

True Corporation Public Company Limited

Interim Financial Statements (Unaudited)

30 June 2008

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 30 June 2008 and the related consolidated and company statements of income for the three-month and six-month periods then ended, and the related consolidated and company statements of changes in shareholders' equity and cash flows for the six-month period then ended. 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 review. The interim consolidated and company financial statements, before restatement, for the six-month period ended 30 June 2007 of True Corporation Public Company Limited and its subsidiaries and of True Corporation Public Company Limited, respectively, were reviewed by another independent auditor from the same firm as myself, whose report, dated 14 August 2007, stated that nothing had come to her attention that caused her to believe that the interim financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I conducted my review 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 review, 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 24.2 to the interim financial statements. There are uncertainties in respect of significant outstanding lawsuits and commercial disputes in relation to access charges. 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.

The consolidated financial statements, before restatement, and the company financial statements as at 31 December 2007 of True Corporation Public Company Limited and its subsidiaries and of True Corporation Public Company Limited, respectively, were audited by another independent auditor from the same firm as myself whose report, dated 22 February 2008, expressed an unqualified opinion on those statements but drew attention in relation to uncertainties in respect of significant outstanding lawsuits and commercial disputes in relation to access charges. The consolidated and company interim financial statements, before restatement, for the six-month period ended 30 June 2007, presented herewith for comparative purposes, were reviewed by the same auditor as mentioned above, whose report, dated 14 August 2007, stated that nothing had come to her attention that caused her to believe that those interim financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles. As discussed in Note 3 to the interim financial statements, the Group has changed its accounting policies in respect of the treatment of concession minimum payment, which is in accordance with the new Thai Accounting Standard which effective on 1 January 2008. The Group has applied retrospective adjustments. Therefore, the consolidated balance sheet as at 31 December 2007 and the consolidated statements of income for the three-month and six-month periods ended 30 June 2007, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2007, presented for comparative purposes, are restated.

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

Bangkok
13 August 2008

True Corporation Public Company Limited

Balance Sheets

As at 30 June 2008 and 31 December 2007

	Notes	Consolidated		Company	
		(Restated)		(Unaudited) 30 June 2008 Baht	(Audited) 31 December 2007 Baht
		(Unaudited)	(Audited)		
		30 June 2008 Baht	31 December 2007 Baht		
Assets					
Current assets					
Cash and cash equivalents		5,473,574,318	5,019,382,731	218,013,308	439,081,045
Restricted cash	21	1,327,705,764	1,445,122,111	567,312,028	733,414,103
Short-term investments		296,803,581	419,757,811	-	149,987,604
Trade accounts receivable, net	4	8,992,665,288	12,684,710,199	5,294,275,786	5,026,194,720
Loans to related parties, net	5	28,580,307	28,880,319	550,000,000	386,800,000
Inventories, net		871,089,207	893,066,464	112,899,903	172,448,331
Income tax deducted at source		2,718,599,900	2,218,067,036	1,388,470,409	1,204,794,097
Claimable value added tax		453,514,665	673,064,981	3,412,570	3,412,570
Other current assets	6	2,028,331,853	2,027,019,190	262,826,239	238,836,868
Total current assets		22,190,864,883	25,409,070,842	8,397,210,243	8,354,969,338
Non-current assets					
Investments:					
- Investments in subsidiaries, joint ventures and associates	7	62,050,135	18,020,580	18,612,624,132	18,578,624,132
- Other long-term investments		292,922,895	229,883,895	240,740,500	177,701,500
- Investment property		56,653,898	56,653,898	-	-
Property, plant and equipment, net	8	72,185,449,065	74,683,154,320	16,825,492,497	17,634,212,469
Goodwill, net	9	12,380,695,590	12,380,695,590	-	-
Intangible assets, net	10	3,442,522,143	3,534,201,741	882,318,941	967,769,798
Deferred income tax assets	11	8,415,480,262	8,955,101,506	6,070,317,254	6,349,309,887
Other non-current assets		507,870,889	487,181,779	307,568,299	245,856,101
Total non-current assets		97,343,644,877	100,344,893,309	42,939,061,623	43,953,473,887
Total assets		119,534,509,760	125,753,964,151	51,336,271,866	52,308,443,225

The accompanying notes on pages 10 to 34 are an integral part of these interim financial statements.

True Corporation Public Company Limited

Balance Sheets

As at 30 June 2008 and 31 December 2007

	Notes	Consolidated		Company	
		(Unaudited)	(Restated)	(Unaudited)	(Audited)
		30 June	31 December	30 June	31 December
		2008	2007	2008	2007
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings		950,000,000	1,451,399,976	800,000,000	1,300,000,000
Trade accounts payable		7,545,770,257	12,978,086,409	902,418,496	909,264,386
Current portion of long-term borrowings	12	6,877,244,540	5,554,549,287	3,253,225,870	2,501,075,290
Unearned income		2,708,557,318	2,613,730,396	80,816,460	75,418,669
Accrued expenses		9,072,782,577	6,893,839,224	1,033,373,263	1,156,233,467
Income tax payable		549,668,355	589,290,771	-	-
Other current liabilities	13	2,072,347,010	2,864,828,034	748,999,783	1,072,780,190
Total current liabilities		29,776,370,057	32,945,724,097	6,818,833,872	7,014,772,002
Non-current liabilities					
Long-term borrowings from related parties	5	-	-	2,611,107,316	2,532,587,368
Long-term borrowings	12	73,379,142,451	76,230,963,258	32,321,841,399	33,820,469,774
Deferred income tax liabilities	11	1,518,937,485	1,597,956,823	1,102,306,191	1,147,860,741
Long-term trade account payable		-	89,538,528	-	-
Liabilities under concession agreements	14	2,674,053,326	2,834,957,364	-	-
Other non-current liabilities		2,332,752,729	2,004,073,170	280,495,930	266,672,433
Total non-current liabilities		79,904,885,991	82,757,489,143	36,315,750,836	37,767,590,316
Total liabilities		109,681,256,048	115,703,213,240	43,134,584,708	44,782,362,318
Shareholders' equity					
Share capital	15				
Authorised share capital					
Preferred shares		6,993,339,820	6,993,357,710	6,993,339,820	6,993,357,710
Common shares		53,450,538,390	40,521,836,470	53,450,538,390	40,521,836,470
Issued and fully paid-up share capital					
Preferred shares		6,993,339,820	6,993,357,710	6,993,339,820	6,993,357,710
Common shares		38,038,451,730	38,038,433,840	38,038,451,730	38,038,433,840
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)	(1,492,781,062)	(1,492,776,584)	(1,492,781,062)
Common shares		(3,988,926,129)	(3,988,921,651)	(3,988,926,129)	(3,988,921,651)
Share surplus		1,825,581,579	1,825,581,579	-	-
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		(44,849,831,586)	(44,915,724,572)	(42,815,329,110)	(43,490,935,361)
Total parent's shareholders' equity		8,097,110,391	8,031,217,405	8,201,687,158	7,526,080,907
Minority interest in subsidiaries		1,756,143,321	2,019,533,506	-	-
Total shareholders' equity		9,853,253,712	10,050,750,911	8,201,687,158	7,526,080,907
Total liabilities and shareholders' equity		119,534,509,760	125,753,964,151	51,336,271,866	52,308,443,225

The accompanying notes on pages 10 to 34 are an integral part of these interim financial statements.

True Corporation Public Company Limited
Statements of Income (Unaudited)
For the three-month periods ended 30 June 2008 and 2007

	Consolidated		Company	
	30 June 2008	(Restated) 30 June 2007	30 June 2008	30 June 2007
Notes	Baht	Baht	Baht	Baht
Revenues				
Revenues from telephone and other services	14,757,404,983	15,740,870,249	3,509,799,343	3,793,412,268
Revenues from product sales	326,203,304	246,507,794	28,804,167	49,524,898
Total revenues	15,083,608,287	15,987,378,043	3,538,603,510	3,842,937,166
Costs				
Cost of providing services	10,097,381,640	11,684,990,991	1,673,735,022	2,429,510,497
Cost of sales	340,129,033	269,441,748	21,931,554	45,967,388
Total costs	10,437,510,673	11,954,432,739	1,695,666,576	2,475,477,885
Gross profit	4,646,097,614	4,032,945,304	1,842,936,934	1,367,459,281
Selling and administrative expenses	3,083,624,735	3,315,292,390	975,278,613	932,551,241
Profit from sales and providing services	1,562,472,879	717,652,914	867,658,321	434,908,040
Other revenues	5 74,335,581	67,522,405	533,696,886	27,706,025
Other expenses	(76,376,666)	(66,681,853)	(9,896,846)	(6,761,683)
Operating results	1,560,431,794	718,493,466	1,391,458,361	455,852,382
Share of results in associates	(1,804,918)	(3,196,756)	-	-
Profit before interest and income tax	1,558,626,876	715,296,710	1,391,458,361	455,852,382
Interest income	23,993,619	23,672,516	10,233,907	122,445,588
Interest expenses	(1,777,667,428)	(1,879,616,371)	(646,148,730)	(737,317,062)
Foreign exchange gain (loss)	(2,484,738,415)	631,032,015	1,735,854	196,086,772
Profit (loss) before income tax	(2,679,785,348)	(509,615,130)	757,279,392	37,067,680
Income tax (expense) income	(825,457,826)	(206,049,033)	(138,670,354)	3,349,351
Net profit (loss) for the period	(3,505,243,174)	(715,664,163)	618,609,038	40,417,031
Attributable to:				
Shareholders of the parent	(2,672,347,286)	(695,804,911)	618,609,038	40,417,031
Minority interest	(832,895,888)	(19,859,252)	-	-
	(3,505,243,174)	(715,664,163)	618,609,038	40,417,031
Basic and diluted earnings (loss) per share for profit attributable to the shareholders of the parent				
	19			
- Basic	(0.70)	(0.23)	0.16	(0.04)
- Diluted	-	-	0.13	-

The accompanying notes on pages 10 to 34 are an integral part of these interim financial statements.

True Corporation Public Company Limited
Statements of Income (Unaudited)
For the six-month periods ended 30 June 2008 and 2007

	Notes	Consolidated		Company	
		30 June 2008 Baht	(Restated) 30 June 2007 Baht	30 June 2008 Baht	30 June 2007 Baht
Revenues	16				
Revenues from telephone and other services		30,357,439,670	29,693,146,216	7,141,573,378	7,631,462,791
Revenues from product sales		665,688,147	580,588,472	124,369,372	110,557,022
Total revenues		31,023,127,817	30,273,734,688	7,265,942,750	7,742,019,813
Costs					
Cost of providing services		20,296,006,804	21,488,917,565	3,381,607,517	4,956,304,086
Cost of sales		639,797,503	497,044,267	91,871,693	103,405,580
Total costs		20,935,804,307	21,985,961,832	3,473,479,210	5,059,709,666
Gross profit		10,087,323,510	8,287,772,856	3,792,463,540	2,682,310,147
Selling and administrative expenses		5,930,101,276	6,496,831,403	1,938,511,251	1,849,980,112
Profit from sales and providing services		4,157,222,234	1,790,941,453	1,853,952,289	832,330,035
Other revenues	5	268,847,331	176,735,656	562,909,175	48,572,106
Other expenses		(223,084,841)	(116,958,797)	(15,908,702)	(33,043,887)
Operating results	17	4,202,984,724	1,850,718,312	2,400,952,762	847,858,254
Share of results in associates	7	(1,670,444)	(8,345,792)	-	-
Profit before interest and income tax		4,201,314,280	1,842,372,520	2,400,952,762	847,858,254
Interest income		43,240,490	41,079,005	17,741,502	243,200,757
Interest expenses		(3,459,711,232)	(3,636,436,877)	(1,299,778,231)	(1,483,101,515)
Foreign exchange gain (loss)		(26,404,555)	1,872,324,237	(209,871,699)	269,371,302
Profit (loss) before income tax		758,438,983	119,338,885	909,044,334	(122,671,202)
Income tax (expense) income	18	(910,421,428)	(367,735,563)	(233,438,083)	113,269,866
Net profit (loss) for the period		(151,982,445)	(248,396,678)	675,606,251	(9,401,336)
Attributable to:					
Shareholders of the parent		65,892,986	(282,049,495)	675,606,251	(9,401,336)
Minority interest		(217,875,431)	33,652,817	-	-
		(151,982,445)	(248,396,678)	675,606,251	(9,401,336)
Basic and diluted earnings (loss) per share for profit attributable to the shareholders of the parent	19				
- Basic		(0.03)	(0.17)	0.13	(0.09)
- Diluted		-	-	0.11	-

The accompanying notes on pages 10 to 34 are an integral part of these interim financial statements.

True Corporation Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited)
For the six-month periods ended 30 June 2008 and 2007

	Consolidated											
	Attributable to shareholders of the parent											
	Issued and fully paid-up		Premium on shares	Discount on shares	Share surplus	Foreign currency translation adjustment	Unrealised gain (loss) on changes of fair value on available-for-sale securities	Legal reserve	Deficit	Total	Minority interest in subsidiaries	Total
Preferred shares	Common shares	Baht										
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 (Note 3)	-	-	-	-	(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
Conversion of shares (Note 15)	(17,890)	17,890	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	65,892,986	65,892,986	(217,875,431)	(151,982,445)
Liquidation of subsidiary (Note 7)	-	-	-	-	-	-	-	-	-	-	(2,049,699)	(2,049,699)
Dividend income (Note 7)	-	-	-	-	-	-	-	-	-	-	(43,504,398)	(43,504,398)
Addition investment in subsidiary	-	-	-	-	-	-	-	-	-	-	39,343	39,343
Closing balance as at 30 June 2008	<u>6,993,339,820</u>	<u>38,038,451,730</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>-</u>	<u>34,880,969</u>	<u>(44,849,831,586)</u>	<u>8,097,110,391</u>	<u>1,756,143,321</u>	<u>9,853,253,712</u>
Opening balance as at 1 January 2007												
As previously reported	6,993,668,460	38,021,608,900	11,432,046,462	(5,473,438,630)	-	104,344,130	(415,425)	34,880,969	(44,244,802,411)	6,867,892,455	532,264,740	7,400,157,195
Prior year adjustments	-	-	-	-	-	-	-	-	(1,829,027,971)	(1,829,027,971)	45,034,176	(1,783,993,795)
As restated	6,993,668,460	38,021,608,900	11,432,046,462	(5,473,438,630)	-	104,344,130	(415,425)	34,880,969	(46,073,830,382)	5,038,864,484	577,298,916	5,616,163,400
Issues of common shares (Note 15)	-	2,390,320	-	(1,196,171)	-	-	-	-	-	1,194,149	-	1,194,149
Conversion of shares (Note 15)	(30,000)	30,000	-	-	-	-	-	-	-	-	-	-
Realised gain on disposal of available-for-sale securities	-	-	-	-	-	-	415,425	-	-	415,425	-	415,425
Net loss for the period	-	-	-	-	-	-	-	-	(282,049,495)	(282,049,495)	33,652,817	(248,396,678)
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,522,884	2,522,884
Addition investment in subsidiary	-	-	-	-	-	-	-	-	-	-	(70,637,367)	(70,637,367)
Closing balance as at 30 June 2007	<u>6,993,638,460</u>	<u>38,024,029,220</u>	<u>11,432,046,462</u>	<u>(5,474,634,801)</u>	<u>-</u>	<u>104,344,130</u>	<u>-</u>	<u>34,880,969</u>	<u>(46,355,879,877)</u>	<u>4,758,424,563</u>	<u>542,837,250</u>	<u>5,301,261,813</u>

The accompanying notes on pages 10 to 34 are an integral part of these interim financial statements.

True Corporation Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited) (Continued)
For the six-month periods ended 30 June 2008 and 2007

	Company						
	Issued and fully paid-up		Premium on shares Baht	Discount on shares Baht	Legal reserve Baht	Deficit Baht	Total Baht
	Preferred shares Baht	Common shares Baht					
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
Conversion of shares (Note 15)	(17,890)	17,890	-	-	-	-	-
Net profit for the period	-	-	-	-	-	675,606,251	675,606,251
Closing balance as at 30 June 2008	<u>6,993,339,820</u>	<u>38,038,451,730</u>	<u>11,432,046,462</u>	<u>(5,481,702,713)</u>	<u>34,880,969</u>	<u>(42,815,329,110)</u>	<u>8,201,687,158</u>
Opening balance as at 1 January 2007	6,993,668,460	38,021,608,900	11,432,046,462	(5,473,438,630)	34,880,969	(44,189,604,162)	6,819,161,999
Issues of common shares (Note 15)	-	2,390,320	-	(1,196,171)	-	-	1,194,149
Conversion of shares (Note 15)	(30,000)	30,000	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(9,401,336)	(9,401,336)
Closing balance as at 30 June 2007	<u>6,993,638,460</u>	<u>38,024,029,220</u>	<u>11,432,046,462</u>	<u>(5,474,634,801)</u>	<u>34,880,969</u>	<u>(44,199,005,498)</u>	<u>6,810,954,812</u>

The accompanying notes on pages 10 to 34 are an integral part of these interim financial statements.

True Corporation Public Company Limited
Statements of Cash Flows (Unaudited)
For the six-month periods ended 30 June 2008 and 2007

	Notes	Consolidated		Company	
		30 June 2008 Baht	(Restated) 30 June 2007 Baht	30 June 2008 Baht	30 June 2007 Baht
Cash flows from operating activities	20	6,959,964,537	4,502,218,166	1,018,436,409	1,403,415,098
Cash flows from investing activities					
Withdrawal (deposit) in restricted cash		117,416,347	(3,535,393,965)	166,102,074	(3,503,844,742)
Withdrawal from short-term investment - time deposit		157,752,489	200,624,227	149,987,604	199,945,450
Loans made to subsidiary	5	(2,700,106)	(600,024)	(300,000,000)	(66,800,000)
Acquisitions of subsidiaries and joint venture, net of cash acquired		-	(325,297)	-	-
Acquisitions of property, plant and equipment		(3,559,022,939)	(2,249,443,070)	(257,220,074)	(268,102,903)
Acquisitions of intangible assets	10	(106,598,227)	(125,346,907)	(8,120,642)	(11,953,214)
Proceeds from loan to subsidiary and joint ventures	5	3,000,119	12,000,010	136,800,000	-
Proceeds from disposals for available-for-sale securities		-	1,845,752	-	-
Acquisitions of investment in subsidiaries		-	-	-	(177,544,000)
Acquisitions of investment in associates	7	(45,700,000)	(70,637,367)	(34,000,000)	-
Acquisitions of investment in other company		(63,039,000)	(63,039,000)	(63,039,000)	(63,039,000)
Proceeds from disposals of property, plant and equipment		216,228,049	201,437,208	2,965,892	24,160,614
Dividends received	5	-	-	517,020,000	-
Net cash (used in) received from investing activities		(3,282,663,268)	(5,628,878,433)	310,495,854	(3,867,177,795)
Cash flows from financing activities					
Issues of common shares	15	-	1,194,148	-	1,194,148
Proceeds from short-term borrowings		800,000,000	2,350,000,000	800,000,000	1,850,000,000
Additional investments in subsidiary by minority		39,343	-	-	-
Dividend paid to minority	7	(43,504,398)	-	-	-
Minority interest's portion on liquidation of subsidiary	7	(2,049,699)	-	-	-
Proceeds from borrowings, net of cash paid for debt issuance cost		24,842,513	4,028,651,343	-	3,978,251,537
Repayments on short-term borrowings		(1,301,399,976)	(827,560,992)	(1,300,000,000)	(626,460,992)
Repayments on long-term borrowings	12	(2,701,059,732)	(4,481,987,792)	(1,050,000,000)	(2,877,322,000)
Net cash (used in) received from financing activities		(3,223,131,949)	1,070,296,707	(1,550,000,000)	2,325,662,693
Net increase (decrease) in cash and cash equivalents		454,169,320	(56,363,560)	(221,067,737)	(138,100,004)
Opening balance		5,019,382,731	3,923,738,951	439,081,045	449,715,124
Effects of exchange rate changes		22,267	6,265,875	-	-
Closing balance		5,473,574,318	3,873,641,266	218,013,308	311,615,120

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 six-month period ended 30 June 2008 amounting to Baht 863.99 million (2007: Baht 739.44 million) and Baht 150.34 million (2007: Baht 2,104.88 million), respectively.

The accompanying notes on pages 10 to 34 are an integral part of these interim financial statements.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

1. 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 Profession 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.

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 2007.

The following amendments to standards and new standard as published by the Federation of Accounting Professions are mandatory for the Group's accounting periods beginning on or after 1 January 2008.

Revised standards

TAS 25	"Cash Flow Statements"
TAS 29	"Leases"
TAS 31	"Inventories"
TAS 33	"Borrowing Costs"
TAS 35	"Presentation of Financial Statements"
TAS 39	"Accounting Policies, Changes in Accounting Estimates and Errors"
TAS 41	"Interim Financial Reporting"
TAS 43	"Business Combinations"
TAS 49	"Construction Contracts"

New standard

TAS 51	"Intangible Assets"
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These interim financial statements have included additional information in Note 2 in relation to critical accounting estimates, assumption and judgments and capital risk management as required by the revised TAS 35. In addition, the impact of the above revised standards to the financial statements are discussed in Note 3.

Where necessary, comparative figures have also been adjusted to conform with the changes in presentation in the current period.

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.

Income tax expense is recognised based on management estimate of weighted average annual income tax rate expected for the full financial year.

These interim financial statements should be read in conjunction with the 2007 annual financial statements.

2. Additional information

2.1 Critical accounting estimates, assumption and judgments

Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment of receivables

The Group records an allowance for doubtful accounts which is equivalent to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience combined with a review of all outstanding receivables at the balance sheet date.

b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

c) Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

d) Deferred income tax

Deferred tax liabilities are provided in full on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Group considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Group's assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

3. Change in accounting policies

3.1 Concession minimum payment

The Group changed its accounting policy with respect to the treatment of minimum fees payable under the concessions of three subsidiaries. These subsidiaries as concessionaires must pay annual fees to the concessionors based on either fixed percentages of relevant revenues or at the minimum fee amounts stipulated in the agreements whichever is higher. Previously, the Group recognised those minimum payments as an annual expense as incurred. According to the Accounting Framework, TAS 53: Provisions, Contingent Liabilities and Contingent Assets and the effective of TAS 51: Intangible Assets, the Group now recognises its obligations to pay minimum fees as financial liabilities at the inception of the concessions by the present value of the minimum fees payable over the concession periods discounted by MLR at the inception of the concessions. These liabilities are presented in “Liabilities under concession agreements” in the balance sheet. The interest derived from liabilities being capitalised in liabilities and contrary recognised in the statement of income as an interest expense. The intangible assets “Concession rights” were recognised in the balance sheet as corresponding entry. Concession rights are amortised to the statement of income on a straight-line basis over the concession periods. The amortisation charges are included in “Cost of providing services”. Concession rights are not re-valued subsequent to initial recognition but are reviewed annually for impairment.

The change in accounting policy has been accounted for retrospectively. The comparative financial statements have been restated to conform with the changes in accounting policies.

In connection with the change in accounting policy of subsidiaries give rise to the net identifiable assets and liabilities acquired by the Group. The Group revised those identifiable assets and liabilities acquired and made appropriate adjustments retrospectively.

The effect of the changes in accounting policies and related entries can be summarised as follows:

	Consolidated	
	30 June	(Restated)
	2008	31 December
	Baht Million	2007
		Baht Million
Balance sheets		
Increase in intangible assets, net (goodwill)	567.45	567.45
Increase in intangible assets, net (concession rights)	548.74	597.12
Increase in accrued expenses	(215.34)	(105.88)
Increase in liabilities under concession agreements	(2,674.05)	(2,834.96)
Increase in share surplus	(493.27)	(493.27)
Increase in closing deficit	1,724.61	1,727.10
Decrease in minority interest in subsidiaries	541.86	542.44

3. Change in accounting policies (Cont'd)

3.1 Concession minimum payment (Cont'd)

For the six-month periods ended	Consolidated	
	30 June 2008 Baht Million	(Restated) 30 June 2007 Baht Million
Statement of income		
Decrease in regulatory cost	215.00	200.00
Increase in amortisation of concession rights	(48.38)	(48.36)
Increase in amortisation of goodwill	-	(47.38)
Increase in interest expenses	(163.55)	(167.90)
Decrease in minority interest in subsidiaries	(0.51)	0.97
	<u>2.56</u>	<u>(62.67)</u>
Increase (decrease) in net profit		
	<u>2.56</u>	<u>(62.67)</u>
Increase (decrease) in basic earnings per share (Baht per share)	0.00	(0.02)

3.2 Effective of revised TAS 43: Business Combinations

As the effective of revised TAS 43 : Business Combinations, the Group revisited the identifiable assets and liabilities in business combinations and found that they were appropriately determined except for the calculation of minority interest. To comply with the revised standards, the Group made appropriate adjustments retrospectively, which can be summarised as follows:

	Consolidated Baht Million
Balance sheet	
As at 31 December 2007	
Decrease in deferred income tax assets	(128.94)
Decrease in share surplus	745.83
Increase in closing deficit	599.08
Increase in minority interest in subsidiaries	(1,215.97)
Statement of income	
For the six-month period ended 30 June 2007	
Increase in income tax	(75.46)
Increase in minority interest	(70.51)
	<u>(145.97)</u>
Decrease in net profit	
	<u>(145.97)</u>
Decrease in basic earnings per share (Baht per share)	(0.04)

3. Change in accounting policies (Cont'd)

3.3 Capitalisation of equipment installation cost and recognition of related revenues

Before July 2007, the Group had recognised revenue and cost of equipment installation as revenue and expense in the period incurred. In 2007, the Group performed a study of the accounting standard and policy adopted by cable TV in other countries. The Group changed the accounting policy in respect of the installation revenue and cost to be in line with the accounting standard in the US. Therefore the Group capitalised cost of equipment installation as part of equipment. The equipment and installation cost are amortised over the estimated subscription period. The revenues from equipment installation are classified as unearned income and recognised over the estimated subscription period or useful life whichever is shorter. Both the remaining of installation cost and unearned income are recognised in full whenever the subscriptions are ceased.

The effect of the change in accounting policy can be summarised as follows:

For the six-month period ended	Consolidated
	30 June
	2007
	Baht Million
Statement of income	
Increase in revenue from telephone and other services	31.79
Decrease in cost of providing services	110.81
Increase in income tax	(3.70)
	<hr/>
Increase in net profit	138.90
	<hr/> <hr/>
Increase in basic earnings per share (Baht per share)	0.04

3.4 Goodwill

The Group has ceased the amortisation of goodwill arising from business combination since 1 January 2008, according to the revised TAS 43: Business Combinations (revised 2550) and the new TAS 51: Intangible Assets. The Group presents the goodwill at the carrying amount as at 31 December 2007, adjusted with the change in accounting policy in respect of concession minimum payment as discussed in Note 3.1. The Group will test impairment of goodwill annually or when there is a change in the circumstances (Note 9).

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

3. Change in accounting policies (Cont'd)

3.5 Summary of impacts of changes in accounting policies

The comparative interim consolidated financial statements have been restated to conform with the changes in accounting policies and summarised as follows:

	Consolidated				Balance as restated Baht Million
	Balance as previously reported Baht Million	TAS 51 (Note 3.1) Baht Million	TAS 43 (Note 3.2) Baht Million	TAS 32 (Note 3.3) Baht Million	
Balance sheet					
As at 31 December 2007					
Goodwill, net	11,813.24	567.45	-	-	12,380.69
Intangible assets, net	2,937.08	597.12	-	-	3,534.20
Deferred income tax assets	9,084.04	-	(128.94)	-	8,955.10
Accrued expenses	6,787.96	105.88	-	-	6,893.84
Liabilities under concession agreements	-	2,834.96	-	-	2,834.96
Share surplus	2,078.14	493.27	(745.83)	-	1,825.58
Deficit	(42,589.54)	(1,727.10)	(599.08)	-	(44,915.72)
Minority interest in subsidiaries	1,346.00	(542.44)	1,215.97	-	2,019.53
Statement of income					
For the six-month period ended 30 June 2007					
Revenues from telephone and other services	29,661.36	-	-	31.79	29,693.15
Cost of providing services	21,751.37	(151.64)	-	(110.81)	21,488.92
Selling and administrative expenses	6,449.45	47.38	-	-	6,496.83
Interest expenses	(3,468.54)	(167.90)	-	-	(3,636.44)
Income tax	(288.58)	-	(75.46)	(3.70)	(367.74)
Minority interest	35.89	0.97	(70.51)	-	(33.65)

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

4. Trade accounts receivable, net

	Consolidated		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Receivable from TOT	833.95	490.08	833.95	490.08
Billed customers	8,710.89	10,725.86	3,094.74	3,083.19
Receivable from related parties (Note 5)	803.52	1,106.21	1,630.90	1,531.22
	10,348.36	12,322.15	5,559.59	5,104.49
Less: Allowance for doubtful accounts	(3,053.95)	(2,725.59)	(1,769.98)	(1,673.94)
Trade accounts receivable, net	7,294.41	9,596.56	3,789.61	3,430.55
Accrued income	1,698.26	3,088.15	1,504.67	1,595.64
Total	8,992.67	12,684.71	5,294.28	5,026.19

Outstanding trade accounts receivable as at 30 June 2008 and 31 December 2007 can be analysed as follows:

	Consolidated		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current	5,531.50	7,666.75	1,965.72	1,589.80
Less than 3 months	944.02	1,206.66	444.73	478.59
3 - 6 months	494.38	484.70	406.21	484.91
6 - 12 months	941.83	895.96	456.28	568.76
More than 12 months	2,436.63	2,068.08	2,286.65	1,982.43
	10,348.36	12,322.15	5,559.59	5,104.49
Less: Allowance for doubtful accounts	(3,053.95)	(2,725.59)	(1,769.98)	(1,673.94)
Trade accounts receivable, net	7,294.41	9,596.56	3,789.61	3,430.55
Accrued income	1,698.26	3,088.15	1,504.67	1,595.64
Total	8,992.67	12,684.71	5,294.28	5,026.19

As at 30 June 2008, trade accounts receivable in the interim consolidated and Company balance sheets included accrued income from TOT since 1 January 2006, amounting to Baht 343.89 million (2007: Baht 289.90 million). The receivables 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 concession 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 concession agreement. In addition, the Company's management believes that the amount is recoverable.

In addition, trade accounts receivable as at 30 June 2008, in the interim consolidated and Company balance sheets included accrued income from TOT amounting to Baht 241.77 million (2007: Baht 220.35 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 recorded 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.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

5. Related party transactions

The following material transactions were carried out with related parties:

i) Sales of goods and services

For the six-month periods ended	Consolidated		Company	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Sales of goods:				
Subsidiaries	-	-	8.96	26.98
Joint ventures	-	0.16	-	0.53
Associate	0.24	-	0.19	-
Related companies:				
CP Group of companies	6.28	11.52	0.73	2.09
	<u>6.52</u>	<u>11.68</u>	<u>9.88</u>	<u>29.60</u>
Sales of services:				
Subsidiaries	-	-	1,736.89	1,405.31
Joint ventures	34.81	27.18	0.50	0.49
Associate	8.66	6.92	-	-
Related companies:				
CP Group of companies	2,171.70	2,836.05	2.81	1.82
NEC Corporation (Thailand) Co., Ltd.	0.07	0.08	0.07	0.08
	<u>2,215.24</u>	<u>2,870.23</u>	<u>1,740.27</u>	<u>1,407.70</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 six-month periods ended	Consolidated		Company	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Purchases of goods:				
Subsidiaries	-	-	12.55	117.70
Joint ventures	-	0.68	-	-
Related companies:				
CP Group of companies	92.74	49.02	18.57	29.79
NEC Corporation (Thailand) Co., Ltd.	-	0.13	-	0.13
	<u>92.74</u>	<u>49.83</u>	<u>31.12</u>	<u>147.62</u>
Purchases of services:				
Subsidiaries	-	-	484.40	542.46
Joint ventures	87.63	189.41	33.52	15.07
Associate	0.06	-	-	-
Related companies:				
CP Group of companies	291.33	319.11	45.36	30.46
NEC Corporation (Thailand) Co., Ltd.	4.35	6.30	0.04	0.09
	<u>383.37</u>	<u>514.82</u>	<u>563.32</u>	<u>588.08</u>

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

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

5. Related party transactions (Cont'd)

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

	Consolidated		Company	
	30 June 2008 Baht Million	31 December 2007 Baht Million	30 June 2008 Baht Million	31 December 2007 Baht Million
Receivables from related parties: (included in "Trade accounts receivable")				
Subsidiaries	-	-	1,606.24	1,504.78
Joint ventures	107.01	94.53	23.23	22.89
Associate	3.18	16.10	0.02	0.13
Related companies:				
CP Group of companies	693.28	995.56	1.36	3.40
NEC Corporation (Thailand) Co., Ltd.	0.05	0.02	0.05	0.02
Total	803.52	1,106.21	1,630.90	1,531.22
Less: Allowance for doubtful accounts	(0.32)	(0.32)	-	-
Receivables, net	803.20	1,105.89	1,630.90	1,531.22
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
	0.62	0.62	0.56	0.56
Payables to related parties: (included in "Trade accounts payable")				
Subsidiaries	-	-	597.55	579.96
Joint ventures	65.44	69.26	25.90	19.58
Associates	9.30	3.40	0.02	-
Related companies:				
CP Group of companies	54.39	69.05	16.55	10.88
NEC Corporation (Thailand) Co., Ltd.	1.93	-	0.02	-
	131.06	141.71	640.04	610.42

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

5. Related party transactions (Cont'd)

iv) Loans to related parties

	Consolidated		Company	
	30 June 2008 Baht Million	31 December 2007 Baht Million	30 June 2008 Baht Million	31 December 2007 Baht Million
Current	28.58	28.88	550.00	386.80
Non-current	-	-	-	-
Loans to related parties, net	<u>28.58</u>	<u>28.88</u>	<u>550.00</u>	<u>386.80</u>

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

	Consolidated Baht Million	Company Baht Million
For the six-month period ended 30 June 2008		
Opening net book value	28.88	386.80
Additions	2.70	300.00
Loan repayments during the period	(3.00)	(136.80)
Closing net book value	<u>28.58</u>	<u>550.00</u>

The consolidated and Company related interest income for the six-month period ended 30 June 2008 were Baht 0.46 million and Baht 10.44 million, respectively.

v) Loans from related parties

	Consolidated		Company	
	30 June 2008 Baht Million	31 December 2007 Baht Million	30 June 2008 Baht Million	31 December 2007 Baht Million
Current	1,358.97	1,209.28	-	-
Non-current	2,701.62	3,388.49	2,611.11	2,532.59
Total	<u>4,060.59</u>	<u>4,597.77</u>	<u>2,611.11</u>	<u>2,532.59</u>

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

	Consolidated Baht Million	Company Baht Million
For the six-month period ended 30 June 2008		
Opening net book value	4,597.77	2,532.59
Additional borrowings:		
- Non-cash transaction - interest	-	78.52
Repayments	(547.24)	-
Amortisation of debt issuance cost	38.13	-
Currency translation	(28.07)	-
Closing net book value	<u>4,060.59</u>	<u>2,611.11</u>

The loans are presented net of unamortised debt issuance cost of Baht 116.47 million.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

5. Related party transactions (Cont'd)

v) Loans from related parties (Cont'd)

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 12).

The consolidated and Company related interest expenses for the six-month period ended 30 June 2008 were Baht 116.32 million and Baht 78.52 million, respectively (2007: Baht 189.90 million and Baht 73.57 million, respectively).

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

	Consolidated		Company	
	30 June 2008 Baht Million	31 December 2007 Baht Million	30 June 2008 Baht Million	31 December 2007 Baht Million
Interest receivable: (included in “Other current assets”)				
Subsidiaries	-	-	-	29.91
Joint venture	0.02	0.01	-	-
	<u>0.02</u>	<u>0.01</u>	<u>-</u>	<u>29.91</u>
Interest payable: (included in “Accrued expenses”)				
Related company:				
Kreditanstalt fuer Wiederaufbau	0.50	3.34	-	-
	<u>0.50</u>	<u>3.34</u>	<u>-</u>	<u>-</u>

vii) Newly subscription in subsidiary

Pertaining to the Sponsor Support Agreement (“SSA”), on 13 December 2007, Charoen Pokphand Holding Company Limited (“CP”), a shareholder in BITCO and a subsidiary of Charoen Pokphand Group provided a financial support in form of capital injection at the amount of Baht 3,000.00 million through the subscription of BITCO’s rights offering shares of 6,000 million shares at Baht 0.50 per share, resulting in increasing of CP’s equity interest in BITCO from 0.76% to 23.92% and dilution of the Company’s equity interest in BITCO from 98.17% to 75.26%. In this regard, CP offered the Company options to full or partial purchase of BITCO’s shares at the specific time and prices as stipulated in the Memorandum. The subscription of BITCO’s rights offering shares is approved by the Company’s Board of Directors on 22 February 2008.

On 29 April 2008, the Annual General Meeting of the Company’s shareholders approved the acceptance of CP’s proposal to purchase BITCO’s shares as stipulated in the Memorandum.

viii) Dividend received

The Company received a dividend of Baht 517.02 million from a subsidiary, which recorded as “Dividend income” under “Other revenues” in the Company statement of income.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

6. Other current assets

	Consolidated		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Value added tax pending for receipt of tax invoices	605.44	682.96	43.39	51.18
Prepaid expenses	408.39	494.94	92.46	55.34
Film and program rights (Note 10)	283.43	266.61	-	-
Advances to contractors	101.30	84.55	16.03	9.84
Subscriber acquisition cost, net	71.44	69.05	0.01	0.01
Interest receivable	47.35	57.18	38.05	68.10
Regulatory cost	54.40	106.06	-	-
Others	456.58	265.67	72.89	54.37
Total	2,028.33	2,027.02	262.83	238.84

7. Investments in subsidiaries, joint ventures and associates

Subsidiary undertakings

Name of subsidiaries	Business	Country of incorporation
AnyMobile Inc. (41.35%)	International direct dialing telecommunications services	Japan
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 (75.26%)	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
Red Media Co., Ltd. (91.79%)	Dormant	Thailand
Samut Pakan Media Corporation Co., Ltd. (75.21%)	Telecommunication services	Thailand
Satellite Service Co., Ltd. (91.79%)	Sales and rental of equipment related to Pay Television	Thailand
Song Dao Co., Ltd. (75.21%)	Collection agent	Thailand
Tele Engineering and Services Co., Ltd. (99.99%)	Content provider	Thailand
Telecom Equipment Manufacturing Co., Ltd. (59.99%)*	Dormant	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. (75.14%)	Retail services	Thailand
True International Communication Co., Ltd. (99.94%)	Telecommunication services	Thailand
True Internet Co., Ltd. (99.99%)	Internet solution provider	Thailand

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

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

Subsidiary undertakings (Cont'd)

Name of subsidiaries	Business	Country of incorporation
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. (75.19%)	Cellular operator	Thailand
True Multimedia Co., Ltd. (91.08%)	NON-POTS and multimedia services	Thailand
True Music Co., Ltd. (75.16%)	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. (99.94%)	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
UBC Fantasia Co., Ltd. (91.79%)	Artist management and related business	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

* liquidated subsidiary

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 music	Thailand
KSC Commercial Internet Co., Ltd. ("KSC") (37.83%)	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
Channel [V] Music (Thailand) Co., Ltd. ("Channel V") (23.87%)	Music and sound	Thailand
NC True Co., Ltd. ("NC True") (40.00%)	Developer and service provider of online games	Thailand

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

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

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 six-month period ended 30 June 2008		
Opening net book value	18.02	18,578.62
Additions	45.70	34.00
Share of results	(1.67)	-
Closing net book value	<u>62.05</u>	<u>18,612.62</u>

During the first quarter of 2008, the Company and the subsidiary additionally invested in associates amounting to Baht 34.00 million and Baht 11.70 million, respectively.

In April 2008, a subsidiary, Telecom Equipment Manufacturing Co., Ltd. which the Group holds 59.99% of its equity interest has been liquidated. As a result of liquidation, the subsidiary paid to the parent and its minority shareholders amounting to Baht 3.07 million and Baht 2.05 million, respectively.

In May 2008, a subsidiary paid a dividend to the parent and its minority shareholders amounting to Baht 2,563.23 million and Baht 43.50 million, respectively.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

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

		Company					
		30 June 2008			31 December 2007		
		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
Subsidiaries	Business						
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	15,581,086	8,647,899	6,933,187	15,581,086	8,647,899	6,933,187
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	645,000	-	645,000	645,000	-	645,000
True Internet Co., Ltd.	Internet solution provider	448,282	-	448,282	448,282	-	448,282
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	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 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 International 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		37,109,362	18,546,408	18,562,954	37,109,362	18,546,408	18,562,954
Associate							
NC True Co., Ltd.	Developer and service provider of online games	123,205	73,535	49,670	89,205	73,535	15,670
Total investment in associate		123,205	73,535	49,670	89,205	73,535	15,670
Total investments in subsidiaries and associate, net		37,232,567	18,619,943	18,612,624	37,198,567	18,619,943	18,578,624

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

8. Capital expenditure and commitments

	Consolidated		
	Property, plant and equipment, net		
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the six-month period ended 30 June 2008			
Opening net book value	7,033.14	67,650.01	74,683.15
Additions	1,158.90	1,001.40	2,160.30
Disposals	(106.62)	(52.57)	(159.19)
Adjustments/Reclassifications	(195.89)	498.53	302.64
Depreciation charge	(772.03)	(3,958.83)	(4,730.86)
Impairment charge	(58.59)	(12.00)	(70.59)
Closing net book value	<u>7,058.91</u>	<u>65,126.54</u>	<u>72,185.45</u>
Company			
Property, plant and equipment, net			
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the six-month period ended 30 June 2008			
Opening net book value	589.57	17,044.64	17,634.21
Additions	53.63	203.59	257.22
Disposals	(5.55)	(0.02)	(5.57)
Adjustments/Reclassifications	(14.15)	(4.63)	(18.78)
Depreciation charge	(100.23)	(941.36)	(1,041.59)
Closing net book value	<u>523.27</u>	<u>16,302.22</u>	<u>16,825.49</u>

Borrowing costs of Baht 15.10 million was capitalised as cost of assets during the period and included as "Additions".

Transfer assets to CAT

According to the concessions granted by CAT, the subsidiary transferred network assets with net book value of Baht 232.95 million to CAT during the six-month period ended 30 June 2008. The subsidiary still has right to operate the mobile phone service over the transferred assets.

Capital commitments

	Consolidated Baht Million	Company Baht Million
As at 30 June 2008	3,579.80	268.94
As at 31 December 2007	2,465.31	349.43

9. Goodwill, net

Movements of goodwill can be analysed as follows:

	(Restated) Consolidated Baht Million
For the six-month period ended 30 June 2008	
Opening net book value (Note 3)	<u>12,380.69</u>
Closing net book value	<u>12,380.69</u>

As discussed in Note 3.4, in accordance with the revised TAS 43 : Business Combinations, goodwill derived from business combination is no longer being amortised but be tested for impairment annually, or as and when there is a change in circumstances indicate that it might be impaired. Amortisation charge for the six-month period ended 30 June 2007 was Baht 707.07 million.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

10. Intangible assets, net

	Consolidated		Company	
	30 June 2008	(Restated) 31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current (included in "Other current assets" (Note 6))	283.43	266.61	-	-
Non-current	3,442.52	3,534.20	882.32	967.77
Total	3,725.95	3,800.81	882.32	967.77

Movements of intangible assets can be analysed as follows:

	Consolidated Baht Million	Company Baht Million
For the six-month periods ended 30 June 2008		
Opening net book value	3,800.81	967.77
Additions	746.00	8.12
Disposals	(0.08)	-
Adjustments/Reclassifications	165.87	3.92
Amortisation charge	(986.65)	(97.49)
Closing net book value	3,725.95	882.32

Refer to Note 3, concession right of Baht 548.74 million, net of accumulated amortisation amounting to Baht 1,094.93 million, is included in intangible assets. The related amortisation of concession rights for the six-month periods ended 30 June 2008 and 2007 were Baht 48.38 million and Baht 48.36 million, respectively.

11. 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% (2007: 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	
	30 June 2008	(Restated) 31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Deferred income tax assets				
Depreciation	5,035.92	5,609.10	5,134.73	5,482.82
Difference on network assets	2,074.86	2,055.72	-	-
Allowances	1,570.72	1,503.14	1,331.66	1,304.54
Borrowings	299.04	280.59	390.27	348.26
Unearned income	177.98	239.67	-	-
Concession minimum payment	20.97	21.56	-	-
Accrued expenses	13.70	25.06	-	-
Other current assets	0.64	3.94	0.02	0.05
Tax losses carried forward	4.83	-	-	-
Other current liabilities	3.18	2.68	-	-
Negative goodwill	(786.36)	(786.36)	(786.36)	(786.36)
	8,415.48	8,955.10	6,070.32	6,349.31

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

11. Deferred income taxes (Cont'd)

	Consolidated		Company	
	30 June 2008	(Restated) 31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Deferred income tax liabilities				
Accounts receivable - billed customers	(948.40)	(966.53)	(948.40)	(966.53)
Debt issuance cost	(305.31)	(355.79)	(153.91)	(181.33)
Leased assets	(248.75)	(243.82)	-	-
Accrued regulatory cost	(16.32)	(31.82)	-	-
Unrealised gain on short-term investment	(0.16)	-	-	-
	<u>(1,518.94)</u>	<u>(1,597.96)</u>	<u>(1,102.31)</u>	<u>(1,147.86)</u>
Deferred income taxes - net	<u>6,896.54</u>	<u>7,357.14</u>	<u>4,968.01</u>	<u>5,201.45</u>

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

12. Borrowings

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

	Consolidated		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current				
- Banks and financial institutions	5,201.65	4,342.21	2,650.00	2,300.00
- Finance leases	1,072.37	1,011.26	-	-
- Debentures	603.23	201.08	603.23	201.08
Total current	<u>6,877.25</u>	<u>5,554.55</u>	<u>3,253.23</u>	<u>2,501.08</u>
Non-current				
- Banks and financial institutions	30,027.87	32,824.46	16,241.35	17,565.57
- Finance leases	4,641.38	4,436.38	-	-
- Debentures	35,128.56	35,600.89	12,499.16	12,885.67
- Suppliers credit	3,581.33	3,369.23	3,581.33	3,369.23
Total non-current	<u>73,379.14</u>	<u>76,230.96</u>	<u>32,321.84</u>	<u>33,820.47</u>
Total borrowings	<u>80,256.39</u>	<u>81,785.51</u>	<u>35,575.07</u>	<u>36,321.55</u>

Movements of borrowings can be analysed as follows:

	Consolidated Baht Million	Company Baht Million
For the six-month periods ended 30 June 2008		
Opening net book value	81,785.51	36,321.55
Additions of borrowings		
- principal (net of debt issuance cost)	50.51	-
- non-cash finance leases	863.99	-
- interest	3.56	3.56
Repayments of borrowings	(2,597.20)	(1,050.00)
Amortisation of debt issuance costs	199.42	91.41
Currency translation	(49.40)	208.55
Closing net book value	<u>80,256.39</u>	<u>35,575.07</u>

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

12. Borrowings (Cont'd)

Secured liabilities

Borrowings include secured liabilities being loans under finance leases and loans from banks and financial institutions of Baht 54.05 billion (2007: Baht 55.69 billion) and Baht 32.00 billion (2007: Baht 32.95 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 and 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 4.06 billion (2007: Baht 4.60 billion) from a related company, Kreditanstalt fuer Wiederaufbau (“KfW”) which is a preference shareholder (Note 5).

13. Other current liabilities

	Consolidated		Company	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Other payables	974.46	1,534.86	492.86	845.56
Output VAT pending tax invoices	589.54	644.10	150.37	77.23
Others	508.35	685.87	105.77	149.99
Total	2,072.35	2,864.83	749.00	1,072.78

14. Liabilities under concession agreements

Refer to Note 3, detail of liabilities under concession agreements can be summarised as follow:

	Consolidated	
	30 June 2008	(Restated) 31 December 2007
	Baht Million	Baht Million
Current (included in “Accrued expenses”)	215.34	105.88
Non-current	2,674.05	2,834.96
	2,889.39	2,940.84

Movement of liabilities under concession agreements can be analysed as follow:

	Consolidated Baht Million
For the six-month period ended 30 June 2008	
Opening net book value	2,940.84
Repayments	(215.00)
Interest expense charge	163.55
Closing net book value	2,889.39

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

15. 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 2006	4,501.53	38,021.61	6,993.67	5,958.60	50,973.88
- Issues of common shares	0.24	2.39	-	(1.19)	1.20
- Conversion of preferred shares	-	0.03	(0.03)	-	-
At 30 June 2007	4,501.77	38,024.03	6,993.64	5,957.41	50,975.08
At 31 December 2007	4,503.18	38,038.43	6,993.36	5,950.34	50,982.13
- Conversion of preferred shares	-	0.02	(0.02)	-	-
At 30 June 2008	4,503.18	38,038.45	6,993.34	5,950.34	50,982.13

The total authorised number of shares is 6,044.39 million shares (2007: 4,751.52 million shares) with a par value of Baht 10 per share (2007: Baht 10 per share). All issued shares are fully paid.

Equity warrants under the ESOP 2003 project of 11,180,788 units which were issued to the Company's directors and senior executives on 17 June 2003. Each warrant entitles to purchase on the Company's common share at the exercise price of Baht 5.20 per share. The said warrants were lapsed on 16 June 2008.

On 15 May 2008, the total 37,311,643 units of equity warrants under the ESOP 2007 project were issued to the Company's directors and senior executives. One unit of equity warrant will be entitled to purchase the Company's common share at the exercise price of Baht 7.00 per share. The warrant will be expired on 14 May 2013.

16. Consolidated segment information

For the six-month period ended 30 June 2008

	Baht Million				
	Wireline	Wireless	Pay-TV	Eliminate	Group Consolidated
Revenues:					
Gross segment revenues	13,190.28	16,248.20	5,094.71	-	34,533.19
Inter-segment revenues	(2,426.59)	(546.48)	(536.99)	-	(3,510.06)
Revenues	10,763.69	15,701.72	4,557.72	-	31,023.13
Segment results	4,506.47	1,287.48	884.46	(745.21)	5,933.20
Unallocated costs					(1,730.22)
Operating profit					4,202.98

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

16. Consolidated segment information (Cont'd)

For the six-month period ended 30 June 2007

	Baht Million				(Restated) Group Consolidated
	Wireline	Wireless	Pay-TV	Eliminate	
Revenues:					
Gross segment revenues	12,310.81	16,176.30	4,513.25	-	33,000.36
Inter-segment revenues	(1,970.32)	(437.43)	(318.88)	-	(2,726.63)
Revenues	10,340.49	15,738.87	4,194.37	-	30,273.73
Segment results	2,832.11	786.55	817.16	(747.77)	3,688.05
Unallocated costs					(1,837.33)
Operating profit					1,850.72

17. Operating results

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

	Consolidated		Company	
	(Restated)			
	30 June 2008 Baht Million	30 June 2007 Baht Million	30 June 2008 Baht Million	30 June 2007 Baht Million
For the six-month periods ended				
Depreciation and amortisation	6,027.47	8,814.79	1,230.49	2,533.68
Doubtful accounts	364.87	405.82	105.29	123.80
Impairment charge	70.59	12.00	-	-

18. Income tax (expense) income

	Consolidated		Company	
	(Restated)			
	30 June 2008 Baht Million	30 June 2007 Baht Million	30 June 2008 Baht Million	30 June 2007 Baht Million
For the six-month periods ended				
Current tax	(449.82)	(381.05)	-	23.05
Deferred income taxes	(460.60)	13.31	(233.44)	90.22
Income tax (expense) income	(910.42)	(367.74)	(233.44)	113.27

19. Basic and diluted earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net profit (loss) attributable to common shareholders (after deduction of dividend of preferred shares amounting to Baht 174.35 million) by the weighted average number of common shares outstanding during the period (2008: 3,803.84 million shares, 2007: 3,802.22 million shares).

For the calculation of diluted earnings per share, the net profit adjusted for the dividend of preferred shares of Baht 174.35 million and the weighted average number of shares assuming conversion of all dilutive potential preferred shares, the effect of 699.33 million shares of convertible preferred shares and 126.26 million units weighted average number of stock options on an as-if-converted method.

True Corporation Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the six-month periods ended 30 June 2008 and 2007

20. Cash flows from operating activities

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

For the six-month periods ended	Consolidated		Company	
	30 June 2008 Baht Million	(Restated) 30 June 2007 Baht Million	30 June 2008 Baht Million	30 June 2007 Baht Million
Net profit (loss) for the period	(151.98)	(248.40)	675.61	(9.40)
Adjustments for:				
Depreciation and amortisation (Note 17)	6,027.47	8,814.79	1,230.49	2,533.68
Interest income	(43.24)	(41.08)	(17.74)	(243.20)
Interest expenses	3,459.71	3,636.44	1,299.78	1,483.10
Income tax expense (income)	910.42	367.74	233.44	(113.27)
Dividend income (Note 5)	-	-	(517.02)	-
(Gain) loss on disposals of property, plant and equipment	(56.96)	(64.71)	2.60	18.44
Doubtful accounts (Note 17)	364.87	405.82	105.29	123.80
Impairment charge (Note 17)	70.59	12.00	-	-
Gain on disposals of investment in available-for-sale securities	-	(0.80)	-	-
Other operating assets write-off	9.54	0.08	-	-
Unrealised loss (gain) on foreign exchange	120.47	(1,760.40)	214.50	(268.93)
Foreign exchange loss on repayments of borrowings	103.86	31.80	-	-
Share of results in associates	1.67	8.35	-	-
Changes in operating assets and liabilities				
- Trade accounts receivable	3,337.88	(3,802.97)	(374.10)	(460.37)
- Short-term investment - trading securities	(34.80)	(3.57)	-	-
- Inventories	(469.40)	(259.54)	51.33	(10.21)
- Other current assets	(339.68)	(325.82)	(51.18)	(68.36)
- Other non-current assets	(11.95)	3.70	(52.97)	(1.35)
- Trade accounts payable	(4,063.33)	662.46	(6.67)	133.04
- Accrued expenses and other current liabilities	1,671.56	1,468.26	(450.38)	(113.92)
- Other non-current liabilities	269.08	(207.17)	-	-
Cash generated from operations	11,175.78	8,696.98	2,342.98	3,003.05
Add: Interest received	53.07	52.08	44.83	7.30
Less: Interest paid	(3,292.83)	(3,553.66)	(1,185.75)	(1,418.82)
Income tax paid	(976.06)	(693.18)	(183.62)	(188.11)
Net cash from operating activities	6,959.96	4,502.22	1,018.44	1,403.42

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 30 June 2008 and 31 December 2007					
	Consolidated				Company	
	2008 Baht Million	2007 Baht Million	Mortgaged Value		2008 Baht Million	2007 Baht Million
2008 Baht Million			2007 Baht Million			
Fixed and savings deposits	1,327.71	1,445.12	-	-	567.31	733.41
Investments in shares of subsidiaries and associates	11,252.71	13,257.95	-	-	-	-
Land, building and machinery	954.72	966.97	1,266.48	1,266.48	-	-

In addition, the Group and the Company's rights to operate network assets are used as collateral for borrowings (Note 12).

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 30 June 2008	2,827.94	254.04
As at 31 December 2007	3,091.03	262.22

21.3 Commitments

On 30 March 2007, a certain subsidiary had entered into an agreement for the Audio-Visual Exploitation of Live Packages A and B in the Territory of Thailand with The Football Association Premier League Limited ("FAPL") for the right to make live, delayed and on demand transmissions in Thailand of certain football matches organised under the auspices of the Premier League during the 2007/2008, 2008/2009 and 2009/2010 seasons. The said subsidiary is entitled to pay license fee to FAPL at certain amount as stipulated in the agreement.

21.4 Access charges

The Group has outstanding cases in respect of access charges which is in the process of considerations and can not presently be determined the outcome as mentioned in Note 24.2.

22. 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 30 June 2008 are unfavourable amounting to Baht 2,756.38 million which have not been recognised in the financial statements.

23. Litigation and Arbitration disputes and contingent liabilities

Refer to Note 37 in the 2007 annual financial statements, the progress should be reported are as follows:

Litigation case files by the Company against TOT

Dispute in relation to Public Payphone's Revenue Sharing. Amount claiming is Baht 43.94 million. The Arbitral granted an award in the Company's favor. Further to TOT's filing a motion against the Arbitration's ruling with the Central Administrative Court, on 29 February 2008, the Central Administrative Court dismissed TOT's motion and stand for Arbitration's ruling. On 24 March 2008, TOT filed an appeal. On 18 April 2008, the court ruled that TOT's appealing is illegal and object the appealing. On 21 May 2008, TOT appeal such ruled to the Supreme Administrative Court. At this stage, the Central Administrative Court is waiting for the order of the Supreme Administrative Court.

Litigation case files by TOT against the Company

Dispute in relation to the use of True's logo on public payphone booths. After the Arbitration awarded in TOT's favor and the Company brought the case to the Central Administrative Court. On 27 February 2008, TOT filed a motion to the Central Administrative Court to enforcing according to the Arbitration's award and claim for payment of Baht 150.00 million and Baht 90.00 per month per payphone booth from the day of filling until the Company cease using True's logo on public phone booths of TOT. The Central Administrative court ordered to combine the case which the Company requested to repeal the execution of Arbitration's rulings. The case is currently in the judicial process of the Central Administrative Court.

Arbitration case filed by the Company against TOT

Dispute in relation to revenue sharing collected from international call. On 25 December 2007, the Company filed an arbitration claim against TOT amounting to Baht 1,968.70 million in respect of revenue sharing collected from international calls whereby TOT failed to deliver to the Company on a tariff stipulated in the agreement. On 29 April 2008, TOT submitted the protest. The case is currently being under the process of Arbitration.

Arbitration case filed by TOT against the Company

Dispute in relation to revenue sharing under the Concession Agreement. On 22 January 2008, TOT filed arbitration against the Company claimed for un-eligible revenue sharing paid to the Company amounting to Baht 1,479.62 million plus interest. The Company filed a protest on 18 April 2008. The case is currently under the process of Arbitration.

Assessment from Excise Department

Refer to Note 37.3 in the 2007 annual financial statements, assessment from Excise Department which being under the appealing process of Excise Tax Appeal Committee. On 8 May 2008, the Company filed against the Excise Department with the Central Tax Court claimed for excise tax submitted with no statutory duty from tax month of January 2005 to tax month of December 2005 totaling of Baht 372.02 million and the Excise Department denied to refund. The case is currently under the process of Central Tax Court.

The ultimate outcomes of the aforementioned cases 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.

24. Access charges

24.1 The Company's access charges

Refer to Note 38.1 in the 2007 annual financial statements, on 8 May 2008, the Company as the petitioner requested the Central Administrative Court for the execution of the Arbitration's ruling. The court ordered to combine the case which TOT requested to repeal the execution for Arbitration's rulings. The case is currently under the judicial process of the Central Administrative Court.

24.2 A subsidiary's access charges

Refer to Note 38.2 in the 2007 annual financial statements, TOT currently agreed to enter into the interconnection charge agreement (IC) with the subsidiary on the condition that specific only the new numbers allocated by NTC. On 23 June 2008, the subsidiary notified to agree with TOT's offering. For the old numbers, the subsidiary will carry on the case and depend on judgment of Civil court.

If the certain subsidiary has to pay access charges, it would be liable to accrue additional access charges for the period from 18 November 2006 to 31 December 2006, for the period from 1 January 2007 to 31 December 2007 and for the period from 1 January 2008 to 30 June 2008, and the subsidiary would consequently record additional expenses of Baht 455.61 million, Baht 4,271.69 million and Baht 2,195.01 million, respectively. Nevertheless, the net effect to the statement of income for this regard, net of revenue sharing to CAT, would be Baht 204.25 million, Baht 3,283.96 million, and Baht 1,674.15 million, respectively. The management and its external lawyer have an opinion that the said subsidiary would not be liable to pay the 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 interim financial statements.

25. Post balance sheet events

The Company's Audit Committee approved these interim financial statements for issue on 13 August 2008.