

True Corporation Public Company Limited

Interim Financial Statements (Unaudited)

31 March 2009

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

I have reviewed the accompanying consolidated and company balance sheets of True Corporation Public Company Limited and its subsidiaries and of True Corporation Public Company Limited, respectively, as at 31 March 2009 and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2009 and 2008. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

I conducted my reviews in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit, and accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the interim financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Without qualifying my review report, I draw attention to Note 21.4 to the interim financial statements in relation to significant uncertainties in respect of outstanding lawsuits and commercial disputes of an access charge. The ultimate outcome of such lawsuits and commercial disputes cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

I have audited the consolidated and company financial statements for the year ended 31 December 2008 of True Corporation Public Company Limited and its subsidiaries and of True Corporation Public Company Limited, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements but drew attention in relation to significant uncertainties in respect of outstanding lawsuits and commercial disputes of an access charge in my report dated 27 February 2009. The consolidated and company balance sheets as at 31 December 2008, presented for comparative purposes, are part of the financial statements that I have audited and on which I issued a report as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

Pisit Thangtanagul
Certified Public Accountant (Thailand) No. 4095
PricewaterhouseCoopers ABAS Limited

Bangkok
13 May 2009

True Corporation Public Company Limited

Balance Sheets

As at 31 March 2009 and 31 December 2008

	Notes	Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		31 March	31 December	31 March	31 December
		2009	2008	2009	2008
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents		10,132,275,240	4,356,596,217	3,608,757,771	488,655,183
Restricted cash		1,231,342,394	1,400,794,566	639,609,931	700,682,633
Short-term investments	9	1,076,090,777	796,296,023	933,492,380	599,718,566
Trade accounts receivable, net	10	7,952,022,699	7,991,746,172	4,901,097,646	5,064,106,989
Short-term loans to related parties	24	31,880,438	31,880,438	400,000,000	200,000,000
Inventories, net		1,053,556,742	898,423,155	89,829,139	89,871,664
Income tax deducted at source		2,221,713,995	2,057,649,825	767,432,774	677,813,519
Claimable value added tax		544,399,551	780,049,049	3,412,570	3,412,570
Other current assets	11	2,303,183,206	2,019,191,576	251,798,108	207,380,142
Total current assets		26,546,465,042	20,332,627,021	11,595,430,319	8,031,641,266
Non-current assets					
Restricted cash		159,446,776	157,013,376	-	-
Investments in subsidiaries	12	-	-	22,272,370,603	19,690,880,209
Investments in associates	12	49,639,518	53,516,113	49,670,000	49,670,000
Investments in other companies		292,922,895	292,922,895	240,740,500	240,740,500
Investment property		55,981,398	56,653,898	-	-
Property, plant and equipment, net	13	70,850,833,463	71,380,077,565	15,471,138,387	15,920,658,664
Goodwill, net		12,380,695,590	12,380,695,590	-	-
Intangible assets, net	14	5,691,137,076	3,556,630,097	749,049,329	795,951,007
Deferred income tax assets	15	7,764,140,462	8,175,173,994	5,965,746,598	6,136,641,293
Other non-current assets		523,539,702	565,575,171	366,750,171	385,535,394
Total non-current assets		97,768,336,880	96,618,258,699	45,115,465,588	43,220,077,067
Total assets		124,314,801,922	116,950,885,720	56,710,895,907	51,251,718,333

The accompanying notes on pages 8 to 26 are an integral part of these interim consolidated and Company financial statements.

True Corporation Public Company Limited

Balance Sheets

As at 31 March 2009 and 31 December 2008

	Notes	Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		31 March	31 December	31 March	31 December
		2009	2008	2009	2008
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings		2,130,000,000	2,130,000,000	1,600,000,000	1,600,000,000
Trade accounts payable		6,983,054,551	7,771,588,760	903,134,141	990,924,863
Current portion of long-term borrowings	16	10,961,896,718	9,870,755,839	6,764,301,160	5,684,301,160
Unearned income		2,854,091,894	2,669,560,137	87,598,134	63,355,831
Accrued expenses		8,742,949,254	7,658,767,681	947,775,515	1,048,084,519
Income tax payable		666,633,528	506,910,948	-	-
Other current liabilities	17	2,125,954,135	2,657,224,177	781,672,654	695,083,608
Total current liabilities		34,464,580,080	33,264,807,542	11,084,481,604	10,081,749,981
Non-current liabilities					
Long-term borrowings from related party	24	-	-	2,737,120,443	2,695,681,637
Long-term borrowings	16	68,636,987,701	70,645,860,896	27,123,751,734	29,335,204,030
Deferred income tax liabilities	15	955,460,417	1,001,052,535	641,465,085	667,857,624
Long-term trade account payable		372,333,050	359,771,781	-	-
Liabilities under agreements for operations	18	4,701,323,856	2,503,904,842	-	-
Other non-current liabilities		2,544,432,612	2,555,426,396	309,508,067	327,603,984
Total non-current liabilities		77,210,537,636	77,066,016,450	30,811,845,329	33,026,347,275
Total liabilities		111,675,117,716	110,330,823,992	41,896,326,933	43,108,097,256
Shareholders' equity					
Share capital	19				
Authorised share capital					
Preferred shares		6,993,339,820	6,993,339,820	6,993,339,820	6,993,339,820
Common shares		146,338,730,510	146,338,730,510	146,338,730,510	146,338,730,510
Issued and fully paid-up share capital					
Preferred shares		6,993,339,820	6,993,339,820	6,993,339,820	6,993,339,820
Common shares		70,764,084,210	38,038,451,730	70,764,084,210	38,038,451,730
Premium on share capital					
Common shares		11,432,046,462	11,432,046,462	11,432,046,462	11,432,046,462
Discount on share capital					
Preferred shares		(1,492,776,584)	(1,492,776,584)	(1,492,776,584)	(1,492,776,584)
Common shares		(30,335,123,896)	(3,988,926,129)	(30,335,123,896)	(3,988,926,129)
Share surplus		1,152,229,604	1,604,322,099	-	-
Foreign currency translation adjustment		104,344,130	104,344,130	-	-
Retained earnings (deficit)					
Appropriated - legal reserve		34,880,969	34,880,969	34,880,969	34,880,969
Deficit		(47,401,989,096)	(47,270,915,867)	(42,581,882,007)	(42,873,395,191)
Total parent's shareholders' equity		11,251,035,619	5,454,766,630	14,814,568,974	8,143,621,077
Minority interest in subsidiaries		1,388,648,587	1,165,295,098	-	-
Total shareholders' equity		12,639,684,206	6,620,061,728	14,814,568,974	8,143,621,077
Total liabilities and shareholders' equity		124,314,801,922	116,950,885,720	56,710,895,907	51,251,718,333

The accompanying notes on pages 8 to 26 are an integral part of these interim consolidated and Company financial statements.

True Corporation Public Company Limited
Statements of Income (Unaudited)
For the three-month periods ended 31 March 2009 and 2008

	Notes	Consolidated		Company	
		31 March 2009 Baht	31 March 2008 Baht	31 March 2009 Baht	31 March 2008 Baht
Revenues	5				
Revenues from telephone and other services		14,994,690,698	15,600,034,095	3,244,161,286	3,636,443,883
Revenues from product sales		573,603,911	339,484,842	13,376,308	95,565,206
Total revenues		15,568,294,609	15,939,518,937	3,257,537,594	3,732,009,089
Costs					
Cost of providing services		9,773,119,279	10,198,625,164	1,624,591,381	1,707,872,495
Cost of sales		538,338,066	299,668,470	9,767,395	69,940,139
Total costs		10,311,457,345	10,498,293,634	1,634,358,776	1,777,812,634
Gross profit		5,256,837,264	5,441,225,303	1,623,178,818	1,954,196,455
Other operating income		89,074,209	194,511,750	15,927,298	24,542,440
Profit before expenses		5,345,911,473	5,635,737,053	1,639,106,116	1,978,738,895
Selling expenses		878,589,159	845,820,642	110,602,311	118,677,248
Administrative expenses		1,783,237,137	1,900,674,357	734,647,318	797,995,641
Other operating expenses		25,428,081	142,041,854	7,342,410	6,011,856
Total expenses		2,687,254,377	2,888,536,853	852,592,039	922,684,745
Operating results		2,658,657,096	2,747,200,200	786,514,077	1,056,054,150
Share of results in associates		(3,876,594)	134,474	-	-
Profit before financial costs and income tax		2,654,780,502	2,747,334,674	786,514,077	1,056,054,150
Financial costs, net		(2,402,706,726)	690,889,656	(350,498,737)	(904,289,208)
Profit before income tax		252,073,776	3,438,224,330	436,015,340	151,764,942
Income tax	7	(611,901,111)	(84,963,602)	(144,502,156)	(94,767,729)
Net profit (loss) for the period		(359,827,335)	3,353,260,728	291,513,184	56,997,213
Attributable to:					
Equity holders of the Company		(131,073,229)	2,738,240,272	291,513,184	56,997,213
Minority interest		(228,754,106)	615,020,456	-	-
		(359,827,335)	3,353,260,728	291,513,184	56,997,213
Basic and diluted earnings (loss) per share for profit attributable to the equity holders of the Company	8				
- Basic		(0.02)	0.67	0.05	(0.03)
- Diluted		-	0.59	-	-

The accompanying notes on pages 8 to 26 are an integral part of these interim consolidated and Company financial statements.

True Corporation Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited)
For the three-month periods ended 31 March 2009 and 2008

	Consolidated										
	Equity holders of the Company										
	Issued and fully paid-up		Premium on shares	Discount on shares	Share surplus	Foreign currency translation adjustment	Legal reserve	Deficit	Total	Minority interest in subsidiaries	Total
	Preferred shares	Common shares									
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Opening balance as at 1 January 2009	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	1,604,322,099	104,344,130	34,880,969	(47,270,915,867)	5,454,766,630	1,165,295,098	6,620,061,728
Issue of shares (Note 19)	-	32,725,632,480	-	(26,346,197,767)	-	-	-	-	6,379,434,713	-	6,379,434,713
Addition investment in subsidiary	-	-	-	-	-	-	-	-	-	15,100	15,100
Dilution in minority interest (Note 12)	-	-	-	-	(452,092,495)	-	-	-	(452,092,495)	452,092,495	-
Net loss for the period	-	-	-	-	-	-	-	(131,073,229)	(131,073,229)	(228,754,106)	(359,827,335)
Closing balance as at 31 March 2009	<u>6,993,339,820</u>	<u>70,764,084,210</u>	<u>11,432,046,462</u>	<u>(31,827,900,480)</u>	<u>1,152,229,604</u>	<u>104,344,130</u>	<u>34,880,969</u>	<u>(47,401,989,096)</u>	<u>11,251,035,619</u>	<u>1,388,648,587</u>	<u>12,639,684,206</u>
Opening balance as at 1 January 2008											
As previously reported	6,993,357,710	38,038,433,840	11,432,046,462	(5,481,702,713)	2,078,140,657	104,344,130	34,880,969	(42,589,541,680)	10,609,959,375	1,346,001,940	11,955,961,315
Prior year adjustments	-	-	-	-	(252,559,078)	-	-	(2,326,182,892)	(2,578,741,970)	673,531,566	(1,905,210,404)
As restated	6,993,357,710	38,038,433,840	11,432,046,462	(5,481,702,713)	1,825,581,579	104,344,130	34,880,969	(44,915,724,572)	8,031,217,405	2,019,533,506	10,050,750,911
Addition investment in subsidiary	-	-	-	-	-	-	-	-	-	39,343	39,343
Net profit for the period	-	-	-	-	-	-	-	2,738,240,272	2,738,240,272	615,020,456	3,353,260,728
Closing balance as at 31 March 2008	<u>6,993,357,710</u>	<u>38,038,433,840</u>	<u>11,432,046,462</u>	<u>(5,481,702,713)</u>	<u>1,825,581,579</u>	<u>104,344,130</u>	<u>34,880,969</u>	<u>(42,177,484,300)</u>	<u>10,769,457,677</u>	<u>2,634,593,305</u>	<u>13,404,050,982</u>

The accompanying notes on pages 8 to 26 are an integral part of these interim consolidated and Company financial statements.

True Corporation Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)
For the three-month periods ended 31 March 2009 and 2008

	Company						Total Baht
	Issued and fully paid-up		Premium on shares Baht	Discount on shares Baht	Legal reserve Baht	Deficit Baht	
	Preferred shares Baht	Common shares Baht					
Opening balance as at 1 January 2009	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	34,880,969	(42,873,395,191)	8,143,621,077
Issue of shares (Note 19)	-	32,725,632,480	-	(26,346,197,767)	-	-	6,379,434,713
Net profit for the period	-	-	-	-	-	291,513,184	291,513,184
Closing balance as at 31 March 2009	<u>6,993,339,820</u>	<u>70,764,084,210</u>	<u>11,432,046,462</u>	<u>(31,827,900,480)</u>	<u>34,880,969</u>	<u>(42,581,882,007)</u>	<u>14,814,568,974</u>
Opening balance as at 1 January 2008	6,993,357,710	38,038,433,840	11,432,046,462	(5,481,702,713)	34,880,969	(43,490,935,361)	7,526,080,907
Net profit for the period	-	-	-	-	-	56,997,213	56,997,213
Closing balance as at 31 March 2008	<u>6,993,357,710</u>	<u>38,038,433,840</u>	<u>11,432,046,462</u>	<u>(5,481,702,713)</u>	<u>34,880,969</u>	<u>(43,433,938,148)</u>	<u>7,583,078,120</u>

The accompanying notes on pages 8 to 26 are an integral part of these interim consolidated and Company financial statements.

True Corporation Public Company Limited
Statements of Cash Flows (Unaudited)
For the three-month periods ended 31 March 2009 and 2008

	Notes	Consolidated		Company	
		31 March 2009 Baht	31 March 2008 Baht	31 March 2009 Baht	31 March 2008 Baht
Cash flows from operating activities	20	2,489,582,940	3,370,565,138	775,573,047	417,427,282
Cash flows from investing activities					
Withdrawal in restricted cash		167,018,771	354,091,585	61,072,702	197,408,629
Withdrawal (deposit) in short-term investment - time deposit		(334,287,600)	140,295,420	(333,773,814)	149,987,604
Loans made to subsidiary	24	-	-	(200,000,000)	-
Acquisitions of property, plant and equipment		(1,287,493,418)	(1,925,682,805)	(79,020,173)	(111,458,928)
Acquisitions of intangible assets		(44,104,321)	(42,434,850)	(747,473)	(388,952)
Proceeds from loans to subsidiary and joint venture		-	900,035	-	136,800,000
Investment in subsidiary	12	-	-	(2,581,490,394)	-
Acquisitions of investment in associates		-	(45,700,000)	-	(34,000,000)
Acquisitions of investment in other company		-	(63,039,000)	-	(63,039,000)
Proceeds from disposals of property, plant and equipment		124,408,997	124,430,918	129,270	2,693,777
Net cash (used in) received from investing activities		(1,374,457,571)	(1,457,138,697)	(3,133,829,882)	278,003,130
Cash flows from financing activities					
Issue of common shares	19	6,379,434,713	-	6,379,434,713	-
Additional investments in subsidiary by minority		15,100	39,343	-	-
Repayments on short-term borrowings		-	(500,000,000)	-	(500,000,000)
Repayments on long-term borrowings		(1,719,194,059)	(1,146,838,350)	(901,075,290)	(425,000,000)
Net cash received from (used in) financing activities		4,660,255,754	(1,646,799,007)	5,478,359,423	(925,000,000)
Net increase (decrease) in cash and cash equivalents		5,775,381,123	266,627,434	3,120,102,588	(229,569,588)
Opening balance		4,356,596,217	5,019,382,731	488,655,183	439,081,045
Effects of exchange rate changes		297,900	1,744	-	-
Closing balance		10,132,275,240	5,286,011,909	3,608,757,771	209,511,457

Non-cash transaction

The significant non-cash transactions are as follows:

- The acquisition of property, plant and equipment using finance leases and accounts payable for the three-month period ended 31 March 2009 amounting to Baht 300.64 million (2008: Baht 253.43 million) and Baht 660.42 million (2008: Baht 138.81 million), respectively.
- The Group recognised the additional minimum payment as intangible asset and liability under agreements for operations amounting to Baht 2,269.02 million (Note 18).

The accompanying notes on pages 8 to 26 are an integral part of these interim consolidated and Company financial statements.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the three-month periods ended 31 March 2009 and 2008

1. General information

True Corporation Public Company Limited (“the Company”) is a public limited company, incorporated and resident in Thailand. The address of its registered office is 18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok, Thailand. The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

These interim consolidated and Company financial statements were authorised for issue by the Audit Committee on 13 May 2009.

These interim consolidated and Company financial statements have been reviewed, not audited.

2. Basis of preparation

These interim consolidated and Company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard No. 41 “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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

Comparative figures have been adjusted to conform with the minimum requirements announced by the Department of Business Development Regulation dated 30 January 2009 in relation to the format of Financial Statements B.E. 2552. It effects from 1 January 2009. The Group is in consideration to present the managements’ remuneration in the statement of income. Such expense is included in administrative expenses.

3. Summary of significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008 except for change in accounting estimate as described in Note 4 and an adoption of the revised TAS 36 “Impairment of Assets” (revised 2007) and TAS 54 “Non-current Assets Held for Sale and Discontinued Operations” (revised 2007) for the period starting on 1 January 2009 which do not have significant impact to the financial statements being presented.

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

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the three-month periods ended 31 March 2009 and 2008

4. Change in accounting estimate

Property, plant and equipment held under the Agreement for Operations are depreciated over the shorter of their useful lives or the remaining of agreement period. According to the conditions stipulated in the Memorandum of Agreement (“MOA”) as described Note 21.3, the subsidiary has been granted the right to use assets transferred to the grantor (“CAT”) to 2018. Consequently, the depreciation for the period of those assets having their estimated useful lives longer than 2013 would be decreased.

The details of assets transferred to the grantor and effect from this change can be summarised as follows:

	Before impact of MOA Million Baht	After impact of MOA Million Baht
Net book value of assets transferred to the grantor as at 31 December 2008	10,888.08	10,888.08
Depreciation charges for three-month period ended 31 March 2009	538.60	335.10
Depreciation charges for year ending 31 December 2009	2,186.67	1,361.33

5. Segment information

Financial information by business segments are as follows:

For the three-month period ended 31 March 2009	Baht Million				Group Consolidated
	Wireline	Wireless	Pay-TV	Eliminate	
Revenues:					
Gross segment revenues	6,721.78	8,332.78	2,425.58	-	17,480.14
Inter-segment revenues	(1,298.53)	(520.27)	(93.04)	-	(1,911.84)
Revenues	<u>5,423.25</u>	<u>7,812.51</u>	<u>2,332.54</u>	-	<u>15,568.30</u>
Segment results	1,310.58	897.73	469.28	(18.92)	<u>2,658.67</u>
Operating results					<u><u>2,658.67</u></u>

For the three-month period ended 31 March 2008	Baht Million				Group Consolidated
	Wireline	Wireless	Pay-TV	Eliminate	
Revenues:					
Gross segment revenues	6,670.77	8,512.55	2,512.49	-	17,695.81
Inter-segment revenues	(1,221.55)	(279.13)	(255.61)	-	(1,756.29)
Revenues	<u>5,449.22</u>	<u>8,233.42</u>	<u>2,256.88</u>	-	<u>15,939.52</u>
Segment results	1,590.20	1,015.44	468.40	(326.84)	<u>2,747.20</u>
Operating results					<u><u>2,747.20</u></u>

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the three-month periods ended 31 March 2009 and 2008

6. Operating results

The following expenditures, classified by nature, have been charged in arriving at operating results.

For the three-month periods ended	Consolidated		Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	Baht Million	Baht Million	Baht Million	Baht Million
Depreciation and amortisation	3,008.51	3,017.15	609.68	617.84
Doubtful accounts	267.09	175.23	78.54	54.70
Impairment charge	12.41	71.16	-	-

7. Income tax

For the three-month periods ended	Consolidated		Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	Baht Million	Baht Million	Baht Million	Baht Million
Current tax	(246.46)	(262.26)	-	-
Deferred income taxes	(365.44)	177.30	(144.50)	(94.77)
Income tax	(611.90)	(84.96)	(144.50)	(94.77)

8. Basic and diluted earnings (loss) per share

Basic earnings (loss) per share attributable to equity holders of the Company is calculated by dividing the net profit (loss) attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the period. (2009: 5,331.04 million shares, 2008: 3,803.84 million shares). The net profit (loss) attributable to the equity holders of the Company is calculated by deduction of cumulative dividend of preferred shares at 10% per annum amounting to Baht 174.35 million for the three-month period ended 31 March 2008. Commencing on 31 March 2008, the applicable dividend is 0.1% per annum and being non-cumulative dividend. The non-cumulative dividend for the three-month period ended 31 March 2009 was Baht 1.72 million and have not been adjusted to profit (loss) for the period for calculation of basic earnings (loss) per share.

The diluted earnings per share is calculated by dividing the net profit (loss) attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the period. The average number of shares assuming conversion of all dilutive potential common shares included of 699.33 million shares of convertible preferred shares and 143.82 million units weighted average number of stock options on an as-if-converted method.

9. Short-term investments

	Consolidated		Company	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
	Baht Million	Baht Million	Baht Million	Baht Million
Held-to-maturity:				
- Time deposits	12.18	11.66	-	-
- Debt securities	933.49	599.72	933.49	599.72
Trading securities:				
- Equity securities	130.42	184.91	-	-
Total short-term investments	1,076.09	796.29	933.49	599.72

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9. Short-term investments (Cont'd)

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

	Consolidated	Company
	Baht Million	Baht Million
For the three-month period ended 31 March 2009		
Opening net book value	796.29	599.72
Additions	7,213.24	7,029.24
Disposals	(6,938.64)	(6,699.79)
Reclassifications	0.41	-
Interest income	4.43	4.32
Fair value adjustments	0.36	-
Closing net book value	<u>1,076.09</u>	<u>933.49</u>

As at 31 March 2009 debt securities included amount of Baht 633.55 million (31 December 2008: Nil) were pledged with security agent bank to comply with the conditions stipulated in the Company's loan agreement.

10. Trade accounts receivable, net

	Consolidated		Company	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
	Baht Million	Baht Million	Baht Million	Baht Million
Receivable from TOT	477.44	449.59	477.44	449.59
Billed customers	7,703.19	7,664.48	2,973.56	3,128.96
Receivable from related parties (Note 24)	616.60	678.75	2,103.02	2,216.99
Trade accounts receivable	8,797.23	8,792.82	5,554.02	5,795.54
Accrued income	2,829.34	2,620.40	1,425.26	1,258.00
Total trade accounts receivable	11,626.57	11,413.22	6,979.28	7,053.54
<u>Less</u> Allowance for doubtful accounts	(3,674.55)	(3,421.47)	(2,078.18)	(1,989.43)
Trade accounts receivable, net	<u>7,952.02</u>	<u>7,991.75</u>	<u>4,901.10</u>	<u>5,064.11</u>

Outstanding trade accounts receivable as at 31 March 2009 and 31 December 2008 can be analysed as follows:

	Consolidated		Company	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
	Baht Million	Baht Million	Baht Million	Baht Million
Current	3,646.83	3,918.90	2,313.88	1,823.96
Less than 3 months	991.73	994.91	300.12	595.78
3 - 6 months	596.57	463.61	193.14	568.50
6 - 12 months	1,099.90	1,007.85	317.28	396.25
More than 12 months	2,462.20	2,407.55	2,429.60	2,411.05
Trade accounts receivable	8,797.23	8,792.82	5,554.02	5,795.54
Accrued income	2,829.34	2,620.40	1,425.26	1,258.00
Total trade accounts receivable	11,626.57	11,413.22	6,979.28	7,053.54
<u>Less</u> Allowance for doubtful accounts	(3,674.55)	(3,421.47)	(2,078.18)	(1,989.43)
Trade accounts receivable, net	<u>7,952.02</u>	<u>7,991.75</u>	<u>4,901.10</u>	<u>5,064.11</u>

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10. Trade accounts receivable, net (Cont'd)

As at 31 March 2009, trade accounts receivable in the interim consolidated and Company balance sheets included accrued income from TOT amounting to Baht 287.34 million (2008: Baht 287.34 million). The receivables are derived from international call revenue sharing that the Company's customers made calls through CAT's network, which the Company receives the revenue sharing from CAT through TOT. The Company has accounted for the international call revenue sharing from TOT based on the contractual terms as stipulated in the Agreement. During 2004, CAT announced to reduce the rate of revenue sharing that CAT pays to TOT, therefore, TOT has remitted the sharing to the Company based on the reduced rates as determined by CAT. The Company sent TOT a letter of dissension in respect of the reduced rates as proposed by CAT. The Company's external legal counsel is of the opinion that the Company entitles to receive the service rates in accordance with the Agreement. The Company's management believes that the amount is recoverable.

In addition, trade accounts receivable as at 31 March 2009, in the interim consolidated and Company balance sheets included accrued income from TOT amounting to Baht 221.42 million (2008: Baht 220.87 million) in respect of interconnection fee for TOT service because TOT has not provided sufficient and clarified information to enable the Company to agree with its fee calculation method. The Company has accounted for interconnection fee based on existing usage information that the Company coughed up the minutes of international call usage for calculation interconnection fee. This matter is under negotiation with TOT. The Company's management believes that the amount is recoverable.

11. Other current assets

	Consolidated		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Value added tax pending for receipt of tax invoices	791.17	769.32	36.44	37.14
Prepaid expenses	535.01	465.80	83.73	54.23
Film and program rights (Note 14)	454.42	278.93	-	-
Advances to contractors	52.61	48.49	21.82	15.37
Interest receivable	55.57	46.12	42.86	38.23
Deferred regulatory cost	68.73	56.95	-	-
Subscriber acquisition cost, net	75.42	78.61	-	-
Others	270.25	274.97	66.95	62.41
Total	2,303.18	2,019.19	251.80	207.38

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12. Investments in subsidiaries, joint ventures and associates

Subsidiary undertakings

Name of subsidiaries	Business	Country of incorporation
Asia DBS Public Company Limited (89.99%)*	DBS system operator	Thailand
Asia Wireless Communication Co., Ltd. (99.99%)*	PCT operator	Thailand
Bangkok Inter Teletech Public Company Limited (“BITCO”) (2009: 80.77% and 2008: 77.21%)	Holding company	Thailand
Cineplex Co., Ltd. (91.79%)*	Program production	Thailand
Click TV Co., Ltd. (91.79%)*	Interactive TV business	Thailand
Future Gamer Co., Ltd. (90.00%)*	Publication and advertising	Thailand
IBC Symphony Co., Ltd. (91.79%)*	Dormant	Thailand
Internet Knowledge Service Center Co., Ltd. (56.93%)*	Non-government telecommunication	Thailand
Internet Shopping Mall Co., Ltd. (58.10%)*	Training services and distributor	Thailand
K.I.N. (Thailand) Co., Ltd. (99.99%)	Holding company	Thailand
MKSC World Dot Com Co., Ltd. (91.05%)*	Internet services and distributor	Thailand
Online Advertising Goldsite Co., Ltd. (58.10%)*	Publication	Thailand
Online Station Co., Ltd. (90.00%)*	Internet service and e-commerce	Thailand
Panther Entertainment Co., Ltd. (91.79 %)*	Artist management and related business	Thailand
Red Media Co., Ltd. (91.79%)*	Dormant	Thailand
Samut Pakan Media Corporation Co., Ltd. (2009: 80.72% and 2008: 77.16%)*	Telecommunication services	Thailand
Satellite Service Co., Ltd. (91.79%)*	Sales and rental of equipment related to Pay Television	Thailand
Song Dao Co., Ltd. (2009: 80.71% and 2008: 77.16%)*	Collection agent	Thailand
Tele Engineering and Services Co., Ltd. (99.99%)*	Content provider	Thailand
Telecom Holding Co., Ltd. (99.99%)	Holding company	Thailand
Telecom International Co., Ltd. (99.99%)*	Holding company	Thailand
Telecom KSC Co., Ltd. (34.39%)*	Non-government telecommunication	Thailand
Telecom Training and Development Co., Ltd. (99.99%)*	Training service	Thailand
True Digital Entertainment Co., Ltd. (99.99%)	Online game	Thailand
True Distribution and Sales Co., Ltd. (2009: 80.64% and 2008: 77.09%)*	Retail services	Thailand
True International Communication Co., Ltd. (99.99%)	Telecommunication services	Thailand
True Internet Co., Ltd. (99.99%)	Internet solution provider	Thailand
True Internet Gateway Co., Ltd. (99.99%)	Telecommunication and internet services	Thailand
True Leasing Co., Ltd. (99.99%)	Rental services	Thailand
True Lifestyle Retail Co., Ltd. (99.99%)*	Internet café and related services	Thailand
True Magic Co., Ltd. (99.99%)	Production and distribution of movies film	Thailand
True Money Co., Ltd. (99.99%)	Payment service centre and electronic card services	Thailand
True Move Co., Ltd. (2009: 80.70% and 2008: 77.14%)*	Cellular operator	Thailand
True Multimedia Co., Ltd. (91.08%)*	NON-POTS and multimedia services	Thailand
True Music Co., Ltd. (2009: 80.67% and 2008: 77.11%)*	Content provider	Thailand
True Music Radio Co., Ltd. (69.94%)*	Trading and production of advertising media	Thailand
True Properties Co., Ltd. (99.99%)*	Rental services	Thailand
True Public Communication Co., Ltd. (99.94%)	Telecommunication services	Thailand
True Touch Co., Ltd. (99.99%)*	Call centre services	Thailand
True Universal Convergence Co., Ltd. (99.99%)	Telecommunication services	Thailand
True Visions Public Company Limited (91.79%)*	Pay Television	Thailand
True Visions Cable Public Company Limited (91.19%)*	Pay television via cable system	Thailand
Wire & Wireless Co., Ltd. (87.50%)	Construction	Thailand
International Broadcasting Corporation (Cambodia) Co., Ltd. (64.25%)*	Dormant	Cambodia
K.I.N. (Thailand) Co., Ltd. (99.99%)*	Holding company	British Virgin Island
Nilubon Co., Ltd. (99.99%)*	Holding company	British Virgin Island
TA Orient Telecom Investment Co., Ltd. (99.99%)*	Holding company	British Virgin Island
Telecom Asia (China) Co., Ltd. (99.99%)*	Communication	British Virgin Island
Telecom International China Co., Ltd. (99.99%)*	Communication	British Virgin Island

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

Joint ventures

Name of joint ventures	Business	Country of incorporation
Asia Infonet Co., Ltd. ("AI") (65.00%)*	Internet services provider	Thailand
BeboydCg Company Limited ("Bboyd") (70.00%)*	Production of animation	Thailand
KSC Commercial Internet Co., Ltd. ("KSC") (37.80%)*	Internet services provider	Thailand
True Internet Data Center Co., Ltd. ("TIDC") (70.00%)*	Internet Data Center	Thailand

Associate undertakings

Name of associates	Business	Country of incorporation
NC True Co., Ltd. ("NC True") (40.00%)	Developer and service provider of games online	Thailand
Channel [V] Music (Thailand) Co., Ltd. ("Channel V") (23.87%)*	Music and sound	Thailand

* indirectly owned by the Company

Movements of investments in subsidiaries, joint ventures and associates can be summarised as follows:

	<u>Consolidated</u> <u>Baht Million</u>	<u>Company</u> <u>Baht Million</u>
For the three-month period ended 31 March 2009		
Opening net book value	53.52	19,740.55
Additions	-	2,581.49
Share of results	(3.88)	-
Closing net book value	<u>49.64</u>	<u>22,322.04</u>

During the first quarter of 2009, the Company additionally invested in BITCO amounting to Baht 2,581.49 million, resulting in changes of equity interest from 74.28% to 78.29% for the Company and from 77.21% to 80.77% for the Group. The amount of Baht 452.09 million derived from the dilution of the minority interest was adjusted to the surplus in the consolidated balance sheet.

Apart from the above, there was no change in the investments in subsidiaries, joint ventures and associates.

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

		Company					
		31 March 2009			31 December 2008		
		Investment - at cost method Baht'000	Impairment Baht'000	Net investment Baht'000	Investment - at cost method Baht'000	Impairment Baht'000	Net investment Baht'000
Business							
Subsidiaries							
Telecom Holding Co., Ltd.	Holding company	16,820,245	9,598,637	7,221,608	16,820,245	9,598,637	7,221,608
Bangkok Inter Teletech Public Company Limited	Invested in cellular operator	19,263,402	8,647,899	10,615,503	16,681,912	8,647,899	8,034,013
True Leasing Co., Ltd.	Rental services	2,836,999	-	2,836,999	2,836,999	-	2,836,999
True Digital Entertainment Co., Ltd.	Online game	559,500	-	559,500	559,500	-	559,500
True Internet Co., Ltd.	Internet solution provider	539,882	-	539,882	539,882	-	539,882
K.I.N. (Thailand) Co., Ltd.	Holding company	330,000	299,872	30,128	330,000	299,872	30,128
Wire & Wireless Co., Ltd.	Construction and distributor	292,250	-	292,250	292,250	-	292,250
True Money Co., Ltd.	Payment service center and electronic card services	98,000	-	98,000	98,000	-	98,000
True Internet Gateway Co., Ltd.	Telecommunication and internet services	51,000	-	51,000	51,000	-	51,000
True International Communication Co., Ltd.	Telecommunication services	22,000	-	22,000	22,000	-	22,000
True Magic Co., Ltd.	Production and distribution of movies film	3,500	-	3,500	3,500	-	3,500
True Public Communication Co., Ltd.	Telecommunication services	1,000	-	1,000	1,000	-	1,000
True Universal Convergence Co., Ltd.	Telecommunication services	1,000	-	1,000	1,000	-	1,000
Total investment in subsidiaries		40,818,778	18,546,408	22,272,370	38,237,288	18,546,408	19,690,880
Associate							
NC True Co., Ltd.	Developer and service provider of games online	123,205	73,535	49,670	123,205	73,535	49,670
Total investment in associate		123,205	73,535	49,670	123,205	73,535	49,670
Total investments in subsidiaries and associate, net		40,941,983	18,619,943	22,322,040	38,360,493	18,619,943	19,740,550

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13. Property, plant and equipment, net

	Consolidated		
	Property, plant and equipment, net		
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the three-month period ended 31 March 2009			
Opening net book value	7,453.51	63,926.57	71,380.08
Additions	509.05	1,080.54	1,589.59
Disposals	(47.85)	(46.62)	(94.47)
Adjustments/Reclassifications	12.00	325.06	337.06
Depreciation charge	(454.99)	(1,894.70)	(2,349.69)
Impairment charge	1.59	(13.33)	(11.74)
Closing net book value	<u>7,473.31</u>	<u>63,377.52</u>	<u>70,850.83</u>
Company			
Property, plant and equipment, net			
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the three-month period ended 31 March 2009			
Opening net book value	446.45	15,474.21	15,920.66
Additions	14.10	64.92	79.02
Disposals	(0.81)	(0.10)	(0.91)
Adjustments/Reclassifications	(0.03)	(6.46)	(6.49)
Depreciation charge	(52.35)	(468.79)	(521.14)
Closing net book value	<u>407.36</u>	<u>15,063.78</u>	<u>15,471.14</u>

Borrowing costs of Baht 97.94 million was capitalised as cost of assets during the period and included as "Additions".

Transfer assets to CAT

According to the agreement for operations granted by CAT, the subsidiary transferred network assets with net book value of Baht 11.72 million to CAT during the three-month period ended 31 March 2009. The subsidiary retains right to operate the mobile phone service over the transferred assets.

Capital commitments

	Consolidated Baht Million	Company Baht Million
As at 31 March 2009	2,927.95	235.56
As at 31 December 2008	3,435.57	273.38

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14. Intangible assets, net

	Consolidated		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Current (included in "Other current assets" (Note 11))	454.42	278.93	-	-
Non-current	5,691.14	3,556.63	749.05	795.95
Total	6,145.56	3,835.56	749.05	795.95

Movements of intangible assets can be analysed as follows:

	Consolidated Baht Million	Company Baht Million
For the three-month periods ended 31 March 2009		
Opening net book value	3,835.56	795.95
Additions		
- cash item	554.50	0.75
- non-cash item (Note 18)	2,269.02	-
Disposals	(3.31)	(0.12)
Adjustments/Reclassifications	5.36	(0.01)
Amortisation charge	(515.57)	(47.52)
Closing net book value	6,145.56	749.05

15. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and using a principal tax rate of 30% (2008: 30%). 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		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Deferred income tax assets				
Depreciation	4,377.82	4,607.25	4,692.58	4,853.29
Difference on network assets	1,726.12	1,889.73	-	-
Allowances	1,077.89	1,067.70	798.75	799.10
Borrowings	345.33	367.60	474.38	484.21
Unearned income	180.77	173.38	-	-
Minimum payment fees	21.81	20.30	-	-
Accrued expenses	3.82	28.12	-	-
Other current assets	19.57	12.05	0.04	0.04
Tax loss carry forwards	6.40	4.90	-	-
Other current liabilities	4.61	4.14	-	-
	7,764.14	8,175.17	5,965.75	6,136.64
Deferred income tax liabilities				
Accounts receivable - billed customers	(525.64)	(539.73)	(525.64)	(539.73)
Debt issuance cost	(243.71)	(263.77)	(115.83)	(128.13)
Leased assets	(165.40)	(181.42)	-	-
Accrued regulatory cost	(20.62)	(16.05)	-	-
Unrealised gain on short-term investments	(0.09)	(0.08)	-	-
	(955.46)	(1,001.05)	(641.47)	(667.86)

Under the Thai Revenue Code, all companies are taxed as separate entities with no relief available for the Groups.

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16. Borrowings

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

	Consolidated		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Current				
- Banks and financial institutions	5,773.36	5,819.82	2,800.00	2,800.00
- Finance leases	1,224.24	1,166.64	-	-
- Debentures	3,964.30	2,884.30	3,964.30	2,884.30
Total current	10,961.90	9,870.76	6,764.30	5,684.30
Non-current				
- Banks and financial institutions	26,733.88	27,648.16	14,244.94	14,911.48
- Finance leases	4,941.23	4,915.30	-	-
- Debentures	32,842.36	33,691.49	8,759.30	10,032.81
- Suppliers credit	4,119.51	4,390.91	4,119.51	4,390.91
Total non-current	68,636.98	70,645.86	27,123.75	29,335.20
Total borrowings	79,598.88	80,516.62	33,888.05	35,019.50

Movements of borrowings can be analysed as follows:

	Consolidated Baht Million	Company Baht Million
For the three-month periods ended 31 March 2009		
Opening net book value	80,516.62	35,019.50
Additions of borrowings		
- non-cash finance leases	300.64	-
- interest	2.14	2.14
Repayments of borrowings	(1,666.50)	(901.07)
Amortisation of debt issuance costs	91.20	41.02
Currency translation	354.78	(273.54)
Closing net book value	79,598.88	33,888.05

Secured liabilities

Borrowings include secured liabilities being loans under finance leases and loans from banks and financial institutions of Baht 51.40 billion (2008: Baht 52.46 billion) and Baht 29.77 billion (2008: Baht 30.63 billion) in the consolidated and Company financial statements, respectively. The bank borrowings are secured with shares of subsidiaries, network equipment, land and building of the Group, guaranteed by the subsidiaries of the Group. Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Borrowings include secured loans of Baht 3.30 billion (2008: Baht 3.59 billion) from a related company, Kreditanstalt fuer Wiederaufbau ("KfW") which is a preference shareholder (Note 24).

On 2 April 2009, the Company issued 6.18 million units of secured debentures at par value of Baht 1,000 per unit. The debentures carry interest at 6.50% per annum and payable on a quarterly basis start from 7 July 2009. The maturity date will be on 7 April 2014. The proceeds of Baht 6,146.31 million net of issuance cost of Baht 36.69 million will be used for prepayment the Company's existing borrowings.

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17. Other current liabilities

	Consolidated		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Output VAT pending tax invoices	934.74	923.93	151.62	158.15
Other payables	808.06	1,190.16	493.71	452.98
Others	383.15	543.13	136.34	83.95
Total	2,125.95	2,657.22	781.67	695.08

18. Liabilities under agreements for operations

Liabilities under agreements for operations can be summarised as follows:

	Consolidated	
	31 March 2009 Baht Million	31 December 2008 Baht Million
Current (included in "Accrued expenses")	357.24	331.05
Non-current	4,701.32	2,503.91
	5,058.56	2,834.96

Movement of liabilities under agreements for operations can be analysed as follows:

	Consolidated Baht Million
For the three-month period ended 31 March 2009	
Opening net book value	2,834.96
Addition	2,269.02
Repayments	(145.00)
Interest expense charge	99.58
Closing net book value	5,058.56

According to the MOA as described in Note 21.3, the subsidiary recognised "Right to operate" as intangible assets (Note 14) and "Liabilities under agreements for operations" amounting to Baht 2,269.02 million in the consolidated balance sheet. This amount derived from the best estimated cost of obtaining right discounted by MLR at the MOA's signing date and might be changed should the Group reach the definitive agreement. The interest derived from liabilities being capitalised and contrary recognised in the consolidated statement of income.

19. Share capital, premium and discount on share capital

	Number of shares Million	Common shares Baht Million	Preferred shares Baht Million	Share premium (discount) Baht Million	Total Baht Million
At 31 December 2008	4,503.18	38,038.45	6,993.34	5,950.34	50,982.13
Issue of common shares	3,272.56	32,725.63	-	(26,346.20)	6,379.43
At 31 March 2009	7,775.74	70,764.08	6,993.34	(20,395.86)	57,361.56

The total authorised number of shares is 15,333.21 million shares (2008: 15,333.21 million shares) with a par value of Baht 10 per share (2008: Baht 10 per share). All issued shares are fully paid.

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19. Share capital, premium and discount on share capital (Cont'd)

The Company issued 3,272.56 million shares at par value of Baht 10 per share for the right offering during February 2009 according to the approval of Extraordinary General Shareholders Meeting No. 1/2551. The exercise price was Baht 1.95 per share. The proceed was Baht 6,379.43 million net of related expenses of Baht 2.06 million. The Company completed the registration of change in paid up capital with the Ministry of Commerce on 17 February 2009.

20. Cash flows from operating activities

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

For the three-month periods ended	Consolidated		Company	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	Baht Million	Baht Million	Baht Million	Baht Million
Net profit (loss) for the period	(359.82)	3,353.26	291.51	56.99
Adjustments for:				
Depreciation and amortisation (Note 6)	3,008.51	3,017.15	609.68	617.84
Interest income	(23.84)	(19.25)	(13.89)	(36.32)
Interest expense	1,884.36	1,660.28	568.61	624.18
Income tax	611.90	84.96	144.50	94.77
(Gain) loss on disposals of property, plant and equipment	(29.82)	(47.60)	0.90	1.15
Doubtful accounts (Note 6)	267.09	175.23	78.54	54.70
Impairment charge (Note 6)	12.41	71.16	-	-
Other operating assets write-off	-	9.54	-	-
Unrealised (gain) loss on foreign exchange	400.07	(2,283.04)	(279.80)	213.45
Foreign exchange loss (gain) on repayments of borrowings	52.69	(9.70)	-	-
Share of results in subsidiaries, joint ventures and associates	3.88	(0.13)	-	-
Changes in operating assets and liabilities				
- Trade accounts receivable	(230.62)	3,377.82	85.32	(161.70)
- Short-term investment - trading securities	54.49	(233.38)	-	-
- Inventories	(505.47)	(162.01)	(1.68)	57.71
- Other current assets	221.84	188.47	(40.10)	(14.25)
- Film and program rights	(510.40)	(354.16)	-	-
- Other non-current assets	30.60	0.97	7.34	(6.22)
- Trade accounts payable	(822.32)	(3,702.12)	(87.79)	36.11
- Accrued expenses and other current liabilities	96.11	(245.28)	(5.55)	(486.09)
- Other non-current liabilities	(10.49)	161.07	-	-
Cash generated from operations	4,151.17	5,043.24	1,357.59	1,052.32
<u>Add</u> Interest received	14.39	3.87	8.25	34.88
<u>Less</u> Interest paid	(1,364.29)	(1,212.31)	(500.75)	(574.92)
Income tax paid	(311.69)	(464.23)	(89.52)	(94.85)
Net cash from operating activities	<u>2,489.58</u>	<u>3,370.57</u>	<u>775.57</u>	<u>417.43</u>

21. Commitments and contingent liabilities

21.1 Collateral

Under the terms of various agreements, the Company's and certain subsidiaries' assets have been pledged and/or mortgaged as collateral with the contracted parties, details of which are as follows:

	Carrying Value at 31 March 2009 and 31 December 2008					
	Consolidated				Company	
	2009 Baht Million	2008 Baht Million	Mortgaged Value		2009 Baht Million	2008 Baht Million
2009 Baht Million			2008 Baht Million			
Deposits and short-term investments	2,024.33	1,557.81	-	-	1,273.16	700.68
Investments in shares of subsidiaries	17,809.28	13,779.32	-	-	-	-
Land, building and machinery	1,051.85	1,057.94	24,870.63	24,870.63	-	-

In addition, the Group and the Company's rights to operate network assets are used as collateral for borrowings (Note 16).

21.2 Contingencies

The bank guarantees provided by banks and contingent liabilities of the Group are as follows:

	Consolidated Baht Million	Company Baht Million
As at 31 March 2009	2,162.93	251.09
As at 31 December 2008	3,145.41	250.97

21.3 Commitments

On 29 January 2009, a subsidiary entered into the Memorandum of Agreement ("MOA") with the grantor of its agreement for operation of cellular telephone services, Digital PCN (PERSONAL COMMUNICATION NETWORK) 1800. The MOA has legally binding immediately. Whereby, the subsidiary has retain right and obligation to use assets transferred to the grantor and provide service as it was the agreement for operation for the next 5 years commencing from the expire date of agreement for operation. Under the MOA, the subsidiary and the grantor must comply with the conditions stipulated therein.

21. Commitments and contingent liabilities (Cont'd)

21.4 Access charges of subsidiary

Refer to Note 42.2 to the 2008 annual financial statements, the subsidiary issued a written notification informing TOT and CAT that it will cease payment of access charge under the Access Charge Agreement on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects.

If the subsidiary has to pay such access charges, the subsidiary would be liable to accrue access charges for the period from 18 November 2006 to 31 March 2009 are as follows:

	Accrued access charges	Net effect to the consolidated statement of income, net of revenue sharing to CAT
	Million Baht	Million Baht
For the period from 18 November 2006 to 31 December 2008	9,144.09	6,827.32
For the three-month period ended 31 March 2009	1,331.31	992.12
Total	<u>10,475.40</u>	<u>7,819.44</u>

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

22. Litigation and Arbitration disputes and contingent liabilities

Refer to Note 41 in the 2008 annual financial statements, the progress should be reported are as follows:

Litigation case files by the TOT against the Company

Dispute in relation to the use of True's logo on public payphone booths. On 24 February 2009, the Central Administrative Court ruled in favour of TOT and ordered the Company to pay Baht 150 million for the amount claimed within 60 days. On 25 March 2009, the Company appealed to the Supreme Administrative Court. The case is currently under the judicial process.

Arbitration dispute of subsidiary

On 29 January 2009, CAT filed an arbitral dispute against a subsidiary claiming for transfer of 1,565 units of masts and towers with their accessories to CAT. If, in any event, the transfer of the subsidiary is impractical, the subsidiary shall pay to CAT for the amount of Baht 2,713 million. The subsidiary is currently in the process of making a statement of objection files to the Arbitration Office.

The ultimate outcomes of the disputes are presently unable to be determined, and accordingly, no recognition of revenues for contingent assets or provision for possible liabilities has been made in the interim financial statements.

23. Financial instruments - forward foreign exchange contracts

The net fair values of the Group's cross currency and interest rate swap contracts and open forward foreign exchange contracts as at 31 March 2009 are unfavourable amounting to Baht 3,394.38 million which have not been recognised in the financial statements.

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24. Related party transactions

The following material transactions were carried out with related parties:

i) Sales of goods and services

For the three-month periods ended	Consolidated		Company	
	31 March 2009 Baht Million	31 March 2008 Baht Million	31 March 2009 Baht Million	31 March 2008 Baht Million
Sales of goods:				
Subsidiaries	-	-	2.19	5.09
Associate	-	0.19	-	0.19
Related companies:				
CP Group of companies	2.26	3.56	0.02	0.56
	<u>2.26</u>	<u>3.75</u>	<u>2.21</u>	<u>5.84</u>
Sales of services:				
Subsidiaries	-	-	910.01	843.55
Joint ventures	14.16	17.34	0.24	0.25
Associate	5.04	2.86	-	-
Related companies:				
CP Group of companies	984.59	1,110.49	2.66	1.64
NEC Corporation (Thailand) Co., Ltd.	0.04	0.03	0.03	0.03
	<u>1,003.83</u>	<u>1,130.72</u>	<u>912.94</u>	<u>845.47</u>

Sales of goods and services to related parties were carried out on commercial terms and conditions and at market prices.

CP Group of companies are the major shareholders of the Company.

ii) Purchases of goods and services

For the three-month periods ended	Consolidated		Company	
	31 March 2009 Baht Million	31 March 2008 Baht Million	31 March 2009 Baht Million	31 March 2008 Baht Million
Purchases of goods:				
Subsidiaries	-	-	8.34	0.60
Related companies:				
CP Group of companies	8.01	66.84	3.13	10.98
	<u>8.01</u>	<u>66.84</u>	<u>11.47</u>	<u>11.58</u>
Purchases of services:				
Subsidiaries	-	-	267.26	262.99
Joint ventures	77.60	83.04	17.64	25.37
Associate	0.17	-	-	-
Related companies:				
CP Group of companies	172.92	145.82	20.09	18.62
NEC Corporation (Thailand) Co., Ltd.	2.06	2.56	0.07	0.02
	<u>252.75</u>	<u>231.42</u>	<u>305.06</u>	<u>307.00</u>

Purchases of goods and services from related parties were carried out on commercial terms and conditions and at market prices.

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24. Related party transactions (Cont'd)

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

	Consolidated		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Receivables from related parties: (included in "Trade accounts receivable")				
Subsidiaries	-	-	2,098.15	2,212.90
Joint ventures	107.25	110.94	2.94	2.75
Associate	4.60	5.37	0.02	0.24
Related companies:				
CP Group of companies	504.63	562.33	1.79	1.00
NEC Corporation (Thailand) Co., Ltd.	0.12	0.11	0.12	0.10
Receivables, net	<u>616.60</u>	<u>678.75</u>	<u>2,103.02</u>	<u>2,216.99</u>
Receivables from related parties: (included in "Other current assets")				
Related companies:				
CP Group of companies	0.06	0.06	-	-
NEC Corporation (Thailand) Co., Ltd.	0.56	0.56	0.56	0.56
	<u>0.62</u>	<u>0.62</u>	<u>0.56</u>	<u>0.56</u>
Payables to related parties: (included in "Trade accounts payable")				
Subsidiaries	-	-	639.37	633.71
Joint ventures	108.91	76.39	45.61	34.46
Associate	13.48	12.00	-	-
Related companies:				
CP Group of companies	29.41	31.12	12.85	7.86
NEC Corporation (Thailand) Co., Ltd.	0.16	2.23	0.06	-
	<u>151.96</u>	<u>121.74</u>	<u>697.89</u>	<u>676.03</u>

iv) Loans to related parties

	Consolidated		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Current	<u>31.88</u>	<u>31.88</u>	<u>400.00</u>	<u>200.00</u>
Loans to related parties, net	<u>31.88</u>	<u>31.88</u>	<u>400.00</u>	<u>200.00</u>

24. Related party transactions (Cont'd)

iv) Loans to related parties (Cont'd)

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

	<u>Consolidated</u> <u>Baht Million</u>	<u>Company</u> <u>Baht Million</u>
For the three-month periods ended 31 March 2009		
Opening net book value	31.88	200.00
Addition loan during the period	-	200.00
Closing net book value	<u>31.88</u>	<u>400.00</u>

The consolidated and Company related interest income for the three-month period ended 31 March 2009 were Baht 0.21 million and Baht 3.45 million, respectively (2008: Baht 0.23 million and Baht 4.40 million, respectively).

v) Loans from related parties

	<u>Consolidated</u>		<u>Company</u>	
	<u>31 March</u> <u>2009</u> <u>Baht Million</u>	<u>31 December</u> <u>2008</u> <u>Baht Million</u>	<u>31 March</u> <u>2009</u> <u>Baht Million</u>	<u>31 December</u> <u>2008</u> <u>Baht Million</u>
Current	1,474.02	1,491.00	-	-
Non-current	1,822.54	2,094.14	2,737.12	2,695.68
Total	<u>3,296.56</u>	<u>3,585.14</u>	<u>2,737.12</u>	<u>2,695.68</u>

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

	<u>Consolidated</u> <u>Baht Million</u>	<u>Company</u> <u>Baht Million</u>
For the three-month period ended 31 March 2009		
Opening net book value	3,585.14	2,695.68
Additional borrowings:		
- Non-cash transaction - interest	-	41.44
Repayments	(357.84)	-
Amortisation of debt issuance cost	14.49	-
Currency translation	54.77	-
Closing net book value	<u>3,296.56</u>	<u>2,737.12</u>

The loans are presented net of unamortised debt issuance cost of Baht 68.24 million.

The loans in the consolidated financial statements are the loan from Kreditanstalt fuer Wiederaufbau ("KfW"), which are presented in the balance sheet as part of borrowings (Note 16).

The consolidated and Company related interest expenses for the three-month period ended 31 March 2009 were Baht 27.17 million and Baht 41.44 million, respectively (2008: Baht 70.54 million and Baht 39.26 million, respectively).

24. Related party transactions (Cont'd)

vi) Interest receivable and interest payable arising from loans to and loans from related parties

	Consolidated		Company	
	31 March 2009 Baht Million	31 December 2008 Baht Million	31 March 2009 Baht Million	31 December 2008 Baht Million
Interest receivable: (included in "Other current assets")				
Joint venture	2.38	2.71	-	-
	<u>2.38</u>	<u>2.71</u>	<u>-</u>	<u>-</u>
Interest payable: (included in "Accrued expenses")				
Related company:				
Kreditanstalt fuer Wiederaufbau	0.21	0.60	-	-
	<u>0.21</u>	<u>0.60</u>	<u>-</u>	<u>-</u>