

(Translation)

Ref.: TRUE-SEC 034/2560

15<sup>th</sup> August 2017

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

**Subject: Submission of the Interim Financial Information for Q2/2017**

- Enclosure:
1. A Set of the Reviewed Interim Financial Information for Q2/2017  
(Thai / English)
  2. A Set of the Management's Discussion and Analysis Bulletin for Q2/2017  
(Thai / English)

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

The Company reported a consolidated net loss to equity holders of the Company of Baht 1,245.42 million for the second 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 Q2/2017 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 continued to report improving operating leverage in the second quarter of 2017 with robust EBITDA growth of 37.8% YoY to Baht 8.7 billion and EBITDA margin jumping to 36.1%. This was predominantly driven by accelerating revenue of its cellular business and the Group's cost control initiatives. True Group's network superiority, value-driven convergence propositions and high-quality content remain its key competitive advantages to stay ahead of the competition. Capitalizing on these strengths, the Group's digital platform and Big Data technology will further amplify revenue and subscriber base as True Group's offerings fulfill consumers' preferences and lifestyles in this digital age. These together with effective cost management should further improve performance in the second half.

The Group's cellular business continued to gain both revenue and subscriber market share amid competitive intensity where operators focused primarily on postpaid acquisition with unlimited and competitive device-bundling price plans as well as bundled content. Meanwhile, prepaid subsidies were tapered off and more targeted. **TrueMove H's** top network position has been key driver for its outstanding revenue and subscriber growth. In 2Q17, it gained both postpaid and prepaid customers and expanded the total subscriber base to 26.2 million, adding another 424k net subscribers compared to a net decrease of 880k subscribers for the other two major industry players combined. As a result, TrueMove H's subscriber market share increased to 29.0%.

The Group's non-voice and mobile data strategy continued to bear fruit, fuelling TrueMove H's service revenue up 17.4% YoY to Baht 16.8 billion and value market share to 26.0% in 2Q17. TrueMove H's recent collaboration with TrueID, combining digital content including movies, TV, music, sports, lifestyles and exclusive privileges in one application, addresses consumers' rising demand for digital consumption and will further expedite TrueMove H's market share gain going forward.

The broadband Internet market has been focusing on fiber expansion while competitive propositions such as content bundling or speed upgrades were also provided to attract consumers and encourage higher-tiered subscriptions. **TrueOnline's** fiber offerings continued to gather momentum with consumer broadband revenue growing 13% from a year earlier while increasing True Group's convergence subscriptions and customers' stickiness. The business lifted its broadband Internet revenue to Baht 5.6 billion and subscriber base to 2.96 million in 2Q17. Its further expansion to new territories, both upcountry as well as in the Bangkok and Metropolitan Area, is expected to stimulate the Group's revenue growth and the country's broadband penetration.

**TrueVisions'** successful penetration into the mass segment and the strengthening of its premium offerings with world-class quality content fueled service revenue up 3.5% YoY to Baht 3.1 billion in the second quarter of 2017 with the total customer base of 4.1 million. The business will retain focus on providing the best viewing and HD experience as well as adding its wide variety of popular content to True Group's digital platform, including TrueID and True TV box which offer online streaming content, to serve the needs of customers in every lifestyle.

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

True Group reported a consolidated net loss to shareholders of the parent company of Baht 1,245.4 million in 2Q17, representing a change of greater than 20% YoY, which is summarized as below:

True Group's **consolidated service revenue** increased approximately 10% YoY to Baht 24.0 billion in 2Q17 as a result of continued solid double-digit growth of the cellular and consumer broadband revenues. The Group's higher operating leverage resulted in 37.8% EBITDA growth YoY to reach Baht 8.7 billion and EBITDA margin jumping to 36.1%.

Costs related to network investments and license fees pressured the Group's bottom line to record a **net loss of the parent company** totaling 1,245.4 million in 2Q17. However, core performance excluding the one-time gain related to DIF's incremental value adjustment improved significantly from the previous quarter as the Group achieved more scale while aggressively controlling costs.

## Consolidated Results of Operations - Normalized Basis

(Baht in millions unless otherwise indicated)	2Q17	1Q17	2Q16 (Restated)	% Change		1H17	1H16 (Restated)	% Change Y-o-Y
				Q-o-Q	Y-o-Y			
<b>Revenues</b>								
Revenues from providing services	29,968	28,763	27,206	4.2	10.2	58,732	51,924	13.1
Interconnection revenue	1,183	1,170	1,270	1.1	(6.9)	2,352	2,582	(8.9)
Network rental revenue	4,764	3,928	4,060	21.3	17.3	8,693	6,649	30.7
Service revenue	24,021	23,665	21,876	1.5	9.8	47,687	42,693	11.7
Revenues from product sales	4,973	3,693	3,546	34.7	40.3	8,667	7,841	10.5
<b>Operating expenses</b>								
Total cost of providing services	21,382	21,069	19,462	1.5	9.9	42,451	37,309	13.8
Regulatory costs	1,023	1,057	1,044	(3.2)	(2.0)	2,081	2,056	1.2
Interconnection cost	1,268	1,222	1,386	3.8	(8.5)	2,491	2,920	(14.7)
Cost of providing services exclude IC	13,277	13,237	13,081	0.3	1.5	26,514	24,481	8.3
Depreciation and amortization	5,813	5,553	3,951	4.7	47.1	11,366	7,852	44.8
Cost of sales	4,932	3,856	3,758	27.9	31.2	8,788	8,143	7.9
Selling and administrative expenses	8,226	8,167	7,000	0.7	17.5	16,393	13,546	21.0
Depreciation and amortization	2,489	2,408	1,835	3.3	35.7	4,897	3,355	46.0
Others	5,737	5,759	5,166	(0.4)	11.1	11,496	10,191	12.8
<b>EBITDA</b>	<b>8,704</b>	<b>7,326</b>	<b>6,317</b>	<b>18.8</b>	<b>37.8</b>	<b>16,030</b>	<b>11,975</b>	<b>33.9</b>
Depreciation and amortization	(8,302)	(7,962)	(5,786)	4.3	43.5	(16,264)	(11,207)	45.1
<b>Operating profit</b>	<b>402</b>	<b>(636)</b>	<b>532</b>	<b>NM</b>	<b>(24.3)</b>	<b>(233)</b>	<b>768</b>	<b>NM</b>
Interest expense (net)	(1,408)	(1,315)	(1,114)	7.1	26.3	(2,722)	(2,172)	25.3
Interest income	200	127	56	56.8	258.9	327	98	234.7
Interest expense	(1,607)	(1,442)	(1,170)	11.5	37.4	(3,049)	(2,269)	34.4
Other financial fees	(32)	(30)	(26)	8.8	22.4	(62)	(39)	59.9
Financial cost related to license	(598)	(597)	(134)	0.1	347.3	(1,196)	(270)	342.7
Income tax (expense) revenue	94	(538)	83	NM	13.0	(444)	(194)	(128.7)
Current tax	9	(62)	(63)	NM	NM	(53)	(367)	85.5
Deferred income tax	85	(475)	146	NM	(41.8)	(390)	173	NM
Share of results in subsidiaries and associates	432	1,796	399	(75.9)	8.4	2,228	3,698	(39.8)
(Income) loss attributable to non-controlling interests	3	(6)	(3)	NM	NM	(3)	8	NM
Foreign exchange gain (loss)	(63)	(384)	(45)	83.6	(39.5)	(447)	(224)	(99.6)
Other (expense) income	(76)	558	227	NM	NM	482	504	(4.4)
<b>Net profit (loss) to equity holders of the Company</b>	<b>(1,245)</b>	<b>(1,152)</b>	<b>(82)</b>	<b>(8.1)</b>	<b>NM</b>	<b>(2,397)</b>	<b>2,079</b>	<b>NM</b>
Non-controlling interests	(3)	6	3	NM	NM	3	(8)	NM
<b>Net profit (loss) for the year</b>	<b>(1,249)</b>	<b>(1,145)</b>	<b>(79)</b>	<b>(9.0)</b>	<b>NM</b>	<b>(2,394)</b>	<b>2,071</b>	<b>NM</b>

Remark: 1H17 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 10% YoY to Baht 24.0 billion mainly due to strong growth of the cellular and consumer broadband segments, bolstered by popularity of social media, online communication and VDO streaming. During the second quarter, the Group focused heavily on upgrading broadband copper customers to the licensed fiber network; Group service revenue still grew 2% QoQ despite this and the overall seasonality impact.
  - **TrueMove H** continued to outperform the industry with **cellular service revenue** increasing 17.4% YoY and 2.7% QoQ to Baht 16.8 billion in 2Q17 from growth in both postpaid and prepaid segments.
    - **Non-voice revenue** grew 24.9% YoY and 4.7% QoQ to Baht 10.5 billion, representing 62% of the Group's cellular service revenue, supported by TrueMove H's network strength and its data-driven campaigns.
    - **Voice revenue** rose slightly QoQ (+0.7%) and increased 2.6% YoY to Baht 5.3 billion as TrueMove H continued its success in penetrating into the mass segment.
    - **Revenue from international roaming and other services** decreased 7.0% QoQ on seasonality with lower inbound traffic but increased 36.1% YoY to Baht 964.3 million partly due to more tourist arrivals compared to the same period last year.
  - **TrueOnline's service revenue** was Baht 7.0 billion, flat QoQ while softening 1.0% YoY on lower contribution from fixed-line voice service and the impact of the 1800 MHz 2G network shutdown since the third quarter of last year.
    - **Traditional voice revenue** declined to Baht 716 million given ongoing shift towards mobile and online communications.
    - **Revenues from Broadband, Internet and Business Data Service** increased 2.2% QoQ and 3.7% YoY to Baht 5.6 billion following positive response to the Group's fiber propositions. The consumer broadband segment continued to grow well with revenue rising 13% YoY. Business data service, however, was pressured by the 2G network shutdown; excluding this, revenues from Broadband, Internet and Business Data Service grew 6% YoY.
  - **TrueVisions' service revenue** was Baht 3.1 billion, up 0.8% QoQ and expanded 3.5% YoY predominantly due to higher subscription and installation revenues.
    - **Subscription and installation revenue** grew 4.0% YoY to Baht 2.0 billion due to ongoing success of the Group's convergence packages which pushed TrueVisions' paying subscriber base up 29% from the same period last year. The QoQ decline of 1.4% was driven by seasonality with the end of English Premier League season in May.
    - **Advertising revenue** increased 11.0% QoQ and 2.4% YoY, amid industry's declining trend, to Baht 482 million supported by TrueVisions' full range of content and its stronger presence in the

mass segment.

- **Music Entertainment and other revenues** rose 1.1% QoQ and 3.0% YoY to Baht 606 million due to SM True concerts arranged during the quarter.
- **Product sales** surged 34.7% QoQ and 40.3% YoY to Baht 5.0 billion, underpinned by strong response to the Group's valued-driven device campaigns ranging from mass- to high-tier segments. Sales margin improved to a positive of Baht 41 million, compared to losses of Baht 162 million in 1Q17 and Baht 212 million in 2Q16.
- **Regulatory cost** dropping 3.2% QoQ and 2.0% YoY to Baht 1.0 billion as revenue sharing related to the traditional fixed-line phone service continued to decline. Positive impact from the USO rate reduction (from 3.75% to 2.5%) in 2Q17 also contributed to regulatory cost decrease.
- **Net IC expense** was Baht 85 million, increasing QoQ given higher net off-net traffic but decreasing YoY following the IC rate reduction from Baht 0.34 per minute to Baht 0.27 per minute starting this year.
- **Core operating expense** (comprising cost of providing services excl. IC and other S&A) was Baht 19.0 billion, flat (+0.1%) QoQ while rising 4.2% YoY driven by personnel-related expenses.
- **EBITDA** surged 18.8% QoQ and 37.8% YoY to Baht 8.7 billion on solid revenue growth and corporate-wide cost controls. This pushed EBITDA margin up to 36.1% compared to 31.6% in 1Q17 and 29.8% in 2Q16.
- **Depreciation and amortization expenses** were Baht 8.3 billion, increasing 4.3% QoQ on continued network and service expansion and 43.5% YoY due primarily to the spectrum license amortization.
- **Interest expense** (net) rose to Baht 1.4 billion on additional borrowings to support business expansion including working capital requirements.
- **Income tax revenue** was Baht 94 million due to forward-looking utilization of the Group's tax loss carry forward by recognizing deferred tax assets.
- These resulted in the Group reporting a **net loss to shareholders of the parent company** totaling Baht 1.2 billion in 2Q17.

## Normalized Revenue Profile (YTD)

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	1H17		1H16		% Change
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	YoY
<b>TrueVisions</b>	<b>6,219</b>		<b>6,098</b>		<b>2.0</b>
Service revenue	6,210		6,017		3.2
- Subscription and installation	4,089		3,866		5.8
- Music entertainment & others	1,206		1,245		(3.1)
- Advertising	915		906		1.0
Product sales	9		82		(89.3)
Intersegment elimination	(1,393)		(1,315)		5.9
TrueVisions after elimination	4,826	7.2%	4,784	8.0%	0.9
<b>TrueMove H</b>	<b>52,550</b>		<b>44,133</b>		<b>19.1</b>
Service revenue	33,092		27,425		20.7
- Voice	10,627		10,138		4.8
- Non-Voice	20,463		15,830		29.3
- IR and others	2,002		1,456		37.5
Interconnection revenue	2,355		2,584		(8.9)
Network rental revenue	8,472		6,428		31.8
Product sales	8,632		7,695		12.2
Intersegment elimination	(1,637)		(638)		156.8
TrueMove H after elimination	50,913	75.5%	43,495	72.8%	17.1
<b>TrueOnline</b>	<b>14,353</b>		<b>14,471</b>		<b>(0.8)</b>
Service revenue	14,069		14,087		(0.1)
- Traditional voice	1,616		2,490		(35.1)
- Broadband, Internet and Business Data Service	11,111		10,677		4.1
- Others	1,342		920		45.8
Network rental revenue (FOC)	221		221		0.0
Product sales	63		163		(61.4)
Intersegment elimination	(2,694)		(2,984)		(9.7)
TrueOnline after elimination	11,659	17.3%	11,487	19.2%	1.5
<b>Normalized consolidated revenues</b>	<b>73,122</b>		<b>64,702</b>		<b>13.0</b>
Total intersegment elimination	(5,724)		(4,936)		16.0
<b>Normalized consolidated revenues - net</b>	<b>67,398</b>	<b>100.0%</b>	<b>59,765</b>	<b>100.0%</b>	<b>12.8</b>

## Normalized Revenue Profile (Quarter)

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)							
	2Q17		1Q17		2Q16		% Change	
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	QoQ	YoY
<b>TrueVisions</b>	<b>3,125</b>		<b>3,094</b>		<b>3,049</b>		<b>1.0</b>	<b>2.5</b>
Service revenue	3,118		3,092		3,011		0.8	3.5
- Subscription and installation	2,030		2,059		1,952		(1.4)	4.0
- Music entertainment & others	606		600		589		1.1	3.0
- Advertising	482		434		470		11.0	2.4
Product sales	7		2		38		298.4	(81.4)
Intersegment elimination	(720)		(673)		(734)		6.9	(1.9)
TrueVisions after elimination	2,406	6.9%	2,421	7.5%	2,315	7.5%	(0.6)	3.9
<b>TrueMove H</b>	<b>27,555</b>		<b>24,995</b>		<b>23,032</b>		<b>10.2</b>	<b>19.6</b>
Service revenue	16,762		16,329		14,284		2.7	17.4
- Voice	5,332		5,295		5,197		0.7	2.6
- Non-Voice	10,466		9,997		8,378		4.7	24.9
- IR and others	964		1,037		709		(7.0)	36.1
Interconnection revenue	1,184		1,171		1,272		1.1	(6.9)
Network rental revenue	4,654		3,818		3,950		21.9	17.8
Product sales	4,955		3,677		3,527		34.7	40.5
Intersegment elimination	(813)		(824)		(312)		(1.4)	160.7
TrueMove H after elimination	26,742	76.5%	24,171	74.5%	22,720	73.9%	10.6	17.7
<b>TrueOnline</b>	<b>7,173</b>		<b>7,180</b>		<b>7,240</b>		<b>(0.1)</b>	<b>(0.9)</b>
Service revenue	7,035		7,035		7,106		(0.0)	(1.0)
- Traditional voice	716		900		1,214		(20.5)	(41.0)
- Broadband, Internet and Business Data Service	5,617		5,495		5,414		2.2	3.7
- Others	702		640		478		9.7	46.9
Network rental revenue (FOC)	110		110		110		0.0	0.0
Product sales	28		35		23		(19.2)	20.4
Intersegment elimination	(1,379)		(1,315)		(1,524)		4.9	(9.5)
TrueOnline after elimination	5,794	16.6%	5,865	18.1%	5,717	18.6%	(1.2)	1.4
<b>Normalized consolidated revenues</b>	<b>37,853</b>		<b>35,269</b>		<b>33,321</b>		<b>7.3</b>	<b>13.6</b>
Total intersegment elimination	(2,911)		(2,813)		(2,569)		3.5	13.3
<b>Normalized consolidated revenues - net</b>	<b>34,942</b>	<b>100.0%</b>	<b>32,457</b>	<b>100.0%</b>	<b>30,752</b>	<b>100.0%</b>	<b>7.7</b>	<b>13.6</b>



## Consolidated Balance Sheet and Cash Flows

	30-Jun-17	31-Dec-16	% Change
(Baht in millions unless otherwise indicated)			
<b>Balance Sheet</b>			
Cash and cash equivalents	46,904	50,184	(6.5)
Trade accounts receivable, net	37,474	32,749	14.4
Other receivables	4,045	4,061	(0.4)
Other current assets	39,332	35,684	10.2
<i>Total current assets</i>	<i>127,755</i>	<i>122,678</i>	<i>4.1</i>
Property, plant and equipment, net	157,050	143,688	9.3
Goodwill, net	11,403	11,403	0.0
Intangible assets, net	134,407	139,746	(3.8)
Deferred income tax assets	5,052	5,376	(6.0)
Other non-current assets	28,214	26,069	8.2
<i>Total non-current assets</i>	<i>336,126</i>	<i>326,282</i>	<i>3.0</i>
<b>Total assets</b>	<b>463,881</b>	<b>448,960</b>	<b>3.3</b>
Short-term borrowings	50,430	37,572	34.2
Trade accounts payable	61,070	64,422	(5.2)
Other payables	35,987	34,093	5.6
Current portion of long-term borrowings	21,647	20,654	4.8
Other current liabilities	4,771	4,104	16.3
<i>Total current liabilities</i>	<i>173,905</i>	<i>160,844</i>	<i>8.1</i>
Long-term borrowings	70,256	60,490	16.1
Deferred income tax liabilities	2,078	1,995	4.2
Liabilities under agreements and licenses for operations	73,674	77,652	(5.1)
Employee benefit obligations	2,091	1,982	5.5
Other non-current liabilities	12,479	14,269	(12.5)
<i>Total non-current liabilities</i>	<i>160,578</i>	<i>156,389</i>	<i>2.7</i>
<b>Total liabilities</b>	<b>334,483</b>	<b>317,233</b>	<b>5.4</b>
<b>Total shareholder's equity</b>	<b>129,398</b>	<b>131,728</b>	<b>(1.8)</b>
<b>Total liabilities and shareholder's equity</b>	<b>463,881</b>	<b>448,960</b>	<b>3.3</b>

	30-Jun-17	30-Jun-16 (Restated)	% Change
<b>Cash Flows</b>			
Cash flows from operating activities before interest and tax	(7,378)	4,252	NM
Net interest and tax paid	(1,934)	(1,913)	1.1
Cash flows from operating activities (net)	(9,312)	2,339	NM
Cash flows (used in) from investing activities	(15,347)	(27,360)	(43.9)
Cash flows (used in) from financing activities	21,387	87,788	(75.6)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(3,272)</b>	<b>62,767</b>	<b>NM</b>
Beginning cash balance and effects of exchange rate changes	50,176	10,561	375.1
<b>Ending cash balance</b>	<b>46,904</b>	<b>73,328</b>	<b>(36.0)</b>

## FINANCIAL POSITION

True Group is in compliance with and meets all of its debt obligations. Interest coverage ratio was flat YoY but improved from the previous quarter to 5.3 times in 2Q17 following strong EBITDA growth; the net debt to EBITDA and net debt to equity ratios were 3.0 times and 0.7 times, respectively. Current ratio was flat at 0.7 times.

In 2Q17, True Group's gross profit margin improved to 24.7%, up from 23.2% in 1Q17 and 24.5% in 2Q16, driven by its growing revenue and cost controls. The Group's continued network investments and spectrum licenses acquisition, however, pressured its net profit margin and return on equity to minus 3.6% and 5.6%, respectively.

### Financial Ratios

		<u>2Q17</u>	<u>1Q17</u>	<u>2Q16</u> (Restated)
Current Ratio	Times	0.7	0.7	0.9
Interest Coverage Ratio	Times	5.3	5.0	5.3
Net Debt to EBITDA	Times	3.0	3.0	2.1
Net Debt to Equity	Times	0.7	0.6	0.4
Gross Profit Margin	%	24.7	23.2	24.5
Net Profit Margin	%	-3.6	-3.5	-0.3
Return on Equity (ROE)	%	-5.6	-4.7	3.3

### Assets

- **True Group's assets** expanded 3.3% from the end of 2016 to Baht 463.9 billion due mainly to higher property, plant and equipment.
- **Property, plant and equipment, net** grew 9.3% from the end of 2016 to Baht 157.0 billion given continued expansion of the Group's cellular and broadband businesses.
- **Intangible assets, net** decreased 3.8% from the end of 2016 to Baht 134.4 billion due to the amortization of spectrum licenses during the period.
- **Investment in subsidiaries, associates and joint ventures (net)** rose to Baht 19.7 billion compared to 18.2 billion at the end of 2016 driven by DIF's incremental investment value following its asset reappraisal in the first quarter of this year.
- **Trade account receivables (net)** increased 14.4% from the end of 2016 to Baht 37.5 billion as the Group's businesses continued to expand. Average collection period increased slightly from 94 days in the previous quarter to 96 days in 2Q17.

	<u>Consolidated</u>		<u>Company</u>	
	<u>30 June 2017</u>	<u>31 December 2016</u>	<u>31 June 2017</u>	<u>31 December 2016</u>
	<u>Baht Million</u>	<u>Baht Million</u>	<u>Baht Million</u>	<u>Baht Million</u>
Receivable from TOT	740.54	685.29	740.54	685.29
Billed customers	22,167.55	20,293.14	1,978.11	1,994.15
Receivable from related parties (Note 27)	8,302.95	7,873.13	5,988.62	6,176.90

Trade accounts receivable	31,211.04	28,851.56	8,707.27	8,856.34
Accrued income	14,244.42	11,025.30	2,287.93	2,220.65
Total trade accounts receivable	45,455.46	39,876.86	10,995.20	11,076.99
<u>Less</u> Allowance for doubtful accounts	<u>(7,981.56)</u>	<u>(7,127.71)</u>	<u>(3,173.44)</u>	<u>(3,113.67)</u>
Trade accounts receivable, net	37,473.90	32,749.15	7,821.76	7,963.32

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>30 June 2017 Baht Million</b>	<b>31 December 2016 Baht Million</b>	<b>30 June 2017 Baht Million</b>	<b>31 December 2016 Baht Million</b>
Current	15,367.72	14,473.16	1,802.01	1,132.24
Less than 3 months	5,866.70	5,524.89	639.54	1,205.03
3 - 6 months	1,196.89	871.59	838.62	269.97
6 - 12 months	2,910.14	3,137.17	1,626.81	4,147.20
More than 12 months	5,869.59	4,844.75	3,800.29	2,101.90
Trade accounts receivable	31,211.04	28,851.56	8,707.27	8,856.34
Accrued income	14,244.42	11,025.30	2,287.93	2,220.65
Total trade accounts receivable	45,455.46	39,876.86	10,995.20	11,076.99
<u>Less</u> Allowance for doubtful accounts	<u>(7,981.56)</u>	<u>(7,127.71)</u>	<u>(3,173.44)</u>	<u>(3,113.67)</u>
Trade accounts receivable, net	37,473.90	32,749.15	7,821.76	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 7,982 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 5.4% from the end of 2016 to Baht 334.5 billion mainly due to higher **Interest bearing debt** (short-term and long-term borrowings excluding financial leases) which reached Baht 134.4 billion in order to support the Group's continued business expansion including working capital requirements.

- **Trade accounts payable** dropped from the end of 2016 to Baht 61.1 billion following vendor payments and certain settlement on the HSPA agreement.

### Shareholders' equity

- **Shareholders' equity** declined to Baht 129.4 billion driven by net loss during the period.

### Cash Flow

- True Group's primary capital resources in 1H17 were **cash flows from financing activities** totaling Baht 21.4 billion which decreased from a high base in the same period last year with the capital increase in June 2016.
- **Cash flows from operating activities (net)** was a negative of Baht 9.3 billion in 1H17 driven by working capital requirements, certain settlements related to the HSPA agreement with CAT and interest payments. Excluding net payments for interest and tax, cash flows from operating activities in the second quarter was positive Baht 0.7 billion.
- **Cash flows used in investing activities** in 1H17 declined YoY to Baht 15.3 billion due mainly to last year's payment related to the 900 MHz spectrum license.

### 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 six-month periods ended 30 June 2016 are as follows:

### Statement of comprehensive income

	<b>Consolidated financial statements</b>		
	<b>As previously reported Baht Million</b>	<b>Adjustment Baht Million</b>	<b>As restated Baht Million</b>
<b>For the three-month period ended 30 June 2016</b>			
Cost of providing services	19,451.84	10.27	19,462.11
Finance cost	1,632.55	(298.53)	1,334.02
<b>For the six-month period ended 30 June 2016</b>			
Cost of providing services	37,285.15	23.71	37,308.86
Finance cost	3,111.00	(505.45)	2,605.55

## **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 June 2017, the Group and CAT have settled certain portion of rental and service revenue in BFKT and accrued operating cost in RMV for transactions incurred during July 2011 to April 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 June 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 judgment 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 June 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.

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:

	<b>Accrued access charges Baht Million</b>	<b>Net effect to the consolidated statement of comprehensive income, net of revenue sharing to CAT Baht Million</b>
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.