	-	(10)	(10)
Dilution due to increase in non-controlling interests	-	-	-	-	-	(10)	-	(10)	(10)	10	-
Appropriation of legal reserve	34	-	-	107,496	(107,496)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,322,526	159,180	-	(706)	158,474	2,481,000	(6,174)	2,474,826
Closing balance as at 31 December 2017	133,472,781	26,384,073	389,994	(25,072,523)	159,180	(1,809,499)	9,195	(1,641,124)	133,533,201	669,554	134,202,755

The accompanying notes on pages 13 to 91 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Changes in Equity (Cont'd)
For the year ended 31 December 2017

	Separate financial statements				Baht Thousand	
	Notes	Issued and fully paid-up common shares	Premium on shares	Legal reserve	Retained earnings	Total
Opening balance as at 1 January 2016		98,431,713	-	275,914	5,208,953	103,916,580
Issue of shares	33	35,041,068	26,384,073	-	-	61,425,141
Dividends paid		-	-	-	(1,640,532)	(1,640,532)
Appropriation of legal reserve	34	-	-	6,584	(6,584)	-
Total comprehensive income for the year		-	-	-	(42,314)	(42,314)
Closing balance as at 31 December 2016		<u>133,472,781</u>	<u>26,384,073</u>	<u>282,498</u>	<u>3,519,523</u>	<u>163,658,875</u>
Opening balance as at 1 January 2017		133,472,781	26,384,073	282,498	3,519,523	163,658,875
Appropriation of legal reserve	34	-	-	107,496	(107,496)	-
Total comprehensive income for the year		-	-	-	2,149,930	2,149,930
Closing balance as at 31 December 2017		<u>133,472,781</u>	<u>26,384,073</u>	<u>389,994</u>	<u>5,561,957</u>	<u>165,808,805</u>

The accompanying notes on pages 13 to 91 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Cash flows from operating activities	36	4,993,342	8,096,130	1,727,838	(2,046,871)
Cash flows from investing activities					
(Deposit) withdrawal of restricted cash		(26,021)	536,878	(1,632)	516,613
Disposal (acquisition) of short-term investments	16	500,000	(499,452)	500,000	(499,459)
Loans made to related parties	42	(50,000)	(300)	(28,952,622)	(27,920,000)
Acquisition of property, plant and equipment		(34,083,088)	(33,259,990)	(98,856)	(26,899)
Acquisition of intangible assets		(13,497,899)	(13,725,453)	(105,616)	(16,523)
Repayment received from loan to related parties	42	-	300	22,379,182	44,735,000
Acquisition of investment in subsidiaries	20.1	-	-	(4,500,000)	(67,250,930)
Acquisition of investment in associate	20.2	(35,600)	(51,111)	-	-
Acquisition of interest in joint venture		-	(41,234)	-	-
Acquisition of investment in other companies	16	(218,637)	-	(1,000)	-
Acquisition of available for sale securities	16	(213,010)	-	-	-
Proceeds from liquidation of subsidiary	20.1	-	-	2,134,454	-
Proceeds from disposals of property, plant and equipment and intangible assets		3,990,679	71,519	17,337	11,972
Dividends received	42	1,583,807	1,556,866	1,583,807	1,957,495
Net cash used in investing activities		(42,049,769)	(45,411,977)	(7,044,946)	(48,492,731)
Cash flows from financing activities					
Issue of common shares	33	-	59,948,800	-	59,948,800
Subscription of newly issued shares in subsidiary by non-controlling interests	20.1	-	14,154	-	-
Addition investment in subsidiary by purchasing shares from non-controlling interests		(10)	(7,671)	-	-
Proceeds from loans from subsidiaries	42	-	-	2,083,562	3,980,000
Proceeds from short-term borrowings, net of cash paid for debt issuance cost		67,206,682	77,191,638	50,267,788	26,110,738
Proceeds from borrowings, net of cash paid for debt issuance cost	27	17,665,491	22,950,216	-	-
Repayments to short-term borrowings		(58,444,000)	(69,789,700)	(28,208,000)	(25,325,000)
Repayments to loans from subsidiaries	42	-	-	(2,078,541)	(4,535,000)
Repayments to borrowings	27	(21,313,690)	(13,177,486)	(19,174,131)	(6,205,835)
Dividends paid		-	(164,190)	-	(164,190)
Net cash received from financing activities		5,114,473	76,965,761	2,890,678	53,809,513
Net (decrease) increase in cash and cash equivalents		(31,941,954)	39,649,914	(2,426,430)	3,269,911
Opening balance		50,183,813	10,590,382	5,463,811	2,193,900
Effects of exchange rate changes		(15,115)	(56,483)	-	-
Closing balance		18,226,744	50,183,813	3,037,381	5,463,811

Non-cash transactions

Significant non-cash transactions are as follows:

	Consolidated financial statements	
	31 December 2017	31 December 2016
	Baht Million	Baht Million
Acquisition of property, plant and equipment using finance leases	2,939.61	2,878.97
Acquisition of property, plant and equipment and intangible assets, not yet paid	132,762.96	135,606.03

The accompanying notes on pages 13 to 91 are an integral part of these financial statements.

1. General information

True Corporation Public Company Limited (“the Company”) is a public limited company which is incorporated and resident in Thailand. The address of its registered office is 18 True Tower, Ratchadaphisek Road, Huaikhwang, Bangkok, Thailand. The Company is listed on the Stock Exchange of Thailand.

The Company and its subsidiaries (together “True Group”, or “the Group”) are principally engaged in the telecommunications and diversified communications industries. The Group’s core business is providing telecommunications services and various value-added services, which include, among others, Digital Data Network (“DDN”), Public Telephone, Multimedia, Internet Service Provider (“ISP”), Mobile Phone Service, and Pay-TV Service.

The Group’s activities include those carried out Joint Operation and Joint Investment Agreement, Agreements and licences for operation, as set out in Note 2.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 28 February 2018.

2. Joint Operation, Joint Investment Agreement and Agreements and licences for operation

Telephone services

In August 1991, the Company entered into the Joint Operation and Joint Investment for Expansion of Telephone Services Agreement (“the Agreement”) with the TOT.

The Agreement, a Build Transfer Operate (“BTO”) agreement, as amended and supplemented, granted the Company the right to construct and provide fixed line telephone services for up to 2.6 million lines in the Bangkok Metropolitan Area. The Company was responsible for:

- 1) procuring and constructing the expansion of the existing TOT network.
- 2) on completion of construction of the network expansion, transferring legal ownership of certain network assets, land and buildings to TOT.
- 3) in consideration of the transferred assets receiving a right to operate, maintain the network and provide certain services for 25 years including:
 - fixed line telephone;
 - Personal Communication Telephone;
 - public telephone (Build Operate Transfer);
 - Digital Data Network;
 - acceptance of fault notification and drop wire maintenance; and
 - customer service centre.

Under the provisions of the Agreement, TOT and the Company share the gross revenues collected from operating the networks according to stipulated percentages.

On 29 October 2017, the agreement with TOT expired. There is no further obligation for the Company. The Company and TOT are discussing for settlement of all outstanding balances. The expiry of the agreement does not have material impact affecting the Group.

On 8 December 2006, a subsidiary, TICC was granted a Type III licence by NTC for fixed line services. TICC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 7 December 2026.

On 25 January 2007, a subsidiary, TIC was granted a Type III licence by NTC for International Direct Dialling (IDD). TIC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 24 January 2027.

2. Joint Operation, Joint Investment Agreement and Agreements and licences for operation (Cont'd)

Telephone services (Cont'd)

On 11 October 2014, a subsidiary, TICC (formerly "TI") was granted a Type I, renewal licence by NBTC for International Calling Cards (ICC). TICC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 10 October 2019.

NON-POTS services

In October 1997, a subsidiary, TM entered into a Joint Investment in Non-Plain Old Telephone System ("NON-POTS") services through a Multimedia Network Agreement (the "Agreement") with TOT. Under the terms of the Agreement, TM has certain commitments such as, among others, to acquire, install, manage and maintain the hardware and equipment for NON-POTS services. TM is also committed to transfer to TOT all hardware and equipment pertaining to such system when the installations are completed. This Agreement is for a period of twenty years commencing from the Agreement date and will be expired on 20 October 2017. TM is unable to terminate it unless certain criteria specified in the Agreement have been met. During the term of the Agreement, TM is entitled to collect the service fees, membership fees and other service fees from customers as stipulated in the Agreement.

TM has placed a letter of guarantee issued by a local bank in favour of TOT amount of Baht 5.00 million to guarantee the TM's compliance with the terms of the Agreement. TM is being to withdraw the letter of guarantee placed with TOT.

On 20 October 2017, the NON-POTS agreement expired. There are no further obligation for TM.

Internet services

On 19 May 2016, a subsidiary, TIG was granted a Type II, renewal license by NBTC for international internet gateway provision. TIG is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 18 May 2021.

On 23 June 2014, a subsidiary, KSC was granted a Type I, renewal licence by NBTC for internet provision. KSC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 22 June 2019.

Mobile Phone services

On 27 January 2011, a subsidiary, BFKT entered into an agreement with CAT to lease telecommunication equipment under HSPA technologies for the term of 14.5 years. Under the terms and conditions of HSPA agreement, BFKT has certain commitments including acquiring, installing, managing and maintaining all equipment necessary to provide mobile phone service using HSPA technology according to the capacity stipulated in the agreement and amended agreement executed on 3 December 2013 for the period of 14.5 years. As consideration of providing such services, BFKT entitles to receive a revenue as stipulated in the agreement.

On 27 January 2011, a subsidiary, RMV entered into a re-sales and wholesales agreement with CAT ("the Agreement"). Under the terms and conditions of the Agreement, RMV provides mobile phone services using HSPA technology wholesale from CAT for the period of 14.5 years. On 16 December 2015, RMV was granted renewal Type I licences by NBTC for resale mobile services and internet services. RMV is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licences. The licences will be expired on 15 December 2020.

These subsidiaries have placed letters of guarantee issued by certain local banks in favour of CAT totalling Baht 200.00 million to guarantee the Group's compliance with the terms of the agreements.

2. Joint Operation, Joint Investment Agreement and Agreements and licences for operation (Cont'd)

Mobile Phone services (Cont'd)

On 7 December 2012, a subsidiary, TUC was granted the 2.1 IMT GHz Bandwidth licence by NBTC. The licence awarded three spectrums bandwidth licence and authorized TUC to provide mobile service under those spectrums bandwidth for 15 years. The expiry date of licence is on 6 December 2027. TUC must comply with the terms and conditions stipulated in the licence.

On 4 December 2015, a subsidiary, TUC was granted the 1800 MHz Bandwidth licence by NBTC. The licence covered with two spectrums bandwidth licence and authorised TUC to provide mobile service under those spectrums bandwidth for 18 years. The expiry date of licence is on 15 September 2033. TUC must comply with the terms and conditions and pay the licence fee as stipulated in the licence. TUC has placed letter of guarantee issued by local banks in favour of NBTC totaling Baht 10,644.36 million (including value added tax) for the unpaid licence fee.

On 14 March 2016, a subsidiary, TUC was granted with the 900 MHz Bandwidth licence by NBTC. The licence authorised TUC to provide mobile service for 15 year. The expiry date of licence is on 30 June 2031. TUC must comply with the terms and conditions and pay the licence fee as stipulated in the licence. TUC has placed letter of guarantee issued by local banks in favour of NBTC totaling Baht 73,036.06 million (including value added tax) for the unpaid licence fee.

Pay-TV services

The Group has invested in True Cable. True Cable is engaged in the operation of pay television networks (Cable Television) under the agreement granted by MCOT on 6 June 1994 an amendment thereto on 9 November 1994 which will be expired on 31 December 2019. Under the aforementioned agreement, True Cable is required to pay annual fees to MCOT based on a fixed percentage of revenue from subscription and installation or at the minimum fee as specified in the agreement, whichever is higher (Note 38.2). In addition, True Cable must transfer the ownership of certain equipment procured for the operations of television networks to MCOT within the periods specified in the agreement.

True Cable has placed letters of guarantee issued by certain local banks in favour of MCOT totalling Baht 36.20 million to guarantee the Group's compliance with the terms of the agreement.

A subsidiary, TVG was granted with broadcasting network license for non - frequency business at national level over the period of 15 years which will expire on 20 January 2028. TVG and its subsidiaries, CNP and PTE were granted with several licences for the operation of television broadcasting service, which were awarded by the NBTC. Under the terms and conditions of the service licence the subsidiaries are committed to pay annual fee to NBTC and revenue contribution at a certain percentage stipulated in the licence.

On 25 April 2014, NBTC granted the licence for the spectrum of television broadcasting service via digital system to True4U and TNN, subsidiaries of the Group. The licence awarded the right to utilise spectrum bandwidth to operate Standard Variety channel for True4U and to operate News Channel for TNN over the period of 15 years. The subsidiaries must comply with the terms and conditions and pay the licence fee as stipulated in the licence. The subsidiaries placed letter of guarantee issued by the local banks in favour of NBTC totaling Baht 1,297.27 million (including value added tax) for the unpaid licence fee.

3. Accounting policies

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

3.1 Basis of preparation

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

The consolidated and separate financial statements have been prepared under the historical cost convention as modified by the revaluation of trading and available-for-sale securities at fair value.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3.2 Revised accounting standards and related interpretations

Revised financial reporting standards and interpretations are effective for accounting periods beginning on or after 1 January 2017 and 2018.

The Group's management assessed and considered that the revised standards will not have a material impact on the Group.

3.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

3. Accounting policies (Cont'd)

3.3 Foreign currency translation

(c) Group companies

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.4 Cash and cash equivalents

In the consolidated and separate statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and separate statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

3.5 Investments

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

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale
4. Investments in non-marketable equity securities are classified as general investments.

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

Trading investments and available-for-sale investments are subsequently measured at fair value. The unrealised gain and loss of trading investments are recognised in profit or loss. The unrealised gain and loss of available-for-sale investments are recognised in other comprehensive income.

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

General investments are carried at cost less impairment loss.

3. Accounting policies (Cont'd)

3.5 Investments (Cont'd)

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

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

3.6 Trade accounts receivables

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss under administrative expenses.

3.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the moving average cost method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimation of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

3.8 Investment property

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

Investment property is measured initially at its cost, including related transaction costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at cost less any accumulated depreciation and impairment loss.

Depreciation on investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Fiber optic cable	30 years
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3. Accounting policies (Cont'd)

3.9 Investments in subsidiaries, associates and interests in joint ventures

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations, except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries are set out in Note 20.

(b) Transactions and non-controlling interests

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

(c) Disposal of subsidiaries

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

3. Accounting policies (Cont'd)

3.9 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

(d) Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of period of which the financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The difference between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed.

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

A list of the Group's principal associates are set out in Note 20.

(f) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor, rather than the legal structure of the joint arrangements.

Joint operations

A joint operation is a joint arrangement whereby the Group has rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint venture

A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method.

The details of the Group's principal joint ventures are set out in Note 20.

3. Accounting policies (Cont'd)

3.9 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

(g) Accounting under equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of its associates and joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates and joint ventures equals or exceeds its interest in the associates and joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

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

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

(h) Separate financial statement

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

3.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

3. Accounting policies (Cont'd)

3.10 Property, plant and equipment (Cont'd)

Details of useful lives are as follows:

	<u>Years</u>
Land improvement	20
Buildings and improvements	10 - 40
Telephone network equipment	
- Switching equipment	15
- Transmission	15 - 35
- Outside plant	15 - 35
- Mobile phone network equipment	8 - 30
- Wifi equipment	5 - 25
Public phone	8 - 15
Power supply and computer	5 - 15
Network management systems	15
Pay TV	3 - 20
Multimedia network equipment	5 - 35
Vehicle	5 - 7
Leasehold building improvements	Lease period
Furniture, fixtures, tools and office equipment	5 - 10

The assets' residual values and useful lives are annually reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

3.11 Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

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

3. Accounting policies (Cont'd)

3.12 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment loss. Impairment loss on goodwill are not reversed. Gain and loss on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

3.13 Intangible assets

(a) Computer software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or sell it;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product including the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years.

(b) Copyright

Copyright arisen from contractual right agreement between a subsidiary and its related party to grant that related party the right to provide song and/or video clip downloading through the subsidiary's website. Copyright is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the contractual right not exceeding a period of four years.

(c) Film rights and program rights

Film rights and program rights are stated at acquisition cost less accumulated amortisation. Film rights and program rights are recorded as assets and liabilities for rights acquired and obligations incurred under licence agreements when the licence period begins, the cost of each program is known or reasonably determinable, the program material is accepted and it is available for the first showing. Sports rights are written off upon showing the event and general entertainment and films are amortised on a straight-line basis over the shorter of the period of the licence and two years or based on showings where the number of showings is limited or amortised after the first broadcast to be based on the ratio relating to the expected revenue earned from each of the revenue-generated program over the lifetime of planned broadcast but not exceeding five years. Amortisation of film and program rights is included in "Cost of providing services".

3. Accounting policies (Cont'd)

3.13 Intangible assets (Cont'd)

(d) Rights to operate

Under the subsidiaries' agreements for operation, the subsidiaries must pay annual fees to the grantors based on either fixed percentages of relevant revenues or at the minimum fee amounts stipulated in the agreements whichever is higher. The rights to operate represent the present value of the minimum fees payable over the agreement periods. The rights to operate are presented in the consolidated statement of financial position as an intangible asset and are amortised using the straight-line method over the agreement periods. Amortisation of rights to operate are included in "Cost of providing services". The rights to operate are not re-valued subsequent to initial recognition but are reviewed annually for impairment.

(e) Service contract

Under the subsidiary's service contract, the service contract represented the present value of the service revenue receivable over the agreement period. The service contract is presented in the consolidated statement of financial position as an intangible asset and are amortised using the straight-line method over the agreement period. The amortisation of service contract is included in "Cost of providing services". The service contract is not re-valued subsequent to initial recognition but are reviewed annually for impairment.

(f) Cost of spectrum licences

Cost of spectrum licences consisted of spectrum licences for mobile service, television broadcasting and other directly attributable cost of licence acquisition. The costs of licence were initial recognition by measuring at the cash equivalent price based on the present value of the consideration at the time of acquisition. The difference between present value of the payment and total payment will be recognised as finance cost over the payment period. Cost of licences at present value will be amortised over the licences period.

(g) Right to use transponder

Right to use transponder is under long-term lease agreement and will be amortised over the lease agreement of twelve years which is shorter than its estimated economic useful life.

(h) Other intangible assets

Other intangible assets represent the cost which equal to fair value of shares issued in exchange for rights to hang dropwire. The intangible assets are amortised using the straight-line method over their estimated useful lives of twenty five years.

3.14 Impairment of assets

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

3.15 Subscriber acquisition cost

Subscriber acquisition cost is the cost of essential equipment necessary for customers to use the Group's services, including telephone handsets distributed to subscribers free of charge. Subscriber acquisition cost is amortised over the future economic benefit period. Subscriber acquisition cost is included in other current assets and other non-current assets.

3. Accounting policies (Cont'd)

3.16 Current and deferred income tax

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

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

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

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

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

3.17 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expense in the period in which they are incurred.

3. Accounting policies (Cont'd)

3.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount as been reliably estimated. Provisions are not recognised for future operating loss.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.19 Employee benefits

Provident fund

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant Group of companies. The Group's contributions to provident fund are charged to the profit or loss in the period to which the contributions relate.

Legal severance pay

Legal severance pay is defined as an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

3.20 Share capital

- (a) Ordinary shares is classified as equity.
- (b) External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.
- (c) Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Accounting policies (Cont'd)

3.21 Revenue recognition

TrueOnline

Telephone usage revenues for local and domestic long distance calls are recognised based on completed call time at the tariffs set by TOT. Where a billing period does not coincide with a calendar month the Company estimates the local call usage based on historical usage. Telephone usage revenue earned but not billed is included in the statement of financial position in accounts receivable.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Revenue from DDN service is recognised rateably over the service period. Annual revenues from DDN service billed but unearned income are included in the statement of financial position in unearned income.

Revenue derived from the installation of fixed lines is recognised on completion of installation services. Unearned advance receipts are included in the statement of financial position in unearned income.

Revenues from public telephone services are recognised according to metered usage and cash received.

Revenues from internet services are recognised according to actual time used by the customers.

TrueMove H

Revenues from mobile phone services are recognised based on completed call time. Cash received from selling of scratch cards is recognised as unearned income until such time that the customers make calls.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Revenue from equipment rental is recognised on an accrual basic at the rates stipulated in the lease agreement. Revenue from providing services is recognised when services are rendered.

Sales of mobile phone are recognised upon delivery of equipment, handsets or customer acceptance.

TrueVisions

Revenues from monthly subscription fees are recognised in the month in which the service is provided, commencing from completion of installation. Monthly subscription fees include a rental charge to subscribers who rent rather than purchase set-top boxes.

Revenues from sponsorship agreements and commissions on media are recognised upon the showing of the program for which the sponsorship payments are made.

Revenue from equipment installation and connection fees are recorded as unearned income when the installation is accomplished and recognised over estimated subscription period.

Revenue from maintenance services is recognised when the maintenance service is completed.

3. Accounting policies (Cont'd)

3.21 Revenue recognition (Cont'd)

Revenue from the sale of music albums is the invoiced value of goods supplied net of output tax, goods returned and discounts.

Revenues from production of concerts represent the income from production of concerts and shows, which are recognised as income when the concerts and shows have taken place.

Subscription fees received in advance is recorded as deferred revenue and recognised as income when services are rendered according to the terms of subscribers' agreements.

Sales of set-top boxes are recognised on delivery of set-top boxes or customer acceptance.

Group

In accordance with the agreements described in Note 2, TOT and MCOT are entitled to receive a share of certain revenues generated by the Group. The revenues sharing are calculated according to the percentage and methodology as stipulated in the agreements. The revenue sharing is included in cost of providing services.

All revenues have been presented net of cash discounts and related cash-based promotions.

Other revenues earned by the Group are recognised on the following basis:

- royalty and rental income - on an accrual basis;
- interest income - on an effective yield basis; and
- dividend income - when the Group's right to receive payment is established.

3.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as group management that makes strategic decisions.

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

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

4. Change in accounting estimate

During September 2017, the management conducted an annual review of economic useful lives of assets. The key factors taking into accounts of the review included benchmarking with international telecommunication industry, technology development, environmental factors, well-maintenance standard and usage conditions. The recommendations from manufacturers and opinion from expert engineer have been obtained during the review process as well. Estimated useful lives of certain classes of assets as follows were concluded to be extended commencing 1 January 2017.

4. Change in accounting estimate (Cont'd)

	<u>Previous useful lives Years</u>	<u>New useful lives Years</u>
Passive network equipment	20 - 25	25 - 30

Effect of the change to the consolidated statement of comprehensive income for the year ended 31 December 2017 can be summarised as follows:

	<u>Consolidated statement of comprehensive income</u>	
	<u>Previous useful lives Baht Million</u>	<u>New useful lives Baht Million</u>
Depreciation charges	1,048.67	755.95

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

(a) Foreign exchange rate risk

Purchases of network equipment are mainly made in foreign currencies. In order to manage the risk arising from fluctuations in currency exchange rates, the Group makes use of forward foreign exchange contracts. Trading of the forward foreign exchange contracts for speculative purpose is prohibited by the Group's policy

External foreign exchange forward contracts are designated at Group level as hedges of foreign exchange rate risk on specific assets, liabilities and future transactions in Note 5.2.

(b) Interest rate risk

Interest rate risk occurred from the changes in market interest rates which it may impact to the Group's earnings and cash flows. However, the Group income and operating cash flow are not substantially dependent of changes in market interest rates. In addition, the Group has not entered into any financial instruments to protect the interest rate risk.

(c) Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

5. Financial risk management (Cont'd)

5.2 Accounting for derivative financial instruments and hedging activities

The Group is party to derivative financial instruments comprising of foreign currency forward contracts. Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled.

The instruments are recognised at cost in the financial statements on inception date and at fair value using forward exchange market rates at the end of reporting period. The unrealised gains or losses on the derivative instruments will be recognised in profit or loss statements and as receivable or payable in the statement of financial position on each reporting date. On the settlement date, any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 37.

6. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are outlined below.

6.1 Critical accounting estimates and assumptions

(a) Estimated impairment of goodwill, property, plant and equipment and intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with accounting policy stated in Note 3.14. The Group also considers impairment indicator for property, plant and equipment and intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The change in the assumption used would impact the recoverable amount.

In testing impairment of goodwill, if the estimated cost of capital used in determining the post-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates (for example, 11.33% instead of 10.30%), value in use of goodwill would be higher than carrying value of segment goodwill, then, goodwill for all segments would have not been impaired.

(b) Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit loss. The management uses judgment to establish reserves for estimated loss for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of percentage of revenues, analysis of debt aging, collection experience, and taking into account of change in the current economic environment. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable loss and adjustments to the allowances may therefore be required in the future.

(c) Useful lives for property, plant and equipment and intangible assets

The Group's property, plant and equipment and intangible assets are deal with telecommunication network and computer system network. The annual depreciation charge is sensitive to the estimated useful lives and residual values allocated to each type of asset. Useful lives and residual values are assessed annually and change when necessary to reflect current situation on their remaining useful lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

6. Critical accounting estimates and judgements (Cont'd)

6.1 Critical accounting estimates and assumptions (Cont'd)

(d) Deferred tax

Deferred tax assets and liabilities are recognised for temporary difference arising between tax bases of assets and liabilities and their carrying amount for accounting purposes as at the end of reporting date. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimize these deferred tax assets. The Group's assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

(e) Borrowings

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the director's expect would be available to the Group at the end of reporting date. The change in the discount rate would impact the fair value of the borrowings.

(f) Employee benefits

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employee benefit include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of high-quality government bonds that are denominated in the currency in which the benefits will be paid.

Other key assumptions for employee benefits are based in part on current market conditions. Additional information is disclosed in Note 31.

If the discount rate used differs by 1% from management's estimates, the carrying amount of employee benefits would be lower by Baht 218.37 million and higher by Baht 258.61 million.

(g) Service contract

The present value of the service contract on initial date is calculated from the discounted cash flow of estimated revenue from service agreement using a discount rate based upon the Group's Weighted Average Cost of Capital ("WACC"). Any change in these assumptions will have an impact on the carrying amount of service contract.

6.2 Critical judgements in applying the entity's accounting policies

(a) Consolidation of the entity in which the Group holds less than 50%.

Management consider that the Group has de facto control of TKSC even though it has less than 50% of the voting rights. The Group has control and power to govern the financial and operating policies of TKSC and there is no history of other shareholders forming a group to exercise their votes collectively. Consequently, this investment has been classified as a subsidiary and consolidated to the Group's consolidated financial statements.

(b) Investment in associates

Management has assessed the level of influence that the Group has on DIF, TrueAxion and TG and determined that it has significant influence even though the shareholding are 28.11%, 40.00% and 46.80%, respectively. Consequently, these investments have been classified as associates.

6. Critical accounting estimates and judgements (Cont'd)

6.2 Critical judgements in applying the entity's accounting policies (Cont'd)

(c) Joint arrangements

The Group holds various percentages of the voting rights of its joint arrangements. The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, these arrangements are classified as joint venture.

7. Capital risk management

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

In order to maintain or adjust the capital structure, the Group may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

8. Consolidated segment information

The Group Management is the Group's Chief operating Decision-Maker ("CODM"). The Group Management has determined the operating segment based on the information internally reviewed on quarterly basis. During 2017, the Group Management has changed the measurements for the Group's operating performance reviews, resulting in the changes of the Group's reportable information, The following are the Group's reportable segments.

1. TrueMove H
2. TrueOnline
3. TrueVisions

The Group Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment. The operating performances are measured based on profit before tax which is more relevant and comparable with other entities in the relevant industries.

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

Consolidated reportable segments:

External revenue:

For the years ended 31 December

	2017	2016
	Baht Million	Baht Million
TrueMove H	105,974.62	91,985.51
TrueOnline	25,782.49	23,036.08
TrueVisions	9,533.36	9,697.61
Total	<u>141,290.47</u>	<u>124,719.20</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

8. Consolidated segment information (Cont'd)

Segment profit (loss) before tax:

For the years ended 31 December

	2017 Baht Million	2016 Baht Million
TrueMove H	5,182.54	231.44
TrueOnline	1,479.69	653.46
TrueVisions	(3,030.36)	(3,202.29)
Total	<u>3,631.87</u>	<u>(2,317.39)</u>

Segment assets:

At 31 December

	2017 Baht Million	2016 Baht Million
TrueMove H	337,319.04	330,609.02
TrueOnline	102,717.17	90,175.52
TrueVisions	25,274.73	28,175.92
Total	<u>465,310.94</u>	<u>448,960.46</u>

Segment liabilities:

At 31 December

	2017 Baht Million	2016 Baht Million
TrueMove H	234,729.62	225,977.87
TrueOnline	87,724.90	80,988.09
TrueVisions	8,653.66	10,266.56
Total	<u>331,108.18</u>	<u>317,232.52</u>

9. Fair value

9.1 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2017.

	Consolidated financial statements			
	31 December 2017		31 December 2016	
	Level 1 Baht Million	Level 2 Baht Million	Level 1 Baht Million	Level 2 Baht Million
Assets				
Trading financial assets				
• Mutual fund	-	1.93	-	1.91
Available-for-sale financial assets				
• Equity securities	411.99	-	-	-
Derivative receivables	-	6.18	-	514.42
Liabilities				
Derivative payables	-	2,889.21	-	23.50

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

9. Fair value (Cont'd)

9.1 Fair value estimation (Cont'd)

	Separate financial statements			
	31 December 2017		31 December 2016	
	Level 1 Baht Million	Level 2 Baht Million	Level 1 Baht Million	Level 2 Baht Million
Asset				
Trading financial assets				
• Mutual fund	-	1.82	-	1.80
Liabilities				
Derivative payables	-	-	-	21.55

9.2 Valuation techniques used to derive Level 2 fair values

Level 2 Trading securities are fair valued using a Net Asset Valuation (“NAV”) approach as at period end date. The data is publicly available on the Thai Bond Market Association, which is calculated by fund manager of the mutual fund.

Level 2 derivatives instruments are measured based on input that are observable for the types of instruments such as foreign exchange rates observable at commonly quoted in publicly available sources on the statements of financial position date.

10. Expenses by nature

The following items have been included in arriving at operating results:

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Direct costs related to revenues	41,470.27	40,653.39	459.52	782.11
Network operating and maintenance	12,695.75	11,855.41	877.66	877.99
Staff costs	13,417.06	12,898.49	3,808.91	2,672.94
Selling, advertising and publicity	5,287.89	5,540.48	787.24	796.32
Doubtful accounts	1,830.63	1,795.45	140.19	222.03
Depreciation				
- owned assets	11,933.21	9,224.39	309.68	327.46
- leased assets under finance leases	1,533.00	1,190.47	-	-
Amortisation				
- Intangible assets (Note 24)	14,257.41	11,927.37	1,178.59	1,412.10
- Others	8,382.35	5,612.09	-	-

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

11. Finance costs

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Interest expense	5,916.68	4,671.53	1,953.06	2,331.64
Foreign exchange (gain) loss	(134.56)	(34.30)	1.02	8.15
Finance cost related to licences	2,392.92	1,422.35	-	-
Other financial fees	118.94	106.80	74.80	72.16
Total finance costs	<u>8,293.98</u>	<u>6,166.38</u>	<u>2,028.88</u>	<u>2,411.95</u>

12. Income tax

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Current tax	(174.30)	(259.58)	-	-
Deferred income tax:				
Origination and reversal of temporary differences (Note 25)	(1,141.22)	(230.06)	(306.71)	(398.73)
Income tax	<u>(1,315.52)</u>	<u>(489.64)</u>	<u>(306.71)</u>	<u>(398.73)</u>

The tax on the Group's profit (loss) before tax differs from the tax amount for filing purposes as follows:

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Profit (loss) before income tax	<u>3,631.87</u>	<u>(2,317.39)</u>	<u>2,456.63</u>	<u>530.40</u>
Tax calculated at the tax rate of 20%	(726.37)	463.48	(491.33)	(106.08)
Income not subject to tax	30.90	-	355.06	391.50
Expenses not deductible for tax purposes	(1,240.37)	422.09	(185.59)	(44.32)
Current year tax loss for which no deferred tax asset was recognised	(1,986.95)	(4,477.07)	15.16	(639.83)
Utilisation of previously unrecognised deferred tax asset from tax loss	1,976.51	2,180.15	-	-
Associates results reported, net of tax	<u>630.76</u>	<u>921.71</u>	<u>-</u>	<u>-</u>
Income tax	<u>(1,315.52)</u>	<u>(489.64)</u>	<u>(306.70)</u>	<u>(398.73)</u>

Further information about deferred income tax is presented in Note 25.

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

13. Basic earnings per share

Basic earnings per share is calculated by dividing the profit (loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during 2017. The calculation are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to owners of the parent (Baht Million)	2,322.53	(2,814.35)	2,149.93	131.67
Weighted average number of common shares in issue (million shares)	33,368.20	29,263.11	33,368.20	29,263.11
Basic earnings (loss) per share (Baht)	0.0696	(0.0962)	0.0644	0.0045

14. Cash and cash equivalents

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Cash on hand	2,136.77	1,138.51	9.00	57.98
Deposits held at call with banks	16,089.97	49,045.30	3,028.38	5,405.83
	<u>18,226.74</u>	<u>50,183.81</u>	<u>3,037.38</u>	<u>5,463.81</u>

15. Restricted cash at bank

Restricted cash consist of:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Current	69.32	42.36	43.99	42.36
Non-current	26.76	27.70	-	-
	<u>96.08</u>	<u>70.06</u>	<u>43.99</u>	<u>42.36</u>

Current:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Saving deposits	<u>69.32</u>	<u>42.36</u>	<u>43.99</u>	<u>42.36</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

15. Restricted cash at bank (Cont'd)

Non-current:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Saving deposits	0.08	0.82	-	-
Time deposits	26.68	26.88	-	-
	<u>26.76</u>	<u>27.70</u>	<u>-</u>	<u>-</u>

Under the terms of loan, financing and supplier agreements, certain subsidiaries have deposited in the security accounts as collateral for the contracted parties.

16. Investments

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Current	2.91	502.31	1.82	501.23
Non-current	955.84	325.21	241.74	240.74
Total	<u>958.75</u>	<u>827.52</u>	<u>243.56</u>	<u>741.97</u>
Current:				
Time deposits	0.98	0.97	-	-
Trading securities - debt securities	-	499.43	-	499.43
Trading securities - equity securities	1.93	1.91	1.82	1.80
Total current investments	<u>2.91</u>	<u>502.31</u>	<u>1.82</u>	<u>501.23</u>

Movement of short-term investments can be summarised as follows:

	Consolidated financial statements Baht Million	Separate financial statements Baht Million
For the year ended 31 December 2017		
Opening net book value	502.31	501.23
Disposal	(500.00)	(500.00)
Interest received	0.58	0.57
Fair value adjustment	0.02	0.02
Closing net book value	<u>2.91</u>	<u>1.82</u>

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Non-current:				
Available for sale				
- equity securities	411.99	-	-	-
General investments				
- Non-marketable equity securities	543.85	325.21	241.74	240.74
Total	<u>955.84</u>	<u>325.21</u>	<u>241.74</u>	<u>240.74</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

16. Investments (Cont'd)

The analysis of the available for sale securities is as follows:

	Consolidated financial statements	
	31 December 2017	
	Cost Baht Million	Fair value Baht Million
Available for sale securities	213.01	213.01
<u>Add</u> Fair value adjustment	-	198.98
Total available for sale securities	<u>213.01</u>	<u>411.99</u>

Movement of investments in available for sale securities are as follows:

	Consolidated financial statements Baht Million
For the year ended 31 December 2017	
Opening net book value	-
Addition	213.01
Fair value adjustment	<u>198.98</u>
Closing net book value	<u>411.99</u>

On 3 March 2017, a subsidiary invested in Capstream Ventures Inc., a publicly traded corporation listed on the TSX Venture Exchange amounting to Baht 213.01 million, representing 8.84% of its equity.

The available for sale securities are restricted to sell for 3 years from the first quarter of 2017. Consequently, the securities are presented as non-current portion.

Movement of general investments are as follows:

	Consolidated financial statements Baht Million	Separate financial statements Baht Million
For the year ended 31 December 2017		
Opening net book value	325.21	240.74
Additions	<u>218.64</u>	<u>1.00</u>
Closing net book value	<u>543.85</u>	<u>241.74</u>

On 16 June 2017, a subsidiary invested in Integrated Insights Company Limited amounting to Baht 6.14 million representing 7.00% of its equity.

On 25 December 2017, a subsidiary invested in Supernap (Thailand) Company Limited, amounting to Baht 211.50 million representing 15.00% of its equity.

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

17. Trade and other receivables

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Receivable from TOT	664.54	685.29	664.54	685.29
Billed customers	21,655.59	20,293.14	1,532.84	1,994.15
Receivables and accrued income from related parties (Note 42)	10,738.13	7,873.13	7,914.79	6,176.90
Trade accounts receivable	33,058.26	28,851.56	10,112.17	8,856.34
Accrued income	14,725.88	11,025.30	2,390.96	2,220.65
Domestic roaming receivable	8,706.58	-	-	-
Total trade accounts receivable	56,490.72	39,876.86	12,503.13	11,076.99
<u>Less</u> Allowance for doubtful accounts	<u>(7,051.59)</u>	<u>(7,127.71)</u>	<u>(3,178.92)</u>	<u>(3,113.67)</u>
Trade accounts receivable, net	49,439.13	32,749.15	9,324.21	7,963.32
Prepaid expenses	2,844.09	2,420.07	43.08	80.46
Other receivable	1,495.08	1,573.90	57.23	57.54
Interest receivable	53.89	67.40	27.07	9.37
Trade account and other receivables	<u>53,832.19</u>	<u>36,810.52</u>	<u>9,451.59</u>	<u>8,110.69</u>

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Current	14,458.65	14,473.16	1,601.27	1,132.24
Less than 3 months	8,168.83	5,524.89	2,057.18	1,205.03
3 - 6 months	1,922.53	871.59	1,757.41	269.97
6 - 12 months	3,245.37	3,137.17	982.45	4,147.20
More than 12 months	5,262.88	4,844.75	3,713.86	2,101.90
Trade accounts receivable	33,058.26	28,851.56	10,112.17	8,856.34
Accrued income	14,725.88	11,025.30	2,390.96	2,220.65
Domestic roaming receivable	8,706.58	-	-	-
Total trade accounts receivable	56,490.72	39,876.86	12,503.13	11,076.99
<u>Less</u> Allowance for doubtful accounts	<u>(7,051.59)</u>	<u>(7,127.71)</u>	<u>(3,178.92)</u>	<u>(3,113.67)</u>
Trade accounts receivable, net	<u>49,439.13</u>	<u>32,749.15</u>	<u>9,324.21</u>	<u>7,963.32</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

17. Trade and other receivables (Cont'd)

Concentrations of credit risk with respect to trade accounts receivable are limited due to the Group has large number of customers, who are end users of telephone services, covering business and individuals. The Group's experience in the collection of accounts indicates that the allowance provided will be sufficient. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade accounts receivable.

As at 31 December 2017, trade accounts receivable, in the consolidated and separate statements of financial position included accrued income from TOT amount of Baht 256.98 million (2016: Baht 252.96 million) in respect of interconnection fee for TOT service because TOT has not provided sufficient and clarified information to enable the Company to agree with its fee calculation method. The Company has accounted for interconnection fee based on the Company's international call usage records. This matter is under negotiation with TOT. The Company's management believes that the amount is recoverable.

18. Inventories

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Inventories related to networks				
Spareparts for networks (at cost)	195.98	214.13	146.64	155.81
<u>Less</u> Allowance for decline in value	(137.21)	(137.21)	(137.21)	(137.21)
Spareparts for networks, net	58.77	76.92	9.43	18.60
Work in process (at cost)	6,196.09	5,101.38	-	-
Total inventories related to networks, net	6,254.86	5,178.30	9.43	18.60
Merchandise				
Merchandise (at cost)	10,968.01	6,479.67	3.03	3.03
<u>Less</u> Allowance for decline in value	(373.79)	(405.99)	(1.20)	(1.20)
Total merchandise, net	10,594.22	6,073.68	1.83	1.83
Inventories, net	16,849.08	11,251.98	11.26	20.43

During 2017, the reversal of damage and obsolete inventories were credited to the consolidated profit or loss for Baht 32.20 million (2016: the damage and obsolete were charged to the consolidated profit or loss for Baht 122.49 million).

19. Other current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Value added tax pending receipt of tax invoices	2,966.45	3,075.23	62.21	66.54
Film and program right (Note 24)	415.35	555.70	-	-
Subscriber acquisition cost, net	6,954.17	6,062.72	-	-
Derivative receivables	6.12	396.11	-	-
	10,342.09	10,089.76	62.21	66.54

Subscriber acquisition cost comprises mainly essential equipment necessary for customers to use the Group's services, including telephone handset distributed to subscribers free of charge. Subscriber acquisition cost is amortised over the future economic benefit. The amortisation charged in the consolidated financial statements was Baht 8,382.35 million (2016: Baht 5,559.31 million).

20. Investments in subsidiaries, associates and interests in joint ventures

20.1 Investment in subsidiaries

Movements of investments in subsidiaries are as follows:

For the years ended 31 December	Separate financial statements	
	2017 Baht million	2016 Baht million
Opening net book value	178,678.26	111,484.96
Additional investments	4,500.00	67,250.93
Impairment of investments	-	(57.63)
Liquidation of subsidiary	(2,149.88)	-
Closing net book value	<u>181,028.38</u>	<u>178,678.26</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

20. Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

At 31 December 2017

		Separate financial statements					
Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Investment - at cost Baht Million	Allowance for impairment Baht Million	Net investment Baht Million	
Subsidiaries							
Telecom Holding Co., Ltd.	Holding company	Shareholder	46,019.04	100.00	46,019.04	10,271.43	35,747.61
True Move H Universal Communication Co., Ltd.	Wireless Telecommunication services	Shareholder	144,843.77	100.00	144,843.77	-	144,843.77
K.I.N. (Thailand) Limited	Holding company	Shareholder	192.70	93.62	180.40	180.40	-
True International Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	436.00	100.00	436.00	-	436.00
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	97.00	100.00	97.00	97.00	-
True Vistas Co., Ltd.	Production and distribution of movie films	Shareholder	46.63	100.00	46.63	46.63	-
True Internet Corporation Co., Ltd.	Telecommunication services and Internet solution provider	Shareholder	10,000.00	0.01	1.00	-	1.00
Total investment in subsidiaries					<u>191,623.84</u>	<u>10,595.46</u>	<u>181,028.38</u>

At 31 December 2016

		Separate financial statements					
Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Investment - at cost Baht Million	Allowance for impairment Baht Million	Net investment Baht Million	
Subsidiaries							
Telecom Holding Co., Ltd.	Holding company	Shareholder	41,519.04	100.00	41,519.04	10,271.43	31,247.61
True Move H Universal Communication Co., Ltd.	Wireless Telecommunication services	Shareholder	144,843.77	100.00	144,843.77	-	144,843.77
True Internet Co., Ltd.	Internet solution provider	Shareholder	2,149.88	100.00	2,149.88	-	2,149.88
K.I.N. (Thailand) Limited	Holding company	Shareholder	192.70	93.62	180.40	180.40	-
True International Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	436.00	100.00	436.00	-	436.00
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	97.00	100.00	97.00	97.00	-
True Vistas Co., Ltd.	Production and distribution of movie films	Shareholder	46.63	100.00	46.63	46.63	-
True Internet Corporation Co., Ltd.	Telecommunication services and Internet solution provider	Shareholder	10,000.00	0.01	1.00	-	1.00
Total investment in subsidiaries					<u>189,273.72</u>	<u>10,595.46</u>	<u>178,678.26</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

20. Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

Subsidiary undertakings

Name of subsidiaries	% Ownership	Business	Country of incorporation
AP&J Production Co., Ltd.	70.00	Entertainment	Thailand
Asia Wireless Communication Co., Ltd.	100.00	Mobile equipment Lessor	Thailand
Bangkok Inter Teletech Public Company Limited	99.74	Holding company	Thailand
BeboydCG Company Limited	84.67	Production of animation	Thailand
BFKT (Thailand) Limited	100.00	Mobile equipment Lessor	Thailand
Cineplex Co., Ltd.	100.00	Program production	Thailand
Hutchison CAT Wireless MultiMedia Limited	68.20	Dormant	Thailand
Hutchison MultiMedia Services (Thailand) Limited	100.00	Dormant	Thailand
Hutchison Telecommunications (Thailand) Company Limited	100.00	Dormant	Thailand
Hutchison Wireless MultiMedia Holdings Limited	92.26	Holding company	Thailand
Internet Knowledge Service Center Co., Ltd.	56.93	Non-government telecommunication	Thailand
KSC Commercial Internet Co., Ltd.	56.83	Internet services provider	Thailand
MKSC World Dot Com Co., Ltd.	91.08	Internet services and distributor	Thailand
Panther Entertainment Co., Ltd.	99.99	Artist management and related business	Thailand
Real Move Co., Ltd.	99.74	Reseller of mobile phone service	Thailand
Samut Pakan Media Corporation Co., Ltd.	99.69	Dormant	Thailand
Satellite Service Co., Ltd.	99.53	Sales and rental of equipment related to Pay Television	Thailand
SM True Co., Ltd.	51.00	Artist management and related business	Thailand
Song Dao Co., Ltd.	99.67	Dormant	Thailand
Tele Engineering and Services Co., Ltd.	100.00	Content provider	Thailand
Telecom Asset Management Co., Ltd.	100.00	Marketing management	Thailand
Telecom Holding Co., Ltd.	100.00	Holding company	Thailand
Telecom KSC Co., Ltd.	34.39	Dormant	Thailand
Thai News Network (TNN) Co., Ltd.	100.00	News Channel	Thailand
True Digital & Media Platform Co., Ltd.	100.00	Trading and internet provider including online digital media services on website and telecommunication devices	Thailand
True Digital Park Co., Ltd.	100.00	Business solution provider	Thailand
True Distribution and Sales Co., Ltd.	99.70	Distribution Center Services	Thailand
True4U Station Co., Ltd.	100.00	Television and related business	Thailand
True Icontent Co., Ltd.	100.00	Contents provider	Thailand
True Incube Co., Ltd.	100.00	Holding Company	Thailand
True Information Technology Co., Ltd.	100.00	IT services and training	Thailand
True International Communication Co., Ltd.	100.00	Telecommunication services	Thailand
True International Gateway Co., Ltd.	100.00	Telecommunication and internet service	Thailand
True Internet Corporation Co., Ltd.	100.00	Telecommunication services and internet solution provider	Thailand
True Life Plus Co., Ltd.	100.00	Telecommunication services reseller	Thailand
True Media Solutions Co., Ltd.	100.00	Advertising sale and agency	Thailand
True Move Co., Ltd.	99.70	Telecommunication management service	Thailand
True Move H Universal Communication Co., Ltd.	100.00	Wireless Telecommunication services	Thailand
True Multimedia Co., Ltd.	91.08	Multimedia services	Thailand
True Music Co., Ltd.	99.67	Content provider	Thailand
True Public Communication Co., Ltd.	100.00	Telecommunication services	Thailand
True Touch Co., Ltd.	100.00	Call centre services	Thailand
True United Football Club Co., Ltd.	70.00	Football Club and related activities management	Thailand
True Visions Cable Public Company Limited	99.10	Pay Television via cable system	Thailand
True Visions Group Co., Ltd.	100.00	Pay Television	Thailand
True Visions Public Company Limited	99.53	Pay Television	Thailand
True Vistas Co., Ltd.	100.00	Production and distribution of movie films	Thailand

20. Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

Subsidiary undertakings (Cont'd)

Name of subsidiaries	% Ownership	Business	Country of incorporation
K.I.N. (Thailand) Co., Ltd.	100.00	Holding company	British Virgin Island
Gold Palace Investments Limited	100.00	Holding company	British Virgin Island
Golden Light Co., Ltd.	100.00	Holding company	Republic of Mauritius
Golsky Co., Ltd.	100.00	Holding company	Republic of Mauritius
Rosy Legend Limited	99.74	Holding company	British Virgin Island
Prospect Gain Limited	100.00	Holding company	British Virgin Island
True Internet Technology (Shanghai) Company Limited	100.00	Developing, designing, producing and sale of software products	China
True Trademark Holdings Company Limited	100.00	Holding company	British Virgin Island

Even though the Group has investment in TKSC only at 34.39%, the Group has control and power to govern the financial and operating policies of TKSC. Therefore, TKSC is classified as subsidiary of the Group.

Transactions incurred during 2017:

On 3 January 2017, the Company additionally invested in the wholly owned subsidiary, TH, amounting to Baht 4,500.00 million.

On 6 January 2017, a subsidiary invested in TDMP, a newly established company amounting to Baht 1.00 million. TDMP engages in online digital media services on website and telecommunication devices.

On 17 February 2017, TMR, a 69.94% owned subsidiary, completed the liquidation process. The Group recognised gain from liquidation amounting to Baht 5.28 million in the consolidated financial statements for the year ended 31 December 2017.

On 28 February 2017, a wholly owned subsidiary, TI has entered into the Business transfer agreement to transfer entire business to TICC, a subsidiary of the Group. Later, on 13 June 2017, TI registered for liquidation with the Ministry of Commerce. The Company received proceeds amounting to Baht 2,134.45 million in return of invested capital and recognised loss from liquidation of Baht 15.43 million under "Other expense" in the separate financial statements for the year ended 31 December 2017.

On 11 August 2017, a subsidiary invested in TDPK, a newly established company amounting to Baht 1.00 million. TDPK engages in one-stop services and business solutions provider.

Transactions incurred during 2016:

The Company additionally invested in the wholly owned subsidiaries, TUC, TH, TVT and TPC amounting to Baht 60,000.00 million, Baht 7,228.80 million, Baht 11.13 million, and Baht 11.00 million, respectively.

The Company assessed the impairment of investment in TPC and TVT amounting to Baht 11.00 million and Baht 46.63 million, respectively. A impairment loss of Baht 57.63 million was recognised under "Other expense" in the separate statement of comprehensive income for the year ended 31 December 2016.

A subsidiary, Bboyd issued new shares amounting to Baht 108.15 million. Bboyd received subscription from non-controlling interest amounting to Baht 14.15 million.

20. Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

Subsidiary undertakings (Cont'd)

Transactions incurred during 2016: (Cont'd)

A subsidiary, GDP, a wholly owned subsidiary, was liquidated and the Group recognised loss from liquidation amounting to Baht 24.88 million under "Other expenses" in the consolidated financial statements.

A subsidiary, BITCO purchased TMV shares amounting to Baht 7.67 million from non-controlling interest. Consequently, the Group's shareholding interest in TMV increased to 99.70%. Loss from change in interest holding in TMV amounting to Baht 7.23 million was recognised directly in equity attributed to the owners of parent in the consolidated financial statements.

A subsidiary, TUC, a wholly owned subsidiary, additionally invested in newly issued shares of BITCO amounting to Baht 8,020.00 million. The Group's shareholding interest in BITCO increase to 99.74%. Loss from change in holding interest amounting to Baht 9.73 million was recognised directly in equity attributed to the owners of parent in the consolidated financial statements.

Non-controlling interests

The total non-controlling interest as of 31 December 2017 is Baht 669.55 million (2016: Baht 675.73 million), of which Baht 497.88 million (2016: Baht 486.33 million) belongs to TM. The remaining non-controlling interest is in IKSC, BITCO, TVG, and HWMH. Total amount of non-controlling interest is considered immaterial to the Group's equity.

Investments in associates and interests in joint ventures

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Associates	16,482.63	18,101.48	16,327.91	16,327.91
Joint ventures	56.49	73.28	-	-
	<u>16,539.12</u>	<u>18,174.76</u>	<u>16,327.91</u>	<u>16,327.91</u>

The amounts recognised in the statement of comprehensive income are as follows:

For the years ended 31 December	Consolidated financial statements	
	2017	2016
	Baht Million	Baht Million
Share of result		
- Associates	3,209.39	4,659.58
- joint ventures	(16.79)	(13.85)
	<u>3,192.60</u>	<u>4,645.73</u>
Elimination	(38.80)	(37.11)
	<u>3,153.80</u>	<u>4,608.62</u>

20. Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

20.2 Investment in associates

At 31 December 2017		Consolidated financial statements				
Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Investment - at cost Baht Million	Investment - at equity Baht Million	
Associates						
Digital Telecommunications Infrastructure Fund	Invest in telecommunication infrastructure	Shareholder	58,080.00	28.11	16,327.91	16,453.68
True GS Co., Ltd.	Home shopping	Shareholder	340.00	46.80	159.11	-
TrueAxion Interactive Ltd.	Game and application development	Shareholder	89.00	40.00	35.60	28.95
Total investment in associates					16,522.62	16,482.63
At 31 December 2016		Consolidated financial statements				
Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Investment - at cost Baht Million	Investment - at equity Baht Million	
Associates						
Digital Telecommunications Infrastructure Fund	Invest in telecommunication infrastructure	Shareholder	58,080.00	28.11	16,327.91	18,101.48
True GS Co., Ltd.	Home shopping	Shareholder	340.00	46.80	159.11	-
Total investment in associates					16,487.02	18,101.48

All associates are incorporated in Thailand.

Movement of interest in associates are as follows:

	Consolidated financial statements Baht Million
For the year ended 31 December 2017	
Opening net book value	18,101.48
Additions	35.60
Unrealised gain from assets sale (Note 41)	(3,280.03)
Share of results	3,209.39
Dividends received (Note 42)	(1,583.81)
Closing net book value	16,482.63

20. Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

20.2 Investment in associates (Cont'd)

Transaction incurred during 2017

During 2017, the Group invested in TrueAxion amounting to Baht 35.60 million representing 40.00% of its equity. TrueAxion engages in the business of video game and application development and training academy.

Transaction incurred during 2016

A subsidiary, TVG made addition investment in TG amounting to Baht 51.11 million. Accordingly, the Group's shareholding interest in TG increased to 46.80% (2015: 45.00%).

Summarised statement of financial position:

At 31 December	DIF		TG		TrueAxion	Total	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million	2017 Baht Million	2017 Baht Million	2016 Baht Million
Current assets							
Cash and cash equivalents	1,024.05	856.89	72.38	67.73	45.13	1,141.56	924.62
Other current assets	2,237.33	1,468.23	61.25	55.31	1.76	2,300.34	1,523.54
Total current assets	3,261.38	2,325.12	133.63	123.04	46.89	3,441.90	2,448.16
Non-current assets	116,544.51	98,135.87	80.85	89.22	33.34	116,658.70	98,255.09
Total assets	119,805.89	100,460.99	214.48	212.26	80.23	120,100.60	100,673.25
Current liabilities							
Other current liabilities	(3,661.25)	(2,577.85)	(248.47)	(218.27)	(7.86)	(3,917.58)	(2,796.12)
Total current liabilities	(3,661.25)	(2,577.85)	(248.47)	(218.27)	(7.86)	(3,917.58)	(2,796.12)
Non-current liabilities							
Financial liabilities	(25,754.21)	(12,975.20)	(50.00)	-	-	(25,804.21)	(12,975.20)
Other non-current liabilities	-	-	(7.93)	(6.94)	-	(7.93)	(6.94)
Total non-current liabilities	(25,754.21)	(12,975.20)	(57.93)	(6.94)	-	(25,812.14)	(12,982.14)
Total Liabilities	(29,415.46)	(15,553.05)	(306.40)	(225.21)	(7.86)	(29,729.72)	(15,778.26)
Net assets	90,390.43	84,907.94	(91.92)	(12.95)	72.37	90,370.88	84,894.99

Summarised statement of comprehensive income:

For the years ended 31 December	DIF		TG		TrueAxion	Total	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million	2017 Baht Million	2017 Baht Million	2016 Baht Million
Revenue	6,741.37	6,380.97	974.66	929.24	0.40	7,716.43	7,310.21
Depreciation and amortisation	-	-	(16.76)	(26.47)	(1.20)	(17.96)	(26.47)
Interest income	3.66	10.00	0.07	1.00	0.23	3.96	11.00
Interest expense	-	-	(0.65)	-	-	(0.65)	-
Profit (loss) from continuing operation	11,115.91	18,867.07	(78.97)	(107.32)	(16.63)	11,020.31	18,759.75
Post-tax profit (loss) from continuing operation	11,115.91	18,867.07	(78.97)	(107.32)	(16.63)	11,020.31	18,759.75
Total comprehensive income	11,115.91	18,867.07	(78.97)	(107.32)	(16.63)	11,020.31	18,759.75
Dividends received from associate	1,583.81	1,556.87	-	-	-	1,583.81	1,556.87

20. Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

20.2 Investment in associates (Cont'd)

Reconciliation of the summarised financial statements presented to the carrying amount of its interest in associates:

At 31 December	DIF		TG		True Axion	Total	
	2017	2016	2017	2016	2017	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million
Opening net assets							
1 January	84,907.94	71,578.71	(12.95)	(5.63)	-	84,894.99	71,573.08
Common shares call up	-	-	-	100.00	89.00	89.00	100.00
Profit (loss) for the year	11,115.91	18,867.07	(78.97)	(107.32)	(16.63)	11,020.31	18,759.75
Dividends paid	(5,633.42)	(5,537.84)	-	-	-	(5,633.42)	(5,537.84)
Closing net assets	90,390.43	84,907.94	(91.92)	(12.95)	72.37	96,004.30	84,894.99
Interest in associates	28.11%	28.11%	46.80%	46.80%	40.00%	-	-
	25,411.27	23,869.99	-	-	28.95	25,411.27	23,869.99
Unrealised gain from assets sold	(8,957.59)	(5,768.51)	-	-	-	(8,957.59)	(5,768.51)
Carrying value	16,453.68	18,101.48	-	-	28.95	16,482.63	18,101.48

20.3 Interests in joint ventures

Name of joint ventures	% Ownership	Business	Country of incorporation
Asia Infonet Co., Ltd.	65.00	Dormant	Thailand
BEC-TERO True Visions Co., Ltd.	50.00	Sport and Entertainment	Thailand
Transformation Films Co., Ltd.	28.57	Manufacturing and filmmaker	Thailand
True CJ Creations Co., Ltd.	51.00	Production house	Thailand
True Voice Co., Ltd.	55.00	Voice recognised service and related software and hardware	Thailand

Movement of interests in joint ventures are as follows:

	Consolidated financial statements Baht Million
For the year ended 31 December 2017	
Opening net book value	73.28
Share of result	(16.79)
Closing net book value	56.49

Transaction incurred during 2017

On 20 July 2017, a joint venture BEC registered for liquidation with the Ministry of Commerce and is under the liquidation process. The management believed that there will be no material impact from this liquidation.

Transaction incurred during 2016

On 28 October 2016, two subsidiaries invested in TRUE CJ amounting to Baht 41.24 million represented 51.00% of its equity interest. TRUE CJ is engaged in production of TV programs and game shows.

The Group has interests in number of individually immaterial joint ventures. The total interests in joint ventures as of 31 December 2017 is Baht 56.49 million (2016: Baht 73.28 million) which is considered immaterial to the Group's equity.

21. Investment property

	Consolidated financial statements Fiber optic cable Baht Million
At 1 January 2016	
Cost	5.53
<u>Less</u> Accumulated depreciation	823.37
Provision for impairment	(32.65)
Net book value	<u>796.25</u>
Year ended 31 December 2016	
Opening net book value	796.25
Depreciation	(35.78)
Closing net book value	<u>760.47</u>
At 31 December 2016	
Cost	838.39
<u>Less</u> Accumulated depreciation	(68.43)
Provision for impairment	(9.49)
Net book value	<u>760.47</u>
Year ended 31 December 2017	
Opening net book value	760.47
Depreciation	(26.84)
Closing net book value	<u>733.63</u>
At 31 December 2017	
Cost	838.39
<u>Less</u> Accumulated depreciation	(95.27)
Provision for impairment	(9.49)
Net book value	<u>733.63</u>

Valuation of fair value of investment property is determined based on recent market transactions on arm's length terms and the fair value of investment property is higher than book value.

Amounts recognized in profit and loss that are related to investment property are as follows:

	Consolidated financial statements	
	2017	2016
	Baht Million	Baht Million
Rental income	441.98	441.98

22. Property, plant and equipment

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Network equipment				
Opening net book value	138,641.30	93,206.46	1,577.62	1,855.02
Additions	43,550.72	54,734.10	2.07	0.28
Disposals, net	(687.50)	(241.77)	(5.72)	(6.92)
Reclassifications	(25.19)	37.97	-	-
Depreciation charge	(12,060.94)	(9,095.46)	(252.29)	(270.76)
Closing net book value	169,418.39	138,641.30	1,321.68	1,577.62
Non-network equipment				
Opening net book value	5,047.05	4,459.75	130.42	162.36
Additions	2,579.28	2,323.53	96.79	26.62
Disposals, net	(40.30)	(60.58)	(3.18)	(1.85)
Reclassifications	(163.68)	(392.04)	-	-
Depreciation charge	(1,378.43)	(1,283.61)	(57.39)	(56.71)
Closing net book value	6,043.92	5,047.05	166.64	130.42
Total	175,462.31	143,688.35	1,488.32	1,708.04

22.1 Network equipment

Leased assets are finance leases of network assets, details are as follows:

	Consolidated financial statements	
	2017 Baht Million	2016 Baht Million
Cost - capitalised finance leases	12,123.89	10,276.13
<u>Less</u> Accumulated depreciation	(4,595.56)	(3,610.92)
Net book value	7,528.33	6,665.21

Additions in network equipment included Baht 2,917.34 million (2016: Baht 2,872.63 million) of assets leased under finance leases (where the Group is the lessee).

Borrowing costs of Baht 74.37 million were capitalised during the year and included in "addition".

An average capitalisation rate of 3.33% was used representing the actual borrowing cost of the loan used to finance the project.

22.2 Non-network equipment

Leased assets are finance leases of computers and equipments, details are as follows:

	Consolidated financial statements	
	2017 Baht Million	2016 Baht Million
Cost - capitalised finance leases	26.75	22.56
<u>Less</u> Accumulated depreciation	(1.31)	(13.63)
Net book value	25.44	8.93

Additions in non-network equipment included Baht 22.28 million (2016: Baht 6.35 million) of assets leased under finance leases (where the Group is the lessee).

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

22. Property, plant and equipment (Cont'd)

Network equipment	Consolidated financial statements									
	Land and land improvement Baht Million	Building and improvement Baht Million	Telephone network equipment Baht Million	Wireless network equipment Baht Million	Public phones Baht Million	Multimedia network equipment Baht Million	Power supply and computers Baht Million	Pay - TV Baht Million	Work in progress Baht Million	Total Baht Million
At 1 January 2016										
Cost	793.33	763.80	5,492.47	128,521.35	2,006.64	35,821.35	454.09	15,120.13	21,525.63	210,498.79
Less Accumulated depreciation	-	(69.85)	(3,749.95)	(78,398.24)	(1,963.84)	(14,779.93)	(362.36)	(9,459.34)	-	(108,783.51)
Allowance for impairment	-	-	-	(8,025.21)	(35.84)	(154.70)	-	(293.07)	-	(8,508.82)
Net book value	793.33	693.95	1,742.52	42,097.90	6.96	20,886.72	91.73	5,367.72	21,525.63	93,206.46
Year ended 31 December 2016										
Opening net book value	793.33	693.95	1,742.52	42,097.90	6.96	20,886.72	91.73	5,367.72	21,525.63	93,206.46
Additions	-	284.72	0.28	2,818.06	-	5,230.29	-	1,522.10	44,878.65	54,734.10
Disposals, net	-	-	-	(173.83)	(6.92)	(21.78)	-	(13.16)	(26.08)	(241.77)
Adjustments/reclassifications	(259.96)	272.35	-	24,427.32	13.46	4,286.93	-	25.33	(28,727.46)	37.97
Depreciation charge	-	(23.91)	(248.60)	(4,235.34)	(3.66)	(3,117.46)	(29.35)	(1,437.14)	-	(9,095.46)
Closing net book value	533.37	1,227.11	1,494.20	64,934.11	9.84	27,264.70	62.38	5,464.85	37,650.74	138,641.30
At 31 December 2016										
Cost	533.37	1,320.79	5,492.65	152,596.07	1,729.43	45,239.33	454.09	15,874.87	37,650.74	260,891.34
Less Accumulated depreciation	-	(93.68)	(3,998.45)	(79,848.62)	(1,690.35)	(17,823.61)	(391.71)	(10,290.59)	-	(114,137.01)
Allowance for impairment	-	-	-	(7,813.34)	(29.24)	(151.02)	-	(119.43)	-	(8,113.03)
Net book value	533.37	1,227.11	1,494.20	64,934.11	9.84	27,264.70	62.38	5,464.85	37,650.74	138,641.30
Year ended 31 December 2017										
Opening net book value	533.37	1,227.11	1,494.20	64,934.11	9.84	27,264.70	62.38	5,464.85	37,650.74	138,641.30
Additions	-	165.74	2.07	2,324.80	-	7,351.34	-	1,136.56	32,570.21	43,550.72
Disposals, net	-	-	(0.62)	(528.62)	(4.36)	(79.74)	-	(32.75)	(41.41)	(687.50)
Adjustments/reclassifications	-	-	-	432.72	-	9,190.27	-	-	(9,648.18)	(25.19)
Depreciation charge	-	(70.48)	(232.60)	(5,153.66)	(2.72)	(5,028.99)	(26.21)	(1,546.28)	-	(12,060.94)
Closing net book value	533.37	1,322.37	1,263.05	62,009.35	2.76	38,697.58	36.17	5,022.38	60,531.36	169,418.39
At 31 December 2017										
Cost	533.37	1,486.53	5,488.87	95,897.16	1,450.22	63,685.31	453.96	15,901.60	60,531.36	245,428.38
Less Accumulated depreciation	-	(164.16)	(4,225.82)	(33,887.81)	(1,419.42)	(24,840.60)	(417.79)	(10,761.62)	-	(75,717.22)
Allowance for impairment	-	-	-	-	(28.04)	(147.13)	-	(117.60)	-	(292.77)
Net book value	533.37	1,322.37	1,263.05	62,009.35	2.76	38,697.58	36.17	5,022.38	60,531.36	169,418.39

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

22. Property, plant and equipment (Cont'd)

	Consolidated financial statements						
	Land and land improvement Baht Million	Building and improvement Baht Million	Furniture, fixtures and equipment Baht Million	Power supply and computers Baht Million	Vehicles Baht Million	Work in progress Baht Million	Total Baht Million
Non - network equipment							
At 1 January 2016							
Cost	148.86	2,015.31	4,056.62	5,660.97	51.60	504.92	12,438.28
<u>Less</u> Accumulated depreciation	-	(1,216.20)	(2,729.21)	(3,924.74)	(26.49)	-	(7,896.64)
Allowance for impairment	-	(7.45)	(73.41)	-	(1.03)	-	(81.89)
Net book value	<u>148.86</u>	<u>791.66</u>	<u>1,254.00</u>	<u>1,736.23</u>	<u>24.08</u>	<u>504.92</u>	<u>4,459.75</u>
Year ended 31 December 2016							
Opening net book value	148.86	791.66	1,254.00	1,736.23	24.08	504.92	4,459.75
Additions	-	30.60	708.35	80.30	-	1,504.28	2,323.53
Disposals, net	-	(46.51)	(13.10)	(0.97)	-	-	(60.58)
Adjustments/reclassifications	-	206.60	28.91	191.61	-	(819.16)	(392.04)
Depreciation charge	-	(243.17)	(661.29)	(374.64)	(4.51)	-	(1,283.61)
Closing net book value	<u>148.86</u>	<u>739.18</u>	<u>1,316.87</u>	<u>1,632.53</u>	<u>19.57</u>	<u>1,190.04</u>	<u>5,047.05</u>
At 31 December 2016							
Cost	148.86	2,161.66	4,398.82	5,800.33	50.46	1,190.04	13,750.17
<u>Less</u> Accumulated depreciation	-	(1,415.03)	(3,008.56)	(4,167.80)	(29.86)	-	(8,621.25)
Allowance for impairment	-	(7.45)	(73.39)	-	(1.03)	-	(81.87)
Net book value	<u>148.86</u>	<u>739.18</u>	<u>1,316.87</u>	<u>1,632.53</u>	<u>19.57</u>	<u>1,190.04</u>	<u>5,047.05</u>
Year ended 31 December 2017							
Opening net book value	148.86	739.18	1,316.87	1,632.53	19.57	1,190.04	5,047.05
Additions	-	26.08	991.67	257.61	-	1,303.92	2,579.28
Disposals, net	-	(27.90)	(11.25)	(0.60)	(0.55)	-	(40.30)
Adjustments/reclassifications	24.86	375.37	1,310.23	123.38	-	(1,997.52)	(163.68)
Depreciation charge	-	(305.58)	(716.02)	(352.37)	(4.46)	-	(1,378.43)
Closing net book value	<u>173.72</u>	<u>807.15</u>	<u>2,891.50</u>	<u>1,660.55</u>	<u>14.56</u>	<u>496.44</u>	<u>6,043.92</u>
At 31 December 2017							
Cost	173.72	2,454.33	6,155.66	5,936.35	49.47	496.44	15,265.97
<u>Less</u> Accumulated depreciation	-	(1,639.73)	(3,190.77)	(4,275.80)	(33.88)	-	(9,140.18)
Allowance for impairment	-	(7.45)	(73.39)	-	(1.03)	-	(81.87)
Net book value	<u>173.72</u>	<u>807.15</u>	<u>2,891.50</u>	<u>1,660.55</u>	<u>14.56</u>	<u>496.44</u>	<u>6,043.92</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

22. Property, plant and equipment (Cont'd)

Network equipment	Separate financial statements						Total Baht Million
	Building and improvement Baht Million	Telephone network equipment Baht Million	Wireless network equipment Baht Million	Public phones Baht Million	Power supply and computers Baht Million	Work in progress Baht Million	
At 1 January 2016							
Cost	49.31	5,492.47	5,115.89	2,006.64	224.59	15.54	12,904.44
<u>Less</u> Accumulated depreciation	(29.26)	(3,749.95)	(3,145.52)	(1,963.83)	(165.67)	-	(9,054.23)
Allowance for impairment	-	-	(1,959.34)	(35.85)	-	-	(1,995.19)
Net book value	<u>20.05</u>	<u>1,742.52</u>	<u>11.03</u>	<u>6.96</u>	<u>58.92</u>	<u>15.54</u>	<u>1,855.02</u>
Year ended 31 December 2016							
Opening net book value	20.05	1,742.52	11.03	6.96	58.92	15.54	1,855.02
Additions	-	0.28	-	-	-	-	0.28
Disposals, net	-	-	-	(6.91)	-	(0.01)	(6.92)
Adjustments/reclassifications	0.16	-	-	13.45	-	(13.61)	-
Depreciation charge	(2.70)	(248.60)	(2.25)	(3.66)	(13.55)	-	(270.76)
Closing net book value	<u>17.51</u>	<u>1,494.20</u>	<u>8.78</u>	<u>9.84</u>	<u>45.37</u>	<u>1.92</u>	<u>1,577.62</u>
At 31 December 2016							
Cost	49.47	5,492.65	5,115.89	1,729.43	224.59	1.92	12,613.95
<u>Less</u> Accumulated depreciation	(31.96)	(3,998.45)	(3,147.77)	(1,690.35)	(179.22)	-	(9,047.75)
Allowance for impairment	-	-	(1,959.34)	(29.24)	-	-	(1,988.58)
Net book value	<u>17.51</u>	<u>1,494.20</u>	<u>8.78</u>	<u>9.84</u>	<u>45.37</u>	<u>1.92</u>	<u>1,577.62</u>
Year ended 31 December 2017							
Opening net book value	17.51	1,494.20	8.78	9.84	45.37	1.92	1,577.62
Additions	-	2.07	-	-	-	-	2.07
Disposals, net	-	(0.62)	-	(4.36)	-	(0.74)	(5.72)
Depreciation charge	(2.63)	(232.60)	(0.91)	(2.72)	(13.43)	-	(252.29)
Closing net book value	<u>14.88</u>	<u>1,263.05</u>	<u>7.87</u>	<u>2.76</u>	<u>31.94</u>	<u>1.18</u>	<u>1,321.68</u>
At 31 December 2017							
Cost	49.47	5,488.87	340.02	1,450.22	224.59	1.18	7,554.35
<u>Less</u> Accumulated depreciation	(34.59)	(4,225.82)	(332.15)	(1,419.42)	(192.65)	-	(6,204.63)
Allowance for impairment	-	-	-	(28.04)	-	-	(28.04)
Net book value	<u>14.88</u>	<u>1,263.05</u>	<u>7.87</u>	<u>2.76</u>	<u>31.94</u>	<u>1.18</u>	<u>1,321.68</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

22. Property, plant and equipment (Cont'd)

Non - network equipment	Separate financial statements					Total Baht Million
	Leasehold and improvement Baht Million	Furniture, fixtures and equipment Baht Million	Power supply and computers Baht Million	Vehicles Baht Million	Work in progress Baht Million	
At 1 January 2016						
Cost	373.63	539.33	1,043.84	3.23	44.99	2,005.02
Less Accumulated depreciation	(353.61)	(484.07)	(1,002.59)	(2.39)	-	(1,842.66)
Net book value	20.02	55.26	41.25	0.84	44.99	162.36
Year ended 31 December 2016						
Opening net book value	20.02	55.26	41.25	0.84	44.99	162.36
Additions	0.11	5.71	3.52	-	17.28	26.62
Disposals, net	-	(1.49)	(0.36)	-	-	(1.85)
Adjustments/ reclassifications	32.22	3.03	8.77	-	(44.02)	-
Depreciation charge	(22.09)	(13.78)	(20.54)	(0.30)	-	(56.71)
Closing net book value	30.26	48.73	32.64	0.54	18.25	130.42
At 31 December 2016						
Cost	403.24	528.87	1,031.50	3.23	18.25	1,985.09
Less Accumulated depreciation	(372.98)	(480.14)	(998.86)	(2.69)	-	(1,854.67)
Net book value	30.26	48.73	32.64	0.54	18.25	130.42
Year ended 31 December 2017						
Opening net book value	30.26	48.73	32.64	0.54	18.25	130.42
Additions	2.33	25.21	25.36	-	43.89	96.79
Disposals, net	(0.68)	(1.96)	(0.54)	-	-	(3.18)
Adjustments/ reclassifications	61.03	0.20	0.01	-	(61.24)	-
Depreciation charge	(31.03)	(12.30)	(13.77)	(0.29)	-	(57.39)
Closing net book value	61.91	59.88	43.70	0.25	0.90	166.64
At 31 December 2017						
Cost	437.84	542.44	1,008.68	3.21	0.90	1,993.07
Less Accumulated depreciation	(375.93)	(482.56)	(964.98)	(2.96)	-	(1,826.43)
Net book value	61.91	59.88	43.70	0.25	0.90	166.64

23. Goodwill

There is no movement in goodwill during 2017 and 2016.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. A segment-level summary of the goodwill allocation is presented below.

	Baht Million		
	Consolidated financial statements		
	Online	Pay-TV	Total
Goodwill allocation by segment			
Opening net book value	360.62	11,042.47	11,403.09
Closing net book value	360.62	11,042.47	11,403.09

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are conservatively extrapolated using the zero growth rates and does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

By segment	Online %	Pay-TV %
Gross margin ¹	28.66	6.78
Growth rate ²	0.00	0.00
Discount rate ³	10.30	10.30

¹ Budgeted gross margin.

² Weighted average growth rate used to extrapolate cash flows beyond the budget period.

³ Post-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are post-tax and reflect specific risks relating to the relevant segments. Additionally, Management believes that the risks for Online and Pay-TV are approximately the same under the telecommunication industry. Therefore, management applies the same discount rate for both segments.

24. Intangible assets

At 31 December	Consolidated financial statement		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Current (included in "Other current assets" (Note 19))	415.35	555.70	-	-
Non-current	129,377.06	139,745.97	147.21	1,224.49
Total	129,792.41	140,301.67	147.21	1,224.49

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

24. Intangible assets (Cont'd)

	Consolidated financial statements							Total Baht Million
	Trademark, right and licences Baht Million	Computer software Baht Million	Rights to operate Baht Million	Film and Program right Baht Million	Service contract Baht Million	Leased transponder equipment Baht Million	Work in progress Baht Million	
At 1 January 2016								
Cost	56,030.44	14,483.26	73,577.14	3,569.59	10,755.00	3,493.58	280.27	162,189.28
Less Accumulated amortisation	(3,328.51)	(10,236.30)	(70,010.28)	(2,506.59)	(3,649.24)	(1,161.77)	-	(90,892.69)
Allowance for impairment	-	(694.15)	-	-	-	-	(40.68)	(734.83)
Net book value	<u>52,701.93</u>	<u>3,552.81</u>	<u>3,566.86</u>	<u>1,063.00</u>	<u>7,105.76</u>	<u>2,331.81</u>	<u>239.59</u>	<u>70,561.76</u>
Year ended 31 December 2016								
Opening net book value	52,701.93	3,552.81	3,566.86	1,063.00	7,105.76	2,331.81	239.59	70,561.76
Additions	78,513.52	432.81	-	2,081.74	-	-	288.00	81,316.07
Disposals, net	-	(1.12)	-	(1.73)	-	-	-	(2.85)
Adjustments/reclassifications	9.90	748.12	-	12.85	-	-	(416.81)	354.06
Amortisation charge	(6,049.73)	(712.17)	(1,515.20)	(2,391.54)	(740.39)	(518.34)	-	(11,927.37)
Closing net book value	<u>125,175.62</u>	<u>4,020.45</u>	<u>2,051.66</u>	<u>764.32</u>	<u>6,365.37</u>	<u>1,813.47</u>	<u>110.78</u>	<u>140,301.67</u>
At 31 December 2016								
Cost	134,553.87	15,662.71	73,459.98	2,190.56	10,755.00	3,493.58	151.46	240,267.16
Less Accumulated amortisation	(9,378.25)	(10,948.11)	(71,408.32)	(1,426.24)	(4,389.63)	(1,680.11)	-	(99,230.66)
Allowance for impairment	-	(694.15)	-	-	-	-	(40.68)	(734.83)
Net book value	<u>125,175.62</u>	<u>4,020.45</u>	<u>2,051.66</u>	<u>764.32</u>	<u>6,365.37</u>	<u>1,813.47</u>	<u>110.78</u>	<u>140,301.67</u>
Year ended 31 December 2017								
Opening net book value	125,175.62	4,020.45	2,051.66	764.32	6,365.37	1,813.47	110.78	140,301.67
Additions	134.75	1,011.07	-	1,930.18	-	-	476.09	3,552.09
Disposals, net	(2.39)	(0.36)	-	-	-	-	-	(2.75)
Adjustments/reclassifications	72.23	221.23	-	-	-	-	(94.65)	198.81
Amortisation charge	(8,837.26)	(754.38)	(1,280.16)	(2,124.85)	(742.42)	(518.34)	-	(14,257.41)
Closing net book value	<u>116,542.95</u>	<u>4,498.01</u>	<u>771.50</u>	<u>569.65</u>	<u>5,622.95</u>	<u>1,295.13</u>	<u>492.22</u>	<u>129,792.41</u>
At 31 December 2017								
Cost	134,758.21	16,890.60	2,128.61	1,807.33	10,755.00	3,493.58	532.90	170,366.23
Less Accumulated amortisation	(18,215.26)	(11,698.44)	(1,357.11)	(1,237.68)	(5,132.05)	(2,198.45)	-	(39,838.99)
Allowance for impairment	-	(694.15)	-	-	-	-	(40.68)	(734.83)
Net book value	<u>116,542.95</u>	<u>4,489.01</u>	<u>771.50</u>	<u>569.65</u>	<u>5,622.95</u>	<u>1,295.13</u>	<u>492.22</u>	<u>129,792.41</u>

24. Intangible assets (Cont'd)

Trademark, Right and Licence

Consists the followings:

1. IMT 2.1GHz bandwidth licence which was awarded by NBTC for a period of 15 years. Net carrying amount is Baht 8,671.16 million (net of accumulated amortisation of Baht 4,425.23 million).
2. 1800MHz bandwidth licence which was awarded by NBTC for a period of 18 years. Net carrying amount is Baht 34,092.01 million (net of accumulated amortisation of Baht 4,510.34 million). The unpaid balance of Baht 9,948.00 million will be due on 4 December 2018 and presented under "Trade and other payables" in the consolidated financial statements.
3. 900MHZ bandwidth licence which was awarded by NBTC for a period of 15 years. Net carrying amount is Baht 63,123.05 million (net of accumulated amortisation of Baht 7,030.75 million). As at 31 December 2017, the unpaid balance of Baht 64,938.41 million (present value) will be due in three installments during 2018 to 2020. The unpaid amount was recognised under "Trade and other payables" (current portion) and "Liabilities under agreements and licences for operations" in the consolidated financial statements.
4. Licence for the spectrum of television broadcasting service using digital system awarded by NBTC for a period of 15 years. Net carrying amount is Baht 2,576.56 million (net of accumulated amortisation of Baht 835.57 million). The unpaid amount of Baht 1,212.40 million will be due in two installments during 2018 to 2019. The unpaid amount was recognised under "Trade and other payables" (current portion) and "Liabilities under agreements and licences for operations" in the consolidated financial statements.

Right to operate

The right to operate represent the discounted cash flow of minimum fees payable to MCOT as described in Note 38.2, and right to operate derived from a business acquisition.

Service contract

Service contract represents the fair value of identifiable intangible asset derived from a business acquisition.

24. Intangible assets (Cont'd)

Movement of the Company's intangible assets are as follows:

	Separate financial statements		
	Computer software Baht Million	Rights to operate Baht Million	Total Baht Million
At 1 January 2016			
Cost	2,349.36	71,331.36	73,680.72
<u>Less</u> Accumulated amortisation	(2,270.59)	(68,790.06)	(71,060.65)
Net book value	<u>78.77</u>	<u>2,541.30</u>	<u>2,620.07</u>
Year ended 31 December 2016			
Opening net book value	78.77	2,541.30	2,620.07
Additions	16.52	-	16.52
Amortisation charge	(25.71)	(1,386.39)	(1,412.10)
Closing net book value	<u>69.58</u>	<u>1,154.91</u>	<u>1,224.49</u>
At 31 December 2016			
Cost	2,365.88	71,331.36	73,697.24
<u>Less</u> Accumulated amortisation	(2,296.30)	(70,176.45)	(72,472.75)
Net book value	<u>69.58</u>	<u>1,154.91</u>	<u>1,224.49</u>
Year ended 31 December 2017			
Opening net book value	69.58	1,154.91	1,224.49
Additions	105.62	-	105.62
Disposals, net	(4.31)	-	(4.31)
Amortisation charge	(23.68)	(1,154.91)	(1,178.59)
Closing net book value	<u>147.21</u>	<u>-</u>	<u>147.21</u>
At 31 December 2017			
Cost	2,465.70	-	2,465.70
<u>Less</u> Accumulated amortisation	(2,318.49)	-	(2,318.49)
Net book value	<u>147.21</u>	<u>-</u>	<u>147.21</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

25. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and applying a principal tax rate of 20%. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarised below:

As at 31 December	Consolidated financial statements			
	2016 Baht Million	Credited (charged) to profit or loss Baht Million	(Charged) to other comprehensive income Baht Million	2017 Baht Million
Deferred income tax assets				
Depreciation and amortisation	1,134.56	(180.02)	-	954.54
Allowances	2,594.00	(167.28)	-	2,426.72
Borrowings	77.65	(77.65)	-	-
Unearned income	193.20	32.36	-	225.56
Accrued expenses	33.12	(3.82)	-	29.30
Tax loss carried forward	5,532.97	(8.35)	-	5,524.62
Film and program right	20.75	(1.59)	-	19.16
Employee benefits obligations	89.26	24.40	-	113.66
Provisions	457.18	(457.18)	-	-
Derivative payables	4.31	572.29	-	576.60
	<u>10,137.00</u>	<u>(266.84)</u>	<u>-</u>	<u>9,870.16</u>
Deferred income tax liabilities				
Accounts receivable				
- billed customers	(270.46)	65.03	-	(205.43)
Debt issuance cost	(54.56)	8.49	-	(46.07)
Leased assets	(91.64)	71.15	-	(20.49)
Depreciation and amortisation	(2,177.47)	(706.45)	-	(2,883.92)
Borrowings	(2,308.33)	139.67	-	(2,168.66)
Other current assets	(1,751.28)	(554.76)	-	(2,306.04)
Available for sale securities	-	-	(39.80)	(39.80)
Derivative receivables	(102.49)	102.49	-	-
	<u>(6,756.23)</u>	<u>(874.38)</u>	<u>(39.80)</u>	<u>(7,670.41)</u>
Deferred income tax, net	<u>3,380.77</u>	<u>(1,141.22)</u>	<u>(39.80)</u>	<u>2,199.75</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

25. Deferred income taxes (Cont'd)

As at 31 December	Separate financial statements		
	2016 Baht Million	Credited (charged) to profit or loss Baht Million	2017 Baht Million
Deferred income tax assets			
Depreciation	321.86	(320.86)	1.00
Allowances	27.68	-	27.68
Borrowings	57.37	(57.37)	-
Derivative payables	4.31	(4.31)	-
	<u>411.22</u>	<u>(382.54)</u>	<u>28.68</u>
Deferred income tax liabilities			
Accounts receivable - billed customers	(270.45)	65.02	(205.43)
Depreciation	(3.81)	2.55	(1.26)
Debt issuance cost	(37.83)	8.26	(29.57)
	<u>(312.09)</u>	<u>75.83</u>	<u>(236.26)</u>
Deferred income tax, net	<u>99.13</u>	<u>(306.71)</u>	<u>(207.58)</u>

The analysis of deferred tax assets and deferred tax liabilities are as follows:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	2,676.81	848.53	0.31	320.35
Deferred tax assets to be recovered after 12 months	7,193.35	9,288.47	28.37	90.88
	<u>9,870.16</u>	<u>10,137.00</u>	<u>28.68</u>	<u>411.23</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	(2,092.02)	(1,714.44)	(135.96)	(197.64)
Deferred tax liabilities to be settled after 12 months	(5,578.39)	(5,041.79)	(100.30)	(114.46)
	<u>(7,670.41)</u>	<u>(6,756.23)</u>	<u>(236.26)</u>	<u>(312.10)</u>
Deferred income tax, net	<u>2,199.75</u>	<u>3,380.77</u>	<u>(207.58)</u>	<u>99.13</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

25. Deferred income taxes (Cont'd)

Presentation in the statements of financial position are as follows:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Deferred income tax assets	5,396.61	5,375.82	-	99.13
Deferred income tax liabilities	(3,196.86)	(1,995.05)	(207.58)	-
Deferred income tax, net	<u>2,199.75</u>	<u>3,380.77</u>	<u>(207.58)</u>	<u>99.13</u>

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

The movement on deferred income taxes are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Opening net book amount	3,380.77	3,588.64	99.13	497.86
Charge to profit or loss (Note 12)	(1,141.22)	(230.06)	(306.71)	(398.73)
Other comprehensive income	(39.80)	22.19	-	-
Closing net book value	<u>2,199.75</u>	<u>3,380.77</u>	<u>(207.58)</u>	<u>99.13</u>

Deferred income tax assets are recognised for tax loss carried forward only to the extent that realisation of the related tax benefit through the future taxable profits is probable.

The Group did not recognise deferred income tax assets of Baht 8,675.11 million in respect of tax loss carried forward approximately Baht 43,375.56 million. A summary of the tax loss carried forward and the expiry dates are set out below:

Expiry year	Consolidated financial statements	Separate financial statements
	Baht Million	Baht Million
2018	4,549.89	1,705.50
2019	6,528.37	-
2020	4,555.17	-
2021	19,039.52	3,281.70
2022	8,702.61	-
	<u>43,375.56</u>	<u>4,987.20</u>

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

26. Other non-current assets

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Deposits	1,376.35	1,184.95	114.15	98.50
Subscriber acquisition cost, net	4,686.53	4,644.01	-	-
Prepaid rental	1,005.79	694.43	-	-
Forward contract receivable	0.06	118.30	-	-
Others	536.25	139.08	32.15	51.36
Total	7,604.98	6,780.77	146.30	149.86

27. Borrowings

Short-term borrowings

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Loans from banks	3,969.36	16,578.39	3,969.36	6,984.64
Debentures	42,783.02	20,993.29	35,284.47	9,995.75
Total	46,752.38	37,571.68	39,253.83	16,980.39

The loans from banks are unsecured and bearing interest rate at MLR and will be due during the next five months.

Long-term borrowings

Borrowings are denominated in Thai Baht, United States Dollars and Japanese Yen.

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Current				
- Finance leases	2,129.22	1,488.10	-	-
- Debentures	28,648.59	18,899.57	3,961.91	18,899.57
- Suppliers credit	-	266.29	-	266.29
Total Current	30,777.81	20,653.96	3,961.91	19,165.86
Non-current				
- Finance leases	5,801.47	5,451.99	-	-
- Debentures	44,122.74	55,038.06	8,190.50	12,119.20
Total Non-current	49,924.21	60,490.05	8,190.50	12,119.20
Total	80,702.02	81,144.01	12,152.41	31,285.06

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

27. Borrowings (Cont'd)

Movement of borrowings can be analysed as follows:

	Consolidated financial statements	Separate financial statements
	Baht Million	Baht Million
For the year ended 31 December 2017		
Opening net book value	81,144.01	31,285.06
Additional borrowings:		
- principal (net of debt issuance cost)	17,665.49	-
- non-cash finance leases	2,939.61	-
- interest	371.27	0.16
Repayment of borrowings		
- cash item	(21,313.69)	(19,174.13)
- realised gain on foreign exchange	(3.31)	(3.31)
Amortisation of debt issuance costs	79.21	44.63
Currencies translations	(180.57)	-
Closing net book value	<u>80,702.02</u>	<u>12,152.41</u>

Borrowings are presented netting-off unamortised debt issuance costs of Baht 221.38 million and Baht 140.29 million for the consolidated and the separate financial statements, respectively (2016: Baht 266.07 million for the consolidated and Baht 184.92 million for the separate financial statements, respectively).

Maturity of non-current borrowings (excluding finance lease liabilities and unamortised debt issuance cost):

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Between 1 and 2 years	-	23,962.70	-	3,962.70
Between 2 and 5 years	30,108.10	10,974.70	8,330.00	-
Over 5 years	14,221.90	20,355.30	-	8,330.00
	<u>44,330.00</u>	<u>55,292.70</u>	<u>8,330.00</u>	<u>12,292.70</u>

The carrying amounts and fair values of certain non-current borrowings (excluding finance lease liabilities) are as follows:

	Consolidated financial statements			
	Carrying amounts		Fair values	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Debentures	44,122.74	55,038.06	42,533.83	53,427.55

	Separate financial statements			
	Carrying amounts		Fair values	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Debentures	8,190.50	12,119.20	7,929.43	11,783.28

The fair value of current borrowings and lease obligation approximate to their carrying amount, as the impact of discounting is not significant. The fair values for non-current borrowings are based on discounted cash flows using a discount rate of the Group's and the Company's borrowing interest rates which are 4.77% and 4.50%, respectively (2016: 4.92% and 4.92% for the Group's and the Company's, respectively) which is within level 2 of the fair value hierarchy.

27. Borrowings (Cont'd)

Interest rate

The interest rates of debentures are fixed.

The weighted average effective interest rates are as follows:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017 %	2016 %	2017 %	2016 %
Weighted average effective interest rates				
- finance lease	3.97	4.31	-	-
- debentures	4.77	4.92	4.50	4.92

Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Gross finance lease liabilities - minimum lease payment:

At 31 December	Consolidated financial statements	
	2017 Baht Million	2016 Baht Million
Not later than 1 year	2,449.91	1,799.35
Later than 1 year and not later than 5 years	6,263.74	5,876.10
Future finance charges on finance leases	8,713.65 (782.96)	7,675.45 (735.36)
Present value of finance lease liabilities	<u>7,930.69</u>	<u>6,940.09</u>

27. Borrowings (Cont'd)

Finance lease liabilities (Cont'd)

The present value of finance lease liabilities is due as follows:

At 31 December	Consolidated financial statements	
	2017	2016
	Baht Million	Baht Million
Not later than 1 year	2,129.22	1,488.10
Later than 1 year and not later than 5 years	5,801.47	5,451.99
	<u>7,930.69</u>	<u>6,940.09</u>

Debentures

Debentures are unsecured and will be mature between 2018 and 2029. Debentures are denominated in Thai Baht and carry average interest of 4.77% per annum.

Transactions in 2017

The Company redeemed Baht 18.91 billion of unsecured debenture on the maturity date.

TUC, a subsidiary, issued the following debentures and bills of exchange for its ongoing operations:

1. Issuing 4.70 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 4.69 billion. The debentures carry interest at the rate of 3.10% per annum and paid at maturity date on 28 May 2018.
2. Issuing 6.26 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 6.24 billion. The debentures carry interest at the rate of 4.50% per annum payable on quarterly basis, starting from 4 August 2017. The maturity date will be on 4 May 2022.
3. Issuing 2.79 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 2.78 billion. The debentures carry interest at the rate of 5.00% per annum, payable on quarterly basis, starting from 4 August 2017. The maturity date will be on 4 May 2024.
4. Issuing 1.38 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 1.37 billion. The debentures carry interest at the rate of 5.50% per annum, payable on quarterly basis, starting from 4 August 2017. The maturity date will be on 4 May 2027.
5. Issuing 2.58 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 2.57 billion. The debentures carry interest at the rate of 5.75% per annum, payable on quarterly basis, starting from 4 August 2017. The maturity date will be on 4 May 2029.

27. Borrowings (Cont'd)

Debentures (Cont'd)

Transactions in 2016

The Company redeemed Baht 5.92 billion of unsecured debenture on the maturity date.

TUC, a subsidiary, issued the following debentures for its ongoing operations:

1. Issuing 10.97 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 10.95 billion. The debentures carry interest at the rate of 4.50% per annum payable on quarterly basis starting from 2 March 2017. The maturity date will be on 2 December 2021.
2. Issuing 4.55 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 4.54 billion. The debentures carry interest at the rate of 5.00% per annum payable on quarterly basis starting from 2 March 2017. The maturity date will be on 2 December 2023.
3. Issuing 7.48 million units of unsecured debentures at par value of Baht 1,000 per unit with the net proceed of Baht 7.46 billion. The debentures carry interest at the rate of 5.50% per annum payable on quarterly basis starting from 2 March 2017. The maturity date will be on 2 December 2026.

TUC redeemed Baht 5.00 billion of unsecured debenture on the maturity date.

Suppliers credit

Suppliers credit are the Company's Deferred Payment Note ("DPN") issued to certain unsecured creditors since 2002. The DPN are denominated in Japanese Yen, mature in 2017 and bear interest of 2.00% per annum.

The Company and certain unsecured creditors agreed to settle obligation under the Deferred Payment Notes Agreement and the Unsecured Creditors Restructuring Agreement dated 22 December 1999 ("DPN Agreement")

On 15 July 2017, the Company settled all of the obligation under the Deferred Payment Notes.

28. Trade and other payables

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Trade accounts payable	67,540.23	64,421.77	1,514.43	988.32
Other payables	133.82	165.42	89.89	103.13
Unearned income	2,918.37	2,800.50	12.68	184.64
Domestic roaming payable	8,706.58	-	-	-
Accrued expenses	36,195.63	31,126.71	1,534.29	1,537.94
Trade and other payables	115,494.63	98,514.40	3,151.29	2,814.03

Accrued expenses can be analysed as follows:

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Regulatory cost	7,945.26	7,379.07	201.08	296.36
Current portion of liabilities under agreements and licences for operation (Note 30)	15,401.85	11,795.29	-	-
Network facility expenses	1,570.45	1,067.07	10.50	134.36
Performance pay	1,067.96	1,183.89	358.72	243.43
Interest expenses	1,359.47	707.62	706.76	380.93
Others	8,850.64	8,993.77	257.23	482.86
Total accrued expenses	36,195.63	31,126.71	1,534.29	1,537.94

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

29. Other current liabilities

At 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Output VAT pending tax invoice	2,890.60	3,113.03	413.91	429.91
Derivative payables	704.52	22.79	-	21.55
Others	1,287.92	962.33	124.40	57.86
Total	4,883.04	4,098.15	538.31	509.32

30. Liabilities under agreements and licences for operation

Detail of liabilities under agreements and licences for operation can be summarised as follows:

At 31 December	Consolidated financial statements	
	2017	2016
	Baht Million	Baht Million
Current (included in "Accrued expenses") (Note 28)	15,401.85	11,795.29
Non-current	64,633.97	77,652.49
	80,035.82	89,447.78

Movement of liabilities under agreements for operation can be analysed as follow:

	Consolidated financial statements Baht Million
For the year ended 31 December 2017	
Opening net book value	89,447.78
Payments	(11,804.88)
Finance costs (Note 11)	2,392.92
Closing net book value	80,035.82

31. Employee benefits obligations

Retirement benefit obligations

The Group operates an unfunded defined benefit plan for eligible employees in Thailand. Under the plan, the employees are entitled to Legal Severance Payment benefits ranging from 30 days to 300 days of final salary upon retirement. The present value of defined benefits obligations are as follows:

	Consolidated financial statements		Separate financial statements	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Liabilities in the statement of financial position				
Retirement benefit obligations	2,154.85	1,982.12	906.25	555.04
Expense in the statements of comprehensive income				
Retirement benefits	221.12	196.05	358.68	41.30
Remeasurement loss recognised in other comprehensive income	-	485.52	-	173.99
	221.12	681.57	358.68	215.29

31. Employee benefits obligations (Cont'd)

Retirement benefit obligations (Cont'd)

The movement in the defined benefit obligations over the year is as follows:

	Consolidated financial statements	Separate financial statements
	Baht Million	Baht Million
For the year ended 31 December 2017		
Opening net book value	1,982.12	555.04
Current service cost	159.62	35.01
Interest cost	61.50	16.29
Transfer in	-	307.38
Benefit paid	(48.39)	(7.47)
Closing net book value	<u>2,154.85</u>	<u>906.25</u>

The amounts recognised in the profit or loss are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
For the years ended 31 December				
Current service cost	159.62	136.59	35.01	27.09
Interest cost	61.50	59.46	16.29	16.16
Transfer in/(out)	-	-	307.38	(1.95)
Total (included in staff costs)	<u>221.12</u>	<u>196.05</u>	<u>358.68</u>	<u>41.30</u>
Classified as:				
Cost of providing services	79.61	90.97	125.48	3.61
Selling expenses	2.51	26.79	20.26	2.47
Administrative expenses	139.00	78.29	212.94	35.22
	<u>221.12</u>	<u>196.05</u>	<u>358.68</u>	<u>41.30</u>

The principal actuarial assumptions used were as follows:

	Consolidated and separate financial statement	
	2017	2016
	%	%
Discount rate	3.30	3.30
Future salary increases	6.00	6.00

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO08 tables contain the results of the mortality investigation on policy holders of life insurance companies in Thailand. It is reasonable to assume that these rates are reflective of the mortality experience of the working population in Thailand.

31. Employee benefits obligations (Cont'd)

Retirement benefit obligations (Cont'd)

Sensitivity of key assumptions:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	%	%	%
Discount rate	1.00	Decrease by 10.13	Increase by 12.00
Future salary increases	1.00	Increase by 11.73	Decrease by 10.12

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its retirement benefits obligations, the Group is exposed to a risk, the most significant of which is:

Changes in bond yields, a decrease in Government bond yields will increase plan liabilities.

The weighted average duration of the defined benefit obligation is 19 years.

Expected maturity analysis of undiscounted retirement during the year 2018 - 2026 as follow:

	Consolidated financial statements			
	Less than a year Baht Million	Between 1 - 2 years Baht Million	Over 3 years Baht Million	Total Baht Million
At 31 December 2017				
Retirement benefits obligations	61.91	152.90	948.06	1,162.87
Total	61.91	152.90	948.06	1,162.87
	Separate financial statements			
	Less than a year Baht Million	Between 1 - 2 years Baht Million	Over 3 years Baht Million	Total Baht Million
At 31 December 2017				
Retirement benefits obligations	33.00	55.99	271.86	360.85
Total	33.00	55.99	271.86	360.85

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

32. Other non-current liabilities

At 31 December	Consolidated financial statements	
	2017 Baht Million	2016 Baht Million
Advance received for long-term operating lease	9,936.92	10,551.58
Deposit received from customers	1,096.16	1,360.05
Provision	-	2,285.89
Derivative payables	2,184.69	0.70
Others	67.32	70.79
Total	13,285.09	14,269.01

During 2017, CAT's call option provision of Baht 2,285.89 million (2016: Baht 1,186.71 million) was recognised as other income in the consolidated financial statements because the counter party indicated its intention not to exercise the option.

Refer to Long-Term lease Agreement with call option between AWC, a wholly owned subsidiary, and DIF dated on 5 March 2015, DIF made a prepayment amounting to Baht 12,293.12 million (VAT excluded) for rental of fiber optic cable with lease term of 20 years to AWC. As at 31 December, 2017, balances of current and non-current unearned income amounting to Baht 614.66 million and Baht 9,936.92 million were presented under "Trade and other payables" and "Other non-current liabilities", respectively. The Group recognised Baht 441.86 million of rental revenue for the year ended 31 December 2017.

33. Share capital and premium on share capital

The total authorised number of shares is 33,368.66 million shares (2016: 33,368.66 million shares) with a par value of Baht 4 per share (2016: Baht 4 per share).

	Number of shares Million	Common shares Baht Million	Share premium Baht Million	Total Baht Million
Authorised share capital				
At 1 January 2016	24,607.93	98,431.71	-	98,431.71
Increase in registered ordinary shares	8,760.73	35,042.91	-	35,042.91
At 31 December 2016	33,368.66	133,474.62	-	133,474.62
At 31 December 2017	33,368.66	133,474.62	-	133,474.62
Issued and fully paid share capital				
At 1 January 2016	24,607.93	98,431.71	-	98,431.71
New common shares	8,760.27	35,041.07	26,384.07	61,425.14
At 31 December 2016	33,368.20	133,472.78	26,384.07	159,856.85
At 31 December 2017	33,368.20	133,472.78	26,384.07	159,856.85

In May and June 2016, the Company received Baht 59,948.80 million (net of issuance costs) from an issuance of new 8,391.18 million shares by right offering at the exercise price of Baht 7.15 per share. In addition, there was an issuance of new 369.09 million shares as share dividends. The Company completed the process of issuance of new shares and registered the issued and paid-up capital with the Ministry of Commerce on 29 June 2016. All issued shares are fully paid.

34. Legal reserve

The legal reserve of the Company was established in accordance with the provisions of the Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net profit for the year after deduction of accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised share capital. This reserve is not available for dividend distribution. During 2017, the Company set aside legal reserve amounting to Baht 107.50 million (2016: Baht 6.58 million).

35. Non-controlling interests

At 31 December	Consolidated financial statements	
	2017 Baht Million	2016 Baht Million
Opening net book value	675.73	659.08
Addition investment in subsidiary by non-controlling interests	-	14.15
Purchase shares from non-controlling interests	0.01	(7.67)
Increase in non-controlling interests	(0.01)	2.95
Remeasurement loss	-	(0.10)
Share of results of subsidiaries	(6.18)	7.32
Closing net book value	669.55	675.73

True Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

36. Cash flows from operating activities

Reconciliation of profit (loss) to cash flows from operating activities:

For the years ended 31 December	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Profit (loss) before income tax		3,631.87	(2,317.39)	2,456.63	530.40
Adjustments for:					
Depreciation and amortisation		36,266.56	28,079.76	1,563.07	1,811.72
Interest income		(532.98)	(442.21)	(253.98)	(498.10)
Interest expense	11	5,916.68	4,671.53	1,953.06	2,331.64
Finance costs related to licences	11	2,392.92	1,422.35	-	-
Dividends received	42	-	-	(1,583.81)	(1,957.50)
Loss (gain) on disposals of property, plant and equipment		119.86	233.66	(4.12)	(3.20)
Gain from disposal of infrastructure assets	41	(2,429.88)	-	-	-
Doubtful accounts	10	1,830.63	1,795.45	140.19	222.03
Impairment charge of investment in subsidiaries		-	-	-	57.63
Impairment charge of interest in joint venture		-	0.95	-	-
Reversal of provision for CAT's call option	32	(2,285.89)	(1,186.71)	-	-
Increase in retirement benefits obligations	31	221.12	196.05	358.67	41.30
Unrealised (gain) loss on foreign exchange		(416.75)	388.81	(21.55)	40.95
(Gain) loss from liquidation of investment in subsidiaries	20.1	(5.28)	24.88	15.43	-
Realised (gain) loss on foreign exchange related to repayment of borrowings	27	(3.31)	17.85	(3.31)	17.85
Share of results	20	(3,192.60)	(4,645.73)	-	-
Changes in operating assets and liabilities					
- Trade and other receivables		(18,893.40)	36.16	(1,508.35)	(3,744.27)
- Short-term investments		(0.02)	(0.02)	-	-
- Inventories		(5,607.12)	(2,957.40)	9.17	7.75
- Other current assets		(12,393.56)	(10,994.89)	25.84	(13.99)
- Film and program rights		(1,930.19)	(2,081.75)	-	-
- Other non-current assets		(899.92)	(256.48)	3.56	30.82
- Trade and other payables		8,620.18	642.04	12.18	(342.42)
- Other current liabilities		106.39	726.55	72.65	382.73
- Other non-current liabilities		(317.33)	(230.12)	(7.47)	(54.59)
Cash generated from (used in) operations		10,197.98	13,123.34	3,227.86	(1,139.25)
<u>Add</u> Interest received		546.63	406.12	236.28	493.40
Income tax received		1,820.07	1,750.80	-	921.92
<u>Less</u> Interest paid		(4,079.41)	(4,026.29)	(1,443.59)	(2,153.71)
Income tax paid		(3,491.93)	(3,157.84)	(292.71)	(169.23)
Net cash received from (used in) operating activities		4,993.34	8,096.13	1,727.84	(2,046.87)

37. Financial instruments

Objective and significant terms and conditions

In order to manage the risks arising from fluctuations in currency exchange rates, the Group adopts the following foreign currency risk management practices:

- entering into forward foreign exchange contracts;
- negotiating payment terms for foreign currency settlements on an individual transaction basis; and
- negotiating with foreign suppliers to share foreign exchange exposure.

Transaction risk is calculated in each foreign currency transaction and is projected six months forward. Exchange rates are monitored and forecasted information supplied by recognised research and financial analysis is used to estimate future exchange rates. These are compared against premiums on forward exchange contracts, and after making adjustments for the related risk, a decision is taken on whether to cover foreign currency transactions.

Transactions, if hedged with forward exchange contracts, are not hedged on a net basis, but rather on a transaction by transaction basis.

As at 31 December 2017 and 2016, the outstanding foreign currency assets and liabilities as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Currency Million	2016 Currency Million	2017 Currency Million	2016 Currency Million
Assets				
US Dollar	31.50	22.86	-	-
Euro	0.81	12.37	-	-
Japanese Yen	0.10	0.10	-	-
Liabilities				
US Dollar	1,602.09	1,460.59	-	0.04
Japanese Yen	0.04	855.35	-	855.32
Great British Pound Sterling	0.03	0.03	-	-
Euro	0.89	0.94	-	-
HKD	0.02	-	-	-
SGD	0.01	-	-	-

Foreign currency assets represent cash and accounts receivable whilst the above foreign currency liabilities represent trade accounts payable, borrowings and other payables.

38. Contracts and commitments

38.1 The Company entered into the agreement for Joint-Operation and Investments for Expansion of 2.6 million lines Telephone Services with TOT and other supplements to the Agreement for the following services:

- Wireline Services
- Value Added Services
- Personal Communication Telephone Services
- Public Telephone Services
- Receiving telephone service orders, and receiving payment for installation charges, deposits and monthly usage for TOT
- Fault notification and dropwire maintenance
- Personal Communication Telephone Service for TOT subscribers

Under the provisions of the "Agreement", the "Amendment" and the Supplementary Agreements, TOT and the Company will share the gross revenues collected from operating the telephone network in accordance with the percentages as stipulated in the agreements. Among the Company's responsibilities are the acquisition, installation, project management, operation and maintenance of the system as set out in the agreements. In addition, the Company is required to transfer to TOT certain equipment pertaining to such system together with the land and buildings acquired by the Company related to the project.

On 29 October 2017, the said agreement expired. There are no further obligation for the Company.

38. Contracts and commitments (Cont'd)

38.2 A subsidiary has agreement with state enterprises, MCOT to provide Pay TV service.

Under the terms of the agreement, the subsidiary has certain commitments to acquire, install, manage and maintain all equipment. The subsidiary is also committed to transfer to MCOT all equipment pertaining to such systems as the installations are completed. During the term of the agreement, the subsidiary is entitled to collect deposits, membership fees and other service fees from customers as stipulated in the agreement.

In addition, the subsidiary is contingently liable to certain local banks for letters of guarantee Baht 31.20 million issued by the said banks in favour of MCOT. The letters of guarantee cover the guarantee for the subsidiary in compliance with the provisions of the agreement referred to above.

Under the term of the agreement, the subsidiary is obliged to pay minimum fee as follows:

<u>Period due</u>	<u>Minimum fee Baht Million</u>
Within 1 year	35.00
Between 1 - 2 years	35.00

38.3 On 27 January 2011, a subsidiary, BFKT entered into an agreement with CAT to lease telecommunication equipment under HSPA technologies for the periods of 14.5 years. Under the terms and conditions of HSPA agreement, BFKT has certain commitments including acquiring, installing, managing, and maintaining all equipment necessary to provide mobile phone service using HSPA technology according to the capacity stipulated in the agreement and amended agreement executed on 3 December 2013 for the period of 14.5 years. As consideration of providing such services, BFKT entitles to receive revenue as stipulated in the agreement.

On 27 January 2011, a subsidiary, RMV entered into a re-sales and wholesales agreement with CAT ("the Agreement"). Under the terms and conditions of the Agreement, RMV provides mobile phone services using HSPA technology wholesale from CAT for the period of 14.5 years. On 16 December 2015, RMV was granted renewal Type I licences by NBTC for resale mobile services and internet services. RMV is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licences. The licences will expire on 15 December 2020.

There have been disagreements between the Group and CAT regarding the interpretation of the agreements and details of computations of related revenues and costs. However, since 2015, the Group and CAT reached the solution to settle certain portion of rental and services revenue in BFKT and accrued operating cost in RMV, and have agreed in several matters with an objective to extinguish the outstanding disputes between the two parties, including the unsettled balances.

There are still pending issues and outstanding balances required further discussion. The management believes that there will be no significant impact to the Group as a result of the conclusion.

To comply with the abovementioned agreements, the Group has provided letters of guarantee issued by certain local banks in favour of CAT totaling Baht 200.00 million.

38. Contracts and commitments (Cont'd)

- 38.4 On 7 December 2012, a subsidiary, TUC was granted with the 2.1 IMT GHz Bandwidth licence by NBTC. The licence awarded covers three spectrum bandwidth and authorises TUC to provide mobile service under those spectrum bandwidth for the period of 15 years. TUC must comply with the terms and conditions and pay the licence fee as stipulated in the licence.
- 38.5 On 4 December 2015, a subsidiary, TUC was granted with the 1800MHz Bandwidth licence issued by NBTC. The licence covers two spectrum bandwidth and authorises TUC to provide mobile service under those spectrum bandwidth for the period of 18 years. TUC must comply with the terms and conditions and pay the licence fee as stipulated in the licence.
- 38.6 On 14 March 2016, a subsidiary, TUC was granted with the 900MHz Bandwidth licence issued by NBTC. The licence authorised TUC to provide mobile service for 15 year. The maturity will be on 30 June 2031. TUC must comply with the terms and conditions and pay the licence fee as stipulated in the licence.
- 38.7 The Company and subsidiaries are contingently liable to certain local banks for letters of guarantee provided in favour of certain government agencies, certain state enterprises and other companies amounting to Baht 3,799.65 million and Baht 1,191.35 million, respectively.
- 38.8 Under the terms of various agreements, the Company's and certain subsidiaries' assets have been pledged and/or mortgaged as collateral with the contracted parties, details of which are as follows:

	Carrying Value at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Fixed and saving deposits	96.08	70.06	43.99	42.36
Investments in shares of associate	699.90	770.00	694.56	694.55

- 38.9 The Company and subsidiaries have entered into contracts with various contractors to supply and install additional network and expansion of network equipment capability and various agreements related to capital expenditure. The Group's and the Company's commitments as at 31 December 2017 were Baht 25,866.98 million and Baht 15.91million, respectively (2016: Baht 27,772.53 million and Baht 25.46 million, respectively).
- 38.10 The Group leases various telecommunication infrastructures under non-cancellable operating lease agreements and the lease term is ranged between 5 years and 16 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated	
	financial statements	
	2017	2016
	Baht Million	Baht Million
Not later than 1 year	4,263.58	3,313.62
Later than 1 year but not later than 5 years	16,099.78	12,646.89
Later than 5 years	22,520.80	15,594.68
	42,884.16	31,555.19

39. Litigations and Arbitration disputes and contingent liabilities

39.1 Litigations outstanding at the Administrative Court

39.1.1 Dispute in relation to the use of True's logo on public payphone booths

On 23 July 2004, TOT filed an arbitration claim against the Company alleging that the Company failed to comply with the joint agreement between the Company and TOT for the public payphone booth service. TOT claimed damages for the use of the Company's logo on the public payphone booths for the amount of Baht 433.85 million. On 12 July 2006, the Arbitral Tribunal rendered the award in favour of TOT. The Company filed a lawsuit in order to withdraw the arbitral award with the Central Administrative Court. TOT filed a motion with the same court to enforce the award with a claim for payment of Baht 150.00 million and damages of Baht 90.00 in monthly basis per payphone booth from the filing date until the Company stop using the logo on public payphone booths. The Central Administrative court ordered to combine the cases. On 24 February 2009, the Court ruled in favour of TOT and enforced the arbitral award by ordering the Company to pay Baht 150.00 million within 60 days from the case final date and court fees in the amount of Baht 80,000 to TOT. The Company and TOT filed each appeal with the Supreme Administrative Court. On 15 February 2017, the Supreme Administrative Court has upheld the judgement of the Central Administrative Court and the Arbitration Award. The Company recognised Baht 192.69 million as other expenses in the separate financial statements for the period ended 31 December 2017 to comply with the judgement.

39.1.2 Dispute in relation to interconnection charges

On 4 February 2011, Total Access Communication Public Company Limited filed a lawsuit with the Central Administrative Court against the Company and TOT to jointly pay interconnection charges (IC) according to the Plaintiff's RIO for the amount of Baht 3.94 billion. Currently, the case is under the judicial process of the Central Administrative Court.

39.1.3 Dispute in relation to the use of True's name and logo on invoices, tax invoices and receipts

On 13 December 2004, TOT filed an arbitration claim against the Company, claiming for advertising compensation regarding the unauthorised publication of True's name and logo on TOT's invoices, changing of the invoice pattern, related mailing expense and damages on marketing and image totalling Baht 1,848.95. On 20 September 2013, the Arbitral Tribunal ruled in favour of TOT and instructed the Company to pay Baht 98.59 million. On 27 December 2013, the Company filed a petition to revoke the Arbitral Award with the Central Administrative Court. On 14 October 2015, TOT filed a petition to enforce the Arbitral Award with the same court. Currently, the case is under the consideration of the Central Administrative Court.

39.1.4 Disputes in relation to the Agreement Article 38

On 15 May 2006, the Company filed a non-monetary arbitration claim against TOT asking TOT to discontinue using its authority over the Agreement as well as to discontinue using its authority under the agreement from the date on which TOT status was changed and the regulator authority shall be transferred to the Ministry of Transporter the Ministry of Information and Communication Technology. On 8 November 2006, the Company filed the other arbitration claim regarding the authorisation limits of TOT on the Agreement Article 38. The two disputes were arbitrated and ruled on 4 September 2014 that TOT rightfully used its power under the agreement. Later on 26 November 2014 the Company filed a request to cancel the award to the Central Administrative Court. Later, on 2 May 2016, TOT filed a motion to enforce the arbitral award with the Central Administrative Court and the Court ordered to combine the cases. Currently, the case is under the consideration of the Central Administrative Court.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.1 Litigations outstanding at the Administrative Court (Cont'd)

39.1.5 Dispute in relation to revenue sharing under the Agreement

On 22 January 2008, TOT filed an arbitration claim against the Company for overpayment of revenue sharing in the amount of Baht 1,479.62 million plus interest. The Company filed an objection on 18 April 2008. Later, on 26 June 2014, the Arbitral Tribunal, by majority, ruled that the Company is liable to pay Baht 1,217.50 million together with interest at 7.5% per annum from 22 January 2008 until full payment is made to TOT. However, on 7 October 2014, the Company filed a petition to revoke the Award. On 31 March 2016, TOT filed a petition with the Central Administrative Court to enforce the arbitration award. Currently, the case is under consideration of the Central Administrative Court.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of provision for possible liabilities have been made in the financial statements unless otherwise stated.

39.2 Arbitration disputes outstanding at the Thai Arbitration Institute

39.2.1 Arbitration cases filed by the Company against TOT

Dispute in relation to revenue sharing collected from international call services

On 28 January 2005, the Company filed an arbitration claim against TOT regarding the calculation of revenue sharing from international calls under the Joint Operation and Joint Investment Agreement. The Company claimed damages in the amount of Baht 5,000.00 million with interest for TOT's failure to separately calculate the actual amount from international incoming calls, and damages of Baht 3,407.68 million with interest for the incorrect calculation. Later, the Company filed an amendment of claim for additional damages making the claim to the total of Baht 8,699.00 million. On 22 November 2017, The Tribunal have rendered the award by dismissing the Company's claim. The Company is preparing to submit petition to revoke the Arbitral Award with the Central Administrative Court.

Dispute in relation to revenue sharing collected from international call

On 25 December 2007, the Company filed an arbitration claim against TOT for damages of Baht 1,968.70 million in respect of revenue sharing collected from international calls whereby TOT failed to deliver to the Company on a tariff stipulated in the agreement. The following are requested of the arbitrator to adjudicate on:

1. Requesting TOT to comply with the Agreement in respect of revenue sharing collected from international call and make payment according to the conditions stipulated in the Agreement.
2. Requesting TOT to pay damages amount of Baht 1,968.70 million.
3. Requesting TOT to apply the rate in calculation of revenue sharing both in-coming and out-going call base on the rate of Baht 6 per minute as stipulated in the Agreement as from September 2007 and onwards.
4. Requesting TOT to pay related interest at the rate stipulated in the Agreement Article 21 (MLR+1) or 7.86% per annum calculated from the amount unpaid from the date of submitting the arbitration claim until full payment has been made.

On 29 April 2008, TOT submitted a statement of objection. However, on 11 July 2013, TOT made a payment of revenue sharing collected from international call for the period of 1 January 2004 to 30 June 2004 amount of Baht 133.16 million. The Company acknowledged receipt of the payment and agreed not to claim for the period received. However, the Company does not waive the right to defend or resolving the dispute.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)

39.2.2 Arbitration cases filed by TOT against the Company

Dispute in relation to the lease of telephone conduits

On 31 May 2005, TOT filed an arbitration claim against the Company seeking a payment for a rental fee of the lease of wiring conduits at Muang Thong Thani from May 2004 to April 2005 in the amount of Baht 6.72 million plus interest and onwards. The Company submitted a statement of objection on 19 September 2005. The case is currently under the arbitration process.

On 17 February 2014, TOT filed the arbitration claim against the Company claiming for rental fee of lease of wiring conduits at Muang Thong Thani for the period from May 2005 to December 2013 amounting to Baht 59.17 million together with related interest. The Company is of the opinion that the conduits are not TOT's asset therefore the Company is not liable to pay a rental fee. Currently, the case is under the arbitration process.

Dispute in relation to TA1234 campaign

On 30 June 2005, TOT filed an arbitration claim alleging that it suffered damage from the loss of revenue sharing from 16 November 2000 to 30 June 2005 for Baht 16,865 million plus interest as a result of the Company's invoices for domestic long distance call services at reduced tariff rates under the Company's "TA 1234" campaign. TOT also sought an order compelling the Company to collect domestic long distance call tariffs at the rates agreed in the Joint Operation and Joint Investment Agreement. On 23 September 2016, the Arbitral Tribunal decided that the Company is liable to pay TOT Baht 1,703.10 million with interest at the rate of 6.69 per annum from 29 May 2005 until full payment is made and to pay TOT a shortage of telephone service revenue of Baht 27.17 million per month with interest at the same rate from the date of filing until the "TA 1234" campaign is cancelled. On 6 January 2017, the Company filed a petition with the Central Administrative Court to revoke the Arbitral Award. Later, on 26 July 2017 TOT filed an application for enforcement of the award with the same court. Currently, the cases are under the Central Administrative Court consideration.

Dispute in relation to high speed internet (ADSL) service

On 28 October 2005, TOT filed an arbitration claim against the Company, claiming that the Company was in breach of the Joint Operation and Joint Investment Agreement by allowing other parties to provide high speed internet service (ADSL). TOT claimed the compensation amount of Baht 2,010.21 million plus interest. In addition, TOT has claimed damages ongoing from July 2005 at the rate of Baht 180.00 million per month, plus interest. TOT also requested an order prohibiting the Company from providing ADSL service or allowing any other parties to provide ADSL service. Later, on 6 November 2015, TOT filed the amended claim to increase amount of the damages for the lack of revenue from broadband ADSL services from September 2001 to August 2015 in the amount of Baht 63,457.92 million with interest of Baht 22,748.37 million, totalling Baht 86,206.29 million. On 29 January 2016, the Company filed an objections to such amendment. The case is currently within the arbitration process.

Dispute in relation to the numbering fees

On 21 June 2013, TOT filed an arbitration claim against the Company, seeking for a numbering fee together with VAT of specific period of time in a total claim of Baht 539.02 million. On 11 December 2013, the Company filed the objection to TOT's claim for arbitration. The dispute is currently in the process of arbitration.

Dispute in relation to public telephone booth service

On 15 May 2017, TOT filed an arbitration claim against the Company for Baht 1,052.65 million for an unauthorised advertising on TOT's public telephone booths and allowing the Company's subsidiary to provide cash top-up service through TOT's public telephone booths. Currently, the case is under the arbitration process.

The ultimate outcomes of the aforementioned arbitration are presently unable to be determined, and accordingly, no recognition of revenue or provision for possible liabilities have been made in the financial statements unless otherwise stated.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.3 Tax disputes

On 3 December 2015, a subsidiary filed a lawsuit against the Revenue Department with Central Tax Court for revocation of the tax assessment by the Tax Assessment Officer and to revoke the decision of the Appeals Committee as the Tax Assessment Officer has notified the subsidiary to pay withholding tax for the period from 1 January 2003 to 31 December 2007 amounting to Baht 14.97 million with the reason that the subsidiary has paid withholding tax incorrectly. On 23 December 2016, the Central Tax Court ordered to dismiss the subsidiary's lawsuit request. The subsidiary has filed an appeal. On 26 September 2017 the Supreme Court has verdicted to dismiss the lawsuit and thus the case is final.

39.4 Litigations and arbitration disputes of subsidiaries

39.4.1 On 13 October 2006, CAT filed an arbitration claim against a subsidiary to claim for a numbering fee amount of Baht 113.58 million. Subsequently, on 15 August 2008, the Arbitration ruled in favour of CAT by ordering the subsidiary to pay of Baht 99.60 million (excluded interest at 7.5% per annum). The subsidiary acknowledged on 24 August 2008. The subsidiary filed a motion with the Central Administrative Court until on 23 February 2011, the Central Administrative Court has decided that the Arbitral Award is not lawful. Thus, the Court ordered to repeal the said award. On 22 March 2011, CAT filed an appeal with the Supreme Administrative Court. Subsequently, on 16 June 2011, CAT filed a petition to the Central Administrative Court to enforce the award and asked for payment from the subsidiary. The subsidiary opposed that the award has been revoked by the Court and thus CAT is not entitled to file such petition. On 1 June 2017, the Central Administrative Court ruled to revoke CAT's petition.

39.4.2 On 9 January 2008, CAT filed for arbitration against the subsidiary claiming for incomplete revenue sharing from the subsidiary including penalties and interest at the total amount of Baht 8,969.08 million. On 16 September 2011, the arbitrator decided to dismiss the claim. Consequently, the subsidiary is not required to pay the claim. On 25 November 2011, CAT has filed a petition to revoke the arbitration award with the Central Administrative Court. On 22 July 2014, the Central Administrative Court has ruled to revoke CAT's appealing. Consequently, CAT has appealed further to the Supreme Administrative Court. Currently, the case is under the process of the Supreme Administrative court.

39.4.3 On 19 February 2008, CAT filed an arbitral dispute against a subsidiary claiming for additional revenue sharing for the amount of Baht 45.95 million. On 6 March 2012, the Arbitrator awarded in favour of CAT by ordering the subsidiary to pay CAT Baht 7.00 million (excluded interest). On 29 June 2012, the subsidiary brought the case to Central Administrative Court. CAT also filed a motion for revocation of the arbitral award. On 26 December 2017, the Central Administrative Court has dismissed the subsidiary's and CAT's motions. As such, the parties have the right to appeal with the Supreme Administrative Court within 30 days from the judgement date.

39.4.4 Pertaining to the dispute between a subsidiary and CAT, where CAT claims for Baht 1,445.00 million (Baht 1,204.00 million and Baht 241.00 million) for the licence fee, numbering fee, additional minimum payment and excised tax under the Marketing Service Agreement for Cellular Digital AMPS 800 Band A system, and in the same dispute, the subsidiary filed a counter-claim for Baht 2,544.72 million. Later, on 11 September 2015, the Arbitrators ruled to revoke all CAT's applications for the claim amount of Baht 1,204.00 million together with the subsidiary's counter claim of Baht 2,544.72 million. On 25 December 2015, CAT filed a lawsuit to revoke the award with the Central Administrative Court. The case is under considered by the Central Administrative Court.

On 13 August 2015, the Arbitrators ordered the subsidiary to pay Baht 91.83 million plus interest at 7.5% per annum for the claim amount of Baht 241.00 million being the penalty for delay in monthly invoicing payment under the aforementioned agreement, and revoked all other claims within this category. The subsidiary has made full provision for Baht 91.83 million. On 25 November 2015, the subsidiary and CAT filed each petition with the Central Administrative Court to revoke the Arbitral award. The Court has ordered to combine the two cases in a single case. The case is currently under the Central Administrative Court's process.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

- 39.4.5 On 15 May 2009, CAT filed an arbitral dispute against the subsidiary claiming for reimbursement of numbering fee for four-digit special number "1331", which CAT paid to NTC, for the amount of Baht 3.96 million plus 7.5% per annum interest, value added tax, 1.25% per month stipulated penalty and fees and costs resulting from arbitral process. The claimed penalty would be in effect from the date that CAT had paid the numbering fee to NTC to the date that the subsidiary fully reimbursed to CAT. On 7 September 2016, the Arbitral Tribunal decided in favour of subsidiary by dismissing CAT's claims. On 29 December 2016, CAT filed a motion to revoke the award with the Central Administrative Court. Currently, the case is under the Court proceedings.
- 39.4.6 On 16 June 2010, a person who represent the foreign Pay-TV company filed against a subsidiary jointly with a group of person with the Civil Court claimed for damage of Baht 660.00 million. Subsequently, the Court of First Instance and the Court of Appeal ruled to dismiss the case due to the expiration of the case. The plaintiff filed petition on 7 February 2013. Later, on 11 December 2014, the Supreme Court ruled that the lawsuit's prescription has over and dismissed from the Court. It was later found that the plaintiff filed another appeal, the Supreme Court order the Appeal Court to reconsider that appeal and order the subsidiary to file the objection. Finally, the plaintiff brought the case to the Supreme Court. Currently, the case is under the consideration of the Supreme Court.
- 39.4.7 On 25 February 2011, CAT has filed an arbitration against a subsidiary claiming for the minimum bank guarantee amount of Baht 646.00 million and Baht 679.00 million, totalling of Baht 1,325.00 million for the 14th - 15th year of operation. On 7 October 2011, the subsidiary has made a counterclaim against CAT requesting for returning a minimum bank guarantee for 11th to 13th year and claim the amount of Baht 56.19 million. On 30 August 2013, CAT filed an arbitration request for bank guarantee for 16th - 17th year of operation. On 18 June 2013, a subsidiary made a statement of objection. On 24 September 2015, the majority of Arbitrators ruled to dismiss CAT's claims and ordered CAT to pay an amount of Baht 60.46 million plus interest at 7.50% per annum of the subsidiary's damages, and ordered CAT to compensate the subsidiary for the bank guarantee fee during the year of operation 11th - 13th at 2.00% per annum of guarantee amount which is Baht 26.20 million per year plus interest at 7.50% per annum until the bank guarantees are returned. In this regard, CAT filed a motion with the Central Administrative Court to revoke the Arbitral award. On 1 November 2016, the subsidiary submitted the request with the same court to enforce CAT according to the Arbitral award. Currently, the cases are under the consideration of the Central Administrative Court.
- 39.4.8 On 8 September 2011, CAT filed an arbitration claim against the subsidiary regarding revenue sharing of 10th - 14th years of Baht 11,946.15 million. The case is currently in the arbitration process.
- 39.4.9 On 14 September 2011, the dispute between a subsidiary and NBTC as its regulator, regarding the collection of information and detail of pre-paid mobile telephone customer and charge for administrative fine at Baht 80,000 per day within 30 days from the receiving of notification date. On 3 March 2014, the subsidiary paid Baht 34.96 million as the administrative fine of Baht 80,000 per day calculated from 6 July 2012 to 15 September 2013. However, the aforementioned payment should not be interpreted that the administrative order and fine are lawful. If the final judgement is in favour of the subsidiary, the subsidiary shall redeem the amount paid from NBTC. On 12 May 2016, the Central Administrative Court ruled in favour of subsidiary. Later, on 6 January 2017 the subsidiary received a copy of NBTC's appeal. Currently, the case is pending at the Supreme Administrative Court.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

- 39.4.10 On 8 May 2012, a subsidiary has requested NBTC and the Secretary of the NBTC to revoke the order and the resolution of the NBTC that prohibit any prepaid mobile phone operators to offer promotion in any manner which forces the customers to use the service within the specified period (Validity) and sought for court order to determine measures and procedures for the temporary relief before the final judgment is delivered. Meanwhile, the Secretary of NBTC issued a letter requesting the subsidiary to revise conditions of service of prepaid mobile phone so that there is no provision in any manner which forces the customer to use the services within a specified period and shall not include conditions that force users to use the service within the period. On 31 May 2012, the Secretary of NBTC issued another letter to the subsidiary order a penalty for an administrative fine at the rate of Baht 100,000 per day since 30 May 2012 onwards. However, subsidiary submitted appealing to retain from the administrative fine of the Secretary of NBTC. The result was that the subsidiary still have to pay the penalty. The amount of penalty from 30 May 2012 to 18 January 2013 totaling Bath 23.30 million. On 10 January 2013, the subsidiary filed a lawsuit against Secretary of the NBTC with Central Administrative Court to revoke the order of administrative fine and requested for the temporary relief before the judgement. Subsequently, NBTC agreed upon the term of providing mobile service to the prepaid customer proposed by the subsidiary and ceased an administrative fine commencing 18 January 2013. On 20 February 2014, the subsidiary paid Baht 23.30 million as administrative fine. However, the aforementioned payment should not be interpreted that the administrative order and fine are lawful. If the final judgement is in favour of the subsidiary, the subsidiary shall redeem the amount paid. On 27 October 2016, the Central Administrative Court decided to dismiss the lawsuit. Later on 24 November 2016, the subsidiary filed an appeal with the Supreme Administrative Court. Currently, the case is under the consideration of Supreme Administrative Court.
- 39.4.11 On 28 February 2013, CAT filed for arbitration against the subsidiary claiming for additional revenue sharing for the 15th year of operation for the amount of Baht 1,571.60 million due to the inappropriate calculation. On 1 September 2015, the majority of Arbitrators ruled in CAT's favour and ordered the subsidiary to pay for the amount of Baht 1,571.60 million plus surcharge of 15.00% per annum on that amount commencing 14 December 2011 until the completion of payment. On 4 December 2015, the subsidiary filed a petition to revoke the Arbitrators' ruling with the Central Administrative Court. Currently, the case is under the Central Administrative Court's process.
- 39.4.12 On 22 April 2013, CAT filed for arbitration against the subsidiary and requested the subsidiary to transfer the passive type of telecommunication infrastructure or to pay a compensation amounting to Baht 821.14 million in case of failure to transfer. The subsidiary filed an objection on 28 August 2013. Currently, the case is under the arbitration process.
- 39.4.13 On 30 August 2013, CAT filed for arbitration against the subsidiary claiming for additional revenue sharing for the 16th year of operation for the amount of Baht 2,441.69 million due to the inappropriate calculation. Currently, the case is under the arbitration process.
- 39.4.14 On 12 November 2013, CAT filed for arbitration against the subsidiary requested for transferring of 59 generator stations or compensation amount to Baht 39.57 million in case of failure to transfer. Currently, the case is under the arbitration process.
- 39.4.15 The dispute between CAT and a subsidiary, where CAT claims under the Marketing Service Agreement for Cellular Digital AMPS 800 Band A system. On 20 February 2014, HCAT, a subsidiary has requested through the Civil Court to issue an order not allowing CAT to force payment from bank guarantees given by the subsidiary and CAT shall pay the damages amounting of Baht 63.02 million to HCAT. The Civil Court ordered CAT not to claim against the guarantor bank until the case has been finalised. The judicial district for the case is fall under the Central Administrative Court. On 20 March 2014, CAT has filed against HCAT and BFKT with the Central Administrative Court requiring compensation amounting to Baht 1,576.19 million claiming for breach of various contracts. Later on, the Central Administrative Court ordered to combine both claims by CAT and the subsidiary. Currently, the case is under the consideration of Central Administrative Court.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

39.4.16 On 20 May 2015 and 11 September 2015, CAT filed against a subsidiary claiming that the subsidiary uses the telecommunication equipment that was already transferred to CAT under the Build-Transfer-Operate Agreement of nationwide cellular 1800 MHz. network on 16 September 2013, the Agreement expiry date, without entering into any new arrangement with CAT. The claimed amount for using the telecommunication equipment is Baht 23,016.51 million from the Agreement expiry date to 16 July 2015, the period that NBTC required the subsidiary to act as a caretaker to continue providing mobile services under the 1800 MHz. spectrum and the two-year extension period announced by National Council for Peace and Order ("NCPO"). Currently, the case is under the Central Administrative Court.

On 27 May 2016, CAT filed a lawsuit with the Central Administrative Court against a subsidiary and others claiming of Baht 2,206.04 million for ineligible uses of telecommunication equipment that were transferred to CAT after an expiration of concession. The claimed period from 18 July 2015 to 3 December 2015 was the period that NBTC required the subsidiary to act as a caretaker to continue providing mobile service and extended period announced by National Council for Peace and Order ("NCPO"). The case is currently under the Central Administrative Court.

39.4.17 On 17 November 2015, a subsidiary filed a case against the NBTC, NTC, Office of the NBTC and The Secretary General of the NBTC with the Central Administrative Court requested to revoke the NTC's resolution that ordered the subsidiary to pay Baht 1,069.98 million, an assumed revenue occurred during caretaker period from 16 September 2013 to 17 July 2014. In addition, the subsidiary requested to reimburse cost of providing service incurred during such period from those aforementioned parties amounting to Baht 16,074.10 million and also claimed a numbering fee paid to NBTC by mislead after the expiring of the Agreement to operate the radio service cellular DIGITAL PCN 1800 amounting to Baht 190.97 million. On 13 May 2016 the NBTC filed a petition with the Central Administrative Court requested to temporarily dismiss the case for reviewing. On 15 June 2016, the subsidiary filed a statement of objection to such petition with the Central Administrative Court. Currently, the case is under the Central Administrative Court's process.

On 2 November 2016, the subsidiary filed another lawsuit with the Central Administrative Court against NBTC, the office and NBTC Secretary General. The subsidiary claimed for reimbursement of expenses incurred from providing mobile service during the caretaking period from 1 November 2015 to 3 December 2015 amounting to Baht 709.65 million. The case is currently under the consideration of Central Administrative Court.

39.4.18 On 29 December 2015, CAT filed a lawsuit with the Central Administrative Court against a subsidiary claiming for Baht 83.94 million, including interest at 7.5% calculated from the date of filing until the payment is made, accusing the subsidiary illegally install its telecommunication equipment connected to CAT's premises. Currently, the case is under consideration of Central Administrative Court.

39.4.19 On 18 January 2016, a subsidiary filed an arbitral dispute against CAT claiming of Baht 11,827.67 million for the 11th - 17th of operation year of the concession agreement, with interest at the rate 15% per annum from the date of submission of the dispute until the payment has been made. The charge was based on an over payment of revenue sharing due to the interconnection charge revenues (IC) were incorporated in revenue sharing calculation. The interconnection charge revenues are not subjected to be shared with CAT according to the relevant agreement. The case is currently under the Arbitration process.

39.4.20 On 15 March 2016, CAT filed an arbitral dispute against a subsidiary claiming for Baht 2,596.51 million for additional revenue sharing for the 17th year of operation from an inappropriate calculation of revenue sharing. The case is currently under the Arbitration process.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

- 39.4.21 On 31 March 2016, NBTC filed a lawsuit against a subsidiary claiming for Baht 878.38 million for mobile numbering fees and additional numbering fees for the service period from March 2014 to December 2015, the period in which a resolution of the NBTC regarding to i) protect the consumers in the event of termination of concession for contract cell phone provider in 2013, and ii) protect the consumer in the event of termination of concession for contract cell phone provider while the orders of the National Council for Peace and Order (NCPO) No. 94/2557 was in effect. Currently, the case is under the consideration of Central Administrative Court.
- 39.4.22 On 7 April 2016, CAT filed a lawsuit against a subsidiary claiming for Baht 22,972.07 million for domestic roaming used by the subsidiary during 27 April 2011 to 15 November 2015. On 29 May 2017, CAT filed additional claimed for the period during 16 November 2015 to 3 December 2015 for Baht 376.86 million. Total amount claimed became Baht 23,348.93 million. Currently, the case is under the consideration of Central Administrative Court.
- 39.4.23 On 28 April 2016, CAT filed a lawsuit against a subsidiary claiming for Universal Service Obligation fees ("USO") that CAT had prepaid to the NBTC under the Universal Service Obligation regulation announced by NTC. The claimed amount of USO fee for the period from 3 August 2005 to 30 June 2013 is amounting to Baht 501.34 million (value added tax and interest at 7.5% per annum from the default date, 16 August 2014, to the filing date are included). In addition, CAT also claimed for CDMA service charges amounting to Baht 509.38 million (value added tax and interest at 7.5% per annum from the default date to the filing date are included) for the period from January 2012 to 26 April 2013, and the marketing fee amounting to Baht 2.66 million (value added tax and interest are included). Total claim amount is Baht 1,013.38 million. Currently, the case is under the consideration of Central Administrative Court.
- 39.4.24 On 21 July 2016, CAT filed a lawsuit with Central Administrative Court against a subsidiary claiming for Baht 19,500.17 million (included interest) for the wholesale fees under HSPA agreement. The case is under consideration of the Central Administrative Court.
- 39.4.25 On 5 August 2016, NBTC filed a lawsuit with the Central Administrative Court against a subsidiary claiming for Baht 1,150.66 million regarding the revenue earned from 1800MHz. mobile service during the caretaking period from 16 September 2013 to 17 July 2014. Currently, the case is under consideration of the Central Administrative Court.
- 39.4.26 On 11 August 2016, CAT filed an arbitration claim against a subsidiary demanding the subsidiary to remove the third party's telecommunications equipment installed or connected to the assets under the agreement for operation between CAT and the subsidiary. Otherwise, the subsidiary has to compensate for the use of those assets amounting to Baht 417.66 million. The case is currently under the arbitration process.
- 39.4.27 On 17 August 2016, two subsidiaries filed lawsuits with the Central Administrative Court against the NBTC and others for the delay of duty or ignoring to perform a duty including with intention or reckless in providing an incorrect information or impractical information considering as a wrongful act causing the subsidiary believed and by misunderstanding of fact, bid for the digital TV license. The two subsidiaries claimed for damages of Baht 6,737.80 million. The case is in proceedings of the Central Administrative Court.
- 39.4.28 On 4 November 2016, the subsidiary filed a lawsuit with the Civil Court against CAT claiming of Baht 30,680.24 million damages caused by the fact that CAT could not provide mobile numbering according to the conditions stipulated in the HSPA wholesale agreement. Currently, the case is transferred to the Civil Court.
- 39.4.29 On 5 April 2017, a subsidiary filed a lawsuit with the Central Intellectual Property and International Trade Court against a Public Company, a contractual party on a licence of broadcasting football program claiming for reimbursement of Baht 390.75 million which the subsidiary paid because the said Public Company could not deliver such broadcasting. Subsequently, on 27 June 2017, the said Public Company filed a lawsuit with the Central Intellectual Property and International Trade Court against the broadcasting right owner and the said subsidiary together with other 18 defendants claiming for Baht 1,401.22 million regarding the termination of the agreement. Currently, the cases are under the proceedings of the Central Intellectual Property and International Trade Court.

The ultimate outcome of the aforementioned cases cannot presently be determined, and accordingly, no provision for possible liability has been made in the financial statements except indicated thereon.

40. Access charges

40.1 The Company's access charges

On 21 August 2002, the Company filed an arbitration claim regarding a dispute arising from the Joint Operation and Joint Investment Agreement between the Company and TOT. The terms of the Agreement provided that the Company is entitled to additional considerations from TOT if TOT provides or allows any third parties to provide "special services" over the network. TOT allowed CAT and other mobile telecommunications service providers to use this network for mobile telecommunications services and obtained access charges from CAT and the other mobile telecommunications service providers. However, TOT disagreed that the use of the Company's wire-line network for mobile telecommunications services was a "special service" and therefore refused to provide the Company with the additional considerations. The Company claimed for its portion of revenue sharing regarding access charges received by TOT starting from October 1992 to June 2003 amount of Baht 25,419.40 million. On 21 February 2006, the Arbitration delivered to the Company rulings of the arbitration dated 17 January 2006. The arbitral rulings are as follows:

1. The Company is entitled to benefits derived from TOT's provisions of special services on the Company's network or from TOT's permission for other parties to provide special services on the Company's network.
2. With respect to benefits from the beginning until 22 August 2002, TOT must pay the Company the sum of Baht 9,175.82 million plus interest at the rate of 7.5% per annum from 22 August 2002. The payment must be made within 60 days from the receipt of the arbitral award. TOT has not paid any amount. The claimed amount on 31 December 2011 is Baht 15,620.26 million.
3. As from 23 August 2002, TOT must pay to the Company 50% of the benefit derived by TOT from the portion accessing to the Company's network.

On 20 April 2006, TOT filed a motion with the Central Administrative Court requesting an order to withdraw the arbitral award. Subsequently, on 19 September 2006, the Company submitted a statement of objection to the Central Administrative Court, and the court accepted the Company's statement of objection for consideration on 28 September 2006. On 8 May 2008, the Company as the petitioner requested the Central Administrative Court for the execution of the Arbitration's ruling. The court ordered to combine the case which TOT requested to repeal the execution for Arbitration's ruling.

On 19 September 2012, the Central Administrative Court has ruled in favour of TOT, by revoking the ruling of the arbitration dated 17 January 2006. On 18 October 2012, the Company appealed against the ruling of the Central Administrative Court with the Supreme Administrative Court.

On 19 August 2016, the Supreme Administrative Court ruled by confirming the judgment of the Central Administrative Court to revoke the Arbitral award.

On 26 October 2016, the Company submitted the petition requesting a re-trial to the Central Administrative Court. On 18 January 2017, the Central Administrative Court dismissed the aforementioned petition. Later, on 15 February 2017 the Company submitted an appeal to the Supreme Administrative Court for this petition. Currently, the case is under consideration by the Supreme Administrative Court regarding the petition for re-trial.

40. Access charges (Cont'd)

40.2 A subsidiary's access charges

On 5 October 2006, a subsidiary issued a letter to TOT requesting it to enter into negotiation regarding the interconnection agreement ("IC") between its network and TOT's network. On 17 November 2006, the subsidiary issued a written notification informing TOT and CAT that it will cease payment of access charge under the Access Charge Agreement on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects. The subsidiary also requested TOT to enter into the interconnection charge agreement to be in compliance with the law or temporarily apply the provisional rate announced by the NTC while the negotiations on the interconnection agreement with TOT has not been concluded.

However, on 23 November 2006, TOT issued a letter informing the subsidiary that the subsidiary was not entitled to interconnect its network with the TOT network because the subsidiary was not a telecommunications licensee, as granted by the NTC, and did not have its own telecommunications network. TOT also disputed that the Access Charge Agreement did not violate any law and that the rate and the collection of access charge under the Access Charge Agreement continuously prevail.

Pertaining to the NTC's announcement regarding the dispute resolution in respect of uses and interconnection of telecommunication network (IC), the subsidiary has brought the dispute to the Dispute Resolution Committee ("DRC") on 29 June 2007, requesting TOT to enter into the contract in relation to interconnection (IC). The DRC considered this and NTC deemed that the subsidiary is entitled to negotiate with TOT regarding the interconnection contract (IC) on 21 November 2007 and 28 November 2007, respectively. On 23 June 2008, subsequently, TOT agreed to enter into the interconnection charge agreement (IC) with the subsidiary on the condition that specific only the new numbers allocated by NTC. The subsidiary notified to agree with TOT's offering. For the old numbers, the subsidiary will carry on the case and depend on judgment of the Civil Court.

On 16 November 2007, TOT filed a lawsuit against the subsidiary with the Civil Court, claiming violation of the access charges contract (agreement) and requested for access charges payment amount of Baht 4,508.10 million with related interest and value added tax. On 16 September 2009, the Civil Court and the Central Administrative Court agreed that the case was within the Central Administrative Court's jurisdiction and thus, struck the case out of the case-list.

On 9 May 2011, TOT filed a lawsuit with Central Administrative Court against CAT jointly with a subsidiary claiming for an access charge amounting of Baht 41,540.27 million.

On 31 July 2014, TOT has amended the claim amount to Baht 59,628.00 million plus interest from the initial filing date until the payment is made. The case is currently in the judicial of the Central Administrative Court.

If the subsidiary has to pay such access charges, the subsidiary would record additional expense and be liable to accrue additional access charges for the period from 18 November 2006 to 15 September 2013 are as follows:

	Accrued access charges Million Baht	Net effect to the consolidated profit or loss, net of revenue sharing to CAT Million Baht
For the period from 18 November 2006 to 15 September 2013	32,344.56	23,762.55

The management and its external lawyer have opined that the subsidiary would not be liable to pay the said access charges.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of revenue and provision for possible liability has been made in the financial statements.

41. Infrastructure fund transaction

During 2017, the subsidiaries have entered into the following transactions with DIF:

1. **Asset and Revenue Sale and Transfer Transaction:** The subsidiary, AWC entered into an Additional Asset and Revenue Sales and Transfer Agreement (“Agreement”) dated 24 November 2017, to transfer the right of net revenues of 149 telecommunication towers (including all claim, awards, judgment, suits and any other right arising out of or in connection with such revenues and any agreement under which such revenues would be derived) to be generated on and from the effectiveness of the Agreement (24 November 2017) until the expiration of the Agreement (3 August 2025). Under the term of the Agreement, AWC will transfer the ownership of telecommunication towers to DIF at the expiry date of the Agreement.
2. **The Assets sale and Lease back Transaction:** On 24 November 2017, the subsidiaries, TUC, TMV and TICC entered into an Asset Sale and Transfer Agreement (“Agreement”) and Amendment and Restatement Agreement to FOC Sub-Lease Agreement and Master Lease Agreement dated 24 December 2013 and 5 March 2015, respectively, with DIF. The subsidiaries to sell and transfer 2,939 telecommunication towers and 29,693 kilometers of the fiber optic cable and leased back these assets from DIF with the lease term of 16 years. The expiration of the Agreement will be on 15 September 2033. Under the terms and conditions of the Agreement, the subsidiaries must pay monthly rental as stipulated in the Agreement.
3. **Long-term Lease and Lease back Transaction:** TICC entered into a Long-term Lease agreement (“Lease agreement”) with DIF to lease 13,542 Kilometer of fiber optic for a period of 30 years with the call option on expiry date of the lease agreement (31 December 2047) at the exercise price of Baht 1,500.00 million. DIF paid lease rental in advance according to the purchase price. TICC also leased back the assets from DIF with the lease term of 16 years. TICC must comply with the terms and conditions as stipulated in the Lease agreement.

The Group prudently and thoroughly reviewed the accounting treatments for the transactions by considering the substance of the transactions and concluded as follows:

- AWC transfers its right of net revenue over the lease period to DIF for 149 telecommunication towers and will transfer the legal ownership of assets sale upon the expiration date of lease agreement on 3 August 2025. Even though the transfer of net revenue does not involve the legal ownership transfer of the asset prior to the expiration of lease agreement, the significant risks and rewards of the assets have been transferred to DIF and the Group neither has continuing managerial involvement to the degree usually associated with ownership nor has effective control over the assets sale. Therefore, the transaction is considered as a sale of assets to DIF on the initial data.
- TMV and TUC sell and transfer legal ownership of their assets. The lease back transaction have been tested with criterion set out in TAS 17 “Lease” and is considered operating lease.
- TICC long-term lease and lease back transaction: with criterion set out in TAS 17 “Lease”, the long-term lease for a period of 30 years with the call option on expiry date of agreement has been tested and considered a financial lease. The lease back transaction for a period of 16 years has been tested and is considered operating lease.
- In addition, the following facts are taking into consideration that risks and rewards pertaining in the assets sale have been transferred.
 - DIF is an entity to bear risk of loss on the physical damage on the assets and exposed to the risk relating to fluctuations in future revenues.
 - The Group does not share any future new revenues to be generated by DIF.
 - After transaction, AWC have only duty to pass the net revenue to DIF, acting as a middleman.
 - Unit holders of DIF exercise decision-making authority as the owner of the assets.

41. Infrastructure fund transaction (Cont'd)

On 27 November 2017, the Group and DIF executed and completed the of transactions. The transactions can be summarised as follows:

The Group recognised gain on sales of telecommunication towers of AWC and TUC of Baht 2,429.88 million under "Other income", recognised revenue on sales of fiber optic cables of TICC and TMV of Baht 6,270.52 million under "Revenue from product sales" and derecognised the related inventory amounting to Baht 311.88 million under "Cost of sales" in the consolidated statement of comprehensive income for the year ended 31 December 2017.

	Consolidated Financial statements 2017 Baht Million
Amount proceed	12,898.00
<u>Less</u> Cost of assets sale and relevant costs	(930.85)
<u>Less</u> Related expenses	(298.60)
Total gain from assets sale	11,668.55
<u>Less</u> Unrealised gain from assets sale	(3,280.03)
Gain recognised in 2017	<u>8,388.52</u>

Unrealised gain represented 28.11% of gain from the aforementioned transactions that is not recognised because the Group holds 28.11% interest in DIF.

42. Related party transactions

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, joint ventures and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

CP Group of companies is the major shareholder of the Company.

42. Related party transactions (Cont'd)

The following transactions were carried out with related parties:

i) Sales of goods and services

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Sales of goods:				
Associates	6,271.29	1.37	-	-
Related company				
CP Group of companies	684.87	1,725.69	-	-
	<u>6,956.16</u>	<u>1,727.06</u>	<u>-</u>	<u>-</u>
Sales of services:				
Subsidiaries	-	-	9,085.96	5,093.92
Joint ventures	3.92	1.23	-	-
Associates	557.86	743.53	-	-
Related companies				
CP Group of companies	1,109.91	1,086.80	24.06	32.95
China Mobile Group of companies	179.79	141.81	-	-
	<u>1,851.48</u>	<u>1,973.37</u>	<u>9,110.02</u>	<u>5,126.87</u>

As at 31 December 2017, the Group holds a 9.42% (2016: 9.42%) equity interest in NEC Corporation (Thailand) Co., Ltd.

ii) Purchases of goods and services

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Purchases of goods:				
Subsidiaries	-	-	0.30	-
Related company				
CP Group of companies	2,310.92	4,793.26	-	-
	<u>2,310.92</u>	<u>4,793.26</u>	<u>0.30</u>	<u>-</u>
Purchases of services:				
Subsidiaries	-	-	977.25	1,004.37
Joint ventures	8.52	2.24	-	-
Associates	5,551.52	5,520.31	-	-
Related companies				
CP Group of companies	6,367.63	6,058.81	583.17	443.18
China Mobile Group of companies	88.69	44.54	-	-
NEC Corporation (Thailand) Co., Ltd.	0.26	0.29	-	-
	<u>12,016.62</u>	<u>11,626.19</u>	<u>1,560.42</u>	<u>1,447.55</u>

42. Related party transactions (Cont'd)

iii) Outstanding balances arising from sales and purchases of goods and services

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Receivables from related parties: (included in "Trade accounts receivable" (Note 17))				
Subsidiaries	-	-	7,754.37	6,043.19
Joint venture	3.16	0.15	-	-
Associates	722.72	86.59	-	-
Related companies				
CP Group of companies	9,918.49	7,629.14	160.42	133.71
China Mobile Group of companies	93.76	157.25	-	-
	<u>10,738.13</u>	<u>7,873.13</u>	<u>7,914.79</u>	<u>6,176.90</u>
Payables to related parties: (included in "Trade and other payables")				
Subsidiaries	-	-	1,146.13	733.17
Joint venture	66.47	3.49	-	-
Associates	309.93	315.85	-	-
Related companies				
CP Group of companies	4,964.58	3,419.11	227.91	74.31
China Mobile Group of companies	28.32	21.16	-	-
	<u>5,369.30</u>	<u>3,759.61</u>	<u>1,374.04</u>	<u>807.48</u>

iv) Loans to related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Loans to related parties				
Current	197.00	147.00	9,573.44	3,000.00
Total	<u>197.00</u>	<u>147.00</u>	<u>9,573.44</u>	<u>3,000.00</u>

Movement of loans to related parties can be analysed as follows:

	Consolidated financial statements	Separate financial statements
	Baht Million	Baht Million
For the year ended 31 December 2017		
Opening net book value		147.00
Additions		3,000.00
- Principal		50.00
Payment received		28,952.62
- Principal		(22,379.18)
Closing net book value		<u>197.00</u>
		<u>9,573.44</u>

42. Related party transactions (Cont'd)

iv) Loans to related parties (Cont'd)

The outstanding loan to related party in the consolidated financial statements as at 31 December 2017 are loan to CP Group of company for Baht 147.00 million and loan to TG for Baht 50.00 million (2016: Baht 147.00 million of loan to CP Group of company), which were call promissory notes bearing interest at MLR per annum.

The consolidated and the Company related interest income for the year ended 31 December 2017 were Baht 10.71 million and Baht 119.75 million, respectively (2016: Baht 10.91 million and Baht 416.01 million, respectively).

v) Loans from related parties

As at 31 December	Separate financial statements	
	2017 Baht Million	2016 Baht Million
Current	5.02	-
Total	5.02	-

Movement of loans from related party can be analysed as follows:

For the year ended 31 December 2017	Separate financial statements Baht Million
Opening net book value	-
Additions	2,083.56
Repayment	(2,078.54)
Closing net book value	5.02

The interest expense in connection with these loans in the separate financial statements for the year ended 31 December 2017 was Baht 1.14 million (2016: Baht 6.29 million).

vi) Interest receivable arising from loans to related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht Million	2016 Baht Million	2017 Baht Million	2016 Baht Million
Interest receivable: (included in "Trade and other receivables")				
Subsidiaries	-	-	26.68	-
Related companies	49.34	42.43	-	-
	49.34	42.43	26.68	-

42. Related party transactions (Cont'd)

vii) Directors and key management's remuneration

The total remuneration of the directors and the key management of the Group and the Company were Baht 278.26 million and Baht 220.50 million, respectively (2016: Baht 260.67 million and Baht 197.30 million, respectively).

The post retirement benefit for directors and senior executive is Baht 10.89 million (2016: Baht 9.72 million).

viii) Dividends received

During 2017, the Company received dividends from an associate Baht 1,583.81 million (2016: Baht 1,556.87 million). Dividends income were recognised as other income in the separate profit or loss and recognised directly to investment in associate in the consolidated financial statements. During the year, there was no dividend received from subsidiary (2016: Baht 400.63 million).

43 Event after reporting date

On 28 February 2018, the Company's Board of Directors approved the payment of dividends at Baht 0.031 per share, totaling Baht 1,034.41 million. The dividends will be distributed to shareholders listed in the register on 15 March 2018. The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.