

(Translation)

Ref.: TRUE-SEC 008/2560

28th February 2017

The President of the Stock Exchange of Thailand
The Stock Exchange of Thailand

Subject: Submission of the Audited Financial Statements for the Fiscal Year 2016

- Enclosures:
1. A Set of the Audited Financial Statements for the Fiscal Year 2016 (Thai / English)
 2. A Set of the Management's Discussion and Analysis Bulletin for the Fiscal Year 2016 (Thai / English)

True Corporation Public Company Limited (the "Company") would like to submit the Audited Financial Statements for the Fiscal Year 2016 ending 31st December 2016 to the Stock Exchange of Thailand.

The Company reported a consolidated net loss to equity holders of the Company of Baht 2,814.3 million for the Year 2016 ending 31st December 2016, representing a change of greater than 20 percent compared with the net results of the last year. Please see further details in the Management's Discussion and Analysis Bulletin for the Fiscal Year 2016 as attached herewith.

Please be informed accordingly.

Respectfully yours,

- Signature -

Mr. William Harris
Group Chief Financial Officer

FINANCIAL HIGHLIGHTS

	(Unit: Baht million)			
	2016	2015	2014	
		(Restated)	(Restated)	
Consolidated Financial Results				
Service revenues ^{1/}	88,058	74,803	67,497	
Total revenues	124,719	118,781	109,216	
EBITDA	25,071	22,109	20,050	
EBITDA (excl. gain on 6,000 towers transferred to DIF)	25,071	18,811	16,792	
Operating profit	(492)	4,608	2,922	
Results from ongoing operations	(2,138)	2,690	5,728	
Net profit (loss) to equity holders of the Company	(2,814)	4,412	1,294	
Consolidated Balance Sheets				
Total assets	448,960	283,525	234,103	
Total liabilities	317,233	208,318	163,377	
Total shareholders' equity	131,728	75,207	70,726	
Key Financial Ratios				
Liquidity Ratios				
Current Ratio	Times	0.76	0.69	0.74
Quick Ratio-Accrual Basis	Times	0.52	0.39	0.57
Activity Ratios ^{2/}				
Receivable Turnover Ratio	Times	3.80	2.46	2.21
Average Collection Period	Days	95	146	163
Inventory Turnover Ratio	Times	2.60	3.50	3.52
Average Inventory Turnover Period	Days	139	103	102
Payable Turnover Ratio	Times	1.82	2.26	2.32
Average Payment Period	Days	198	160	155
Cash Cycle	Days	35	89	110
Leverage Ratios				
Net Debt to EBITDA ^{3/}	Times	2.45	3.67	1.61
Net Debt to Equity ^{3/}	Times	0.47	1.08	0.46
Total Liabilities to Total Equity Ratio	Times	2.41	2.77	2.31
Interest coverage ratio ^{4/}	Times	5.25	7.27	3.63
Profitability Ratios				
Gross Profit Margin	%	23.3%	23.7%	22.6%
Net Profit Margin	%	-2.3%	3.7%	1.2%
Per Share Data and Others				
Profit (loss) per share (Baht)	(0.09)	0.18	0.07	
Book value per share (Baht)	3.95	3.06	2.87	
Share price at the end of period (Baht)	7.15	6.70	11.10	
No. of outstanding shares at year end (million shares)	33,368	24,608	24,608	
Market capitalization	238,583	164,873	273,148	

^{1/} Revenues from telephone and other services excluding interconnection (IC) revenue and network rental revenue

^{2/} Activity ratios were restated for the previous periods to reflect cash cycle of the Company by excluding contribution from assets sold to DIF

^{3/} Debt comprises short-term and long-term borrowings exclude liabilities under finance leases

^{4/} Interest coverage ratio is derived from EBITDA/ (interest expenses and other financial fee) during the period

By calculating Interest coverage ratio using information from cash flows statement (Net cash flows generated from operating activities + interest paid + income tax paid)/ interest paid), this ratio was 3.80 times in 2016, 4.20 times in 2015 and 0.73 times in 2014

Management's Discussion and Analysis

Overview

TrueMove H became the number two mobile operator by total number of subscriber in 2016, a year that marked a significant milestone for the Thai Telecommunications industry and True Group, particularly the cellular segment, which progressed toward greater 4G adoption and digitization after the 1800MHz and 900MHz spectrum auctions held in late 2015. TrueMove H's service revenue growth of 28.4% YoY pushed the industry's cellular service revenue up 5.4% in 2016 compared to an average of 3.8% for the previous three years. This strong result was achieved despite competitive intensity where operators actively rolled out 4G networks, highlighted speeds and enticed customers onto 4G and postpaid platforms through value for money device-bundling campaigns with targeted subsidization. TrueMove H also aggressively expanded and densified its 4.5G/4G, 3G and 2G networks to cover 98% of the Thai population, penetrating village level in all 77 provinces of Thailand by combining the strengths of its high-band and low-band frequencies. TrueMove H leads the industry with its superior 4.5G services, leveraging on 3CA (Carrier Aggregation) and 4X4 MIMO technologies with the largest number of 4T4R base stations in the world, certified by Global Mobile Suppliers Association], and has launched the 4G Plus campaign that provides consumers with unlimited 4G speeds and usage. These offerings received overwhelming response from the market, which has helped push its revenue, EBITDA and subscriber growth significantly in 2016.

TrueOnline's fixed broadband business continued to deliver solid performance proven with significant net additions and double-digit consumer broadband revenue growth. The business has strengthened its leadership position in the face of heightened competition, with operators offering speed and technology upgrades as well as short-period discounts. TrueOnline's broadband network currently reaches approximately 10 million homes passed nationwide. Meanwhile, TrueVisions' comprehensive range of international and local quality content continues to greatly complement the Group's convergence strategy, further accelerating growth while deepening customers' loyalty to True.

True Group reported a consolidated net loss to shareholders of the parent company of Baht 2,814.3 million in 2016, representing a change of greater than 20% YoY, which is summarized as below:

True Group's **consolidated service revenue** expanded 17.7% YoY to Baht 88.1 billion in 2016 due mainly to the tremendous growth of the cellular business in both prepaid and postpaid segments. Consumer broadband maintained solid double-digit revenue growth at 13.6% YoY. These resulted in an **EBITDA** upsurge of 33.3% YoY to Baht 25.1 billion, excluding the 2015 gain from transferring towers to the Digital Telecommunications Infrastructure Fund (DIF) for a meaningful performance comparison.

True Group reported a **net loss of the parent company** totaling 2,814.3 million in 2016, resulting mainly from expenses related to nationwide network and service expansion to accelerate the Group's 4G and fiber footprint, to spectrum licenses amortization and to content acquisition.

Looking forward to 2017, True Group targets growth in consolidated service revenue in the high-teens. Such solid revenue growth, together with the Group's aggressive implementation of cost control initiatives, should turn its bottom line into a profit this year.

True Group has, meanwhile, budgeted approximately Baht 48 billion of cash CAPEX for 2017, excluding license fee payment.

True Group intends to further build on the positive momentum from 2016 and to strengthen its position as the genuine convergence leader by focusing on enhancement of its networks and services, and expansion of distinct convergence offerings and of digital and innovative solutions, while continuing to adapt to changes in consumers' behavior and advances in technology through data analytics and leveraging its accumulating expertise in Internet of Things (IoT). Taking these steps, combined with the Group's determination in increasing productivity, will further strengthen True's competitiveness and financial health, paving the way for its sustainable growth and profitability even in the face of intense competition.

Consolidated Results of Operations - Normalized Basis

(Baht in millions unless otherwise indicated)	4Q16	3Q16	4Q15	% Change		2016	2015	% Change
				Q-o-Q	Y-o-Y			
Revenues								
Revenues from providing services	28,120	27,848	25,143	1.0	11.8	107,892	95,942	12.5
- Interconnection revenue	1,382	1,343	1,133	2.9	21.9	5,306	4,753	11.6
- Network rental revenue	3,939	3,939	4,249	(0.0)	(7.3)	14,527	16,386	(11.3)
- Service revenue	22,800	22,566	19,761	1.0	15.4	88,058	74,803	17.7
Revenues from product sales	6,039	2,946	7,408	105.0	(18.5)	16,827	22,839	(26.3)
Total revenues	34,159	30,794	32,551	10.9	4.9	124,719	118,781	5.0
Operating expenses								
Total cost of providing services	19,588	21,403	19,523	(8.5)	0.3	78,276	71,046	10.2
Regulatory costs	273	1,093	934	(75.0)	(70.8)	3,422	2,727	25.5
Interconnection cost	1,454	1,428	1,284	1.8	13.2	5,802	5,511	5.3
Cost of providing services exclude IC	13,725	13,237	13,633	3.7	0.7	51,443	49,881	3.1
Depreciation and amortization	4,136	5,645	3,672	(26.7)	12.6	17,609	12,927	36.2
Cost of sales	5,870	3,311	6,708	77.3	(12.5)	17,323	19,531	(11.3)
Selling and administrative expenses	8,548	7,518	5,187	13.7	64.8	29,611	23,596	25.5
Depreciation and amortization	2,367	2,232	1,238	6.1	91.3	7,954	4,574	73.9
Cash SG&A	6,180	5,286	3,949	16.9	56.5	21,657	19,021	13.9
Total operating expenses	34,006	32,231	31,418	5.5	8.2	125,211	114,173	9.7
EBITDA	6,657	6,439	6,042	3.4	10.2	25,071	22,109	13.4
EBITDA (excl. gain on 6,000 towers transferred to DIF)	6,657	6,439	5,246	3.4	26.9	25,071	18,811	33.3
Depreciation and amortization	(6,503)	(7,876)	(4,910)	(17.4)	32.5	(25,563)	(17,502)	46.1
Operating profit	154	(1,437)	1,133	NM	(86.4)	(492)	4,608	NM
Interest income	145	199	54	(26.9)	167.4	442	142	210.5
Interest expense	(1,287)	(1,115)	(912)	15.3	41.1	(4,672)	(2,897)	61.2
Other financial fees	774	(330)	(53)	NM	NM	(107)	(143)	(25.1)
Financial cost related to license	(622)	(537)	(76)	15.8	NM	(1,422)	(194)	NM
Income tax (expense) revenue	(390)	94	(224)	NM	73.7	(490)	(251)	94.8
Current tax	124	(17)	(212)	NM	NM	(260)	(474)	(45.2)
Deferred income tax	(514)	111	(12)	NM	NM	(230)	222	NM
Share of results in subsidiaries and associates	479	432	374	11.0	28.2	4,609	1,414	225.9
(Income) loss attributable to non-controlling interests	11	(26)	35	NM	(69.1)	(7)	11	NM
Net income (loss) from continuing operations								
including share of results in associates (NIOGO)	(735)	(2,721)	330	73.0	NM	(2,138)	2,690	NM
Non recurring items	(923)	(33)	68	NM	NM	(676)	1,721	NM
Foreign exchange gain (loss)	354	(285)	(110)	NM	NM	(156)	498	NM
Net gain from transferring the right of revenue of 338 towers to DIF	-	-	-	-	-	-	361	(100.0)
Other (expense) income	(1,276)	253	178	NM	NM	(520)	863	NM
Net profit (loss) to equity holders of the Company	(1,658)	(2,754)	398	39.8	NM	(2,814)	4,412	NM
Non-controlling interests	(11)	26	(35)	NM	69.1	7	(11)	NM
Net profit (loss) for the year	(1,669)	(2,728)	363	38.8	NM	(2,807)	4,400	NM

Remark: 2016 non-recurring items partly comprised foreign exchange losses totaling Baht 156 million and expenses of approximately Baht 306 million related to the settlement on the HSPA agreement (Please see more detail in the note to financial statements section 38.3).

Referring to the auditor's opinion regarding uncertainties on the outstanding litigations and commercial agreements of which details are not finalized (see more detail in the note to financial statements sections 38.3, 39 and 40.2), the ultimate outcomes cannot be determined at present and management strongly believes that they will not have a material impact upon the Group's financial performance or operations.

CONSOLIDATED RESULTS OF OPERATIONS

- True Group's **consolidated service revenue** achieved the highest growth rate in the past 10 years at 17.7% YoY, to reach Baht 88.1 billion as targeted for 2016, mainly due to the spectacular growth of the cellular segment which outgrew its peers throughout the year. Accelerating non-voice revenues along with an expanding subscriber base for both prepaid and postpaid segments were the key growth drivers.
- **Product sales** were Baht 16.8 billion, decreasing 26.3% from the previous year's high base with gain from transferring new towers to DIF; excluding this, product sales softened 1.0% YoY due to a greater variety of affordable 4G and 3G handsets as well as valued-driven device-bundling campaigns.
- **Regulatory costs** increased 25.5% YoY to Baht 3.4 billion driven partly by solid revenue growth of the cellular business, offsetting lower revenue sharing of the traditional fixed-line phone service.
- **Core operating expense** (comprising other cost of providing services and other S&A) increased 6.1% YoY to Baht 73.1 billion due to higher expenses related to aggressive network expansion particularly 4G and fiber rollout, content and personnel.
- **EBITDA** expanded 33.3% YoY to Baht 25.1 billion, excluding the 2015 gain from transferring towers to DIF for a meaningful performance comparison, due to significant revenue growth as the Group achieved more scale.
- The 900MHz and 1800MHz spectrum licenses amortization as well as the Group's ongoing network and service expansion drove **depreciation and amortization expenses** to Baht 25.6 billion.
- **Interest expenses** increased 61.2% YoY to Baht 4.7 billion driven by additional borrowings to support business expansion and license fee payments.
- **Income tax expense** increased from the previous year to Baht 490 million in 2016 mainly due to a lower setting of deferred tax asset from the Group's tax loss.
- Expenses related to nationwide network and service expansion, spectrum licenses, content and interest pressured True Group's bottom line to report a **net loss to shareholders of the parent company** totaling Baht 2.8 billion in 2016.

Results by Segment (YTD)

	TrueMove H			TrueOnline			TrueVisions			Eliminations		Consolidated		
	2016	2015	% Change	2016	2015	% Change	2016	2015	% Change	2016	2015	2016	2015	% Change
(Baht in millions unless otherwise indicated)														
Revenues														
Revenues from providing services	77,253	65,825	17.4	28,038	27,166	3.2	12,197	11,981	1.8	(9,596)	(9,030)	107,892	95,942	12.5
- Interconnection revenue	5,311	4,755	11.7	-	-	-	-	-	-	(5)	(2)	5,306	4,753	11.6
- Network rental revenue	14,086	16,018	(12.1)	442	368	20.0	-	-	-	-	-	14,527	16,386	(11.3)
- Service Revenue	57,856	45,052	28.4	27,596	26,798	3.0	12,197	11,981	1.8	(9,591)	(9,028)	88,058	74,803	17.7
Revenues from product sales	16,623	16,846	(1.3)	262	6,038	(95.7)	209	213	(1.9)	(267)	(259)	16,827	22,839	(26.3)
Total revenues	93,876	82,671	13.6	28,300	33,205	(14.8)	12,406	12,194	1.7	(9,863)	(9,289)	124,719	118,781	5.0
Operating expenses														
Total cost of providing services	53,285	46,632	14.3	18,459	17,876	3.3	11,695	11,374	2.8	(5,163)	(4,835)	78,276	71,046	10.2
Regulatory costs	1,790	422	324.4	1,797	1,900	(5.4)	(164)	406	NM	-	-	3,422	2,727	25.5
Interconnection cost	5,807	5,517	5.3	-	-	-	-	-	-	(5)	(6)	5,802	5,511	5.3
Cost of providing services exclude IC	36,480	35,587	2.5	10,523	10,165	3.5	9,362	8,811	6.3	(4,922)	(4,681)	51,443	49,881	3.1
Depreciation and amortization	9,208	5,107	80.3	6,139	5,811	5.6	2,498	2,157	15.8	(236)	(148)	17,609	12,927	36.2
Cost of sales	17,225	16,829	2.4	228	2,810	(91.9)	199	198	0.5	(329)	(306)	17,323	19,531	(11.3)
Selling and administrative expenses	24,611	18,501	33.0	7,315	6,999	4.5	1,802	1,953	(7.8)	(4,117)	(3,857)	29,611	23,596	25.5
Depreciation and amortization	7,577	4,308	75.9	297	192	54.9	111	76	46.8	(32)	-	7,954	4,574	73.9
Cash SG&A	17,034	14,193	20.0	7,018	6,807	3.1	1,691	1,877	(9.9)	(4,085)	(3,856)	21,657	19,021	13.9
Total operating expenses	95,122	81,962	16.1	26,002	27,685	(6.1)	13,696	13,525	1.3	(9,609)	(8,998)	125,211	114,173	9.7
EBITDA	15,540	10,123	53.5	8,735	11,523	(24.2)	1,319	902	46.2	(522)	(439)	25,071	22,109	13.4
EBITDA (excl. gain on 6,000 towers transferred to DIF)	-	-	-	8,735	8,225	6.2	-	-	-	-	-	25,071	18,811	33.3
Depreciation and amortization	(16,785)	(9,414)	78.3	(6,437)	(6,003)	7.2	(2,609)	(2,233)	16.8	268	149	(25,563)	(17,502)	46.1
Operating profit	(1,245)	709	NM	2,298	5,520	(58.4)	(1,290)	(1,331)	3.1	(254)	(290)	(492)	4,608	NM
Interest income	310	53	483.0	518	708	(26.9)	11	6	82.7	(397)	(625)	442	142	210.5
Interest expense	(2,363)	(976)	142.1	(2,465)	(2,262)	9.0	(240)	(283)	(15.4)	397	625	(4,672)	(2,897)	61.2
Other financial fees	(35)	(82)	(57.5)	(72)	(61)	18.0	-	-	-	-	-	(107)	(143)	(25.1)
Financial cost related to license	(1,361)	(118)	NM	-	-	-	(62)	(77)	(19.3)	-	-	(1,422)	(194)	NM
Income tax (expense) revenue	65	(11)	NM	(802)	(294)	172.6	247	54	359.6	-	-	(490)	(251)	94.8
Current tax	(99)	(341)	(71.1)	(153)	(83)	82.8	(8)	(49)	(83.2)	-	-	(260)	(474)	(45.2)
Deferred income tax	164	330	(50.3)	(649)	(211)	(208.2)	255	102	149.0	-	-	(230)	222	NM
Share of results in subsidiaries and associates	-	-	-	4,664	1,442	223.5	(55)	(28)	(99.7)	-	-	4,609	1,414	225.9
(Income) loss attributable to non-controlling interests	(88)	35	NM	(10)	(17)	43.4	24	10	131.4	67	(16)	(7)	11	NM
Net income (loss) from continuing operations including share of results in associates (NIOGO)	(4,716)	(389)	NM	4,131	5,034	(17.9)	(1,365)	(1,648)	17.2	(188)	(307)	(2,138)	2,690	NM
Non recurring items	(250)	1,506	NM	(437)	220	NM	14	9	64.8	(3)	(14)	(676)	1,721	NM
Foreign exchange gain (loss)	(56)	437	NM	(132)	(5)	NM	33	66	(50.5)	-	-	(156)	498	NM
Net gain from transferring the right of revenue of 338 towers to DIF	-	-	-	-	361	(100.0)	-	-	-	-	-	-	361	(100.0)
Other (expense) income	(194)	1,069	NM	(305)	(135)	125.8	(19)	(58)	67.6	(3)	(14)	(520)	863	NM
Net profit (loss) to equity holders of the Company	(4,966)	1,117	NM	3,694	5,255	(29.7)	(1,351)	(1,640)	17.6	(191)	(321)	(2,814)	4,412	NM
Non-controlling interests	88	(35)	NM	10	17	(43.4)	(24)	(10)	(131.4)	(67)	16	7	(11)	NM
Net profit (loss) for the year	(4,878)	1,082	NM	3,704	5,272	(29.8)	(1,375)	(1,650)	16.7	(258)	(304)	(2,807)	4,400	NM

Results by Segment (Y-o-Y)

	TrueMove H			TrueOnline			TrueVisions			Eliminations		Consolidated		
	4Q16	4Q15	% Change	4Q16	4Q15	% Change	4Q16	4Q15	% Change	4Q16	4Q15	4Q16	4Q15	% Change
(Baht in millions unless otherwise indicated)														
Revenues														
Revenues from providing services	20,776	17,516	18.6	6,925	6,789	2.0	3,002	2,762	8.7	(2,583)	(1,924)	28,120	25,143	11.8
- Interconnection revenue	1,383	1,134	21.9	-	-	-	-	-	-	(1)	(1)	1,382	1,133	21.9
- Network rental revenue	3,829	4,138	(7.5)	110	110	0.1	-	-	-	-	-	3,939	4,249	(7.3)
- Service Revenue	15,565	12,244	27.1	6,815	6,679	2.0	3,002	2,762	8.7	(2,582)	(1,923)	22,800	19,761	15.4
Revenues from product sales	6,000	6,188	(3.0)	38	1,231	(96.9)	2	9	(81.9)	-	(19)	6,039	7,408	(18.5)
Total revenues	26,777	23,704	13.0	6,963	8,020	(13.2)	3,003	2,770	8.4	(2,584)	(1,943)	34,159	32,551	4.9
Operating expenses														
Total cost of providing services	14,069	12,149	15.8	4,471	5,363	(16.6)	2,556	3,032	(15.7)	(1,508)	(1,020)	19,588	19,523	0.3
Regulatory costs	398	371	7.3	352	476	(26.1)	(477)	88	NM	-	-	273	934	(70.8)
Interconnection cost	1,455	1,286	13.2	-	-	-	-	-	-	(1)	(1)	1,454	1,284	13.2
Cost of providing services exclude IC	10,003	9,004	11.1	2,788	3,242	(14.0)	2,371	2,362	0.4	(1,437)	(975)	13,725	13,633	0.7
Depreciation and amortization	2,213	1,489	48.6	1,331	1,645	(19.1)	662	582	13.8	(70)	(44)	4,136	3,672	12.6
Cost of sales	5,859	6,258	(6.4)	33	446	(92.7)	1	8	(85.5)	(24)	(5)	5,870	6,708	(12.5)
Selling and administrative expenses	7,061	4,270	65.3	2,024	1,276	58.7	500	492	1.6	(1,036)	(851)	8,548	5,187	64.8
Depreciation and amortization	2,250	1,254	79.5	94	(35)	NM	43	19	125.2	(20)	-	2,367	1,238	91.3
Cash SG&A	4,810	3,017	59.5	1,930	1,311	47.3	456	473	(3.5)	(1,016)	(851)	6,180	3,949	56.5
Total operating expenses	26,989	22,678	19.0	6,528	7,084	(7.9)	3,057	3,532	(13.4)	(2,568)	(1,876)	34,006	31,418	8.2
EBITDA	4,251	3,769	12.8	1,860	2,546	(26.9)	652	(161)	NM	(106)	(112)	6,657	6,042	10.2
EBITDA (excl. gain on 6,000 towers transferred to DIF)	-	-	-	1,860	1,749	6.4	-	-	-	-	-	6,657	5,246	26.9
Depreciation and amortization	(4,463)	(2,743)	62.7	(1,425)	(1,610)	(11.5)	(706)	(601)	17.4	90	44	(6,503)	(4,910)	32.5
Operating profit	(212)	1,026	NM	436	936	(53.5)	(54)	(762)	92.9	(15)	(68)	154	1,133	(86.4)
Interest income	103	20	417.3	50	172	(71.1)	4	2	116.0	(12)	(139)	145	54	167.4
Interest expense	(681)	(385)	76.9	(563)	(584)	(3.7)	(55)	(82)	(32.9)	12	139	(1,287)	(912)	41.1
Other financial fees	800	(38)	NM	(26)	(16)	69.1	-	-	-	-	-	774	(53)	NM
Financial cost related to license	(608)	(58)	NM	-	-	-	(14)	(18)	(23.4)	-	-	(622)	(76)	NM
Income tax (expense) revenue	(24)	(375)	(93.7)	(366)	162	NM	(1)	(12)	(95.4)	-	-	(390)	(224)	73.7
Current tax	(73)	(233)	(68.8)	35	(19)	NM	161	39	314.6	-	-	124	(212)	NM
Deferred income tax	49	(142)	NM	(401)	181	NM	(162)	(51)	(217.2)	-	-	(514)	(12)	NM
Share of results in subsidiaries and associates	-	-	-	489	379	29.0	(10)	(6)	(83.9)	-	-	479	374	28.2
(Income) loss attributable to non-controlling interests	(33)	12	NM	(2)	(4)	38.8	22	33	(33.7)	25	(7)	11	35	(69.1)
Net income (loss) from continuing operations including share of results in associates (NIOGO)	(655)	203	NM	17	1,045	(98.3)	(107)	(844)	87.3	9	(74)	(735)	330	NM
Non recurring items	(701)	219	NM	(307)	(92)	(234.0)	87	(57)	NM	(1)	(2)	(923)	68	NM
Foreign exchange gain (loss)	389	(109)	NM	(129)	44	NM	93	(45)	NM	-	-	354	(110)	NM
Other (expense) income	(1,091)	328	NM	(178)	(136)	(31.1)	(7)	(12)	45.0	(1)	(2)	(1,276)	178	NM
Net profit (loss) to equity holders of the Company	(1,356)	422	NM	(290)	953	NM	(21)	(902)	97.7	8	(76)	(1,658)	398	NM
Non-controlling interests	33	(12)	NM	2	4	(38.8)	(22)	(33)	33.7	(25)	7	(11)	(35)	69.1
Net profit (loss) for the year	(1,322)	410	NM	(287)	957	NM	(43)	(934)	95.4	(16)	(69)	(1,669)	363	NM

Results by Segment (Q-o-Q)

	TrueMove H			TrueOnline			TrueVisions			Eliminations		Consolidated		
	4Q16	3Q16	% Change	4Q16	3Q16	% Change	4Q16	3Q16	% Change	4Q16	3Q16	4Q16	3Q16	% Change
(Baht in millions unless otherwise indicated)														
Revenues														
Revenues from providing services	20,776	20,039	3.7	6,925	6,805	1.8	3,002	3,179	(5.6)	(2,583)	(2,175)	28,120	27,848	1.0
- Interconnection revenue	1,383	1,344	2.9	-	-	-	-	-	-	(1)	(1)	1,382	1,343	2.9
- Network rental revenue	3,829	3,829	(0.0)	110	110	0.0	-	-	-	-	-	3,939	3,939	(0.0)
- Service Revenue	15,565	14,866	4.7	6,815	6,694	1.8	3,002	3,179	(5.6)	(2,582)	(2,173)	22,800	22,566	1.0
Revenues from product sales	6,000	2,928	104.9	38	61	(38.3)	2	126	(98.7)	-	(169)	6,039	2,946	105.0
Total revenues	26,777	22,967	16.6	6,963	6,866	1.4	3,003	3,304	(9.1)	(2,584)	(2,343)	34,159	30,794	10.9
Operating expenses														
Total cost of providing services	14,069	14,430	(2.5)	4,471	4,766	(6.2)	2,556	3,159	(19.1)	(1,508)	(952)	19,588	21,403	(8.5)
Regulatory costs	398	505	(21.1)	352	478	(26.4)	(477)	110	NM	-	-	273	1,093	(75.0)
Interconnection cost	1,455	1,429	1.8	-	-	-	-	-	-	(1)	(1)	1,454	1,428	1.8
Cost of providing services exclude IC	10,003	9,116	9.7	2,788	2,599	7.3	2,371	2,415	(1.8)	(1,437)	(893)	13,725	13,237	3.7
Depreciation and amortization	2,213	3,380	(34.5)	1,331	1,689	(21.2)	662	634	4.5	(70)	(58)	4,136	5,645	(26.7)
Cost of sales	5,859	3,355	74.7	33	49	(33.2)	1	119	(99.0)	(24)	(212)	5,870	3,311	77.3
Selling and administrative expenses	7,061	6,282	12.4	2,024	1,816	11.5	500	485	3.0	(1,036)	(1,065)	8,548	7,518	13.7
Depreciation and amortization	2,250	2,134	5.5	94	78	19.4	43	31	38.2	(20)	(12)	2,367	2,232	6.1
Cash SG&A	4,810	4,149	15.9	1,930	1,737	11.1	456	454	0.6	(1,016)	(1,053)	6,180	5,286	16.9
Total operating expenses	26,989	24,067	12.1	6,528	6,631	(1.6)	3,057	3,762	(18.7)	(2,568)	(2,229)	34,006	32,231	5.5
EBITDA	4,251	4,414	(3.7)	1,860	2,003	(7.1)	652	207	214.6	(106)	(184)	6,657	6,439	3.4
Depreciation and amortization	(4,463)	(5,514)	(19.1)	(1,425)	(1,767)	(19.4)	(706)	(665)	6.1	90	69	(6,503)	(7,876)	(17.4)
Operating profit	(212)	(1,100)	80.7	436	235	85.1	(54)	(458)	88.2	(15)	(115)	154	(1,437)	NM
Interest income	103	152	(32.0)	50	55	(9.2)	4	3	34.5	(12)	(11)	145	199	(26.9)
Interest expense	(681)	(460)	47.9	(563)	(611)	(7.8)	(55)	(56)	(1.4)	12	11	(1,287)	(1,115)	15.3
Other financial fees	800	(315)	NM	(26)	(15)	70.4	-	-	-	-	-	774	(330)	NM
Financial cost related to license	(608)	(524)	16.2	-	-	-	(14)	(14)	0.5	-	-	(622)	(537)	15.8
Income tax (expense) revenue	(24)	97	NM	(366)	(96)	280.2	(1)	93	NM	-	-	(390)	94	NM
Current tax	(73)	74	NM	35	(22)	NM	161	(69)	NM	-	-	124	(17)	NM
Deferred income tax	49	23	112.4	(401)	(74)	(438.6)	(162)	162	NM	-	-	(514)	111	NM
Share of results in subsidiaries and associates	-	-	-	489	445	9.9	(10)	(14)	25.2	-	-	479	432	11.0
(Income) loss attributable to non-controlling interests	(33)	(19)	(73.6)	(2)	(17)	86.0	22	(4)	NM	25	15	11	(26)	NM
Net income (loss) from continuing operations including share of results in associates (NIOGO)	(655)	(2,168)	69.8	17	(4)	NM	(107)	(449)	76.1	9	(99)	(735)	(2,721)	73.0
Non recurring items	(701)	(13)	NM	(307)	24	NM	87	(43)	NM	(1)	(1)	(923)	(33)	NM
Foreign exchange gain (loss)	389	(303)	NM	(129)	57	NM	93	(40)	NM	-	-	354	(285)	NM
Other (expense) income	(1,091)	290	NM	(178)	(33)	(435.0)	(7)	(3)	(108.6)	(1)	(1)	(1,276)	253	NM
Net profit (loss) to equity holders of the Company	(1,356)	(2,181)	37.8	(290)	20	NM	(21)	(492)	95.7	8	(101)	(1,658)	(2,754)	39.8
Non-controlling interests	33	19	73.6	2	17	(86.0)	(22)	4	NM	(25)	(15)	(11)	26	NM
Net profit (loss) for the year	(1,322)	(2,161)	38.8	(287)	37	NM	(43)	(488)	91.2	(16)	(116)	(1,669)	(2,728)	38.8

Normalized Revenue Profile (YTD)

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	2016		2015		% Change
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	
TrueVisions	12,406		12,194		1.7
Service revenue	12,197		11,981		1.8
Product sales	209		213		(1.9)
Intersegment elimination	(2,708)		(2,700)		0.3
TrueVisions after elimination	9,698	7.8%	9,494	8.0%	2.1
TrueMove H	93,876		82,671		13.6
Service revenue	57,856		45,052		28.4
Network rental revenue & IC	19,397		20,773		(6.6)
Product sales	16,623		16,846		(1.3)
Intersegment elimination	(1,891)		(1,118)		69.2
TrueMove H after elimination	91,986	73.8%	81,553	68.7%	12.8
TrueOnline	28,300		33,205		(14.8)
Service revenue	27,596		26,798		3.0
- Traditional voice	4,696		5,191		(9.5)
- Broadband, Internet and Business Data Service	21,068		19,614		7.4
- Broadband Internet & business data	19,225		17,862		7.6
- Other Internet	1,843		1,752		5.2
- Others *	1,833		1,993		(8.0)
Network rental revenue (FOC)	442		368		20.0
Product sales	262		6,038		(95.7)
Intersegment elimination	(5,264)		(5,471)		(3.8)
TrueOnline after elimination	23,036	18.5%	27,734	23.3%	(16.9)
Normalized consolidated revenues	134,582		128,069		5.1
Total intersegment elimination	(9,863)		(9,289)		6.2
Normalized consolidated revenues - net	124,719	100.0%	118,781	100.0%	5.0

* Others such as revenue from bundled packages under TrueLife Plus

Normalized Revenue Profile (Y-o-Y)

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	4Q16		4Q15		% Change
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	
TrueVisions	3,003		2,770		8.4
Service revenue	3,002		2,762		8.7
Product sales	2		9		(81.9)
Intersegment elimination	(602)		(409)		47.2
TrueVisions after elimination	2,401	7.0%	2,362	7.3%	1.7
TrueMove H	26,777		23,704		13.0
Service revenue	15,565		12,244		27.1
Network rental revenue & IC	5,211		5,272		(1.2)
Product sales	6,000		6,188		(3.0)
Intersegment elimination	(786)		(311)		152.7
TrueMove H after elimination	25,991	76.1%	23,393	71.9%	11.1
TrueOnline	6,963		8,020		(13.2)
Service revenue	6,815		6,679		2.0
- Traditional voice	1,064		1,278		(16.8)
- Broadband, Internet and Business Data Service	5,290		4,876		8.5
- Broadband Internet & business data	4,811		4,413		9.0
- Other Internet	479		464		3.3
- Others *	461		524		(12.0)
Network rental revenue (FOC)	110		110		0.1
Product sales	38		1,231		(96.9)
Intersegment elimination	(1,196)		(1,224)		(2.3)
TrueOnline after elimination	5,767	16.9%	6,796	20.9%	(15.1)
Normalized consolidated revenues	36,743		34,494		6.5
Total intersegment elimination	(2,584)		(1,943)		32.9
Normalized consolidated revenues - net	34,159	100.0%	32,551	100.0%	4.9

* Others such as revenue from bundled packages under TrueLife Plus

Normalized Revenue Profile (Q-o-Q)

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	4Q16		3Q16		% Change
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	
TrueVisions	3,003		3,304		(9.1)
Service revenue	3,002		3,179		(5.6)
Product sales	2		126		(98.7)
Intersegment elimination	(602)		(792)		(24.0)
TrueVisions after elimination	2,401	7.0%	2,513	8.2%	(4.4)
TrueMove H	26,777		22,967		16.6
Service revenue	15,565		14,866		4.7
Network rental revenue & IC	5,211		5,173		0.7
Product sales	6,000		2,928		104.9
Intersegment elimination	(786)		(467)		68.2
TrueMove H after elimination	25,991	76.1%	22,500	73.1%	15.5
TrueOnline	6,963		6,866		1.4
Service revenue	6,815		6,694		1.8
- Traditional voice	1,064		1,143		(6.9)
- Broadband, Internet and Business Data Service	5,290		5,100		3.7
- Broadband Internet & business data	4,811		4,618		4.2
- Other Internet	479		482		(0.6)
- Others *	461		451		2.1
Network rental revenue (FOC)	110		110		0.0
Product sales	38		61		(38.3)
Intersegment elimination	(1,196)		(1,084)		10.3
TrueOnline after elimination	5,767	16.9%	5,782	18.8%	(0.3)
Normalized consolidated revenues	36,743		33,138		10.9
Total intersegment elimination	(2,584)		(2,343)		10.3
Normalized consolidated revenues - net	34,159	100.0%	30,794	100.0%	10.9

* Others such as revenue from bundled packages under TrueLife Plus

SEGMENT RESULTS

TrueMove H

- TrueMove H's competitive strengths of having superior network quality and coverage, capitalizing on an ideal combination of low-band and high-band frequencies, offering a wide range of attractive device-bundling campaigns and growing nationwide distribution channels of True and partners were key drivers behind its outstanding revenue and subscriber growth for both prepaid and postpaid segments. Consequently, TrueMove H continued to gain in market share of both subscriber and service revenue throughout 2016.
- TrueMove H gained 5.4 million net subscribers in 2016, representing 75% of the industry's net adds, and expanded its subscriber base to 24.53 million, of which 6.06 million were postpaid and 18.47 million were prepaid users. This increase has made TrueMove H the second largest mobile operator in the country by number of total subscribers and raised its subscriber market share to 27.2%, up from 23.1% a year earlier. Blended ARPU was Baht 217 per month in 2016, up from Baht 171 per month in 2015 and Baht 130 per month in 2014.
- The significant subscriber growth, together with an accelerating mobile Internet usage, resulted in TrueMove H's **cellular service revenue** growing at a tremendous rate of 28.4% YoY to Baht 57.9 billion in 2016 while the combined growth of the other major industry players was a negative 0.2%. At the same time, positive response to various campaigns launched in the fourth quarter including the iPhone 7 and 7 Plus with 4G+ Unlimited package as well as a variety of attractive propositions catering to consumers' various preferences, drove TrueMove H's cellular service revenue up 27.1% YoY and 4.7% QoQ in 4Q16, pushing its value market share to 24.8% compared to 20.9% in 4Q15 and 24.2% in 3Q16.
- **Non-voice revenue** surged 45.0% YoY to Baht 34.0 billion, representing 59% of TrueMove H's service revenue compared to 52% in the previous year, underpinned by the Group's 4G strength and consumers' rising demand for data usage.
- **Voice revenue** grew 12.3% YoY to Baht 20.8 billion given TrueMove H's continued success in penetrating into the mass postpaid segment and the tremendous response to its prepaid device-bundling campaigns leveraging on True Group's stronger sales and distribution channels.
- **Revenue from international roaming and other services** were flat (-0.7%) at Baht 3.1 billion as the impact from competition offset higher inbound traffic given an improving tourism sentiment.
- **Product sales** softened 1.3% YoY to Baht 16.6 billion driven by competitive device campaigns and more affordable smart devices being introduced to the market.
- **Net IC expense** dropped 34.8% from the previous year to Baht 496 million supported by lower net off-net traffic as well as the IC rate reduction from Baht 0.45 per minute to Baht 0.34 per minute since July 2015.
- **Core operating expense** (comprising other cost of providing services and other S&A) increased 7.5% YoY to Baht 53.5 billion due to higher expenses related to nationwide network expansion for both capacity and coverage, personnel and marketing activities. The 2G network on the 1800 MHz frequency was terminated in the second half of 2016; its full-year savings will be realized from 2017 onwards.
- **EBITDA** surged 53.5% YoY to Baht 15.5 billion on accelerating revenue, which continued to outpace incremental core operating expenses.

- **Depreciation and amortization expenses** increased to Baht 16.8 billion mainly due to amortization costs of the 900MHz and 1800MHz spectrum licenses. This, together with finance-related expenses to support the Group's expansion, pressured the bottom line to record a **net loss to shareholders of the parent company** totaling Baht 4.97 billion in 2016.

TrueOnline

- TrueOnline provides an optimum Internet experience and increasing high-speed Internet access nationwide through ongoing network expansion employing advanced fiber technology. The business continues to raise the value of its fiber broadband offerings through increasingly higher speeds, presently ranging from 30 Mbps to 1Gbps, convergence packages and service excellence. All these developments fuelled its consumer broadband revenue up 13.6% YoY and a significant net addition of 380,523 in 2016, driving TrueOnline's broadband subscriber base to 2.8 million with an ARPU of Baht 629.
- **Service revenue** increased 3.0% YoY to Baht 27.6 billion in 2016 due to strong broadband Internet growth while contribution from **traditional voice services** continued to decline to Baht 4.7 billion following consumers' increasing trend towards mobile usage and social media communication.
- **Broadband Internet revenue** increased 7.6% YoY to Baht 19.2 billion, representing 70% of TrueOnline's service revenue compared to 67% in the previous year, driven mainly by solid growth of consumer broadband revenue following strong response to the fiber expansion and upgrade. Corporate Internet posted decent growth despite increased competition while business data service was pressured by the 2G network shutdown since the middle of the year.
- TrueOnline accelerated its penetration into the apartment segment by launching the "True A Plus" campaign in late December, combining 300Mbps/ 200Mbps of fiber broadband Internet and attractive TrueVisions channels, particularly premium content such as English Premier League and Hollywood movies; this campaign is expected to further expand its revenue and subscriber base.
- **Product sales** was Baht 262 million in 2016, declining from the previous year's high base with new towers transferred to DIF; excluding this, product sales grew 39% YoY.
- **Core operating expense** (comprising other cost of providing services and other S&A) increased 3.4% YoY to Baht 17.5 billion following continued expansion of the Group's fiber network and service.
- **EBITDA** improved 6.2% YoY to Baht 8.7 billion, excluding the 2015 gain from transferring towers to DIF for a meaningful performance comparison, driven by service revenue growth.
- **Depreciation and amortization expenses** increased 7.2% YoY to Baht 6.4 billion due to aggressive rollout of the Group's broadband network that now encompasses approximately 10 million homes nationwide, up from 6 million homes at the end of 2015.
- **Net profit to shareholders of the parent company** was Baht 3.7 billion in 2016, supported by its operating profit and DIF's incremental investment value as appraised by independent financial advisors of the fund in the first quarter; the YoY decline was driven by the previous year's gain from transferring new towers to DIF.

TrueVisions

- TrueVisions continues to differentiate its platform and enhance consumers' viewing experience through Thailand's largest selection of high-quality content, especially live broadcasting, of which over 55 channels are offered in high-definition format. The business continually seeks out and produces attractive content to satisfy the evolving preferences of Thai consumers. This, together with TrueVisions' stronger position in the mass segment leveraging on True Group's bundled propositions, resulted in record net additions of its paying subscribers and total customer base, which passed the 3.9 million mark, in 2016. TrueVisions will further highlight and promote its offerings through specialized sales teams and strengthened sales channels while also focusing on cross-selling and up-selling opportunities.
- TrueVisions' **service revenue** in 2016 increased 1.8% YoY to Baht 12.2 billion due to higher subscription and installation revenues, which have grown since the second quarter of the year, outpacing lower contributions from advertising and music entertainment.
- **Subscription and installation revenue** increased 5.9% YoY to Baht 8.0 billion in 2016, representing 65% of TrueVisions' service revenue compared to 63% a year earlier, due to the rising popularity of the Group's convergence propositions as well as the positive response to the broadcasting of EPL via beIN Sports channels.
- **Music Entertainment and other revenues** decreased 7.1% from a high base in the previous year, which arranged several major events, to Baht 2.5 billion while **advertising revenue** softened 2.1% YoY, compared to the industry's drop of 15.9% YoY, to Baht 1.7 billion. These declines were driven partly by the mourning period, which resulted in the postponement of various events and the respectful respite on advertising in the fourth quarter.
- **Core operating expense** (comprising other cost of providing services and other S&A) increased 3.4% YoY to Baht 11.1 billion due mainly to incremental content costs as the Group continued to equip its portfolio with high-quality international and local content including the recent acquisition of the EPL broadcasting rights and other top soccer leagues via beIN Sports channels.
- **EBITDA** expanded 46.2% YoY to Baht 1.3 billion underpinned by revenue growth and a drop of expenses related to advertising and marketing activities.
- **Depreciation and amortization expenses** increased 16.8% YoY to Baht 2.6 billion following TrueVisions Group's service expansion.
- TrueVisions reported a **net loss to shareholders of the parent** totaling Baht 1.4 billion in 2016; this loss narrowed from the previous year due to growing EBITDA.

Consolidated Balance Sheet and Cash Flows

	31-Dec-16	31-Dec-15 (Restated)	% Change
(Baht in millions unless otherwise indicated)			
Balance Sheets			
Cash and cash equivalents	50,184	10,590	373.9
Trade accounts receivable, net	32,749	32,808	(0.2)
Other receivables	4,061	5,767	(29.6)
Other current assets	35,684	28,642	24.6
<i>Total current assets</i>	<i>122,678</i>	<i>77,807</i>	<i>57.7</i>
Property, plant and equipment, net	143,688	97,666	47.1
Goodwill, net	11,403	11,403	(0.0)
Intangible assets, net	139,746	70,031	99.5
Deferred income tax assets	5,376	5,663	(5.1)
Other non-current assets	26,069	20,953	24.4
<i>Total non-current assets</i>	<i>326,282</i>	<i>205,717</i>	<i>58.6</i>
Total assets	448,960	283,525	58.3
Short-term borrowings	37,572	29,927	25.5
Trade accounts payable	64,422	40,620	58.6
Other payables	34,093	25,672	32.8
Current portion of long-term borrowings	20,654	12,603	63.9
Other current liabilities	4,104	3,405	20.5
<i>Total current liabilities</i>	<i>160,844</i>	<i>112,226</i>	<i>43.3</i>
Long-term borrowings	60,490	55,522	8.9
Deferred income tax liabilities	1,995	2,075	(3.8)
Liabilities under agreements and licenses for operations	77,652	20,902	271.5
Employee benefit obligations	1,982	1,369	44.8
Other non-current liabilities	14,269	16,224	(12.0)
<i>Total non-current liabilities</i>	<i>156,389</i>	<i>96,092</i>	<i>62.7</i>
Total liabilities	317,233	208,318	52.3
Total shareholder's equity	131,728	75,207	75.2
Total liabilities and shareholder's equity	448,960	283,525	58.3

	31-Dec-16	31-Dec-15	% Change
Cash Flows			
Cash flows from operating activities	8,096	3,333	143
Cash flows (used in) from investing activities	(45,412)	(49,754)	(9)
Cash flows (used in) from financing activities	76,966	50,354	53
Net (decrease) increase in cash and cash equivalents	39,650	3,933	NM
Beginning cash balance and effects of exchange rate changes	10,534	6,657	58
Ending cash balance	50,184	10,590	374

Remark: Balance sheet items such as trade and other receivables, investment property (net), property, plant and equipment (net), intangible assets (net), trade and other payables, liabilities under agreements and licenses for operation and other non-current liabilities for 2015 were restated (see "Note 4: Restatement and change in accounting estimate" of the FY2016 financial statements)

FINANCIAL POSITION

True Group's capital structure remains healthy and the Group is in compliance with and meets all of its debt obligations. The net debt to equity ratio was 0.5 times while the net debt to EBITDA ratio declined to 2.5 times, compared to 3.7 times in a year earlier, driven by strong EBITDA growth. Meanwhile, interest coverage ratio decreased to 5.2 times in 2016 compared to 7.3 times in 2015 due to higher interest expense resulting from additional borrowings to support business expansion.

True Group's gross profit margin excluding gain from transferring new towers to DIF improved to 23.3% in 2016 from 22.1% in 2015 as the Group achieved more scale. Its aggressive expansion of wireless and wired networks and services throughout the country as well as spectrum licenses acquisition, however, pressured profitability in 2016 and resulted in net profit margin and return on equity declining to minus 1.7% and 2.1%, respectively, excluding non-recurring items.

True Group's current ratio increased to 0.8 times while its cash cycle improved to 35 days in 2016. The average payment period increased to 198 days in 2016 compared to 160 days in 2015 given the Group's attractive vendor financing while average collection period decreased to 95 days from 146 days a year earlier as the Group's collection measure has become more efficient.

Financial Ratios

		<u>2016</u>	<u>2015</u>
Current Ratio	Times	0.8	0.7
Average Collection Periods	Days	95	146
Average Payment Periods	Days	198	160
Interest Coverage Ratio	Times	5.2	7.3
Net Debt to EBITDA	Times	2.5	3.7
Net Debt to Equity	Times	0.5	1.1
Gross Profit Margin	%	23.3	23.7
Gross Profit Margin	%	23.3	22.1
(excluding towers' gain)			
Net Profit Margin	%	-2.3	3.7
Net Profit Margin	%	-1.7	2.3
(excluding non-recurring items)			
Return on Equity	%	-2.7	6.1
Return on Equity	%	-2.1	3.7
(excluding non-recurring items)			

Assets

- **True Group's assets** increased 58.3% from the end of 2015 to Baht 449.0 billion due to higher intangible assets, property, plant and equipment as well as cash.
- **Intangible assets (net)** increased from Baht 70.0 billion at the end of 2015 to Baht 139.7 billion at the end of 2016 primarily due to the 900MHz license acquisition which was granted by NBTC during the year.
- **Property, plant and equipment (net)** increased 47.1% from the end of 2015 to Baht 143.7 billion driven by continued network and service expansion of the Group's cellular and broadband businesses.
- **Investment in subsidiaries and associates (net)** grew 21.2% from the end of 2015 to Baht 18.2 billion due mainly to DIF's incremental investment value following its asset reappraisal in the first quarter of 2016 (see more detail in note 20 of financial statements).
- **Trade account receivables (net)** were flat (-0.2%) from the previous year at Baht 32.7 billion with average collection period improving to 95 days in 2016.

At 31 December	Consolidated financial statements		Separate financial statements	
	2016 Baht Million	(Restated) 2015 Baht Million	2016 Baht Million	2015 Baht Million
Receivable from TOT	685.29	688.96	685.29	688.96
Billed customers	20,293.14	17,840.74	1,994.15	2,212.60
Receivables and accrued income from related parties (Note 41)	7,873.13	8,805.07	6,176.90	2,704.74
Trade accounts receivable	28,851.56	27,334.77	8,856.34	5,606.30
Accrued income	11,025.30	13,031.44	2,220.65	2,042.13
Total trade accounts receivable	39,876.86	40,366.21	11,076.99	7,648.43
<u>Less</u> Allowance for doubtful accounts	(7,127.71)	(7,558.06)	(3,113.67)	(3,067.99)
Trade accounts receivable, net	<u>32,749.15</u>	<u>32,808.15</u>	<u>7,963.32</u>	<u>4,580.44</u>

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

At 31 December	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht Million	Baht Million	Baht Million	Baht Million
Current	14,473.16	10,420.93	1,132.24	1,122.48
Less than 3 months	5,524.89	6,225.85	1,205.03	920.43
3 - 6 months	871.59	1,904.95	269.97	791.22
6 - 12 months	3,137.17	3,234.22	4,147.20	657.43
More than 12 months	4,844.75	5,548.82	2,101.90	2,114.74
Trade accounts receivable	28,851.56	27,334.77	8,856.34	5,606.30
Accrued income	11,025.30	13,031.44	2,220.65	2,042.13
Total trade accounts receivable	39,876.86	40,366.21	11,076.98	7,648.43
<u>Less</u> Allowance for doubtful accounts	<u>(7,127.71)</u>	<u>(7,558.06)</u>	<u>(3,113.67)</u>	<u>(3,067.99)</u>
Trade accounts receivable, net	<u>32,749.15</u>	<u>32,808.15</u>	<u>7,963.31</u>	<u>4,580.44</u>

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 recognized in profit or loss under administrative expenses.

The allowance for doubtful accounts is 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. Management is confident that the allowance for doubtful accounts (Baht 7,128 million) is sufficient given the Company's experience in collecting accounts receivables using various mechanisms.

Concentrations of credit risk with respect to trade accounts receivable are limited as the Group has a very large number of customers who are end users of telephone services, both businesses 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.

- **Goodwill (net)** remained unchanged YoY at Baht 11.4 billion (see more detail in the note to financial statements section 23).

Liabilities

- **True Group's total liabilities** increased 52.3% from the end of 2015 to Baht 317.2 billion mainly due to **liabilities under agreements and licenses for operations** which increased to Baht 77.7 billion mainly resulting from the 900MHz license acquisition.

- **Trade accounts payable** increased from the end of 2015 to Baht 64.4 billion driven by the Group's business expansion under attractive vendor financing terms.
- **Interest bearing debt** (short-term and long-term borrowings excluding financial leases) increased from the end of 2015 to Baht 111.8 billion due to additional borrowings to support business expansion and license fee payment.

Shareholders' equity

- **Shareholders' equity** grew from Baht 75.2 billion at the end of 2015 to Baht 131.7 billion due mainly to True's capital increase during the year.

Cash Flow

- **Cash flows from operating activities** increased to Baht 8.1 billion in 2016 compared to Baht 3.3 billion in 2015 given improved operating performance as the Group achieved more scale as well as lower working capital requirements during the period.
- True Group's primary capital resources for the year 2016 were **cash flows from financing activities** totaling Baht 77.0 billion due mainly to the capital increase, driving the ending cash balance to Baht 50.2 billion.
- **Cash flows used in investing activities** in 2016 was Baht 45.4 billion, decreasing from the previous year's high base with cash payments for the 2.1GHz and the 1800MHz licenses. Cash CAPEX was approximately Baht 47 billion in 2016 as budgeted.

Restatement and change in accounting estimate

Change in accounting estimate

In compliance with Thai Accounting Standard No. 16, Property, Plant and Equipment and the Group's accounting policy regarding annually review of the useful lives of property and equipment, the management conducted a review and concluded that useful lives of certain classes of equipment should be extended taking into consideration of key factors including technology development, well-maintenance standard and usage conditions, benchmarking with international telecommunication industry and obtaining opinion from expert engineer. The Group changed the estimated useful lives commencing 1 January 2016. Sets out below are the comparisons between previous and new useful lives.

	<u>Previous useful lives</u> <u>Years</u>	<u>New useful lives</u> <u>Years</u>
Mobile phone network equipment	12	15
Router Modem	5	7

Effect of the change to the consolidated statement of comprehensive income for the year ended 31 December 2016 can be summarised as follows:

	Consolidated statement of comprehensive income	
	<u>Previous useful life</u> <u>Baht Million</u>	<u>New useful life</u> <u>Baht Million</u>
Depreciation charges	6,624.33	4,715.42

Restatement

On 4 December 2015, a subsidiary, TUC was granted the 1800MHz Bandwidth licence by NBTC. The licence authorised TUC to provide mobile service under those spectrums for 18 years. During 2016, the Group identified additional directly attributable costs of acquisition of licence, which should have been capitalised as initial cost of licence and made adjustment to the 2015 financial statements. The adjustment has immaterial impact on the statement of comprehensive income for the year ended 31 December 2015.

On 5 March 2015, a subsidiary, AWC, entered into agreements with DIF to lease out the fiber optic cable to DIF with lease term of 20 years. The 2015 financial statements, the assets relating to agreement were previously reported as Property, Plant and Equipment. The Group reclassified these assets to be investment properties in compliance with Thai Accounting Standard No. 40. The reclassification did not have impact to statement of comprehensive income for the year ended 31 December 2015.

These adjustments are not relevant to 2014. Therefore the statement of financial position as at 1 January 2015 is not required to be presented.

The adjustments to the statement of financial position as at 31 December 2015 are as follows:

	Consolidated financial statements		
	As previously reported	Adjustment	As restated
	Baht Million	Baht Million	Baht Million
Statement of financial position as at 31 December 2015			
Trade and other receivables	38,628.42	(53.21)	38,575.21
Investment property, net	5.53	790.72	796.25
Property, plant and equipment, net	98,456.92	(790.72)	97,666.20
Intangible assets, net	69,927.50	733.48	70,030.98
Trade and other payables	65,865.89	425.78	66,291.67
Liabilities under agreements and licences for operation	86.05	20,816.21	20,902.26
Other non-current liabilities	36,785.44	(20,561.72)	16,223.72

CONTRACTS AND COMMITMENTS

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.

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
Between 2 - 5 years	35.00

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.

During 2015 and 2016, the Group and CAT reached the solution to settle certain portion of rental and services revenue in BFKT and accrued operating cost in RMV.

On 23 January 2017, the aforesaid subsidiaries and CAT has agreed in several matters with an objective to extinguish the outstanding disputes between the two parties, including the unsettled balances. The Group has assessed the overall impact of the agreements reached and recognised an additional expense of Baht 305.67 million in the consolidated statement of comprehensive income of 2016.

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 finalisation.

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.

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.

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.

On 14 March 2016, a subsidiary, TUC was granted with the 900MHz Bandwidth licence issued by NBTC. The licence authorized 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.

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 3,798.07 million and Baht 401.21 million, respectively.

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		Company	
	2016	2015	2016	2015
	Baht Million	Baht Million	Baht Million	Baht Million
Fixed and saving deposits	70.06	606.94	42.36	558.97
Investments in shares of associate	770.00	635.84	694.55	694.55

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 2016 were Baht 30,191.98 million and Baht 5.40 million, respectively (2015: Baht 17,839.39 million and Baht 4.58 million, respectively).

The Group leases various telecommunication infrastructures under non-cancellable operating lease agreements and the lease term is ranged between 5 years and 15 years.

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

	Consolidated financial statements	
	2016	2015
	Baht Million	Baht Million
Not later than 1 year	3,313.62	3,263.24
Later than 1 year but not later than 5 years	12,646.89	12,814.76
Later than 5 years	15,594.68	18,740.42
	<u>31,555.19</u>	<u>34,818.42</u>