

True Corporation Public Company Limited

Interim Financial Statements (Unaudited)

30 September 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 September 2008 and the related consolidated and company statements of income for the three-month and nine-month periods then ended, and the related consolidated and company statements of changes in shareholders' equity and cash flows for the nine-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 nine-month period ended 30 September 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 8 November 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 nine-month period ended 30 September 2007, presented herewith for comparative purposes, were reviewed by the same auditor as mentioned above, whose report, dated 8 November 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 nine-month periods ended 30 September 2007, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2007, presented for comparative purposes, are restated.

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

Bangkok
14 November 2008

True Corporation Public Company Limited
Balance Sheets
As at 30 September 2008 and 31 December 2007

	Notes	Consolidated		Company	
		(Restated)		(Unaudited) 30 September 2008 Baht	(Audited) 31 December 2007 Baht
		(Unaudited)	(Audited)		
		30 September 2008 Baht	31 December 2007 Baht		
Assets					
Current assets					
Cash and cash equivalents		5,740,253,906	5,019,382,731	242,864,650	439,081,045
Restricted cash	21	1,352,138,362	1,445,122,111	710,824,112	733,414,103
Short-term investments		697,496,451	419,757,811	-	149,987,604
Trade accounts receivable, net	4	8,383,855,221	12,684,710,199	5,185,122,681	4,998,035,740
Loans to related parties, net	5	31,880,438	28,880,319	550,000,000	386,800,000
Inventories, net		909,103,658	893,066,464	99,286,033	172,448,331
Income tax deducted at source		2,950,487,059	2,218,067,036	1,484,370,347	1,204,794,097
Claimable value added tax		507,045,302	673,064,981	3,412,570	3,412,570
Other current assets	6	2,273,548,699	2,027,019,190	271,521,881	238,836,868
Total current assets		22,845,809,096	25,409,070,842	8,547,402,274	8,326,810,358
Non-current assets					
Investments:					
- Investments in subsidiaries, joint ventures and associates	7	60,134,231	18,020,580	18,612,624,032	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	71,219,206,817	74,683,154,320	16,392,596,497	17,634,212,469
Goodwill, net	9	12,380,695,590	12,380,695,590	-	-
Intangible assets, net	10	3,392,153,569	3,534,201,741	836,561,689	967,769,798
Deferred income tax assets	11	8,104,637,945	8,955,101,506	5,932,167,973	6,349,309,887
Other non-current assets		504,214,563	487,181,779	348,571,750	274,015,081
Total non-current assets		96,010,619,508	100,344,893,309	42,363,262,441	43,981,632,867
Total assets		118,856,428,604	125,753,964,151	50,910,664,715	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 September 2008 and 31 December 2007

	Notes	Consolidated		Company	
		(Unaudited) 30 September 2008 Baht	(Restated) (Audited) 31 December 2007 Baht	(Unaudited) 30 September 2008 Baht	(Audited) 31 December 2007 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		6,896,982,127	12,978,086,409	894,043,053	909,264,386
Current portion of long-term borrowings	12	8,284,743,641	5,554,549,287	4,529,301,160	2,501,075,290
Unearned income		2,549,445,743	2,613,730,396	70,334,111	75,418,669
Accrued expenses		11,033,742,257	6,893,839,224	1,167,333,943	1,156,233,467
Income tax payable		479,620,752	589,290,771	-	-
Other current liabilities	13	2,037,928,441	2,864,828,034	749,880,726	1,072,780,190
Total current liabilities		32,232,462,961	32,945,724,097	8,210,892,993	7,014,772,002
Non-current liabilities					
Long-term borrowings from related parties	5	-	-	2,653,321,970	2,532,587,368
Long-term borrowings	12	71,831,201,446	76,230,963,258	30,596,651,329	33,820,469,774
Deferred income tax liabilities	11	1,459,251,934	1,597,956,823	1,081,644,561	1,147,860,741
Long-term trade account payable		93,209,410	89,538,528	-	-
Liabilities under concession agreements	14	2,602,696,998	2,834,957,364	-	-
Other non-current liabilities		2,437,031,596	2,004,073,170	282,926,195	266,672,433
Total non-current liabilities		78,423,391,384	82,757,489,143	34,614,544,055	37,767,590,316
Total liabilities		110,655,854,345	115,703,213,240	42,825,437,048	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		(46,077,882,220)	(44,915,724,572)	(42,931,788,601)	(43,490,935,361)
Total parent's shareholders' equity		6,869,059,757	8,031,217,405	8,085,227,667	7,526,080,907
Minority interest in subsidiaries		1,331,514,502	2,019,533,506	-	-
Total shareholders' equity		8,200,574,259	10,050,750,911	8,085,227,667	7,526,080,907
Total liabilities and shareholders' equity		118,856,428,604	125,753,964,151	50,910,664,715	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 September 2008 and 2007

	Notes	Consolidated		Company	
		30 September 2008 Baht	30 September 2007 Baht	30 September 2008 Baht	30 September 2007 Baht
Revenues					
Revenues from telephone and other services		14,794,983,311	15,189,316,022	3,460,088,569	3,513,263,000
Revenues from product sales		249,380,537	284,735,826	39,154,657	54,192,033
Total revenues		15,044,363,848	15,474,051,848	3,499,243,226	3,567,455,033
Costs					
Cost of providing services	8	10,409,352,275	7,632,139,075	1,713,267,710	556,909,026
Cost of sales		311,343,948	269,429,162	49,316,849	47,570,999
Total costs		10,720,696,223	7,901,568,237	1,762,584,559	604,480,025
Gross profit		4,323,667,625	7,572,483,611	1,736,658,667	2,962,975,008
Selling and administrative expenses		3,052,685,602	3,173,761,182	1,003,617,876	805,963,409
Profit from sales and providing services		1,270,982,023	4,398,722,429	733,040,791	2,157,011,599
Other revenues		131,423,441	104,031,917	54,908,711	33,849,080
Other expenses		(57,807,212)	(343,931,628)	(6,991,101)	(29,816,787)
Operating results		1,344,598,252	4,158,822,718	780,958,401	2,161,043,892
Share of results in associates		(1,915,904)	(4,030,844)	-	-
Profit before interest and income tax		1,342,682,348	4,154,791,874	780,958,401	2,161,043,892
Interest income		37,875,712	19,539,566	15,003,628	123,351,125
Interest expenses		(1,737,030,635)	(1,721,427,306)	(660,815,127)	(712,155,969)
Foreign exchange loss		(788,280,331)	(19,707,806)	(134,118,742)	(200,937,922)
Profit (loss) before income tax		(1,144,752,906)	2,433,196,328	1,028,160	1,371,301,126
Income tax		(507,926,547)	(1,234,474,849)	(117,487,651)	(553,551,361)
Net profit (loss) for the period		(1,652,679,453)	1,198,721,479	(116,459,491)	817,749,765
Attributable to:					
Equity holders of the parent		(1,228,050,634)	1,198,444,641	(116,459,491)	817,749,765
Minority interest		(424,628,819)	276,838	-	-
		(1,652,679,453)	1,198,721,479	(116,459,491)	817,749,765
Basic and diluted earnings (loss) per share for profit attributable to the shareholders of the parent					
	19				
- Basic		(0.32)	0.27	(0.03)	0.17
- Diluted		-	0.22	-	0.14

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 nine-month periods ended 30 September 2008 and 2007

	Notes	Consolidated		Company	
		30 September 2008 Baht	(Restated) 30 September 2007 Baht	30 September 2008 Baht	30 September 2007 Baht
Revenues	16				
Revenues from telephone and other services		45,152,422,981	44,882,462,238	10,601,661,947	11,144,725,792
Revenues from product sales		915,068,684	865,324,298	163,524,029	164,749,055
Total revenues		<u>46,067,491,665</u>	<u>45,747,786,536</u>	<u>10,765,185,976</u>	<u>11,309,474,847</u>
Costs					
Cost of providing services		30,705,359,079	29,121,056,640	5,094,875,227	5,513,213,113
Cost of sales		951,141,452	766,473,430	141,188,542	150,976,579
Total costs		<u>31,656,500,531</u>	<u>29,887,530,070</u>	<u>5,236,063,769</u>	<u>5,664,189,692</u>
Gross profit		14,410,991,134	15,860,256,466	5,529,122,207	5,645,285,155
Selling and administrative expenses		8,982,786,878	9,670,592,584	2,942,129,127	2,655,943,521
Profit from sales and providing services		5,428,204,256	6,189,663,882	2,586,993,080	2,989,341,634
Other revenues	5	400,270,772	280,767,573	617,817,886	82,421,185
Other expenses		(280,892,053)	(460,890,426)	(22,899,803)	(62,860,674)
Operating results	17	5,547,582,975	6,009,541,029	3,181,911,163	3,008,902,145
Share of results in associates	7	(3,586,348)	(12,376,636)	-	-
Profit before interest and income tax		5,543,996,627	5,997,164,393	3,181,911,163	3,008,902,145
Interest income		81,116,202	60,618,571	32,745,130	366,551,883
Interest expenses		(5,196,741,866)	(5,357,864,183)	(1,960,593,358)	(2,195,257,485)
Foreign exchange gain (loss)		(814,684,886)	1,852,616,432	(343,990,441)	68,433,381
Profit (loss) before income tax		(386,313,923)	2,552,535,213	910,072,494	1,248,629,924
Income tax	18	(1,418,347,975)	(1,602,210,412)	(350,925,734)	(440,281,495)
Net profit (loss) for the period		<u>(1,804,661,898)</u>	<u>950,324,801</u>	<u>559,146,760</u>	<u>808,348,429</u>
Attributable to:					
Equity holders of the parent		(1,162,157,648)	916,395,146	559,146,760	808,348,429
Minority interest		(642,504,250)	33,929,655	-	-
		<u>(1,804,661,898)</u>	<u>950,324,801</u>	<u>559,146,760</u>	<u>808,348,429</u>
Basic and diluted earnings (loss) per share for profit attributable to the shareholders of the parent	19				
- Basic		(0.35)	0.10	0.10	0.08
- Diluted		-	0.08	0.08	0.06

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 nine-month periods ended 30 September 2008 and 2007

	Consolidated											
	Attributable to shareholders of the parent											
	Issued and fully paid-up		Premium on shares Baht	Discount on shares Baht	Share surplus Baht	Foreign currency translation adjustment Baht	Unrealised gain (loss) on changes of fair value on available-for-sale securities Baht	Legal reserve Baht	Deficit Baht	Total Baht	Minority interest in subsidiaries Baht	Total Baht
	Preferred shares Baht	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 loss for the period	-	-	-	-	-	-	-	-	(1,162,157,648)	(1,162,157,648)	(642,504,250)	(1,804,661,898)
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 September 2008	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	1,825,581,579	104,344,130	-	34,880,969	(46,077,882,220)	6,869,059,757	1,331,514,502	8,200,574,259
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)	-	10,108,930	-	(5,058,742)	-	-	-	-	-	5,050,188	-	5,050,188
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 profit for the period	-	-	-	-	-	-	-	-	916,395,146	916,395,146	33,929,655	950,324,801
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,522,884	2,522,884
Addition investment in subsidiary	-	-	-	-	-	-	-	-	-	-	(70,637,367)	(70,637,367)
Closing balance as at 30 September 2007	6,993,638,460	38,031,747,830	11,432,046,462	(5,478,497,372)	-	104,344,130	-	34,880,969	(45,157,435,236)	5,960,725,243	543,114,088	6,503,839,331

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 nine-month periods ended 30 September 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	-	-	-	-	-	559,146,760	559,146,760
Closing balance as at 30 September 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>(42,931,788,601)</u>	<u>8,085,227,667</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)	-	10,108,930	-	(5,058,742)	-	-	5,050,188
Conversion of shares (Note 15)	(30,000)	30,000	-	-	-	-	-
Net profit for the period	-	-	-	-	-	808,348,429	808,348,429
Closing balance as at 30 September 2007	<u>6,993,638,460</u>	<u>38,031,747,830</u>	<u>11,432,046,462</u>	<u>(5,478,497,372)</u>	<u>34,880,969</u>	<u>(43,381,255,733)</u>	<u>7,632,560,616</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 nine-month periods ended 30 September 2008 and 2007

	Notes	Consolidated		Company	
		30 September 2008 Baht	(Restated) 30 September 2007 Baht	30 September 2008 Baht	30 September 2007 Baht
Cash flows from operating activities	20	10,236,632,877	9,637,806,125	1,914,861,115	2,241,893,870
Cash flows from investing activities					
Withdrawal in restricted cash		92,983,749	774,496,189	22,589,991	1,003,814,805
Withdrawal from short-term investment - time deposit		155,207,281	206,378,493	149,987,604	199,945,450
Loans made to subsidiary	5	(6,000,236)	(1,500,059)	(300,000,000)	(66,800,000)
Acquisitions of subsidiaries and joint venture, net of cash acquired		-	(325,297)	-	-
Acquisitions of property, plant and equipment		(5,220,484,185)	(5,616,732,400)	(358,327,782)	(394,295,464)
Acquisitions of intangible assets	10	(187,856,029)	(153,614,133)	(10,435,002)	(14,334,639)
Proceeds from loan to subsidiary and joint ventures	5	3,000,118	12,000,010	136,800,000	-
Proceeds from disposals for available-for-sale securities		-	1,845,752	-	-
Proceed from sale of investment in subsidiary		-	-	100	-
Acquisitions of investment in subsidiaries		-	-	-	(284,668,941)
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		333,346,444	285,421,056	3,326,579	24,188,416
Dividends received	5	-	-	517,020,000	-
Net cash (used in) received from investing activities		(4,938,541,858)	(4,625,706,756)	63,922,490	404,810,627
Cash flows from financing activities					
Issues of common shares	15	-	5,050,188	-	5,050,188
Proceeds from short-term borrowings		800,000,000	2,869,039,330	800,000,000	2,350,000,000
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		43,033,256	11,433,029,793	-	3,976,424,161
Repayments on short-term borrowings		(1,301,399,976)	(2,377,560,992)	(1,300,000,000)	(1,876,460,992)
Repayments on long-term borrowings	12	(4,073,223,037)	(16,802,200,984)	(1,675,000,000)	(7,303,410,000)
Net cash used in financing activities		(4,577,104,511)	(4,872,642,665)	(2,175,000,000)	(2,848,396,643)
Net increase (decrease) in cash and cash equivalents		720,986,508	139,456,704	(196,216,395)	(201,692,146)
Opening balance		5,019,382,731	3,923,738,951	439,081,045	449,715,124
Effects of exchange rate changes		(115,333)	(7,977,233)	-	-
Closing balance		5,740,253,906	4,055,218,422	242,864,650	248,022,978

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 nine-month period ended 30 September 2008 amounting to Baht 1,216.92 million (2007: Baht 1,067.17 million) and Baht 343.65 million (2007: Baht 2,407.97 million), respectively.

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

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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 is 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 (Restated) Baht Million
Balance sheet	
As at 31 December 2007	
Increase in intangible assets, net (goodwill)	567.45
Increase in intangible assets, net (concession rights)	597.12
Increase in accrued expenses	(105.88)
Increase in liabilities under concession agreements	(2,834.96)
Increase in share surplus	(493.27)
Increase in closing deficit	1,727.10
Decrease in minority interest in subsidiaries	542.44
Statement of income	
For the nine-month period ended 30 September 2007	
Decrease in regulatory cost	287.50
Increase in amortisation of concession rights	(72.59)
Increase in amortisation of goodwill	(70.05)
Increase in interest expenses	(251.18)
Decrease in minority interest	0.80
	<u> </u>
Decrease in net profit	<u>(105.52)</u>
Decrease in basic earnings per share (Baht per share)	(0.03)

3. Change in accounting policies (Cont'd)

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 (Restated) 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 nine-month period ended 30 September 2007	
Increase in income tax	(56.74)
Increase in minority interest	(45.15)
Decrease in net profit	<u>(101.89)</u>
Decrease in basic earnings per share (Baht per share)	(0.03)

3.3 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 B.E. 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).

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3. Change in accounting policies (Cont'd)

3.4 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 previously reported Baht Million	TAS 51 (Note 3.1) Baht Million	TAS 43 (Note 3.2) 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 nine-month period ended 30 September 2007				
Cost of providing services	29,335.97	(214.91)	-	29,121.06
Selling and administrative expenses	9,600.54	70.05	-	9,670.59
Interest expenses	(5,106.68)	(251.18)	-	(5,357.86)
Income tax	(1,545.47)	-	(56.74)	(1,602.21)
Minority interest	(10.42)	(0.80)	45.15	33.93

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4. Trade accounts receivable, net

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Receivable from TOT	459.73	490.08	459.73	490.08
Billed customers	7,345.82	10,725.86	2,959.71	3,083.19
Receivable from related parties (Note 5)	840.42	1,106.21	1,977.73	1,503.06
	8,645.97	12,322.15	5,397.17	5,076.33
Less: Allowance for doubtful accounts	(3,134.53)	(2,725.59)	(1,801.37)	(1,673.94)
Trade accounts receivable, net	5,511.44	9,596.56	3,595.80	3,402.39
Accrued income	2,872.42	3,088.15	1,589.32	1,595.64
Total	8,383.86	12,684.71	5,185.12	4,998.03

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

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current	3,890.71	7,666.75	1,593.67	1,589.80
Less than 3 months	1,002.52	1,206.66	535.78	478.59
3 - 6 months	497.79	484.70	549.84	480.85
6 - 12 months	997.24	895.96	403.28	568.76
More than 12 months	2,257.71	2,068.08	2,314.60	1,958.33
	8,645.97	12,322.15	5,397.17	5,076.33
Less: Allowance for doubtful accounts	(3,134.53)	(2,725.59)	(1,801.37)	(1,673.94)
Trade accounts receivable, net	5,511.44	9,596.56	3,595.80	3,402.39
Accrued income	2,872.42	3,088.15	1,589.32	1,595.64
Total	8,383.86	12,684.71	5,185.12	4,998.03

As at 30 September 2008, trade accounts receivable in the interim consolidated and Company balance sheets included accrued income from TOT since 1 January 2006, amounting to Baht 372.71 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 September 2008, in the interim consolidated and Company balance sheets included accrued income from TOT amounting to Baht 249.52 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.

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5. Related party transactions

The following material transactions were carried out with related parties:

i) Sales of goods and services

For the nine-month periods ended	Consolidated		Company	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Sales of goods:				
Subsidiaries	-	-	10.93	32.70
Joint ventures	-	0.17	-	0.55
Associate	0.24	0.38	0.19	0.38
Related companies:				
CP Group of companies	8.50	14.92	0.88	2.42
	8.74	15.47	12.00	36.05
Sales of services:				
Subsidiaries	-	-	2,618.59	2,206.69
Joint ventures	60.10	37.33	0.74	0.80
Associate	12.83	9.79	-	-
Related companies:				
CP Group of companies	3,164.32	4,180.19	4.66	3.02
NEC Corporation (Thailand) Co., Ltd.	0.10	0.13	0.10	0.13
	3,237.35	4,227.44	2,624.09	2,210.64

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 nine-month periods ended	Consolidated		Company	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Purchases of goods:				
Subsidiaries	-	-	16.60	124.67
Joint ventures	-	0.68	-	-
Related companies:				
CP Group of companies	258.70	79.96	26.21	51.62
NEC Corporation (Thailand) Co., Ltd.	-	0.13	-	0.13
	258.70	80.77	42.81	176.42
Purchases of services:				
Subsidiaries	-	-	755.79	823.93
Joint ventures	241.22	273.10	50.82	22.67
Associate	0.07	-	-	-
Related companies:				
CP Group of companies	445.63	523.25	64.13	61.73
NEC Corporation (Thailand) Co., Ltd.	6.13	8.86	0.07	0.13
	693.05	805.21	870.81	908.46

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

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5. Related party transactions (Cont'd)

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

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Receivables from related parties: (included in "Trade accounts receivable")				
Subsidiaries	-	-	1,952.93	1,476.62
Joint ventures	119.35	94.53	23.41	22.89
Associate	4.27	16.10	0.02	0.13
Related companies:				
CP Group of companies	716.72	995.56	1.29	3.40
NEC Corporation (Thailand) Co., Ltd.	0.08	0.02	0.08	0.02
Total	840.42	1,106.21	1,977.73	1,503.06
Less: Allowance for doubtful accounts	(0.32)	(0.32)	-	-
Receivables, net	840.10	1,105.89	1,977.73	1,503.06
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	-	-	638.06	579.96
Joint ventures	71.64	69.26	35.24	19.58
Associates	7.76	3.40	-	-
Related companies:				
CP Group of companies	26.86	69.05	4.42	10.88
NEC Corporation (Thailand) Co., Ltd.	0.04	-	0.01	-
	106.30	141.71	677.73	610.42

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5. Related party transactions (Cont'd)

iv) Loans to related parties

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current	31.88	28.88	550.00	386.80
Non-current	-	-	-	-
Loans to related parties, net	31.88	28.88	550.00	386.80

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

	Consolidated	Company
	Baht Million	Baht Million
For the nine-month period ended 30 September 2008		
Opening net book value	28.88	386.80
Additions	6.00	300.00
Repayments	(3.00)	(136.80)
Closing net book value	31.88	550.00

The consolidated and Company related interest income for the nine-month period ended 30 September 2008 were Baht 0.47 million and Baht 18.74 million, respectively (2007: Baht 0.79 million and Baht 353.48 million, respectively).

v) Loans from related parties

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current	1,425.38	1,209.28	-	-
Non-current	2,397.29	3,388.49	2,653.32	2,532.59
Total	3,822.67	4,597.77	2,653.32	2,532.59

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

	Consolidated	Company
	Baht Million	Baht Million
For the nine-month period ended 30 September 2008		
Opening net book value	4,597.77	2,532.59
Additional borrowings:		
- Non-cash transaction - interest	-	120.73
Repayments	(864.07)	-
Amortisation of debt issuance cost	33.30	-
Currency translation	55.67	-
Closing net book value	3,822.67	2,653.32

The loans are presented net of unamortised debt issuance cost of Baht 98.94 million.

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 nine-month period ended 30 September 2008 were Baht 162.52 million and Baht 120.73 million, respectively (2007: Baht 281.08 million and Baht 113.14 million, respectively).

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

	Consolidated		Company	
	30 September 2008 Baht Million	31 December 2007 Baht Million	30 September 2008 Baht Million	31 December 2007 Baht Million
Interest receivable: (included in “Other current assets”)				
Subsidiaries	-	-	-	29.91
Joint venture	2.89	0.01	-	-
	<u>2.89</u>	<u>0.01</u>	<u>-</u>	<u>29.91</u>
Interest payable: (included in “Accrued expenses”)				
Related company:				
Kreditanstalt fuer Wiederaufbau	0.57	3.34	-	-
	<u>0.57</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

In May 2008, 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.

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6. Other current assets

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Value added tax pending for receipt of tax invoices	643.11	682.96	37.50	51.18
Prepaid expenses	745.93	494.94	105.24	55.34
Film and program rights (Note 10)	311.69	266.61	-	-
Advances to contractors	95.57	84.55	16.84	9.84
Subscriber acquisition cost, net	82.77	69.05	0.01	0.01
Interest receivable	72.88	57.18	39.27	68.10
Regulatory cost	38.27	106.06	-	-
Others	283.33	265.67	72.66	54.37
Total	2,273.55	2,027.02	271.52	238.84

7. 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 (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 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

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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. (99.99%)	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
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

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") (37.80%)	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
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

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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 nine-month period ended 30 September 2008		
Opening net book value	18.02	18,578.62
Additions	45.70	34.00
Share of results	(3.59)	-
Closing net book value	<u>60.13</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.

On 26 September 2008, a subsidiary entered into a Share Purchase Agreement to sell 990 common shares in AnyMobile Inc. which the subsidiary obtained with no cost. AnyMobile Inc. is no longer the Group's subsidiary.

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

		Company					
		30 September 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

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8. Capital expenditure and commitments

	Consolidated		
	Property, plant and equipment, net		
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the nine-month period ended 30 September 2008			
Opening net book value	7,033.14	67,650.01	74,683.15
Additions	1,803.87	1,845.14	3,649.01
Disposals	(162.81)	(94.76)	(257.57)
Adjustments/Reclassifications	(210.11)	947.71	737.60
Depreciation charge	(1,215.74)	(6,307.20)	(7,522.94)
Impairment charge	(58.04)	(12.00)	(70.04)
Closing net book value	<u>7,190.31</u>	<u>64,028.90</u>	<u>71,219.21</u>
Company			
Property, plant and equipment, net			
	Non-Network Baht Million	Network Baht Million	Total Baht Million
For the nine-month period ended 30 September 2008			
Opening net book value	589.57	17,044.64	17,634.21
Additions	90.56	267.77	358.33
Disposals	(6.14)	(2.32)	(8.46)
Adjustments/Reclassifications	(14.13)	(1.53)	(15.66)
Depreciation charge	(155.92)	(1,419.90)	(1,575.82)
Closing net book value	<u>503.94</u>	<u>15,888.66</u>	<u>16,392.60</u>

Borrowing costs of Baht 30.51 million was capitalised as cost of assets during the period and included as "Additions".

In September 2007, the Group reviewed of the useful lives of its property and equipment and certain intangible assets by fully reflecting in the three-month period ended 30 September 2007. The depreciation and amortisation related to changing useful lives can be summarised as follows:

	Consolidated		Company	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Depreciation and amortisation charges for				
- three-month	2,901.39	(295.15)	582.51	(780.05)
- nine-month	7,874.53	6,987.80	1,721.59	1,690.96

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 nine-month period ended 30 September 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 September 2008	3,644.48	257.46
As at 31 December 2007	2,465.31	349.43

9. Goodwill, net

As discussed in Note 3.3, in accordance with the revised TAS 43: Business Combinations (revised B.E. 2550), 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 nine-month period ended 30 September 2007 was Baht 1,051.63 million.

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10. Intangible assets, net

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current (included in "Other current assets" (Note 6))	311.69	266.61	-	-
Non-current	3,392.15	3,534.20	836.56	967.77
Total	3,703.84	3,800.81	836.56	967.77

Movements of intangible assets can be analysed as follows:

	Consolidated	Company
	Baht Million	Baht Million
For the nine-month periods ended 30 September 2008		
Opening net book value	3,800.81	967.77
Additions	1,185.79	10.44
Disposals	(0.22)	-
Adjustments/Reclassifications	197.51	4.12
Amortisation charge	(1,480.05)	(145.77)
Closing net book value	3,703.84	836.56

Refer to Note 3, concession right of Baht 524.52 million, net of accumulated amortisation amounting to Baht 1,119.15 million, is included in intangible assets. The related amortisation of concession rights for the nine-month periods ended 30 September 2008 and 2007 were Baht 72.60 million and Baht 72.59 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 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Deferred income tax assets				
Depreciation	4,800.23	5,609.10	4,968.59	5,482.82
Difference on network assets	1,973.47	2,055.72	-	-
Allowances	1,583.49	1,503.14	1,335.51	1,304.54
Borrowings	310.51	280.59	414.41	348.26
Unearned income	156.37	239.67	-	-
Concession minimum payment	22.54	21.56	-	-
Accrued expenses	20.90	25.06	-	-
Other current assets	11.89	3.94	0.02	0.05
Tax losses carried forward	7.94	-	-	-
Other current liabilities	3.66	2.68	-	-
Negative goodwill	(786.36)	(786.36)	(786.36)	(786.36)
	8,104.64	8,955.10	5,932.17	6,349.31

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11. Deferred income taxes (Cont'd)

	Consolidated		Company	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Deferred income tax liabilities				
Accounts receivable - billed customers	(940.75)	(966.53)	(940.76)	(966.53)
Debt issuance cost	(284.41)	(355.79)	(140.89)	(181.33)
Leased assets	(222.26)	(243.82)	-	-
Accrued regulatory cost	(11.48)	(31.82)	-	-
Unrealised gain on short-term investment	(0.35)	-	-	-
	<u>(1,459.25)</u>	<u>(1,597.96)</u>	<u>(1,081.65)</u>	<u>(1,147.86)</u>
Deferred income taxes - net	<u>6,645.39</u>	<u>7,357.14</u>	<u>4,850.52</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 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Current				
- Banks and financial institutions	5,366.41	4,342.21	2,725.00	2,300.00
- Finance leases	1,114.03	1,011.26	-	-
- Debentures	1,804.30	201.08	1,804.30	201.08
Total current	<u>8,284.74</u>	<u>5,554.55</u>	<u>4,529.30</u>	<u>2,501.08</u>
Non-current				
- Banks and financial institutions	29,063.84	32,824.46	15,576.85	17,565.57
- Finance leases	4,738.45	4,436.38	-	-
- Debentures	34,315.09	35,600.89	11,305.98	12,885.67
- Suppliers credit	3,713.82	3,369.23	3,713.82	3,369.23
Total non-current	<u>71,831.20</u>	<u>76,230.96</u>	<u>30,596.65</u>	<u>33,820.47</u>
Total borrowings	<u>80,115.95</u>	<u>81,785.51</u>	<u>35,125.95</u>	<u>36,321.55</u>

Movements of borrowings can be analysed as follows:

	Consolidated Baht Million	Company Baht Million
For the nine-month period ended 30 September 2008		
Opening net book value	81,785.51	36,321.55
Additions of borrowings		
- principal (net of debt issuance cost)	68.70	-
- non-cash finance leases	1,216.92	-
- interest	5.40	5.40
Repayments of borrowings	(3,912.22)	(1,675.00)
Amortisation of debt issuance costs	296.21	134.81
Currency translation	655.43	339.19
Closing net book value	<u>80,115.95</u>	<u>35,125.95</u>

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12. Borrowings (Cont'd)

Secured liabilities

Borrowings include secured liabilities being loans under finance leases and loans from banks and financial institutions of Baht 50.17 billion (2007: Baht 55.69 billion) and Baht 31.42 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 3.82 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 September 2008	31 December 2007	30 September 2008	31 December 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Other payables	883.70	1,534.86	476.55	845.56
Output VAT pending tax invoices	725.24	644.10	153.72	77.23
Others	428.99	685.87	119.61	149.99
Total	2,037.93	2,864.83	749.88	1,072.78

14. Liabilities under concession agreements

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

	Consolidated	
	30 September 2008	(Restated) 31 December 2007
	Baht Million	Baht Million
Current (included in “Accrued expenses”)	272.38	105.88
Non-current	2,602.70	2,834.96
	2,875.08	2,940.84

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

	Consolidated Baht Million
For the nine-month period ended 30 September 2008	
Opening net book value	2,940.84
Repayments	(310.00)
Interest expense charge	244.24
Closing net book value	2,875.08

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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	1.01	10.11	-	(5.06)	5.05
- Conversion of preferred shares	-	0.03	(0.03)	-	-
At 30 September 2007	4,502.54	38,031.75	6,993.64	5,953.54	50,978.93
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 September 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 nine-month period ended 30 September 2008

	Baht Million				Group Consolidated
	Wireline	Wireless	Pay-TV	Eliminate	
Revenues:					
Gross segment revenues	19,768.95	23,866.26	7,729.84	-	51,365.05
Inter-segment revenues	(3,388.12)	(1,075.53)	(833.91)	-	(5,297.56)
Revenues	16,380.83	22,711.33	6,895.93	-	46,067.49
Segment results	6,512.27	1,482.01	1,328.38	(1,197.80)	8,124.86
Unallocated costs					(2,577.28)
Operating profit					5,547.58

For the nine-month period ended 30 September 2007

	(Restated) Baht Million				Group Consolidated
	Wireline	Wireless	Pay-TV	Eliminate	
Revenues:					
Gross segment revenues	18,473.01	24,789.85	7,053.61	-	50,316.47
Inter-segment revenues	(3,195.09)	(720.92)	(652.68)	-	(4,568.69)
Revenues	15,277.92	24,068.93	6,400.93	-	45,747.78
Segment results	6,327.12	1,975.75	1,301.64	(1,143.57)	8,460.94
Unallocated costs					(2,451.40)
Operating profit					6,009.54

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17. Operating results

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

For the nine-month periods ended	Consolidated		Company	
	(Restated)			
	30 September 2008 Baht Million	30 September 2007 Baht Million	30 September 2008 Baht Million	30 September 2007 Baht Million
Depreciation and amortisation	9,463.83	9,445.32	1,856.40	1,782.44
Doubtful accounts	546.33	617.95	156.92	182.48
Impairment charge	70.04	12.00	-	-

18. Income tax

For the nine-month periods ended	Consolidated		Company	
	(Restated)			
	30 September 2008 Baht Million	30 September 2007 Baht Million	30 September 2008 Baht Million	30 September 2007 Baht Million
Current tax	(706.60)	(536.19)	-	23.05
Deferred income taxes	(711.75)	(1,066.02)	(350.93)	(463.33)
Income tax	<u>(1,418.35)</u>	<u>(1,602.21)</u>	<u>(350.93)</u>	<u>(440.28)</u>

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 was adjusted by 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 was adjusted by the effect of 699.33 million shares of convertible preferred shares and 132.15 million units weighted average number of stock options on an as-if-converted method.

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20. Cash flows from operating activities

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

For the nine-month periods ended	Consolidated		Company	
	30 September 2008	30 September 2007 (Restated)	30 September 2008	30 September 2007
	Baht Million	Baht Million	Baht Million	Baht Million
Net profit (loss) for the period	(1,804.66)	950.32	559.15	808.35
Adjustments for:				
Depreciation and amortisation (Note 17)	9,463.83	9,445.32	1,856.40	1,782.44
Interest income	(81.12)	(60.62)	(32.75)	(366.55)
Interest expenses	5,196.74	5,357.86	1,960.59	2,195.26
Income tax expense	1,418.35	1,602.21	350.93	440.28
Dividend income (Note 5)	-	-	(517.02)	-
(Gain) loss on disposals of property, plant and equipment	(75.73)	(93.71)	5.13	18.88
Doubtful accounts (Note 17)	546.33	617.95	156.92	182.48
Impairment charge (Note 17)	70.04	12.00	-	-
Gain on disposals of investment in available-for-sale securities	-	(0.80)	-	-
Other operating assets write-off	9.71	0.08	-	-
Unrealised loss (gain) on foreign exchange	866.77	(1,621.33)	347.98	(67.43)
Foreign exchange loss on repayments of borrowings	161.00	47.88	-	-
Share of results in associates	3.59	12.38	-	-
Changes in operating assets and liabilities				
- Trade accounts receivable	3,756.96	(7,263.75)	(342.44)	(431.89)
- Short-term investment - trading securities	(432.95)	(99.37)	-	-
- Inventories	(956.50)	(524.89)	73.16	8.44
- Other current assets	(898.64)	(1,025.21)	(56.06)	(74.58)
- Other non-current assets	(2.82)	(53.22)	(65.85)	(4.84)
- Trade accounts payable	(4,669.21)	4,670.89	(38.72)	124.63
- Accrued expenses and other current liabilities	3,433.61	3,586.66	(302.42)	(172.43)
- Other non-current liabilities	344.11	(221.01)	-	-
Cash generated from operations	16,349.41	15,339.64	3,955.00	4,443.04
Add: Interest received	65.41	57.57	58.78	112.62
Less: Interest paid	(4,599.84)	(4,674.11)	(1,819.40)	(2,031.05)
Income tax paid	(1,578.35)	(1,085.29)	(279.52)	(282.72)
Net cash from operating activities	10,236.63	9,637.81	1,914.86	2,241.89

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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 September 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	1,352.14	1,445.12	-	-	710.82	733.41
Investments in shares of subsidiaries and associates	11,382.58	13,257.95	-	-	-	-
Land, building and machinery	948.54	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 September 2008	3,116.10	250.06
As at 31 December 2007	3,091.03	262.22

21.3 Commitments

On 30 March 2007, a 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 cannot 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 September 2008 are unfavourable amounting to Baht 6,144.58 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 favour. 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 appealed such rule to the Supreme Administrative Court. At this stage, the Supreme Administrative Court is making the decision whether it would order the Central Administrative Court to receive TOT's appeal for consideration.

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 filing 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.

Arbitration case of subsidiary

Dispute in relation to penalty of revenue sharing for concession period 6-8. On 19 February 2008, CAT filed arbitration against a subsidiary claimed for additional revenue sharing amount of Baht 45.95 million. The case is currently under the process of Arbitration.

Dispute in relation to access charge deducted from revenue sharing. On 6 August 2008, CAT filed arbitration against a subsidiary claimed for an access charges which the subsidiary deducted from revenue sharing for the concession period 7-11 (discount for access charge Baht 22 per number) amounting of Baht 689.84 million. The case is currently under the process of Arbitration.

23. Litigation and Arbitration disputes and contingent liabilities (Cont'd)

Arbitration case of subsidiary (Cont'd)

Refer to Note 37.4 paragraph 3 in the 2007 annual financial statements, on 15 August 2008, the Arbitration ruled in favor of CAT by ordering the subsidiary to pay Baht 127.33 million. The subsidiary acknowledged on 24 August 2008. The subsidiary must file a protest within 90 days from the acknowledgement date. The subsidiary is currently preparing to file a protest.

Litigation of subsidiary

Refer to Note 37.4 paragraph 1 in the 2007 annual financial statements, on 26 May 2008, the Civil Court ruled in favor of subsidiary and ordered the plaintiff to pay Baht 1.66 million plus interest at 7.5% per annum from the date of counterclaim until completion of payment.

Assessment from Excise Department

Refer to Note 37.3 in the 2007 annual financial statements regarding the assessment from Excise Department.

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.

On 19 September 2008, the Excise Tax Appeal Committee dismissed the Company's appeal and ordered the Company to pay the excise tax according to the decision of excise tax assessment objection for the amount of Baht 185.87 million. The Company is preparing to file the protest against the Excise Department's ruling with the Central Tax Court which will fall on 21 November 2008 and the Company intend to request for extension of time.

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 the Civil Court.

If the 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 September 2008, and the subsidiary would consequently record additional expenses of Baht 455.61 million, Baht 4,271.69 million and Baht 3,272.94 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 2,491.31 million, respectively. The management and its external lawyer have an opinion that the said subsidiary would not be liable to pay the access charges.

24. Access charges (Cont'd)

24.2 A subsidiary's access charges (Cont'd)

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

25.1 On 5 November 2008, at the Board of Directors Meeting of the Company have passed the resolutions to propose to the shareholders for approval of reduction of the authorised share capital of the Company from Baht 60,443,878,210 to be Baht 53,032,657,500 by cancelling the common shares registered but not yet issued of 741,122,071 shares in order to be in accordance with provision of the Public Limited Company Act. In addition, an increase of authorised share capital from Baht 53,032,657,500 to be Baht 153,332,070,330 by issuing 10,029,941,283 new common shares at value of Baht 10 each. The new authorised shares will be allotted as follow, 10,000 million shares will be allotted for right offering and 29.94 million shares will be reserved for International Finance Corporation ("IFC") pursuant to the loan agreement.

25.2 The Company's Audit Committee approved these interim financial statements for issue on 12 November 2008.