

(Translation)

Ref.: TRUE-SEC 048/2560

14th November 2017

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

Subject: Submission of the Interim Financial Information for Q3/2017

- Enclosure:
1. A Set of the Reviewed Interim Financial Information for Q3/2017
(Thai / English)
 2. A Set of the Management's Discussion and Analysis Bulletin for Q3/2017
(Thai / English)

True Corporation Public Company Limited (the "Company") would like to submit its reviewed interim consolidated and separate financial information for the third quarter ending 30th September 2017 to the Stock Exchange of Thailand.

The Company reported a consolidated net loss to equity holders of the Company of Baht 691.48 million for the third quarter of the Year 2017, representing a change of greater than 20 percent compared with the net results of the same period in the last year. Please see further details in the Management's Discussion and Analysis Bulletin for Q3/2017 as attached herewith.

Please be informed accordingly.

Respectfully yours,

- Signature -

Mr. William Harris
Group Chief Financial Officer

Management's Discussion and Analysis

Overview

True Group reported improved bottom line performance in the third quarter of 2017 as its competitive strengths continued to drive above industry revenue growth and cost controls remained strong. Service revenue and EBITDA both reached record levels at 24.5 billion and Baht 8.9 billion respectively. The Group's continued focus on costs will significantly improve profitability and financial health going forward.

TrueMove H once again outperformed the industry in both revenue and subscriber growth as operators focused on data campaigns and content bundling while the overall prepaid subsidies were scaled down. This was the result of TrueMove H's ongoing commitment to developing the best network, competitive data and device-bundling propositions, and special privileges through TrueID, TrueYou and its business partners. TrueMove H was the only operator reporting positive net adds and expanded its subscriber base to 26.7 million while the other major players reported negative net adds for six and three consecutive quarters. The business' non-voice revenue continued its strong growth pace, increasing 22.2% from the same period last year, underpinned by growth in both postpaid and prepaid segments. These drove TrueMove H's service revenue up 15.3% YoY to Baht 17.1 billion in 3Q17 compared to 2.0% YoY growth of the other two major players combined.

Fiber expansion was a key driver for the broadband Internet market. TrueOnline's broadband Internet growth remained solid in Q3 with the customer base surpassing 3.0 million and broadband Internet revenue increasing approximately 15% YoY. The business continued to focus on providing high-quality fiber and convergence offerings to meet consumers' growing demand. In addition, TrueOnline strengthened its leading position in the enterprise segment by offering full-scale Internet service with innovative and versatile solutions customized to match customer needs in all businesses. Further expansion of the Group's fiber footprint in the Bangkok Metropolitan Area (BMA) and key provincial markets will continue to drive strong broadband growth momentum.

TrueVisions' comprehensive range of international and local content, combined with its strengths on live broadcasting and HD viewing experience, remain one of the key contributors for increasing its subscription revenue and paying subscriber base. The business ended the third quarter with a total customer base of 4.0 million households. TrueVisions' quality content is shared across True Group's multiple platforms particularly through the TrueID application enhancing the Group's competitiveness and encouraging subscriptions to True Group's various products.

True Group will continue to enhance customer experience by constantly improving network and service quality while better fulfilling consumers through privilege programs, TrueYou and TrueID. The Group's digital platforms will be further utilized to provide a wide range of competitive and best-fit offerings to customers. These should enhance their engagement and placing True Group in a prime position to reap the benefits from accelerating demands for wired and wireless broadband consumption in the digital era.

As the leading and fully-integrated telecommunications operator in Thailand, True Group strives to develop its business towards sustainability by raising the quality and increasing the coverage of its communication networks to fully facilitate a digital society and enable equal access for all to knowledge sources and digital content. As a result, True has received a

number of international recognitions in sustainable development and is one of the few telecommunication companies to be selected in both Dow Jones Sustainability Index – Emerging Markets, and the FTSE4Good Emerging Index. These reflect the Company's strength and continuous commitment to corporate sustainability. True Group will continue to raise the bar on corporate sustainability to further create shared value for its stakeholders.

True Group reported a consolidated net loss to shareholders of the parent company of Baht 691.48 million in 3Q17, representing a change of greater than 20% YoY, which is summarized as below:

True Group's consolidated service revenue continued to increase to Baht 24.5 billion largely due to strong performance of TrueMove H with growing non-voice revenues and expanding subscriber base for both postpaid and prepaid segments. This drove EBITDA growth of 39.0% YoY to Baht 8.9 billion while EBITDA margin remained solid at 36.5%.

Net loss to shareholders of the parent company was Baht 691 million in 3Q17, improving significantly from a loss of Baht 2.5 billion in 3Q16 following the Group's higher operating profit as cost control initiatives continued to gain traction.

Remark: EBITDA margin refers to margin on service revenue excluding contribution from product sales.

Consolidated Results of Operations - Normalized Basis

| (Baht in millions unless otherwise indicated) | 3Q17 | 2Q17 | 3Q16 (Restated) | % Change | | 9M17 | 9M16 (Restated) | % Change Y-o-Y |
|---|--------------|----------------|--------------------|-------------|-------------|----------------|--------------------|-------------------|
| | | | | Q-o-Q | Y-o-Y | | | |
| Revenues | | | | | | | | |
| Revenues from providing services | 29,400 | 29,968 | 27,848 | (1.9) | 5.6 | 88,132 | 79,772 | 10.5 |
| Interconnection revenue | 1,275 | 1,183 | 1,343 | 7.8 | (5.1) | 3,627 | 3,925 | (7.6) |
| Network rental revenue | 3,592 | 4,764 | 3,939 | (24.6) | (8.8) | 12,285 | 10,588 | 16.0 |
| Service revenue | 24,533 | 24,021 | 22,566 | 2.1 | 8.7 | 72,220 | 65,259 | 10.7 |
| Revenues from product sales | 3,740 | 4,973 | 2,946 | (24.8) | 26.9 | 12,407 | 10,788 | 15.0 |
| Operating expenses | | | | | | | | |
| Total cost of providing services | 20,987 | 21,382 | 21,473 | (1.8) | (2.3) | 63,438 | 58,782 | 7.9 |
| Regulatory costs | 870 | 1,023 | 1,093 | (14.9) | (20.4) | 2,951 | 3,149 | (6.3) |
| Interconnection cost | 1,402 | 1,268 | 1,428 | 10.6 | (1.8) | 3,893 | 4,348 | (10.5) |
| Cost of providing services exclude IC | 12,991 | 13,277 | 13,237 | (2.2) | (1.9) | 39,504 | 37,718 | 4.7 |
| Depreciation and amortization | 5,723 | 5,813 | 5,714 | (1.5) | 0.2 | 17,089 | 13,566 | 26.0 |
| Cost of sales | 3,738 | 4,932 | 3,311 | (24.2) | 12.9 | 12,525 | 11,454 | 9.4 |
| Selling and administrative expenses | 7,833 | 8,226 | 7,518 | (4.8) | 4.2 | 24,226 | 21,064 | 15.0 |
| Depreciation and amortization | 2,642 | 2,489 | 2,232 | 6.2 | 18.4 | 7,540 | 5,587 | 35.0 |
| Others | 5,191 | 5,737 | 5,286 | (9.5) | (1.8) | 16,687 | 15,477 | 7.8 |
| EBITDA | 8,949 | 8,704 | 6,439 | 2.8 | 39.0 | 24,979 | 18,414 | 35.7 |
| Depreciation and amortization | (8,366) | (8,302) | (7,946) | 0.8 | 5.3 | (24,629) | (19,153) | 28.6 |
| Operating profit | 583 | 402 | (1,507) | 44.9 | NM | 350 | (739) | NM |
| Interest expense (net) | (1,400) | (1,408) | (917) | (0.5) | 52.8 | (4,122) | (3,088) | 33.5 |
| Interest income | 92 | 200 | 199 | (53.7) | (53.5) | 420 | 297 | 41.4 |
| Interest expense | (1,493) | (1,607) | (1,115) | (7.1) | 33.8 | (4,542) | (3,385) | 34.2 |
| Other financial fees | (28) | (32) | (30) | (12.1) | (5.1) | (90) | (68) | 31.6 |
| Financial cost related to license | (597) | (598) | (555) | (0.1) | 7.7 | (1,793) | (825) | 117.4 |
| Income tax (expense) revenue | 749 | 94 | 94 | NM | NM | 306 | (100) | NM |
| Current tax | (59) | 9 | (17) | NM | 257.9 | (113) | (384) | (70.7) |
| Deferred income tax | 809 | 85 | 111 | NM | NM | 418 | 284 | 47.5 |
| Share of results in subsidiaries and associates | 427 | 432 | 432 | (1.3) | (1.2) | 2,654 | 4,130 | (35.7) |
| (Income) loss attributable to non-controlling interests | (11) | 3 | (26) | NM | (57.4) | (14) | (18) | (22.8) |
| Foreign exchange gain (loss) | (340) | (63) | (285) | (439.4) | (19.2) | (787) | (509) | (54.5) |
| Other (expense) income | (74) | (76) | 253 | 3.5 | NM | 408 | 756 | (46.0) |
| Net profit (loss) to equity holders of the Company | (691) | (1,245) | (2,540) | 44.5 | 72.8 | (3,088) | (461) | NM |
| Non-controlling interests | 11 | (3) | 26 | NM | (57.4) | 14 | 18 | (22.8) |
| Net profit (loss) for the year | (681) | (1,249) | (2,515) | 45.5 | 72.9 | (3,075) | (443) | NM |

Remark: 9M17 other (expense) income partly comprised the reversal of the call option provision related to the HSPA agreement as the counter party indicated its intention not to exercise the option.

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 26), 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** increased 8.7% YoY to Baht 24.5 billion mainly due to continued solid growth of TrueMove H with surging non-voice usage and increasing subscriber base. Group service revenue grew 2.1% QoQ despite migration impact, revenue decline of fixed-line phone service, and the Group's strategies to tone down low-margin music entertainment events. The 2017 service revenue guidance was revised to low double-digit growth to reflect performance in the first nine month of the year whose service revenue rose approximately 11% YoY.
 - **TrueMove H** continued to outperform the industry as its subscriber base and non-voice revenue surged further on strong data demand and network superiority. TrueMove H was the only operator reporting positive net adds and expanded its subscriber base to 26.7 million, of which 6.7 million were postpaid and 20.0 million were prepaid users. These drove its **cellular service revenue** up 15.3% YoY and 2.2% QoQ to Baht 17.1 billion in 3Q17.
 - **Non-voice revenue** grew 22.2% YoY and 2.8% QoQ to Baht 10.8 billion driven by higher 4G and mobile Internet usage as well as competitive data and bundling propositions. Non-voice revenue accounted for 63% of TrueMove H's service revenue in 3Q17, up from 59% in the same period last year.
 - **Voice revenue** was flat (+0.6%) YoY and (-0.5%) QoQ to Baht 5.3 billion as TrueMove H's subscriber growth offset consumers' shift towards data and online communications.
 - **Revenue from international roaming and other services** was Baht 1.1 billion, increasing YoY and QoQ due to higher inbound roaming revenue.
 - **TrueOnline's service revenue** was Baht 8.8 billion, increasing on intercompany revenues related to O&M services which were reported under other service revenue; excluding this, TrueOnline's service revenue expanded approximately 7% YoY following broadband Internet growth.
 - **Traditional voice revenue** was Baht 677 million, declining on the back of consumers' rising trend towards mobile and social media usage.
 - **Revenues from Broadband, Internet and Business Data Service** increased 14.8% YoY and 4.3% QoQ to Baht 5.9 billion due to strong response to the Group's fiber offerings as its FTTH network continued to expand to new territories. TrueOnline added 78.1k net subscribers in 3Q17, growing its broadband subscriber base to surpass 3 million.
 - **TrueVisions' service revenue** was Baht 3.0 billion, softening 3.1% QoQ and 5.0% YoY on lower **music entertainment and other revenues** which were Baht 514 million in 3Q17 as the Group became more focus on arranging impactful events.
 - **Subscription and installation revenue** grew approximately 2% YoY and 1% QoQ to Baht 2.0 billion due to popularity of the mass-tier, convergence and sports packages. This boosted TrueVisions'

paying subscriber base up 18% YoY to 2.1 million by the end of 3Q17.

- **Advertising revenue** was Baht 461 million, decreasing in the same trend as the industry.
- **Product sales** were Baht 3.7 billion, increasing 26.9% YoY on positive response to the Group's wide selection of device campaigns ranging from mass to high-tier segments. QoQ decline of 24.8% was driven by seasonality as consumers were waiting for the new models of high-end devices scheduled to be launched toward the end of the year.
- **Regulatory cost** dropped 20.4% YoY and 14.9% QoQ to Baht 870 million following lower revenue sharing related to the traditional fixed-line phone service and the full-quarter positive impact from the USO rate reduction (from 3.75% to 2.5%).
- **Net IC expense** increased from Baht 85 million in the same period last year to Baht 128 million on higher net off-net traffic.
- **Core operating expense** (comprising cost of providing services excl. IC and other S&A) was Baht 18.2 billion, decreasing 1.8% YoY and 4.4% QoQ following lower personnel and marketing expenses. Continued implementation of the Group's cost control initiatives resulted in 9.5% QoQ and 1.8% YoY SG&A decline, excluding depreciation and amortization
- **EBITDA** surged 39.0% YoY to Baht 8.9 billion driven by strong revenue growth and continued cost controls. EBITDA margin increased to 36.5% in 3Q17 compared to 30.2% in 3Q16 and 36.1% in 2Q17.
- **Depreciation and amortization expenses** were Baht 8.4 billion, flat QoQ while increasing 5.3% YoY.
- **Interest expense** was Baht 1.5 billion, decreasing QoQ on debt repayment but increasing YoY due to additional borrowings to support business expansion including working capital requirements.
- **Income tax revenue** was Baht 749 million due to the utilization of the Group's tax loss carry forward by recognizing deferred tax assets.
- These resulted in consolidated **net loss to shareholders of the parent company** totaling Baht 691 million in 3Q17. Bottom line, however, improved both QoQ and YoY following the Group's higher operating profit.

Normalized Revenue Profile (YTD)

| (Baht in millions unless otherwise indicated) | Consolidated Revenues (Before Intersegment Eliminations) | | | | |
|---|--|---------------------------------|---------------|---------------------------------|--------------|
| | 9M17 | | 9M16 | | % Change |
| | Revenue | % of revenue after eliminations | Revenue | % of revenue after eliminations | YoY |
| TrueVisions | 9,253 | | 9,403 | | (1.6) |
| Service revenue | 9,231 | | 9,195 | | 0.4 |
| - Subscription and installation | 6,134 | | 5,876 | | 4.4 |
| - Music entertainment & others | 1,720 | | 1,893 | | (9.1) |
| - Advertising | 1,377 | | 1,427 | | (3.5) |
| Product sales | 22 | | 207 | | (89.3) |
| Intersegment elimination | (2,064) | | (2,107) | | (2.0) |
| TrueVisions after elimination | 7,188 | 7% | 7,296 | 8% | (1.5) |
| TrueMove H | 78,470 | | 67,100 | | 16.9 |
| Service revenue | 50,228 | | 42,291 | | 18.8 |
| - Voice | 15,931 | | 15,411 | | 3.4 |
| - Non-Voice | 31,217 | | 24,628 | | 26.8 |
| - IR and others | 3,080 | | 2,253 | | 36.7 |
| Interconnection revenue | 3,630 | | 3,928 | | (7.6) |
| Network rental revenue | 12,257 | | 10,257 | | 19.5 |
| Product sales | 12,356 | | 10,623 | | 16.3 |
| Intersegment elimination | (2,380) | | (1,105) | | 115.5 |
| TrueMove H after elimination | 76,089 | 76% | 65,995 | 73% | 15.3 |
| TrueOnline | 23,250 | | 21,337 | | 9.0 |
| Service revenue | 22,829 | | 20,781 | | 9.9 |
| - Traditional voice | 2,293 | | 3,632 | | (36.9) |
| - Broadband, Internet and Business Data Service | 16,967 | | 15,778 | | 7.5 |
| - Others | 3,569 | | 1,372 | | 160.2 |
| Network rental revenue (FOC) | 331 | | 331 | | (0.0) |
| Product sales | 90 | | 224 | | (59.9) |
| Intersegment elimination | (5,989) | | (4,068) | | 47.2 |
| TrueOnline after elimination | 17,262 | 17% | 17,269 | 19% | (0.0) |
| Normalized consolidated revenues | 110,972 | | 97,839 | | 13.4 |
| Total intersegment elimination | (10,433) | | (7,279) | | 43.3 |
| Normalized consolidated revenues - net | 100,539 | 100% | 90,560 | 100% | 11.0 |

Normalized Revenue Profile (Quarter)

| (Baht in millions unless otherwise indicated) | Consolidated Revenues (Before Intersegment Eliminations) | | | | | | | |
|---|--|---------------------------------|---------------|---------------------------------|---------------|---------------------------------|--------------|--------------|
| | 3Q17 | | 2Q17 | | 3Q16 | | % Change | |
| | Revenue | % of revenue after eliminations | Revenue | % of revenue after eliminations | Revenue | % of revenue after eliminations | QoQ | YoY |
| TrueVisions | 3,034 | | 3,125 | | 3,304 | | (2.9) | (8.2) |
| Service revenue | 3,020 | | 3,118 | | 3,179 | | (3.1) | (5.0) |
| - Subscription and installation | 2,045 | | 2,030 | | 2,010 | | 0.7 | 1.7 |
| - Music entertainment & others | 514 | | 606 | | 648 | | (15.2) | (20.7) |
| - Advertising | 461 | | 482 | | 520 | | (4.2) | (11.4) |
| Product sales | 13 | | 7 | | 126 | | 92.2 | (89.3) |
| Intersegment elimination | (671) | | (720) | | (792) | | (6.7) | (15.2) |
| TrueVisions after elimination | 2,362 | 7% | 2,406 | 7% | 2,513 | 8% | (1.8) | (6.0) |
| TrueMove H | 25,919 | | 27,555 | | 22,967 | | (5.9) | 12.9 |
| Service revenue | 17,136 | | 16,762 | | 14,866 | | 2.2 | 15.3 |
| - Voice | 5,304 | | 5,332 | | 5,272 | | (0.5) | 0.6 |
| - Non-Voice | 10,754 | | 10,466 | | 8,797 | | 2.8 | 22.2 |
| - IR and others | 1,078 | | 964 | | 797 | | 11.8 | 35.4 |
| Interconnection revenue | 1,275 | | 1,184 | | 1,344 | | 7.7 | (5.1) |
| Network rental revenue | 3,785 | | 4,654 | | 3,829 | | (18.7) | (1.1) |
| Product sales | 3,723 | | 4,955 | | 2,928 | | (24.9) | 27.2 |
| Intersegment elimination | (743) | | (813) | | (467) | | (8.6) | 59.1 |
| TrueMove H after elimination | 25,176 | 76% | 26,742 | 76% | 22,500 | 73% | (5.9) | 11.9 |
| TrueOnline | 8,897 | | 7,173 | | 6,866 | | 24.0 | 29.6 |
| Service revenue | 8,759 | | 7,035 | | 6,694 | | 24.5 | 30.9 |
| - Traditional voice | 677 | | 716 | | 1,143 | | (5.4) | (40.7) |
| - Broadband, Internet and Business Data Service | 5,856 | | 5,617 | | 5,100 | | 4.3 | 14.8 |
| - Others | 2,227 | | 702 | | 451 | | 217.3 | 393.3 |
| Network rental revenue (FOC) | 110 | | 110 | | 110 | | 0.0 | 0.0 |
| Product sales | 27 | | 28 | | 61 | | (3.3) | (55.9) |
| Intersegment elimination | (3,295) | | (1,379) | | (1,084) | | 138.9 | 204.0 |
| TrueOnline after elimination | 5,602 | 17% | 5,794 | 17% | 5,782 | 19% | (3.3) | (3.1) |
| Normalized consolidated revenues | 37,850 | | 37,853 | | 33,138 | | (0.0) | 14.2 |
| Total intersegment elimination | (4,709) | | (2,911) | | (2,343) | | 61.8 | 101.0 |
| Normalized consolidated revenues - net | 33,141 | 100% | 34,942 | 100.0% | 30,794 | 100% | (5.2) | 7.6 |

Consolidated Balance Sheet and Cash Flows

| | 30-Sep-17 | 31-Dec-16 | % Change |
|--|----------------|----------------|--------------|
| (Baht in millions unless otherwise indicated) | | | |
| Balance Sheet | | | |
| Cash and cash equivalents | 31,669 | 50,184 | (36.9) |
| Trade accounts receivable, net | 40,235 | 32,749 | 22.9 |
| Other receivables | 4,359 | 4,061 | 7.3 |
| Other current assets | 41,429 | 35,684 | 16.1 |
| <i>Total current assets</i> | <i>117,691</i> | <i>122,678</i> | <i>(4.1)</i> |
| Property, plant and equipment, net | 167,760 | 143,688 | 16.8 |
| Goodwill, net | 11,403 | 11,403 | 0.0 |
| Intangible assets, net | 131,547 | 139,746 | (5.9) |
| Deferred income tax assets | 5,726 | 5,376 | 6.5 |
| Other non-current assets | 27,934 | 26,069 | 7.2 |
| <i>Total non-current assets</i> | <i>344,370</i> | <i>326,282</i> | <i>5.5</i> |
| Total assets | 462,061 | 448,960 | 2.9 |
| Short-term borrowings | 54,352 | 37,572 | 44.7 |
| Trade accounts payable | 63,220 | 64,422 | (1.9) |
| Other payables | 38,673 | 34,093 | 13.4 |
| Current portion of long-term borrowings | 30,522 | 20,654 | 47.8 |
| Other current liabilities | 5,429 | 4,104 | 32.3 |
| <i>Total current liabilities</i> | <i>192,196</i> | <i>160,844</i> | <i>19.5</i> |
| Long-term borrowings | 50,168 | 60,490 | (17.1) |
| Deferred income tax liabilities | 1,953 | 1,995 | (2.1) |
| Liabilities under agreements and licenses for operations | 74,013 | 77,652 | (4.7) |
| Employee benefit obligations | 2,147 | 1,982 | 8.3 |
| Other non-current liabilities | 12,822 | 14,269 | (10.1) |
| <i>Total non-current liabilities</i> | <i>141,104</i> | <i>156,389</i> | <i>(9.8)</i> |
| Total liabilities | 333,300 | 317,233 | 5.1 |
| Total shareholder's equity | 128,761 | 131,728 | (2.3) |
| Total liabilities and shareholder's equity | 462,061 | 448,960 | 2.9 |

| | 30-Sep-17 | 30-Sep-16 (Restated) | % Change |
|--|-----------------|-------------------------|---------------|
| Cash Flows | | | |
| Cash flows from operating activities before interest and tax | (1,507) | 6,758 | NM |
| Net interest and tax paid | (3,332) | (3,282) | 1.5 |
| Cash flows from operating activities (net) | (4,838) | 3,476 | NM |
| Cash flows (used in) from investing activities | (27,069) | (36,279) | (25.4) |
| Cash flows (used in) from financing activities | 13,403 | 70,328 | (80.9) |
| Net (decrease) increase in cash and cash equivalents | (18,504) | 37,525 | NM |
| Beginning cash balance and effects of exchange rate changes | 50,173 | 10,555 | 375.4 |
| Ending cash balance | 31,669 | 48,080 | (34.1) |

FINANCIAL POSITION

True Group is in compliance with and meets all of its debt obligations. Solid EBITDA growth drove interest coverage ratio up both QoQ and YoY to 5.9 times in 3Q17; lower interest expense also contributed to the QoQ improvement. The net debt to EBITDA and net debt to equity ratios were flat from the previous quarter at 3.0 times and 0.7 times, respectively. Current ratio declined slightly to 0.6 times.

In 3Q17, True Group's gross profit margin increased QoQ and YoY to 25.4% on service revenue growth while costs were well contained. Net profit margin and return on equity improved from the previous quarter to minus 2.1% and 4.2%, respectively as the Group's bottom line performance continued to grow.

Financial Ratios

| | | <u>3Q17</u> | <u>2Q17</u> | <u>3Q16</u> (Restated) |
|-------------------------|-------|-------------|-------------|---------------------------|
| Current Ratio | Times | 0.6 | 0.7 | 0.7 |
| Interest Coverage Ratio | Times | 5.9 | 5.3 | 5.6 |
| Net Debt to EBITDA | Times | 3.0 | 3.0 | 2.3 |
| Net Debt to Equity | Times | 0.7 | 0.7 | 0.4 |
| Gross Profit Margin | % | 25.4 | 24.7 | 19.5 |
| Net Profit Margin | % | -2.1 | -3.6 | -8.2 |
| Return on Equity (ROE) | % | -4.2 | -5.6 | -0.1 |

Assets

- **True Group's assets** expanded 2.9% from the end of 2016 to Baht 462.1 billion due mainly to higher property, plant and equipment.
- **Property, plant and equipment, net** increased from Baht 143.7 billion at the end of 2016 to Baht 167.8 billion given continued expansion of the Group's cellular and broadband businesses.
- **Intangible assets, net** decreased 5.9% from the end of 2016 to Baht 131.5 billion due to the amortization of spectrum licenses during the period.
- **Investment in subsidiaries, associates and joint ventures (net)** grew to Baht 19.7 billion, compared to 18.2 billion at the end of 2016, due to DIF's incremental investment value following its asset reappraisal in the first quarter of this year.
- **Trade account receivables (net)** increased 22.9% from the end of 2016 to Baht 40.2 billion driven by the Group's continued business expansion and receivable related to the HSPA agreement. Average collection period was flat QoQ but improved YoY to 98 days in 3Q17.

| | Consolidated | | Company | |
|---|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 30 September 2017 | 31 December 2016 | 30 September 2017 | 31 December 2016 |
| | Baht Million | Baht Million | Baht Million | Baht Million |
| Receivable from TOT | 731.00 | 685.29 | 731.00 | 685.29 |
| Billed customers | 21,855.76 | 20,293.14 | 1,905.88 | 1,994.15 |
| Receivable from related parties (Note 27) | 9,771.81 | 7,873.13 | 8,072.00 | 6,176.90 |
| Trade accounts receivable | 32,358.57 | 28,851.56 | 10,708.88 | 8,856.34 |
| Accrued income | 16,119.12 | 11,025.30 | 2,371.09 | 2,220.65 |
| Total trade accounts receivable | 48,477.69 | 39,876.86 | 13,079.97 | 11,076.99 |
| <u>Less</u> Allowance for doubtful accounts | <u>(8,242.70)</u> | <u>(7,127.71)</u> | <u>(3,189.68)</u> | <u>(3,113.67)</u> |
| Trade accounts receivable, net | 40,234.99 | 32,749.15 | 9,890.29 | 7,963.32 |

Outstanding trade accounts receivable as at 30 September 2017 and 31 December 2016 can be analyzed as follows:

| | Consolidated | | Company | |
|---|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 30 September 2017 | 31 December 2016 | 30 September 2017 | 31 December 2016 |
| | Baht Million | Baht Million | Baht Million | Baht Million |
| Current | 14,840.95 | 14,473.16 | 3,074.36 | 1,132.24 |
| Less than 3 months | 7,096.71 | 5,524.89 | 1,309.45 | 1,205.03 |
| 3 - 6 months | 1,392.22 | 871.59 | 211.04 | 269.97 |
| 6 - 12 months | 3,146.93 | 3,137.17 | 1,661.39 | 4,147.20 |
| More than 12 months | 5,881.76 | 4,844.75 | 4,452.64 | 2,101.90 |
| Trade accounts receivable | 32,358.57 | 28,851.56 | 10,708.88 | 8,856.34 |
| Accrued income | 16,119.12 | 11,025.30 | 2,371.09 | 2,220.65 |
| Total trade accounts receivable | 48,477.69 | 39,876.86 | 13,079.97 | 11,076.99 |
| <u>Less</u> Allowance for doubtful accounts | <u>(8,242.70)</u> | <u>(7,127.71)</u> | <u>(3,189.68)</u> | <u>(3,113.67)</u> |
| Trade accounts receivable, net | 40,234.99 | 32,749.15 | 9,890.29 | 7,963.32 |

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 8,243 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.

Liabilities

- **True Group's total liabilities** increased 5.1% from the end of 2016 to Baht 333.3 billion mainly due to higher **Interest bearing debt** (short-term and long-term borrowings excluding financial leases) which reached Baht 127.1 billion in order to support the Group's business expansion including working capital requirements. Debt repayment during Q3 resulted in 5.4% QoQ drop of interest bearing debt.
- **Trade accounts payable** declined from the end of 2016 to Baht 63.2 billion as a result of vendor payments and certain settlement on the HSPA agreement.

Shareholders' equity

- **Shareholders' equity** decreased to Baht 128.8 billion driven by net loss during the period.

Cash Flow

- True Group's primary capital resources in 9M17 were **cash flows from financing activities** totaling Baht 13.4 billion which decreased from a high base with capital increase in the previous year.
- **Cash flows from operating activities (net)** was a negative of Baht 4.8 billion in 9M17 driven by working capital requirements, certain settlements related to the HSPA agreement with CAT and interest payments. Cash flows from operating activities, however, improved significantly in the third quarter to positive Baht 5.9 billion (Baht 4.5 billion after interest and tax payments).
- **Cash flows used in investing activities** in 9M17 declined YoY to Baht 27.1 billion due mainly to last year's payment related to the 900 MHz spectrum license.

Restatement and change in accounting estimates

Restatement

On 4 December 2015, a subsidiary, True Move H Universal Communication Co., Ltd. ("TUC") was granted the 1800MHz Bandwidth licence by NBTC. The licence authorised TUC to provide mobile telephone services under those spectrums for a period of 18 years. During 2016, the Group identified additional direct attributable costs of acquisition of licence, which should be capitalised as initial cost of licence.

The adjustments to the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2016 are as follows:

Statement of comprehensive income

| | Consolidated financial statements | | |
|---|--|------------------------------------|-------------------------------------|
| | As previously reported Baht Million | Adjustment Baht Million | As restated Baht Million |
| For the three-month period ended 30 September 2016 | | | |
| Cost of providing services | 21,402.97 | 69.69 | 21,472.66 |
| Finance cost | 1,982.93 | (282.80) | 1,700.13 |
| For the nine-month period ended 30 September 2016 | | | |
| Cost of providing services | 58,688.13 | 93.39 | 58,781.52 |
| Finance cost | 5,093.93 | (788.25) | 4,305.68 |

Change in accounting estimates

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

| | <u>Previous Useful Lives Years</u> | <u>New Useful Lives Years</u> |
|---------------------------|--|-----------------------------------|
| Passive network equipment | 20 - 25 | 25 -30 |

Effect of the change to the consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2017 can be summarised as follows:

| | Consolidated statement of Comprehensive income | |
|----------------------------|---|-----------------------------------|
| | <u>Previous Useful Lives Years</u> | <u>New Useful Lives Years</u> |
| Depreciation charges | | |
| For the three-month period | 267.18 | 188.19 |
| For the nine-month period | 753.51 | 530.19 |

Contracts, litigations and Arbitration disputes

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 30 September 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 July 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.

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 30 September 2017 are summarised as follows:

Litigation and arbitration disputes of the Company:

Dispute in relation to use 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 30 September 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.

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

Litigation and arbitration disputes of the subsidiaries:

Dispute in relation to the numbering fee claimed of Baht 113.58 million between CAT and a subsidiary: on 1 June 2017, the Central Administrative Court ruled to revoke CAT's petition.

Dispute in relation to the domestic roaming claimed by CAT against a subsidiary amounting to Baht 22,972.07 million: On 29 May 2017, CAT filed additional claimed of Baht 376.86 million. Total amount claimed became Baht 23,348.93 million. The case is under consideration of Central Administrative Court.

Dispute in relation to the authorisation of broadcasting football program: On 5 April 2017, a subsidiary filed a lawsuit with the Central Intellectual Property and International Trade Court against a Public Company, a contract party on authorisation of broadcasting football program claiming for reimbursement of Baht 390.75 million which the subsidiary paid by misunderstanding. Subsequently, on 27 June 2017, the said Public Company filed a lawsuit with the Central Intellectual Property and International Trade Court against the said subsidiary together with other 20 defendants claiming for Baht 1,401.22 million regarding the termination of the agreement signed between that Public Company and the subsidiary. Currently, the cases are under the proceedings of the Central Intellectual Property and International Trade Court.

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.

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 totaling 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 | <u>32,344.56</u> | <u>23,762.55</u> |

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.