

TRUE MOVE COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
(UNAUDITED)**

30 SEPTEMBER 2009

True Move Company Limited
Balance Sheets
As at 30 September 2009 and 31 December 2008

		Consolidated		Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Notes	30 September	31 December	30 September	31 December
		2009	2008	2009	2008
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents		4,416,754,103	1,708,143,585	4,001,459,856	1,423,271,166
Restricted cash		43,664,035	43,584,663	43,664,035	43,584,663
Trade accounts receivable, net (including amounts due from related companies)	6	5,027,750,741	4,539,181,823	4,360,975,438	4,349,246,561
Amounts due from related companies	19	165,549,262	119,507,414	35,876,562	107,844,043
Inventories, net	7	1,063,528,295	1,189,376,454	101,208,599	44,481,360
Claimable value added tax		99,150,224	379,849,268	-	241,889,790
Other current assets	8	1,536,356,994	1,396,931,430	1,378,012,913	1,290,082,900
Total current assets		12,352,753,654	9,376,574,637	9,921,197,403	7,500,400,483
Non-current assets					
Property, plant and equipment, net	10	34,064,090,564	35,226,923,865	33,705,952,326	34,926,846,079
Intangible assets, net	10	3,649,061,350	1,516,371,881	3,635,315,029	1,506,818,677
Forward contract receivable		-	320,686,335	-	320,686,335
Other non-current assets		173,463,334	145,148,050	134,289,810	116,885,018
Total non-current assets		37,886,615,248	37,209,130,131	37,475,557,165	36,871,236,109
Total assets		50,239,368,902	46,585,704,768	47,396,754,568	44,371,636,592

Director _____ Director _____

True Move Company Limited
Balance Sheets (Cont'd)
As at 30 September 2009 and 31 December 2008

	Notes	Consolidated		Company	
		(Unaudited) 30 September 2009 Baht	(Audited) 31 December 2008 Baht	(Unaudited) 30 September 2009 Baht	(Audited) 31 December 2008 Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts and notes payable (including amount due to related companies)	11	6,856,580,102	8,341,098,187	3,935,823,678	6,371,103,523
Other accounts payable		299,923,325	667,334,918	260,993,468	600,723,211
Current portion of long-term borrowings	12	1,453,906,492	1,683,387,036	1,453,906,492	1,683,387,036
Amounts due to related companies	19	72,617,961	157,968,545	154,356,574	258,730,200
Accrued expenses		1,487,587,185	1,052,451,341	1,524,536,845	1,087,542,991
Accrued regulatory cost		5,713,881,402	2,721,111,871	5,713,881,402	2,721,111,871
Unearned service income		253,251,621	199,970,244	253,251,621	197,766,194
Forward contract payable		555,452,069	874,345,336	555,452,069	874,345,336
Liability under agreement for operation	13	394,615,726	315,338,061	394,615,726	315,338,061
Other current liabilities		156,410,694	443,502,864	154,795,120	132,392,556
Total current liabilities		17,244,226,577	16,456,508,403	14,401,612,995	14,242,440,979
Non-current liabilities					
Notes payable	11	428,061,674	359,771,781	428,061,674	359,771,781
Long-term borrowings	12	24,584,147,430	26,568,454,863	24,584,147,430	26,568,454,863
Forward contract payable		2,822,695,353	3,605,244,180	2,822,695,353	3,605,244,180
Liability under agreement for operation	13	4,308,557,556	2,245,087,280	4,308,557,556	2,245,087,280
Total non-current liabilities		32,143,462,013	32,778,558,104	32,143,462,013	32,778,558,104
Total liabilities		49,387,688,590	49,235,066,507	46,545,075,008	47,020,999,083
Shareholders' equity					
Share capital					
Authorised share capital	14	37,281,254,160	34,700,206,930	37,281,254,160	34,700,206,930
Issued and paid-up share capital		37,281,254,160	34,700,206,930	37,281,254,160	34,700,206,930
Premium on share capital	14	1,858,400,000	1,858,400,000	1,858,400,000	1,858,400,000
Deficits		(38,287,974,600)	(39,207,969,421)	(38,287,974,600)	(39,207,969,421)
Equity holders of the company (deficit)		851,679,560	(2,649,362,491)	851,679,560	(2,649,362,491)
Minority interest		752	752	-	-
Total shareholders' equity (deficit)		851,680,312	(2,649,361,739)	851,679,560	(2,649,362,491)
Total liabilities and shareholders' equity		50,239,368,902	46,585,704,768	47,396,754,568	44,371,636,592

The notes are an integral part of these interim financial statements.

True Move Company Limited
Statements of Income (Unaudited)
For the three-month periods ended 30 September 2009 and 2008

	Notes	Consolidated		Company	
		30 September 2009 Baht	30 September 2008 Baht	30 September 2009 Baht	30 September 2008 Baht
Revenues from mobile phone and other services		7,609,847,222	7,439,866,546	7,383,309,408	7,169,742,313
Revenues from product sales		533,578,953	178,188,890	532,099,272	143,086,853
Total revenues		8,143,426,175	7,618,055,436	7,915,408,680	7,312,829,166
Cost of providing services		5,311,469,836	6,050,911,097	5,167,394,770	5,884,161,425
Cost of sales		467,054,200	154,229,023	444,738,828	128,245,722
Total costs		5,778,524,036	6,205,140,120	5,612,133,598	6,012,407,147
Gross profit		2,364,902,139	1,412,915,316	2,303,275,082	1,300,422,019
Other income		13,879,550	20,477,670	13,790,862	10,752,134
Other expenses		-	(4,522,058)	-	(4,522,058)
Selling expenses		(876,315,520)	(998,452,775)	(824,128,346)	(972,674,369)
Administrative expenses		(674,876,814)	(542,906,846)	(665,216,715)	(446,031,877)
Profit (loss) before financial costs and income tax		827,589,355	(112,488,693)	827,720,883	(112,054,151)
Financial costs, net	16	(1,102,042,786)	(4,003,545,170)	(1,102,174,314)	(4,003,979,712)
Loss before income tax		(274,453,431)	(4,116,033,863)	(274,453,431)	(4,116,033,863)
Income tax	17	-	-	-	-
Net loss for the period		(274,453,431)	(4,116,033,863)	(274,453,431)	(4,116,033,863)
Attributable to:					
Equity holders of the company		(274,453,431)	(4,116,033,863)	(274,453,431)	(4,116,033,863)
Minority interest		-	-	-	-
		(274,453,431)	(4,116,033,863)	(274,453,431)	(4,116,033,863)
Basic loss per share	18				
Net loss for the period		(0.07)	(1.23)	(0.07)	(1.23)

The notes are an integral part of these interim financial statements.

True Move Company Limited
Statements of Income (Unaudited)
For the nine-month periods ended 30 September 2009 and 2008

	Notes	Consolidated		Company	
		30 September 2009 Baht	30 September 2008 Baht	30 September 2009 Baht	30 September 2008 Baht
Revenues from mobile phone and other services		22,756,732,619	23,348,795,986	21,997,219,795	22,638,858,722
Revenues from product sales		1,609,394,846	517,461,385	1,561,953,645	313,925,869
Total revenues		24,366,127,465	23,866,257,371	23,559,173,440	22,952,784,591
Cost of providing services		16,203,000,777	18,480,092,651	15,745,495,332	17,923,108,409
Cost of sales		1,435,865,011	473,816,078	1,393,211,053	264,628,334
Total costs		17,638,865,788	18,953,908,729	17,138,706,385	18,187,736,743
Gross profit		6,727,261,677	4,912,348,642	6,420,467,055	4,765,047,848
Other income		20,835,716	139,497,421	22,532,890	120,153,733
Other expenses		(1,229,146)	(20,340,343)	(1,229,146)	(20,340,343)
Selling expenses		(2,669,358,890)	(2,823,646,405)	(2,430,903,118)	(2,495,261,828)
Administrative expenses		(1,901,737,212)	(1,629,717,955)	(1,834,115,715)	(1,790,496,924)
Profit before financial costs and income tax		2,175,772,145	578,141,360	2,176,751,966	579,102,486
Financial costs, net	16	(1,255,777,324)	(4,643,842,677)	(1,256,757,145)	(4,644,803,803)
Profit (loss) before income tax		919,994,821	(4,065,701,317)	919,994,821	(4,065,701,317)
Income tax	17	-	-	-	-
Net profit (loss) for the period		919,994,821	(4,065,701,317)	919,994,821	(4,065,701,317)
Attributable to:					
Equity holders of the company		919,994,821	(4,065,701,317)	919,994,821	(4,065,701,317)
Minority interest		-	-	-	-
		919,994,821	(4,065,701,317)	919,994,821	(4,065,701,317)
Basic earnings (loss) per share					
Net profit (loss) for the period	18	0.25	(1.21)	0.25	(1.21)

The notes are an integral part of these interim financial statements.

True Move Company Limited
Statements of Changes in Shareholders' Equity (Deficit) (Unaudited)
For the nine-month periods ended 30 September 2009 and 2008

	Consolidated				
	Issued and paid-up share capital Baht	Premium on share capital Baht	Deficit Baht	Minority interest Baht	Total Baht
Opening balance as at 1 January 2009	34,700,206,930	1,858,400,000	(39,207,969,421)	752	(2,649,361,739)
Additional shares (Note 14)	2,581,047,230	-	-	-	2,581,047,230
Net profit for the period	-	-	919,994,821	-	919,994,821
Closing balance as at 30 September 2009	<u>37,281,254,160</u>	<u>1,858,400,000</u>	<u>(38,287,974,600)</u>	<u>752</u>	<u>851,680,312</u>
Opening balance as at 1 January 2008					
As previously reported	33,600,167,640	1,858,400,000	(32,121,425,082)	700	3,337,143,258
Prior year adjustment	-	-	(2,161,164,759)	-	(2,161,164,759)
As restated	33,600,167,640	1,858,400,000	(34,282,589,841)	700	1,175,978,499
Additional shares	39,290	-	-	52	39,342
Net profit for the period	-	-	(4,065,701,317)	-	(4,065,701,317)
Closing balance as at 30 September 2008	<u>33,600,206,930</u>	<u>1,858,400,000</u>	<u>(38,348,291,158)</u>	<u>752</u>	<u>(2,889,683,476)</u>

	Company			
	Issued and paid-up share capital Baht	Premium on share capital Baht	Deficit Baht	Total Baht
Opening balance as at 1 January 2009	34,700,206,930	1,858,400,000	(39,207,969,421)	(2,649,362,491)
Additional shares (Note 14)	2,581,047,230	-	-	2,581,047,230
Net profit for the period	-	-	919,994,821	919,994,821
Closing balance as at 30 September 2009	<u>37,281,254,160</u>	<u>1,858,400,000</u>	<u>(38,287,974,600)</u>	<u>851,679,560</u>
Opening balance as at 1 January 2008				
As previously reported	33,600,167,640	1,858,400,000	(32,121,425,082)	3,337,142,558
Prior year adjustment	-	-	(2,161,164,759)	(2,161,164,759)
As restated	33,600,167,640	1,858,400,000	(34,282,589,841)	1,175,977,799
Additional shares	39,290	-	-	39,290
Net profit for the period	-	-	(4,065,701,317)	(4,065,701,317)
Closing balance as at 30 September 2008	<u>33,600,206,930</u>	<u>1,858,400,000</u>	<u>(38,348,291,158)</u>	<u>(2,889,684,228)</u>

The notes are an integral part of these interim financial statements.

True Move Company Limited
Statements of Cash Flows (Unaudited)
For the nine-month periods ended 30 September 2009 and 2008

	Consolidated		Company	
	30 September 2009 Baht	30 September 2008 Baht	30 September 2009 Baht	30 September 2008 Baht
Cash flows from operating activities				
Net profit (loss) for the period	919,994,821	(4,065,701,317)	919,994,821	(4,065,701,317)
Adjustments:				
Interest income	(25,597,215)	(45,267,837)	(24,584,395)	(43,943,948)
Interest expenses on long-term borrowings	2,504,324,976	2,293,179,161	2,504,324,976	2,293,177,936
Interest expenses on liability under agreement for operation minimum payment	13 308,728,258	216,973,289	308,728,258	216,973,289
Depreciation charges	10 2,909,059,098	3,632,865,510	2,872,502,541	3,608,307,267
Amortisation of debt issuance costs	112,096,405	126,497,684	112,096,405	126,497,684
Amortisation of intangible assets	10 150,189,184	169,985,496	149,056,551	169,263,141
Amortisation of minimum payment of agreement for operation	10 64,076,418	64,076,418	64,076,418	64,076,418
Realised net gain on exchange rate	(158,943,172)	(160,497,972)	(158,943,172)	(160,497,972)
Realised net loss on exchange rate from repayment borrowings	163,821,737	158,985,812	163,821,737	158,985,812
Unrealised net (gain) loss on exchange rate	(1,637,457,875)	2,356,722,282	(1,637,386,200)	2,356,737,639
Doubtful accounts	15 318,646,451	230,367,558	300,812,787	403,499,488
Finished goods written down	-	21,521,541	-	6,005,503
Write-off prepaid withholding tax	645	-	45	-
Write-off and loss on disposals of equipment	15 6,401,743	16,769,747	4,319,856	5,144,731
Changes in operating assets and liabilities				
- trade accounts receivable	(808,498,542)	4,135,434,319	(313,827,791)	3,767,487,909
- amounts due from related companies	(46,041,848)	(7,511,349)	71,967,481	(9,063,921)
- inventories	125,848,159	300,103,128	(56,727,239)	12,218,956
- claimable value added tax	280,699,044	142,266,349	241,889,791	162,790,516
- other current assets	71,702,399	(276,988,985)	65,962,878	(262,668,255)
- other non-current assets	(28,315,009)	343,960,652	(17,404,518)	319,003,024
- trade accounts payable	(1,100,327,441)	(4,815,446,996)	(2,050,165,427)	(4,408,075,216)
- other accounts payable	(359,690,314)	(259,651,737)	(337,913,055)	(244,969,839)
- amounts due to related companies	(82,878,590)	(62,772,958)	(104,373,625)	63,487,972
- accrued expenses	3,142,790,858	3,911,925,900	3,144,648,868	3,949,105,351
- other current liabilities	(233,810,793)	(451,050,035)	77,887,990	(451,811,142)
- liability under agreement for operation minimum payment	(435,000,000)	(285,000,000)	(435,000,000)	(285,000,000)
Cash generated from operations	6,161,819,397	7,691,745,660	5,865,765,981	7,751,031,026
<u>Add</u> Interest received	20,651,627	37,337,361	19,758,483	36,102,688
<u>Less</u> Interest paid	(2,231,473,068)	(2,070,683,566)	(2,231,473,068)	(2,070,682,341)
Income tax paid (withholding tax)	(258,621,442)	(357,288,023)	(202,498,354)	(328,763,487)
Net cash flows from operating activities	3,692,376,514	5,301,111,432	3,451,553,042	5,387,687,886

The notes are an integral part of these interim financial statements.

True Move Company Limited
Statements of Cash Flows (Unaudited) (Cont'd)
For the nine-month periods ended 30 September 2009 and 2008

	Note	Consolidated		Company	
		30 September 2009 Baht	30 September 2008 Baht	30 September 2009 Baht	30 September 2008 Baht
Cash flows from investing activities					
Increase in restricted cash		(79,372)	(84,589)	(79,372)	(84,589)
Purchases of intangible assets		(43,808,885)	(65,240,039)	(38,483,134)	(64,665,839)
Purchases of non-network assets		(228,052,406)	(237,936,041)	(122,830,394)	(156,135,081)
Purchases of network equipment		(1,856,596,737)	(3,020,885,646)	(1,856,596,737)	(3,020,885,646)
Proceeds from disposals of equipment		146,119	4,466,186	-	4,449,397
Net cash used in investing activities		(2,128,391,281)	(3,319,680,129)	(2,017,989,637)	(3,237,321,758)
Cash flows from financing activities					
Proceeds from additional share capital	14	2,581,047,230	39,290	2,581,047,230	39,290
Proceeds from share call up of subsidiary from minority interest		-	52	-	-
Proceed from short-term borrowings from related company		-	500,000	-	-
Payment of short-term borrowings from related company		-	(500,000)	-	-
Payment of long-term borrowings		(1,435,864,717)	(1,159,838,312)	(1,435,864,717)	(1,159,838,312)
Payment on issue of US Dollar note		-	(37,560)	-	(37,560)
Net cash generated from (used in) financing activities		1,145,182,513	(1,159,836,530)	1,145,182,513	(1,159,836,582)
Net increase in cash and cash equivalents		2,709,167,746	821,594,773	2,578,745,918	990,529,546
Cash and cash equivalents - opening balance		1,708,143,585	2,572,183,052	1,423,271,166	1,924,756,094
Effect of exchange rate change on cash		(557,228)	(116,459)	(557,228)	(116,459)
Cash and cash equivalents - closing balance		4,416,754,103	3,393,661,366	4,001,459,856	2,915,169,181

Non-cash transactions

Significant non-cash transactions for the nine-month periods ended 30 September 2009 and 2008 comprise:

	Consolidated		Company	
	2009 Million Baht	2008 Million Baht	2009 Million Baht	2008 Million Baht
Acquisitions of property and equipment which have not been paid as at 30 September	457.29	3.65	437.47	319.81
Recognition of the additional minimum payment as intangible asset and liability under agreements for operations (Note 13)	2,269.02	-	2,269.02	-

The notes are an integral part of these interim financial statements.

1 General information

True Move Company Limited (“the Company”) is incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

18 True Tower, Ratchadapisek Road, Huai Khwang District, Bangkok 10310.

These interim financial statements have been approved for issue by the Company’s directors on 12 November 2009.

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

2 Basis of preparation

These interim consolidated and company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547. The notes to the interim consolidated and company financial statements are prepared in a condensed format according to Thai Accounting Standard No. 34 (revised 2007) “Interim Financial Reporting (formerly TAS 41)”.

Comparative figures have been adjusted to conform with the minimum requirements announced by the Department of Business Development Regulation dated 30 January 2009 in relation to the format of Financial Statements B.E. 2552. It effects from 1 January 2009.

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.

3 Summary of significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008 except for change in accounting estimate as described in Note 4.

Revised standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework.

TAS 36 (revised 2007) Impairment of Assets
IFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)
Accounting Framework (revised 2007) (effective 26 June 2009)

These two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which have not been early adopted by the Company are as follows:

Effective for the period beginning on or after 1 January 2011
TAS 24 (revised 2007) Related Party Disclosure (formerly TAS 47)
TAS 40 Investment Property

Effective for the period beginning on or after 1 January 2012
TAS 20 Accounting for Government Grants and Disclosure for Government Assistance

The Company’s management has determined that the revised standard and the new standards will not significantly impact the financial statements being presented.

Thai Accounting Standards were renumbered with an effect on 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the number used in the International Financial Reporting Standards.

4 Change in accounting estimates

Property, plant and equipment held under the Agreement for Operation are depreciated over the shorter of their useful lives or the remaining agreement period. According to the conditions stipulated in the Memorandum of Agreement (“MOA”) as disclosed in note 22, the Company has been granted the right to use assets transferred to the grantor (“CAT”) to 2018. Consequently, the depreciation for the period of those assets having their estimated useful lives longer than 2013 would be decreased.

The impact of the change in the current period and future periods can be summarised as follows:

	Before impact of MOA Million Baht	After impact of MOA Million Baht
Net book value of assets transferred to the grantor as at 31 December 2008	11,348.56	11,348.56
Depreciation charges for three-month period ended 30 September 2009	593.36	385.33
Depreciation charges for nine-month period ended 30 September 2009	1,760.74	1,143.44
Depreciation charges for year ending 31 December 2009	2,354.11	1,528.77

5 Financial position

As at 30 September 2009, consolidated current liabilities exceed consolidated current assets by Baht 4,891.47 million. The ultimate parent company and its shareholders entered into the Sponsor Support Agreements (“SSA”) with the secured lenders of True Move pursuant to which they agreed to provide financial support as set forth below:

- 5.1 In the case of regulatory sponsor support to governmental authorities arising out the mobile phone agreement: where True Move experiences cash shortfalls for its normal operations due to regulatory costs as specified in the SSA, the sponsors shall provide financial support for the amount of the shortfall caused by the excess regulatory costs.
- 5.2 In the case of general cash deficiency sponsor support: where the cash flows of True Move are insufficient for its normal operations or debt repayments pursuant to the terms of the financing documents with its lenders, the ultimate parent company and its shareholder will provide financial support to True Move in a total amount not exceeding Baht 10.5 billion.

Under the terms and conditions of the SSA, the ultimate parent company, its shareholder and concerned parties must comply with certain conditions as stipulated in the SSA. The sponsor support funds must be injected into True Move in the form as specified in the SSA in order to support True Move to continue its operations on going basis.

In order to support cash flow of the Company, the shareholder of the ultimate parent company and the ultimate parent company injected sponsor support as follows:

	Billion Baht
13 December 2007	3.0
9 December 2008	1.1
12 March 2009	2.6
Total	<u>6.7</u>

True Move Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the nine-month periods ended 30 September 2009 and 2008

6 Trade accounts receivable, net

	Consolidated		Company	
	30 September 2009 Baht	31 December 2008 Baht	30 September 2009 Baht	31 December 2008 Baht
Trade accounts receivable				
- related companies (Note 19)	2,514,598,324	2,283,612,101	3,933,455,724	4,234,964,765
- others	2,570,654,320	2,034,709,034	2,514,653,358	1,940,883,559
Unbilled receivables	1,069,873,841	1,029,708,005	1,069,873,841	1,029,708,005
	6,155,126,485	5,348,029,140	7,517,982,923	7,205,556,329
<u>Less</u> Allowance for doubtful accounts	<u>(1,127,375,744)</u>	<u>(808,847,317)</u>	<u>(3,157,007,485)</u>	<u>(2,856,309,768)</u>
Trade accounts receivable, net	<u>5,027,750,741</u>	<u>4,539,181,823</u>	<u>4,360,975,438</u>	<u>4,349,246,561</u>

7 Inventories, net

	Consolidated		Company	
	30 September 2009 Baht	31 December 2008 Baht	30 September 2009 Baht	31 December 2008 Baht
Finished goods	239,070,316	295,564,482	101,208,599	44,481,360
Cash cards	811,605,030	878,883,990	-	-
Packaging materials	12,852,949	14,927,982	-	-
Inventories, net	<u>1,063,528,295</u>	<u>1,189,376,454</u>	<u>101,208,599</u>	<u>44,481,360</u>

8 Other current assets

	Consolidated		Company	
	30 September 2009 Baht	31 December 2008 Baht	30 September 2009 Baht	31 December 2008 Baht
Prepaid withholding tax	808,388,266	549,767,424	677,485,512	474,987,158
Prepaid expenses	304,077,006	276,115,408	295,262,215	268,577,934
Accounts receivable - others	143,077,781	154,124,960	142,711,754	148,176,052
Input tax not yet due	101,174,712	235,669,081	87,450,428	219,268,352
Prepaid regulatory costs	72,038,422	56,952,023	72,038,422	56,952,023
Forward contract receivable	6,594	64,137,267	6,594	64,137,267
Others	107,594,213	60,165,267	103,057,988	57,984,114
	<u>1,536,356,994</u>	<u>1,396,931,430</u>	<u>1,378,012,913</u>	<u>1,290,082,900</u>

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9 Investment in subsidiaries

<u>Name of subsidiaries</u>	<u>Type of business</u>	<u>Paid-up share capital</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>
True Distribution and Sales Company Limited	Trading and providing services for telecommunication equipment	(Baht) 1,000,000	Thailand	99.93%
True Music Company Limited	Content Provider	(Baht) 200,000	Thailand	99.97%

As at 30 September 2009, the investment in True Distribution and Sales Company Limited has been pledged to secure long-term borrowings of the Company (Note 12).

The Company provided for allowance for doubtful accounts for trade accounts receivable-subsiary, as shown in Note 19, for those amount considered uncollectible. Therefore, the profit and loss for the periods on the consolidated and company financial statements are identical.

10 Property, plant, equipment and intangible assets, net

	<u>Consolidated</u>		<u>Company</u>	
	<u>Property, plant and equipment Baht</u>	<u>Intangible assets Baht</u>	<u>Property, plant and equipment Baht</u>	<u>Intangible assets Baht</u>
For the nine-month period ended 30 September 2009				
Opening net book value	35,226,923,865	1,516,371,881	34,926,846,079	1,506,818,677
Additions	1,833,662,080	2,312,828,567	1,736,781,380	2,307,502,817
Disposals and write off	(6,547,862)	-	(4,319,856)	-
Transfers	(34,126,504)	34,126,504	(34,126,504)	34,126,504
Adjustments	(46,761,917)	-	(46,726,232)	-
Depreciation and amortisation	(2,909,059,098)	(214,265,602)	(2,872,502,541)	(213,132,969)
Closing net book value	<u>34,064,090,564</u>	<u>3,649,061,350</u>	<u>33,705,952,326</u>	<u>3,635,315,029</u>

As at 30 September 2009, intangible assets include "Right to operate" of Baht 2,610.76 million, net of Baht 1,046.58 million accumulated amortisation. The related amortisation for the period was Baht 64.08 million. Additions during the period of Baht 2,269.02 million was discussed in Note 13.

For the nine-month period ended 30 September 2009, borrowing costs of Baht 74.39 million were capitalised as cost of network equipment.

	<u>Consolidated and Company Million Baht</u>
Capital commitments	
As at 30 September 2009	980.26
As at 31 December 2008	1,863.03

According to the agreement for operation granted by CAT, during the nine-month period ended 30 September 2009, the Company transferred network assets with net book value of Baht 178.71 million to CAT. CAT is now in the process of investigation those transferred network assets. The Company still has right to operate the mobile phone service over the transferred assets.

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11 Trade accounts and notes payable

	Consolidated		Company	
	30 September 2009 Baht	31 December 2008 Baht	30 September 2009 Baht	31 December 2008 Baht
Current				
Trade accounts payable				
- related companies (Note 19)	3,889,862,672	4,852,882,465	1,039,014,598	2,999,865,837
- others	2,384,915,556	3,234,232,523	2,315,007,206	3,117,254,487
Notes payable	581,801,874	253,983,199	581,801,874	253,983,199
Total current	6,856,580,102	8,341,098,187	3,935,823,678	6,371,103,523
Non-current				
Notes payable	428,061,674	359,771,781	428,061,674	359,771,781
Total non-current	428,061,674	359,771,781	428,061,674	359,771,781
Trade accounts and notes payable	7,284,641,776	8,700,869,968	4,363,885,352	6,730,875,304

The trade accounts payable-others mainly represent payables to network construction companies who provide supplier credit to the Company. According to the construction agreement, once the supplier's invoices become due those invoices are converted to note payable. The terms of the notes payable are based on the terms of the contracts with vendors.

As at 30 September 2009, notes payable are interest free promissory notes denominated in US Dollar of US\$ 29.97 million (31 December 2008: US\$ 8.72 million) issued to supplier for payment of network equipment acquired. The first payment will be due on 25 December 2009 and the final maturity date will be due on 11 April 2011.

12 Borrowings and loans

	Consolidated and Company	
	30 September 2009 Baht	31 December 2008 Baht
Current		
- Banks and financial institutions	1,453,906,492	1,683,387,036
Total current	1,453,906,492	1,683,387,036
Non-current		
- Banks and financial institutions	1,809,014,168	2,909,771,331
- US Dollar notes	22,775,133,262	23,658,683,532
Total non-current	24,584,147,430	26,568,454,863
Total borrowings	26,038,053,922	28,251,841,899

12 Borrowings and loans (Cont'd)

12.1 Borrowings from banks and financial institutions

	Consolidated and Company	
	30 September	31 December
	2009	2008
	Baht	Baht
Current	1,453,906,492	1,683,387,036
Non-current	1,809,014,168	2,909,771,331
Total borrowings	<u>3,262,920,660</u>	<u>4,593,158,367</u>

The movements in borrowings are as follows:

	Consolidated and Company
	30 September
	2009
	Baht
For the nine-month period ended 30 September 2009	
Opening net book value	4,593,158,367
Loan repayment during the year	(1,272,042,980)
Amortisation of debt issuance costs	43,063,393
Currency translation	(101,258,120)
Closing net book value	<u>3,262,920,660</u>

Included in long-term borrowings are loans from a related company amounting to Baht 2,420.11 million (31 December 2008: Baht 3,585.14 million) (Note 19).

12.2 US Dollar notes

	Consolidated and Company	
	30 September	31 December
	2009	2008
	Baht	Baht
Non-current	22,775,133,262	23,658,683,532
Total borrowings	<u>22,775,133,262</u>	<u>23,658,683,532</u>

The movements in borrowings are as follows:

	Consolidated and Company
	Baht
For the nine-month period ended 30 September 2009	
Opening net book value	23,658,683,532
Amortisation of debt issuance costs	72,237,730
Currency translation	(955,788,000)
Closing net book value	<u>22,775,133,262</u>

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12 Borrowings and loans (Cont'd)

12.3 Credit facilities

The Group and the Company have the following undrawn committed credit facilities:

	Consolidated and Company	
	30 September 2009 Baht	31 December 2008 Baht
Expiring beyond one year	62,080,674	66,425,860
	<u>62,080,674</u>	<u>66,425,860</u>

The credit facilities such as bank guarantee, letter of credit and short-term loan have been arranged to use for general operations and activities of the Group and the Company.

13 Liability under agreement for operation

Detail of liabilities under agreement for operation can be summarised as follow:

	Consolidated and Company	
	30 September 2009 Baht	31 December 2008 Baht
Current	394,615,726	315,338,061
Non-current	4,308,557,556	2,245,087,280
	<u>4,703,173,282</u>	<u>2,560,425,341</u>

Movement of liabilities under agreement for operation can be analysed as follow:

	Consolidated and Company Baht
For the nine-month period ended 30 September 2009	
Opening net book value	2,560,425,341
Addition	2,269,019,683
Repayments	(435,000,000)
Interest expense charges	308,728,258
Closing net book value	<u>4,703,173,282</u>

According to the MOA as described in Note 22, the Company recognised “Right to operate” as intangible assets (Note 10) and “Liabilities under agreement for operation” amounting to Bath 2,269.02 million in the balance sheet. This amount is derived from the best estimated cost of obtaining right discounted by MLR at the MOA’s signing date and might be changed should the company reach the definitive agreement. The interest derived from liabilities being capitalised and contrary recognised in the consolidated and company statement of income.

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14 Share capital and premium on share capital

	Consolidated and Company			Total Baht
	Number of shares	Ordinary shares Baht	Premium on share capital Baht	
As at 31 December 2008	3,470,020,693	34,700,206,930	1,858,400,000	36,558,606,930
Issue of shares	258,104,723	2,581,047,230	-	2,581,047,230
As at 30 September 2009	<u>3,728,125,416</u>	<u>37,281,254,160</u>	<u>1,858,400,000</u>	<u>39,139,654,160</u>

As at 30 September 2009, the total authorised number of ordinary shares is 3,728,125,416 shares (31 December 2008: 3,470,020,693 shares) with a par value of Baht 10 per share. All issued shares are fully paid. The Company issued 1,510 ordinary shares, 258,100,000 ordinary shares and 3,213 ordinary shares and received subscription of all additional shares at par value and registered the increases of share capital with the Ministry of Commerce on 23 January 2009, 17 March 2009 and 26 May 2009, respectively. The issuance of share was approved by the shareholders at Extraordinary General Meeting No.1/2009.

15 Expense by nature

The following expenditures, classified by nature, have been charged in arriving at profit before financial costs and income tax.

For the three-month periods ended 30 September	Consolidated		Company	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Depreciation on property, plant and equipment	960,113,596	1,456,889,884	946,084,884	1,443,944,141
Amortisation intangible assets	71,839,723	69,550,952	71,409,191	69,300,468
Doubtful accounts	99,997,270	78,156,194	113,679,347	(14,630,079)
Write-off and loss on disposals of equipment	2,143,478	1,618,265	95,302	1,398,784
For the nine-month periods ended 30 September				
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Depreciation on property, plant and equipment (Note 10)	2,909,059,098	3,632,865,510	2,872,502,541	3,608,307,267
Amortisation intangible assets (Note 10)	214,265,602	234,061,914	213,132,969	233,339,559
Doubtful accounts	318,646,451	230,367,558	300,812,787	403,499,488
Write-off and loss on disposals of equipment	6,401,743	16,769,747	4,319,856	5,144,731

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16 Financial costs, net

For the three-month periods ended 30 September	Consolidated		Company	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Net foreign exchange loss	253,624,683	3,110,907,690	253,627,685	3,110,942,521
Interest income	(8,794,748)	(22,723,908)	(8,666,222)	(22,324,197)
Interest expense	820,557,944	877,842,758	820,557,944	877,842,758
Other financial costs	36,654,907	37,518,630	36,654,907	37,518,630
Financial costs, net	<u>1,102,042,786</u>	<u>4,003,545,170</u>	<u>1,102,174,314</u>	<u>4,003,979,712</u>
For the nine-month periods ended 30 September	Consolidated		Company	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Net foreign exchange (gain)/loss	(1,634,933,174)	2,064,423,691	(1,634,966,173)	2,064,062,153
Interest income	(25,597,215)	(45,267,837)	(24,584,395)	(43,943,948)
Interest expense	2,813,053,234	2,510,152,449	2,813,053,234	2,510,151,224
Other financial costs	103,254,479	114,534,374	103,254,479	114,534,374
Financial costs, net	<u>1,255,777,324</u>	<u>4,643,842,677</u>	<u>1,256,757,145</u>	<u>4,644,803,803</u>

17 Income tax

There is no tax amount to be paid as there are accumulated losses carried forward.

18 Basic earnings (loss) per share

Basic earnings (loss) per share attributable to the equity holders of the Company is calculated by dividing the net profit (loss) attributable to the equity holders of the Company by the weighted average number of common shares in issue during the period.

For the three-month periods ended 30 September	Consolidated and Company	
	2009	2008
Net loss attributable to the shareholders (Baht)	(274,453,431)	(4,116,033,863)
Weighted average number of common shares in issue during the period (Shares)	3,728,125,416	3,360,020,693
Basic loss per share (Baht)	(0.07)	(1.23)
For the nine-month periods ended 30 September	Consolidated and Company	
	2009	2008
Net profit (loss) attributable to the shareholders (Baht)	919,994,821	(4,065,701,317)
Weighted average number of common shares in issue during the period (Shares)	3,657,216,994	3,360,019,904
Basic earnings (loss) per share (Baht)	0.25	(1.21)

19 Related party transactions

The Company is owned by Bangkok Inter Teletech Public Company Limited (“BITCO”), incorporated in Thailand, at 99.92% (2008: 99.91%) of the Company’s ordinary shares. BITCO is controlled by True Corporation Public Company Limited (“TRUE”), which own 98.91% (directly own 96.43% and indirectly owned 2.48%) of BITCO’s total ordinary shares. TRUE is the ultimate parent company.

In the normal course of business, the Group and the Company enter into transactions with shareholders and related companies. The terms and basis of such transactions are carried out on a basis agreed between the parties in the ordinary course of business and according to normal trade conditions.

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19 Related party transactions (Cont'd)

The following significant transactions were carried out with shareholders and related companies:

i) Sales of goods and services

For the nine-month periods ended 30 September	Consolidated		Company	
	2009 Million Baht	2008 Million Baht	2009 Million Baht	2008 Million Baht
Sales of mobile phone handsets and Sim cards				
- ultimate parent company	5.30	2.64	3.70	-
- subsidiaries company	-	-	275.00	224.77
- fellow subsidiaries	213.34	150.70	76.26	89.09
- related companies	4.98	7.67	-	-
Sales of cash cards				
- fellow subsidiaries	5.51	6.29	-	-
- related companies	2,309.55	2,822.37	-	-
Service income from mobile				
- ultimate parent company	11.50	-	11.50	-
- fellow subsidiaries	171.17	47.91	171.17	47.91
- related companies	2.67	11.34	2.62	11.29
Service income from service charge				
- ultimate parent company	33.65	-	16.97	-
- fellow subsidiaries	220.19	104.45	114.81	77.35
Commission income				
- fellow subsidiaries	581.32	570.63	0.35	8.10
Other income				
- ultimate parent company	-	1.18	-	1.15
- fellow subsidiaries	-	28.24	-	11.54

Sales of mobile phone handsets and sim cards to related companies were carried out on related terms and conditions and at the actual cost plus certain margin.

The sale and cost of cash card is reflected net in statement of income. The related receivables and payables are reflected gross in balance sheets.

Sales and commission income to related companies were carried out on commercial terms and conditions and at the actual cost plus certain margin, sale of cash cards to a related company was carried out at market prices equal to its face value.

Sale of cash cards to a related company was carried out at market prices equal to its face-value. The Group received commission income for the nine-month period ended 30 September 2009 of Baht 423.87 million (30 September 2008: Baht 497.23 million) from a fellow subsidiary company in True Group at the commission rate as stipulated in the agreement for the distribution of cash cards to retail outlets. On the other hand, the Group has to pay commission expenses for the nine-month period ended 30 September 2009 of Baht 140.30 million (30 September 2008: Baht 137.40 million) (as shown in under 19 ii) "Purchase of goods and services") to other related company for its margin. The net profit (loss) regarding to distribution of cash card is amounting to Baht 283.57 million (30 September 2008: Baht 359.83 million).

The cash card could be used to buy various services within True Group. In case where subscribers use our network, the Group records face value of cash cards as "unearned service income" in the balance sheet. The Group recognised revenue based on the actual airtime minutes. The Company would pay commission expense to a fellow subsidiary company for connecting subscribers to our network. The commission expense paid in this respect for the nine-month period ended 30 September 2009 was Baht 572.70 million (30 September 2008: Baht 621.70 million).

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19 Related party transactions (Cont'd)

ii) Purchase of goods and services

For the nine-month periods ended 30 September	Consolidated		Company	
	2009	2008	2009	2008
	Million Baht	Million Baht	Million Baht	Million Baht
Purchase of mobile phone handsets and accessories				
- ultimate parent company	1.39	8.83	-	-
- subsidiaries company	-	-	804.91	185.60
- fellow subsidiaries	44.76	78.16	-	-
- related companies	5.42	173.11	-	-
Purchase of cash cards				
- fellow subsidiaries	7,740.42	8,514.88	109.57	130.66
Cost of content				
- subsidiaries company	-	-	33.05	50.30
- fellow subsidiaries	154.71	204.05	148.34	202.30
- related companies	0.44	1.81	0.44	1.81
Roaming/IP cost				
- fellow subsidiaries	258.16	112.49	258.16	112.49
Commission paid-cash card				
- fellow subsidiaries	572.70	621.70	572.48	621.43
- related companies	140.30	137.40	-	-
Network construction				
- fellow subsidiaries	178.34	60.97	178.34	60.97
Transmission rental expense				
- fellow subsidiaries	647.69	735.44	647.69	735.44
Network operating and maintenance				
- ultimate parent company	7.96	6.19	7.96	6.19
- fellow subsidiaries	12.04	9.70	11.76	7.92
- related companies	2.05	1.87	2.05	1.87
Personnel expense				
- related companies	14.15	10.81	13.48	10.72
Selling, advertising and publicity expenses				
- ultimate parent company	0.28	0.01	0.28	0.01
- fellow subsidiaries	54.94	56.28	54.86	52.57
- related companies	16.12	1.39	16.04	1.09
Office building expenses				
- ultimate parent company	0.31	-	-	-
- fellow subsidiaries	65.48	68.74	63.31	68.30
- related companies	23.52	22.68	23.51	22.68
Transportation expenses				
- fellow subsidiaries	144.18	128.06	45.46	29.38
- related companies	0.47	0.26	0.47	0.26
Collection fee				
- fellow subsidiaries	108.72	93.99	104.74	86.27
- related companies	0.03	15.97	0.01	15.97
Administrative expenses				
- ultimate parent company	53.43	6.74	53.43	6.74
- fellow subsidiaries	77.02	27.71	70.00	21.45
- related companies	15.36	7.85	10.81	7.85

Purchases from related companies, network construction, transmission rental expense and commission expense were carried out on commercial terms and conditions and at the actual cost plus margin except rental expense was carried out on market prices and purchase of PCT refilled card which was carried out on market prices deducted with agreed discount. Purchase of cash cards was carried out at market prices equal to its face-value. Content cost was carried out at market price.

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19 Related party transactions (Cont'd)

iii) Loans from a related company

	Consolidated and Company	
	30 September 2009	31 December 2008
	Million Baht	Million Baht
Current	1,252.27	1,457.37
Non-current	1,167.84	2,127.77
Total	2,420.11	3,585.14

Loans from a related company, KFW who is the preference shareholder of True Corporation, the ultimate parent company, is presented on the balance sheet as part of borrowings (Note 12.1).

Movements of loan from a related company can be analysed as follows:

	Consolidated and Company Million Baht
For the nine-month period ended 30 September 2009	
Opening net book value	3,585.14
Amortisation of debt issuance costs	39.57
Loan repayment during the period	(1,103.34)
Currency translation	(101.26)
Closing net book value	2,420.11

The related interest expenses were Baht 64.23 million and Baht 162.52 million for the nine-month periods ended 30 September 2009 and 2008, respectively.

iv) Outstanding balance arising from sales/purchases of goods/services

	Consolidated		Company	
	30 September 2009	31 December 2008	30 September 2009	31 December 2008
	Million Baht	Million Baht	Million Baht	Million Baht
Trade accounts receivable				
- ultimate parent company	10.29	99.75	4.26	78.07
- subsidiary company	-	-	2,036.30	2,514.14
- fellow subsidiaries	2,265.00	2,105.97	1,891.96	1,639.49
- related companies	239.31	77.89	0.94	3.26
	2,514.60	2,283.61	3,933.46	4,234.96
<u>Less</u> Allowance for doubtful debt	-	-	(2,039.86)	(2,057.69)
	2,514.60	2,283.61	1,893.60	2,177.27
Amount due from related companies				
- ultimate parent company	32.78	3.63	2.09	3.62
- subsidiary company	-	-	19.75	-
- fellow subsidiaries	132.77	115.88	14.04	104.22
	165.55	119.51	35.88	107.84

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19 Related party transactions (Cont'd)

iv) Outstanding balance arising from sales/purchases of goods/services (Cont'd)

	Consolidated		Company	
	30 September 2009 Million Baht	31 December 2008 Million Baht	30 September 2009 Million Baht	31 December 2008 Million Baht
Trade accounts payable				
- ultimate parent company	57.12	51.12	54.07	43.37
- subsidiary company	-	-	6.09	1,049.31
- fellow subsidiaries	3,831.74	4,797.11	977.83	1,906.48
- related companies	1.00	4.65	1.02	0.70
	<u>3,889.86</u>	<u>4,852.88</u>	<u>1,039.01</u>	<u>2,999.86</u>
Amount due to related companies				
- ultimate parent company	0.71	4.16	0.15	0.93
- subsidiary company	-	-	114.01	129.61
- fellow subsidiaries	70.26	149.69	39.03	124.08
- related companies	1.65	4.11	1.17	4.11
	<u>72.62</u>	<u>157.96</u>	<u>154.36</u>	<u>258.73</u>

Amounts due from and to related companies represent receivables and payables to TRUE, True Vision group and CP Group.

Trade account receivable related to cash card business approximately Baht 1,977.05 million and Baht 1,549.71 million, respectively (31 December 2008: Baht 1,925.11 million and Baht 1,180.62 million) are included in the consolidated and company financial statements. Trade accounts payable related to cash card business approximately Baht 3,174.23 million and Baht 397.43 million, respectively (31 December 2008: Baht 3,239.51 million and Baht 426.11 million) are included in the consolidated and company financial statements.

20 Bank guarantees

At 30 September 2009, there are outstanding bank guarantees of Baht 1,372.58 million (31 December 2008: Baht 1,368.82 million) on the consolidated and company basis issued by local banks on behalf of the Group and the Company in the normal course of business.

21 Dispute over TOT access charge

Refer to Note 29 to the 2008 annual financial statements, the company issued a written notification informing TOT and CAT that it will cease payment of access charge under the Access Charge Agreement on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects.

21 Dispute over TOT access charge (Cont'd)

If the company has to pay such access charges, the company would be liable to accrue access charges for the period from 18 November 2006 to 30 September 2009 are as follows:

	Accrued access charge Million Baht	Net effect to the statement of income, net of revenue sharing to CAT Million Baht
For the period from 18 November 2006 to 31 December 2008	9,144.09	6,827.32
For the nine-month period ended 30 September 2009	4,058.17	3,035.48
Total	13,202.26	9,862.80

The management and its external lawyer have opined that the Company would not be liable to pay the said access charge.

On 16 September 2009, the Civil Court and the Central Administrative Court agreed that this case is under the Central Administrative Court's jurisdiction. Then the case is now move to Central Administrative Court.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no provision for possible liability has been made in the financial statements.

22 Memorandum of Agreement for operation with CAT

Refer to Note 30.1 in 2008 annual financial statements, on 29 January 2009, the Company entered into the Memorandum of Agreement ("MOA") with CAT of its agreement for operations of cellular telephone services, Digital PCN (PERSONAL COMMUNICATION NETWORK) 1800. The MOA has contractual legally binding immediately. Whereby, the Company has retain right and obligation to use asset transferred to grantor and provide service as it were the agreement for operation for the next 5 year commencing from the expire date of agreement for operation. Under the MOA, the Company and the grantor must comply with the condition stipulated therein.

23 Litigation and arbitration dispute

Refer to Note 30.7 in 2008 annual financial statements, on 29 January 2009, CAT filed an arbitral dispute against the Company claiming for transfer of 4,546 units of masts and towers with their accessories to CAT. If, in any event, the transfer of the Company are impractical, the Company shall pay to CAT for the amount of Baht 2,766.16 million. The Company is currently in the process of making a statement of objection file to the Arbitration Office.

On 24 September 2009, the Company filed against CAT with the Civil Court claiming for the damage of Baht 50.00 million. The damage caused by CAT illegally failed to return Letters of Bank Guarantee ("LG") to the Company, thus the Company is being unable to efficiently facilitate its LG. Moreover, the Company is bound to pay the fees for those LG. The case is currently under the process of the Civil Court.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no provision for possible liability has been made in the financial statements.