

TRUE CORPORATION PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL INFORMATION (UNAUDITED)**

31 MARCH 2017

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of True Corporation Public Company Limited

I have reviewed the interim consolidated financial information of True Corporation Public Company Limited and its subsidiaries, and the interim separate financial information of True Corporation Public Company Limited. These comprise the consolidated and separate statements of financial position as at 31 March 2017, and the related consolidated and separate statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim consolidated and separate financial information based on my review.

Scope of review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and separate financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter paragraph

I draw attention to Notes 25.3 and 26 to the interim financial information 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 interim financial information. My review report is not qualified in respect of these matters.

PricewaterhouseCoopers ABAS Ltd.

Prasit Yuengsrikul

Certified Public Accountant (Thailand) No. 4174
Bangkok
15 May 2017

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

	Consolidated		Separate	
	financial information		financial information	
	Unaudited	Audited	Unaudited	Audited
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Notes	Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Assets				
Current assets				
Cash and cash equivalents	56,102,917	50,183,813	21,755,438	5,463,811
Restricted cash at bank	42,360	42,360	42,360	42,360
Short-term investments	11 2,891	502,312	1,802	501,234
Trade and other receivables	12 38,264,721	36,810,522	8,712,306	8,110,689
Short-term loans to related parties	27 147,000	147,000	200,000	3,000,000
Inventories, net	14,636,404	11,251,975	18,621	20,426
Income tax deducted at sources	7,621,602	8,141,389	211,569	169,232
Claimable value added tax	6,758,162	5,509,182	-	-
Other current assets	13 9,724,935	10,089,763	54,081	66,536
Total current assets	133,300,992	122,678,316	30,996,177	17,374,288
Non-current assets				
Restricted cash at bank	22,955	27,696	-	-
Investment in available for sale securities	11 269,068	-	-	-
Investment in subsidiaries	14 -	-	183,178,264	178,678,264
Investment in associates and joint ventures	14 19,623,922	18,174,762	16,327,908	16,327,908
General investments	325,211	325,211	240,741	240,741
Investment property	751,650	760,473	-	-
Property, plant and equipment	15 149,521,785	143,688,352	1,636,910	1,708,040
Intangible assets	16 137,613,938	139,745,965	880,693	1,224,493
Goodwill	11,403,094	11,403,094	-	-
Deferred income tax assets	17 4,925,537	5,375,822	-	99,126
Other non-current assets	7,359,316	6,780,769	147,539	149,864
Total non-current assets	331,816,476	326,282,144	202,412,055	198,428,436
Total assets	465,117,468	448,960,460	233,408,232	215,802,724

The accompanying notes on pages 8 to 30 are an integral part of these financial information.

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

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 31 March 2017 Baht Thousand	Audited 31 December 2016 Baht Thousand	Unaudited 31 March 2017 Baht Thousand	Audited 31 December 2016 Baht Thousand
Liabilities and equity					
Current liabilities					
Short-term borrowings		56,311,399	37,571,675	35,362,077	16,980,391
Trade and other payables	18	96,362,515	98,514,397	2,436,890	2,814,034
Current portion of long-term borrowings	19	24,509,677	20,653,960	22,998,182	19,165,857
Income tax payable		18,431	5,629	-	-
Other current liabilities	20	4,957,515	4,098,147	591,858	509,323
Total current liabilities		182,159,537	160,843,808	61,389,007	39,469,605
Non-current liabilities					
Long-term borrowings	19	61,912,098	60,490,046	8,168,869	12,119,200
Deferred income tax liabilities	17	2,020,064	1,995,052	2,184	-
Liabilities under agreements and licences for operation	21	73,957,153	77,652,487	-	-
Employee benefit obligations		2,037,394	1,982,115	567,904	555,044
Other non-current liabilities	22	12,392,742	14,269,013	-	-
Total non-current liabilities		152,319,451	156,388,713	8,738,957	12,674,244
Total liabilities		334,478,988	317,232,521	70,127,964	52,143,849
Equity					
Share capital	23				
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		282,498	282,498	282,498	282,498
Unappropriated (deficits)		(28,439,141)	(27,287,553)	3,140,916	3,519,523
Other components of equity		(1,743,563)	(1,799,588)	-	-
Equity attributable to owners of the parent		129,956,648	131,052,211	163,280,268	163,658,875
Non-controlling interests		681,832	675,728	-	-
Total equity		130,638,480	131,727,939	163,280,268	163,658,875
Total liabilities and equity		465,117,468	448,960,460	233,408,232	215,802,724

The accompanying notes on pages 8 to 30 are an integral part of these financial information.

True Corporation Public Company Limited
Statements of Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2017

	Notes	Consolidated financial information		Separate financial information	
		(Restated)			
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Revenues					
Revenues from telephone and other services		28,763,478	24,717,774	2,153,924	2,377,074
Revenues from product sales		3,693,270	4,295,886	-	-
Total revenues		32,456,748	29,013,660	2,153,924	2,377,074
Costs					
Cost of providing services		21,299,448	17,846,751	1,122,742	1,165,207
Cost of sales		3,855,522	4,385,037	-	-
Total costs		25,154,970	22,231,788	1,122,742	1,165,207
Gross profit		7,301,778	6,781,872	1,031,182	1,211,867
Other income	22	2,463,868	371,465	459,079	590,329
Selling expenses		(4,910,868)	(3,571,047)	(180,359)	(195,246)
Administrative expenses		(3,577,592)	(2,974,597)	(800,390)	(710,122)
Other expenses		(1,600,192)	(207,711)	(197,285)	(3,401)
Finance costs	8	(2,080,451)	(1,271,528)	(589,524)	(633,420)
Share of result	14.2	1,795,733	3,299,297	-	-
Profit (loss) before income tax		(607,724)	2,427,751	(277,297)	260,007
Income tax	9	(537,753)	(277,283)	(101,310)	(106,118)
Profit (loss) for the period		(1,145,477)	2,150,468	(378,607)	153,889
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss:					
Unrealised gain on changes in fair value of available-for-sale securities					
		56,051	-	-	-
Exchange differences on translation					
		(26)	14	-	-
Total comprehensive income for the period		(1,089,452)	2,150,482	(378,607)	153,889
Profit (loss) for the period attributable to:					
Owners of the parent		(1,151,588)	2,161,506	(378,607)	153,889
Non-controlling interests		6,111	(11,038)	-	-
Profit (loss) for the period		(1,145,477)	2,150,468	(378,607)	153,889
Total comprehensive income for the period attributable to:					
Owners of the parent		(1,095,563)	2,161,520	(378,607)	153,889
Non-controlling interests		6,111	(11,038)	-	-
Total comprehensive income for the period		(1,089,452)	2,150,482	(378,607)	153,889
Basic earnings per share					
attributable to owners of the parent					
- Basic (Baht per share)	10	(0.03)	0.09	(0.01)	0.01

The accompanying notes on pages 8 to 30 are an integral part of these financial information.

True Corporation Public Company Limited
 Statements of Changes in Equity (Unaudited)
 For the three-month period ended 31 March 2017

	Consolidated financial information										Baht Thousand
	Attributable to owners of the parent										
	Issued and fully paid-up common shares	Premium on shares	Legal reserve	Deficits	Other components of equity				Total owners of the parent	Non- Controlling interest	Total
Unrealised gain on revaluation of available for sale securities					Change in non-controlling interest	Translating financial statements	Total other components of equity				
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
Total comprehensive income for the period - restated	-	-	-	2,161,506	-	-	14	14	2,161,520	(11,038)	2,150,482
Closing balance as at 31 March 2016	<u>98,431,713</u>	<u>-</u>	<u>275,914</u>	<u>(20,201,370)</u>	<u>-</u>	<u>(1,806,543)</u>	<u>9,255</u>	<u>(1,797,288)</u>	<u>76,708,969</u>	<u>648,046</u>	<u>77,357,015</u>
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	-	-	-	-	-	-	-	-	-	(7)	(7)
Total comprehensive income for the period	-	-	-	(1,151,588)	56,051	-	(26)	56,025	(1,095,563)	6,111	(1,089,452)
Closing balance as at 31 March 2017	<u>133,472,781</u>	<u>26,384,073</u>	<u>282,498</u>	<u>(28,439,141)</u>	<u>56,051</u>	<u>(1,809,489)</u>	<u>9,875</u>	<u>(1,743,563)</u>	<u>129,956,648</u>	<u>681,832</u>	<u>130,638,480</u>

The accompanying notes on pages 8 to 30 are an integral part of these financial informatic

True Corporation Public Company Limited
Statements of Changes in Equity (Unaudited) (Cont'd)
For the three-month period ended 31 March 2017

	Separate financial information			Baht Thousand	
	Issued and fully paid-up common shares	Premium on shares	Legal reserve	Retained earnings (deficits)	Total
Opening balance as at 1 January 2016	98,431,713	-	275,914	5,208,953	103,916,580
Total comprehensive income for the period	-	-	-	153,889	153,889
Closing balance as at 31 March 2016	<u>98,431,713</u>	<u>-</u>	<u>275,914</u>	<u>5,362,842</u>	<u>104,070,469</u>
Opening balance as at 1 January 2017	133,472,781	26,384,073	282,498	3,519,523	163,658,875
Total comprehensive income for the period	-	-	-	(378,607)	(378,607)
Closing balance as at 31 March 2017	<u>133,472,781</u>	<u>26,384,073</u>	<u>282,498</u>	<u>3,140,916</u>	<u>163,280,268</u>

The accompanying notes on pages 8 to 30 are an integral part of these financial information.

True Corporation Public Company Limited
Statements of Cash Flows (Unaudited)
For the three-month period ended 31 March 2017

	Notes	Consolidated financial information		Separate financial information	
		(Restated)			
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		Baht Thousand	Baht Thousand	Baht Thousand	Baht Thousand
Cash flows from operating activities	24	(8,430,601)	1,978,928	(1,081,964)	(399,927)
Cash flows from investing activities					
Withdrawal in restricted cash at bank		4,742	532,557	-	510,795
Proceeds from disposal of short-term investments		499,426	-	499,432	-
Loans made to related parties	27	-	(300)	(950,000)	(7,370,000)
Acquisition of property, plant and equipment		(8,505,233)	(8,143,429)	(12,062)	(14,008)
Acquisition of intangible assets		(523,212)	(9,426,478)	(4,545)	(1,762)
Acquisition investment in subsidiaries	14	-	-	(4,500,000)	(4,452)
Acquisition investment in associate	14	(35,600)	-	-	-
Acquisition of available for sale securities	11	(213,010)	-	-	-
Repayment received from loans to related parties	27	-	-	3,750,000	6,395,000
Proceeds from disposals of property, plant and equipment and intangible assets		13,393	4,010	3,691	-
Dividends received	27	391,870	387,788	391,870	387,788
Net cash used in investing activities		(8,367,624)	(16,645,852)	(821,614)	(96,639)
Cash flows from financing activities					
Addition investment in subsidiary by purchasing shares from non-controlling interest		(7)	-	-	-
Proceeds from loans from related parties	27	-	-	420,000	1,750,000
Proceeds from short-term borrowings		42,267,840	25,662,052	25,328,896	8,157,352
Proceeds for borrowing, net of cash paid for debt issuance cost	19	4,694,635	-	-	-
Repayment to loans from related parties	27	-	-	(420,000)	(2,055,000)
Repayments to short-term borrowings		(23,610,000)	(8,011,878)	(7,000,000)	(8,000,000)
Repayments to borrowings	19	(629,982)	(610,852)	(133,691)	(138,449)
Net cash generated from (used in) financing activities		22,722,486	17,039,322	18,195,205	(286,097)
Net increase (decrease) in cash and cash equivalents		5,924,261	2,372,398	16,291,627	(782,663)
Opening balance		50,183,813	10,590,382	5,463,811	2,193,900
Effects of exchange rate changes		(5,157)	(9,726)	-	-
Closing balance		56,102,917	12,953,054	21,755,438	1,411,237

Non-cash transactions

The significant non-cash transactions are as follows:

	Consolidated financial information		Separate financial information	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Acquisition of property, plant and equipment using finance leases	1,187.62	477.31	-	-
Acquisition of property, plant and equipment and intangible assets, not yet paid	131,158.12	110,153.55	-	-

The accompanying notes on pages 8 to 30 are an integral part of these financial information.

1 General information

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

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

These interim consolidated and separate financial information were authorised for issue by the Audit Committee on 15 May 2017.

These interim consolidated and separate financial information have been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim consolidated and separate financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows) are presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

An English version of the interim consolidated and separate financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2016.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards

Revised accounting standards and financial reporting standards are effective for annual periods beginning on or after 1 January 2017. These standards are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 11 (revised 2016)	Joint arrangements
TFRS 12 (revised 2016)	Disclosure of interests in other entities

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statement and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

The management has assessed and considered that the above revised standards do not have significant impact to the Group.

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and separate financial statements for the year ended 31 December 2016.

4 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.

The adjustments to the statement of comprehensive income for the three-month period ended 31 March 2016 are as follows:

Statement of comprehensive income

	Consolidated financial information		
	As previously reported Baht Million	Adjustment Baht Million	As restated Baht Million
For the three-month period ended 31 March 2016			
Cost of providing services	17,833.31	13.44	17,846.75
Finance cost	1,478.45	(206.92)	1,271.53

5. 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 review, 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.

5. Segment information (Cont'd)

Consolidated reportable segments:

External revenue:

For the three-month period ended	31 March 2017 Baht Million	31 March 2016 Baht Million
TrueMove H	24,170.86	20,775.14
TrueOnline	5,865.37	5,770.17
TrueVisions	2,420.52	2,468.35
Total	32,456.75	29,013.66

Segment profit before tax:

For the three-month period ended	31 March 2017 Baht Million	(Restated) 31 March 2016 Baht Million
TrueMove H	(474.35)	846.17
TrueOnline	701.72	2,334.13
TrueVisions	(835.09)	(752.55)
Total	(607.72)	2,427.75

Segment assets:

	At 31 March 2017 Baht Million	At 31 December 2016 Baht Million
TrueMove H	327,681.70	330,609.02
TrueOnline	108,680.07	90,175.52
TrueVisions	28,755.70	28,175.92
Total	465,117.47	448,960.46

Segment liabilities:

	At 31 March 2017 Baht Million	At 31 December 2016 Baht Million
TrueMove H	224,577.37	225,977.87
TrueOnline	98,763.28	80,988.09
TrueVisions	11,138.34	10,266.56
Total	334,478.99	317,232.52

6 Fair value

6.1 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 March 2017.

	Consolidated financial information			
	31 March 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 funds	-	1.91	-	1.91
Available-for-sale financial assets				
• Equity securities	269.07	-	-	-
Derivative receivables	-	-	-	514.41
Liabilities				
Derivative payables	-	1,482.74	-	23.50
	Separate financial information			
	31 March 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 funds	-	1.80	-	1.80
Liabilities				
Derivative payables	-	10.78	-	21.55

6.2 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 inputs 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.

True Corporation Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2017

7 Operating profit (loss)

The following expenditures, classified by nature, have been charged in arriving at operating profit (loss).

For the three-month periods ended	Consolidated financial information		Separate financial information	
	31 March 2017	(Restated) 31 March 2016	31 March 2017	31 March 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Depreciation and amortisation	9,100.01	5,962.76	446.02	451.84
Doubtful accounts	456.80	338.51	37.79	53.31

8 Finance costs

For the three-month periods ended	Consolidated financial information		Separate financial information	
	31 March 2017	(Restated) 31 March 2016	31 March 2017	31 March 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Interest expense	(1,441.90)	(1,099.28)	(570.15)	(610.94)
Foreign exchange (loss) gain	(11.54)	(23.63)	0.43	(7.40)
Finance cost related to licences	(597.50)	(136.33)	-	-
Other financial fees	(29.51)	(12.29)	(19.80)	(15.08)
Finance costs	(2,080.45)	(1,271.53)	(589.52)	(633.42)

9 Income tax

For the three-month periods ended	Consolidated financial information		Separate financial information	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Current tax	(62.45)	(304.33)	-	-
Deferred income taxes	(475.30)	27.05	(101.31)	(106.12)
Income tax	(537.75)	(277.28)	(101.31)	(106.12)

10 Basic earnings per share

Basic earnings per share attributable to equity holders of the Company is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the period ended 31 March 2017, that is 33,368.20 million shares (2016: 25,021.20 million shares).

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11 Investments

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Current	2.89	502.31	1.80	501.23
Non-current	269.07	-	-	-
	<u>271.96</u>	<u>502.31</u>	<u>1.80</u>	<u>501.23</u>
Current				
Time deposits	0.97	0.97	-	-
Trading securities - debt securities	-	499.43	-	499.43
Trading securities - equity securities	1.92	1.91	1.80	1.80
Total short-term investments	<u>2.89</u>	<u>502.31</u>	<u>1.80</u>	<u>501.23</u>

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

	Consolidated financial information Baht Million	Separate financial information Baht Million
For the three-month period ended 31 March 2017		
Opening net book amount	502.31	501.23
Disposal	(500.00)	(500.00)
Interest received	0.57	0.56
Fair value adjustment	0.01	0.01
Closing net book amount	<u>2.89</u>	<u>1.80</u>

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Non-current				
Available for sale securities				
- equity securities	<u>269.07</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

	Consolidated financial information 31 March 2017	
	Cost Baht Million	Fair value Baht Million
Available-for-sale securities	213.01	213.01
Add Fair value adjustment	-	56.06
Total available-for-sale securities	<u>213.01</u>	<u>269.07</u>

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11 Investments (Cont'd)

Movement of investment in available-for-sale securities are as follows:

	Consolidated financial information Baht Million
For the period ended 31 March 2017	
Opening net book amount	-
Addition	213.01
Fair value adjustment	56.06
Closing net book amount	269.07

12 Trade and other receivables

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Receivable from TOT	750.02	685.29	750.02	685.29
Billed customers	20,748.90	20,293.14	2,016.82	1,994.15
Receivable from related parties (Note 27)	7,962.00	7,873.13	6,718.51	6,176.90
Trade accounts receivable	29,460.92	28,851.56	9,485.35	8,856.34
Accrued income	12,365.76	11,025.30	2,200.10	2,220.65
Total trade accounts receivable	41,826.68	39,876.86	11,685.45	11,076.99
<u>Less</u> Allowance for doubtful accounts	(7,497.43)	(7,127.71)	(3,142.89)	(3,113.67)
Trade accounts receivable, net	34,329.25	32,749.15	8,542.56	7,963.32
Prepaid expenses	2,867.11	2,420.07	78.57	80.46
Other receivables	927.20	1,573.90	57.08	57.54
Interest receivable	141.16	67.40	34.10	9.37
Trade and other receivables	38,264.72	36,810.52	8,712.31	8,110.69

Outstanding trade accounts receivable as at 31 March 2017 and 31 December 2016 can be analysed as follows:

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Current	13,769.66	14,473.16	1,114.97	1,132.24
Less than 3 months	6,299.48	5,524.89	1,234.45	1,205.03
3 - 6 months	1,024.29	871.59	480.93	269.97
6 - 12 months	2,901.87	3,137.17	2,043.00	4,147.20
More than 12 months	5,465.62	4,844.75	4,612.00	2,101.90
Trade accounts receivable	29,460.92	28,851.56	9,485.35	8,856.34
Accrued income	12,365.76	11,025.30	2,200.10	2,220.65
Total trade accounts receivable	41,826.68	39,876.86	11,685.45	11,076.99
<u>Less</u> Allowance for doubtful accounts	(7,497.43)	(7,127.71)	(3,142.89)	(3,113.67)
Trade accounts receivable, net	34,329.25	32,749.15	8,542.56	7,963.32

As at 31 March 2017, in the interim consolidated and company statements of financial position included accrued income receivable from TOT amounting to Baht 253.57 million (2016: Baht 252.96 million) in respect of interconnection with TOT services. However, 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 information of minutes of international calls. This matter is under negotiation with TOT. The Company's management believes that the accrued income is recoverable.

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13 Other current assets

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Value added tax pending for receipt of tax invoices	2,688.49	3,075.23	54.08	66.54
Film and program rights	763.57	555.70	-	-
Subscriber acquisition cost, net	6,272.79	6,062.72	-	-
Derivative receivables	-	396.11	-	-
Others	0.08	-	-	-
Total	9,724.93	10,089.76	54.08	66.54

14 Investments in subsidiaries, associates and interests in joint ventures, net

14.1 Investment in subsidiaries

Movements of investments in subsidiaries are as follows:

	Separate Financial information Baht Million
For the three-month period ended 31 March 2017	
Opening net book value	178,678.26
Addition of investment	4,500.00
Closing net book value	183,178.26

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

14.1 Investment in subsidiaries (Cont'd)

		Separate financial information					
		31 March 2017			31 December 2016		
		Investment - at cost method Baht Million	Impairment Baht Million	Net investment Baht Million	Investment - at cost method Baht Million	Impairment Baht Million	Net investment Baht Million
Business							
Subsidiaries							
Telecom Holding Co., Ltd.	Holding company	46,019.04	10,271.43	28,518.81	41,519.04	10,271.43	24,018.81
True Move H Universal Communication Co., Ltd.	Wireless Telecommunication services	144,843.77	-	144,843.77	144,843.77	-	144,843.77
True Internet Co., Ltd.	Internet solution provider	2,149.88	-	2,149.88	2,149.88	-	2,149.88
True International Gateway Co., Ltd.	Telecommunication and internet services	436.00	-	436.00	436.00	-	436.00
K.I.N. (Thailand) Limited	Holding company	180.40	180.40	-	180.40	180.40	-
True Public Communication Co., Ltd.	Telecommunication services	97.00	97.00	-	97.00	97.00	-
True Vistas Co., Ltd	Production and distribution of movie films	46.63	46.63	-	46.63	46.63	-
True Internet Corporation Co., Ltd.	Telecommunication services and Internet solution provider	1.00	-	1.00	1.00	-	1.00
Total investment in subsidiaries, net		193,773.72	10,595.46	183,178.26	189,273.72	10,595.46	178,678.26

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

14.1 Investment in subsidiaries (Cont'd)

Indirect subsidiaries included in the consolidated financial information:

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.	99.97	Trading and internet provider including online digital media services on website and telecommunication devices	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 Co., Ltd.	100.00	Internet solution provider	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 services	Thailand
True Move H Universal Communication Co., Ltd.	100.00	Wireless Telecommunication services	Thailand
True Multimedia Co., Ltd.	91.08	NON-POTS and 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

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

14.1 Investment in subsidiaries (Cont'd)

Indirect subsidiaries included in the consolidated financial information: (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
Goldsky 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 Telecom KSC Co., Ltd. ("TKSC") only at 34.39%, however, 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:

During the three-month period ended 31 March 2017, the Company additionally invested in the wholly owned subsidiary, Telecom Holding Co., Ltd. amounting to Baht 4,500.00 million.

On 6 January 2017, a subsidiary invested in True Digital & Media Platform Co., Ltd., a newly established company amounting to Baht 1.00 million.

True Music Radio Co., Ltd., a 69.94% owned subsidiary, completed the liquidation process on 17 February 2017. The Group recognise gain on liquidation amounting to Baht 5.28 million the interim consolidated financial information for three-month period ended 31 March 2017.

14.2 Investments in associates and interests in joint ventures

	Consolidated financial information		Separate financial information	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Associates	19,551.36	18,101.48	16,327.91	16,327.91
Joint ventures	72.56	73.28	-	-
	<u>19,623.92</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 periods ended 31 March	Consolidated financial information		Separate financial information	
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Share of result				
- Associates	1,806.15	3,316.42	-	-
- Joint ventures	(0.72)	(7.85)	-	-
	<u>1,805.43</u>	<u>3,308.57</u>	<u>-</u>	<u>-</u>
Elimination	(9.70)	(9.27)	-	-
	<u>1,795.73</u>	<u>3,299.30</u>	<u>-</u>	<u>-</u>

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

14.2 Investments in associates and interests in joint ventures (Cont'd)

Associate undertakings

Name of associates	% Ownership	Business	Country of incorporation
Digital Telecommunications Infrastructure Fund ("DIF")	28.11	Leasing of telecommunication infrastructure	Thailand
True GS Co., Ltd.*	45.00	Home shopping	Thailand
True Axion Games Ltd. *	40.00	Games and application development	Thailand

*indirectly hold through a subsidiary

During the three-month period ended 31 March 2017, the Group invested in True Axion Games Ltd. amounting to Baht 35.60 million representing 40.00% of its equity. True Axion Games Ltd. engages in the business of video game and application development and training academy.

Joint ventures

Name of joint ventures	% Ownership	Business	Country of incorporation
Asia Infonet Co., Ltd. *	65.00	Internet services provider	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

*indirectly hold through a subsidiary

15 Property, plant and equipment, net

	Consolidated financial information		
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the three-month period ended 31 March 2017			
Opening net book amount	5,047.05	138,641.30	143,688.35
Additions	614.63	8,566.85	9,181.48
Disposals, net	(10.79)	(16.32)	(27.11)
Adjustments/reclassifications	(4.07)	8.88	4.81
Depreciation	(333.43)	(2,992.31)	(3,325.74)
Closing net book amount	5,313.39	144,208.40	149,521.79
Separate financial information			
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the three-month period ended 31 March 2017			
Opening net book amount	130.42	1,577.62	1,708.04
Additions	11.99	0.07	12.06
Disposals, net	(1.28)	(4.03)	(5.31)
Depreciation	(12.89)	(64.99)	(77.88)
Closing net book amount	128.24	1,508.67	1,636.91

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15 Property, plant and equipment, net (Cont'd)

Capital commitments

	Consolidated financial information Baht Million	Separate financial information Baht Million
As at 31 March 2017	30,414.66	30.03
As at 31 December 2016	28,636.81	25.46

16 Intangible assets, net

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Current (included in "Other current assets" (Note 13))	763.57	555.70	-	-
Non-current	137,613.94	139,745.97	880.69	1,224.49
Total	<u>138,377.51</u>	<u>140,301.67</u>	<u>880.69</u>	<u>1,224.49</u>

Movements of intangible assets can be analysed as follows:

	Consolidated financial information Baht Million	Separate financial information Baht Million
For the three-month periods ended 31 March 2017		
Opening net book amount	140,301.67	1,224.49
Additions	1,667.08	4.55
Adjustments/reclassifications	5.22	-
Amortisation charge	(3,596.46)	(348.35)
Closing net book amount	<u>138,377.51</u>	<u>880.69</u>

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17 Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and using 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 as follows:

	Consolidated		Separate	
	financial information		financial information	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Deferred income tax assets				
Depreciation and amortisation	1,030.93	1,134.56	219.92	321.86
Tax loss carry forwards	5,479.62	5,532.97	-	-
Allowances	2,663.55	2,594.00	27.68	27.68
Borrowings	58.83	77.65	56.75	57.37
Unearned income	181.64	193.20	-	-
Accrued expenses	6.00	33.12	-	-
Films and program rights	20.06	20.75	-	-
Employee benefits obligations	91.32	89.26	-	-
Provisions	-	457.18	-	-
Derivative payables	296.55	4.31	2.16	4.31
	<u>9,828.50</u>	<u>10,137.00</u>	<u>306.51</u>	<u>411.22</u>
Deferred income tax liabilities				
Borrowings	(2,252.66)	(2,308.33)	-	-
Depreciation and amortisation	(2,150.59)	(2,177.47)	(2.93)	(3.81)
Accounts receivable - billed				
customers	(268.20)	(270.46)	(268.20)	(270.45)
Debt issuance cost	(55.11)	(54.56)	(37.56)	(37.83)
Leased assets	(30.51)	(91.64)	-	-
Other current assets	(2,165.96)	(1,751.28)	-	-
Derivative receivables	-	(102.49)	-	-
	<u>(6,923.03)</u>	<u>(6,756.23)</u>	<u>(308.69)</u>	<u>(312.09)</u>
	<u>2,905.47</u>	<u>3,380.77</u>	<u>(2.18)</u>	<u>99.13</u>

Presentation in the statements of financial position are as follows:

	Consolidated		Separate	
	financial information		financial information	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
	Baht Million	Baht Million	Baht Million	Baht Million
Deferred income tax assets	4,925.54	5,375.82	-	99.13
Deferred income tax liabilities	(2,020.07)	(1,995.05)	(2.18)	-
Deferred income tax, net	<u>2,905.47</u>	<u>3,380.77</u>	<u>(2.18)</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.

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18 Trade and other payables

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Trade accounts payable	59,045.08	64,421.77	908.96	988.32
Accrued expenses	34,261.97	31,126.71	1,229.52	1,537.94
Unearned income	2,899.11	2,800.50	209.20	184.64
Other payables	156.36	165.42	89.21	103.13
Trade and other payables	<u>96,362.52</u>	<u>98,514.40</u>	<u>2,436.89</u>	<u>2,814.03</u>

19 Borrowings

The Group's borrowings are denominated in Thai Baht, United States Dollar and Japanese Yen.

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Current				
- Finance leases	1,511.50	1,488.10	-	-
- Debentures	22,865.06	18,899.57	22,865.06	18,899.57
- Supplier credit	133.12	266.29	133.12	266.29
Total current	<u>24,509.68</u>	<u>20,653.96</u>	<u>22,998.18</u>	<u>19,165.86</u>
Non-current				
- Finance leases	6,122.45	5,451.99	-	-
- Debentures	55,789.65	55,038.06	8,168.87	12,119.20
Total non-current	<u>61,912.10</u>	<u>60,490.05</u>	<u>8,168.87</u>	<u>12,119.20</u>
Total borrowings	<u>86,421.78</u>	<u>81,144.01</u>	<u>31,167.05</u>	<u>31,285.06</u>

Movements of borrowings can be analysed as follows:

	Consolidated financial information Baht Million	Separate financial information Baht Million
For the three-month period ended 31 March 2017		
Opening net book amount	81,144.01	31,285.06
Additional borrowings		
- principal (net of debt issuance cost)	4,694.64	-
- non-cash finance leases	1,187.62	-
- interest	88.46	0.07
Repayments of borrowings		
- cash item	(629.98)	(133.69)
- realised loss on foreign exchange	0.47	0.47
Amortisation of debt issuance costs	22.46	15.17
Currencies translations	(85.90)	(0.03)
Closing net book amount	<u>86,421.78</u>	<u>31,167.05</u>

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20 Other current liabilities

	Consolidated financial information		Separate financial information	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Output VAT pending tax invoices	2,844.48	3,113.03	453.58	429.91
Derivative payables	834.94	22.79	10.78	21.55
Others	1,278.10	962.33	127.50	57.86
Total	4,957.52	4,098.15	591.86	509.32

21 Liabilities under agreements and licences for operation

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

	Consolidated financial information	
	31 March 2017	31 December 2016
	Baht Million	Baht Million
Current (included in "Accrued expenses")	15,793.06	11,795.29
Non-current	73,957.15	77,652.49
	89,750.21	89,447.78

Movement of liabilities under agreements and licences for operation can be analysed as follows:

	Consolidated financial information Baht Million
For the three-month period ended 31 March 2017	
Opening net book amount	89,447.78
Repayments	(295.06)
Finance costs	597.49
Closing net book amount	89,750.21

22 Other non-current liabilities

	Consolidated financial information	
	31 March 2017	31 December 2016
	Baht Million	Baht Million
Advance received for long-term operating lease	10,397.92	10,551.58
Deposit received from customers	1,278.82	1,360.05
Provision	-	2,285.89
Derivative payables	647.80	0.71
Others	68.20	70.78
Total	12,392.74	14,269.01

During the three-month period ended 31 March 2017, the call option provision of Baht 2,285.89 million was recognised as other income in the interim consolidated financial information because the counter party indicated its intention not to exercise the option.

Refer to Long-term Lease Agreement with call option between Asia Wireless Communication Co., Ltd. ("AWC"), a wholly owned subsidiary, and Digital Telecommunication Infrastructure Fund ("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 year to AWC. As at 31 March, 2017, balances of current and non-current unearned income amounting to Baht 614.66 million and Baht 10,397.92 million were presented under "Trade and other payable" and "Other non-current liabilities", respectively. The Group recognised Baht 110.46 million of rental revenue for the three-month period ended 31 March 2017.

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23 Share capital, premium and discount on share capital

	Number of issued shares Million	Common shares Baht Million	Share premium Baht Million	Total Baht Million
At 31 December 2016	33,368.20	133,472.78	26,384.07	159,856.85
At 31 March 2017	33,368.20	133,472.78	26,384.07	159,856.85

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). All issued shares are fully paid.

24 Cash flows from operating activities

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

For the three-month periods ended	Notes	Consolidated financial information		Separate financial information	
		31 March 2017 Baht Million	(Restated) 31 March 2016 Baht Million	31 March 2017 Baht Million	31 March 2016 Baht Million
(Loss) profit before income tax		(607.72)	2,427.75	(277.30)	260.01
Adjustments for:					
Depreciation and amortisation	7	9,100.01	5,962.76	446.02	451.84
Interest income		(127.39)	(42.09)	(59.16)	(194.37)
Interest expense	8	1,441.90	1,099.28	570.15	610.94
Finance cost related to licences	8	597.50	136.33	-	-
Dividends received	27	-	-	(391.87)	(387.79)
Loss on disposals of property, plant and equipment		13.72	8.73	1.62	0.06
Doubtful accounts	7	456.80	338.51	37.79	53.31
(Gain) loss from liquidation of investment	14	(5.28)	24.88	-	-
Reversal of provision for call option	22	(2,285.89)	(297.11)	-	-
Increase in retirement benefit obligations		61.57	49.15	12.86	10.82
Unrealised loss (gain) on foreign exchange		319.02	299.85	(10.80)	4.77
Realised loss on foreign exchange related to repayment of borrowings	19	0.47	2.65	0.47	2.65
Share of net results of investments	14.2	(1,805.43)	(3,308.58)	-	-
Changes in working capital					
- Trade and other receivables		(2,915.23)	2,124.15	(625.84)	(1,004.77)
- Short-term investment - trading securities		(0.01)	(0.01)	-	(0.01)
- Inventories		(2,328.33)	(2,044.97)	1.81	2.04
- Other current assets		(3,285.14)	(2,824.92)	23.23	20.57
- Films and program rights		(1,460.18)	(1,114.55)	-	-
- Other non-current assets		(623.57)	(569.68)	2.32	17.29
- Trade and other payables		(4,536.70)	1,885.79	(576.55)	(819.66)
- Other current liabilities		41.12	141.57	93.54	179.35
- Other non-current liabilities		(85.65)	(198.27)	-	(11.50)
Cash (used in) generated from operations		(8,034.41)	4,101.22	(751.71)	(804.45)
<u>Add</u> Interest received		53.63	15.80	34.42	197.23
Income tax received		1,779.49	1,072.64	-	669.73
<u>Less</u> Interest paid		(919.95)	(785.25)	(322.33)	(414.70)
Income tax paid		(1,309.36)	(2,425.48)	(42.34)	(47.74)
Net cash (used in) generated from operating activities		(8,430.60)	1,978.93	(1,081.96)	(399.93)

25 Contingent liabilities

25.1 Collateral

Under the terms of various agreements, following assets have been pledged as collateral with the contracted parties,

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Fixed and saving deposits	65.32	70.06	42.36	42.36
Investments in shares of associate	830.15	770.00	694.55	694.55

25.2 Contingencies

The bank guarantees provided by banks on behalf of the Group are as follows:

	Consolidated financial information Baht Million	Separate financial information Baht Million
As at 31 March 2017	103,022.22	3,797.94
As at 31 December 2016	102,781.79	3,798.07

25.3 Subsidiary's access charges

Refer to Note 40.2 to the 2016 annual financial statements, the subsidiary ceased payment to TOT and CAT 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. In 2011, TOT has filed a lawsuit against CAT and the subsidiary, claiming for the access charge totalling 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 had to pay such access charges, the subsidiary would be liable to accrue access charges for the period from 18 November 2006 to 15 September 2013 as follows:

	Accrued access charges Baht Million	Net effect to the consolidated statement of comprehensive income, net of revenue sharing to CAT Baht Million
For the periods from 18 November 2006 to 15 September 2013	32,344.56	23,762.55

The management and its external lawyers 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 information.

26 Contracts, litigations and Arbitration disputes

26.1 Contracts

3G HSPA

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, Real Move Company Limited ("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 the renewal of Type I licences by NBTC for resale of 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, and has obligation to pay expenses to CAT according to the agreement. 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.

As of 31 March 2017, the Group and CAT have settled certain portion of rental and services revenue in BFKT and accrued operating cost in RMV for transactions incurred during July 2011 to January 2017.

Currently, all parties are discussing the details to finalise all unsettled balances. The management has strong view that the Group has recorded related revenue and costs appropriately according to the agreements and there will be no material impact to the Group's operations as a result of the discussion.

26.2 Litigations and arbitration disputes

Except as set forth, there is no new development in the litigations and arbitration disputes disclosed in Note 39 to the 2016 annual financial statements. Progress of litigations occurred during the period ended 31 March 2017 are summarised as follows:

Litigation and arbitration disputes of the Company:

Dispute in relation to used of Company's logo on the public payphone booths: On 15 February 2017, the Supreme Administrative Court has uphold the judgement in which is in line with the Central Administrative Court and the Arbitration's ruling. The Company recognised Baht 192.69 million as other expenses in the separate financial information for the period ended 31 March 2017.

Dispute in relation to TA1234 campaign: On 6 January 2017, the Company filed with the Central Administrative Court to revoke the Arbitration's ruling. Currently, the case is under the consideration of the Central Administrative Court.

Dispute in relation to revenue sharing collected from international call services: On 18 January 2017, the Company submitted to amend the claimed amount from Baht 8,810.25 million to Baht 8,699.00 million with arbitration tribunal. Currently, the case is under the arbitration process.

The ultimate outcome of the litigations and arbitration disputes are presently unable to be determined, and accordingly, no provision for liability has been made in the interim financial information.

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27 Related party transactions

The following transactions were carried out with related parties:

i) Sales of goods and services

For the three-month periods ended	Consolidated financial information		Separate financial information	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Sales of goods:				
Associate	0.20	0.30	-	-
Related companies:				
CP Group of companies	209.42	681.23	-	-
	<u>209.62</u>	<u>681.53</u>	<u>-</u>	<u>-</u>
Sales of services:				
Subsidiaries	-	-	1,284.23	1,277.25
Joint venture	0.30	2.85	-	-
Associates	185.01	183.14	-	-
Related companies:				
CP Group of companies	274.80	256.27	6.29	12.73
China Mobile Group of companies	41.69	39.09	-	-
	<u>501.80</u>	<u>481.35</u>	<u>1,290.52</u>	<u>1,289.98</u>

ii) Purchases of goods and services

For the three-month periods ended	Consolidated financial information		Separate financial information	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Baht Million	Baht Million	Baht Million	Baht Million
Purchases of goods:				
Related companies:				
CP Group of companies	1,736.74	1,780.18	-	-
	<u>1,736.74</u>	<u>1,780.18</u>	<u>-</u>	<u>-</u>
Purchases of services:				
Subsidiaries	-	-	276.45	279.48
Joint ventures	0.61	0.32	-	-
Associates	1,407.35	1,386.49	-	-
Related companies:				
CP Group of companies	1,638.29	1,370.64	117.34	111.68
NEC Corporation (Thailand) Co., Ltd.	17.15	16.50	-	-
	<u>3,063.40</u>	<u>2,773.95</u>	<u>393.79</u>	<u>391.16</u>

27 Related party transactions (Cont'd)

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

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Receivables from related parties: (included in "Trade accounts receivable" (Note 12))				
Subsidiaries	-	-	6,579.63	6,043.19
Joint venture	0.04	0.15	-	-
Associates	66.20	86.59	-	-
Related companies:				
CP Group of companies	7,700.70	7,629.14	138.88	133.71
China Mobile Group of companies	195.06	157.25	-	-
	<u>7,962.00</u>	<u>7,873.13</u>	<u>6,718.51</u>	<u>6,176.90</u>
Payables to related parties: (included in "Trade and other payables")				
Subsidiaries	-	-	697.07	733.17
Joint venture	1.40	3.49	-	-
Associates	315.01	315.85	-	-
Related companies:				
CP Group of companies	4,576.65	3,419.11	72.42	74.31
China Mobile Group of companies	24.79	21.16	-	-
	<u>4,917.85</u>	<u>3,759.61</u>	<u>769.49</u>	<u>807.48</u>

iv) Loans to related parties

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Current	<u>147.00</u>	<u>147.00</u>	<u>200.00</u>	<u>3,000.00</u>

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

	Consolidated financial information Baht Million	Separate financial information Baht Million
For the three-month period ended 31 March 2017		
Opening net book amount	147.00	3,000.00
Additions	-	950.00
Repayment received	-	(3,750.00)
Closing net book amount	<u>147.00</u>	<u>200.00</u>

The interest income in the consolidated and separate financial information for the three-month period ended 31 March 2017 was Baht 2.68 million and Baht 10.06 million, respectively (2016: Baht 2.75 million and Baht 190.91 million, respectively).

27 Related party transactions (Cont'd)

v) Loans from related parties

Movements of loans from related parties can be analysed as follows:

	Separate financial information Baht Million
For the three-month period ended 31 March 2017	
Opening net book amount	-
Addition borrowings	420.00
Repayment	(420.00)
Closing net book amount	-

The interest expense in the interim separate financial information for the three-month period ended 31 March 2017 was Baht 0.11 million (2016: Baht 1.67 million).

vi) Interest receivable arising from loans to related parties

	Consolidated financial information		Separate financial information	
	31 March 2017 Baht Million	31 December 2016 Baht Million	31 March 2017 Baht Million	31 December 2016 Baht Million
Interest receivable: (included in "Trade and other receivables")				
Related companies	44.22	42.43	-	-
	<u>44.22</u>	<u>42.43</u>	<u>-</u>	<u>-</u>

vii) Dividends received

During the three-month period ended 31 March 2017, the Company received dividends from an associate of Baht 391.87 million (2016: Baht 387.79 million). Dividends income were recognised as other income in the interim separate profit or loss and recognised directly to investment in associate in the interim consolidated financial information.