

TRUE MOVE COMPANY LIMITED

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

30 SEPTEMBER 2007

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of True Move Company Limited

I have reviewed the accompanying consolidated and company balance sheets of True Move Company Limited and its subsidiary and of True Move Company Limited as at 30 September 2007, and the related consolidated and company statements of income for the three-month and nine-month periods ended 30 September 2007 and 2006, and the related consolidated and company statements of changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 2007 and 2006. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

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

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

I have audited the consolidated and company financial statements for the year ended 31 December 2006 of True Move Company Limited and its subsidiary and of True Move Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 27 February 2007. The consolidated and company balance sheets as at 31 December 2006, presented for comparative purposes, are components of the financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

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

Bangkok
8 November 2007

True Move Company Limited

Balance sheets

As at 30 September 2007 and 31 December 2006

	Notes	Consolidated		Company	
		(Unaudited) 30 September 2007 Baht	(Audited) 31 December 2006 Baht	(Unaudited) 30 September 2007 Baht	(Audited) 31 December 2006 Baht
ASSETS					
Current assets					
Cash and cash equivalents		2,161,454,050	1,585,819,849	1,915,567,650	868,538,961
Restricted cash		43,638,193	106,519,863	43,638,193	106,519,863
Trade accounts receivable, net (including amounts due from related companies)	4	9,667,796,265	4,035,360,605	9,725,643,915	4,145,935,328
Amounts due from related companies	16	45,901,156	16,685,599	49,111,798	41,077,895
Inventories, net	5	899,419,703	1,304,372,442	39,586,112	97,181,755
Claimable value added tax		137,815,750	262,433,120	29,773,240	161,353,213
Other current assets	6	897,339,051	804,110,608	867,943,975	776,508,732
Total current assets		<u>13,853,364,168</u>	<u>8,115,302,086</u>	<u>12,671,264,883</u>	<u>6,197,115,747</u>
Non-current assets					
Property, plant and equipment, net	8	39,905,686,794	41,465,677,039	39,700,826,246	41,304,767,063
Intangible assets, net	8	1,071,668,781	1,097,890,484	1,068,305,603	1,094,400,980
Other assets		300,717,897	214,249,831	243,347,779	168,142,117
Total non-current assets		<u>41,278,073,472</u>	<u>42,777,817,354</u>	<u>41,012,479,628</u>	<u>42,567,310,160</u>
Total assets		<u><u>55,131,437,640</u></u>	<u><u>50,893,119,440</u></u>	<u><u>53,683,744,511</u></u>	<u><u>48,764,425,907</u></u>

Director _____ Director _____

The notes on pages 9 to 23 are an integral part of these interim financial statements.

True Move Company Limited
Balance sheets (Continued)
As at 30 September 2007 and 31 December 2006

	Notes	Consolidated		Company	
		(Unaudited) 30 September 2007 Baht	(Audited) 31 December 2006 Baht	(Unaudited) 30 September 2007 Baht	(Audited) 31 December 2006 Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts and notes payable (including amounts due to related companies)	9	14,490,657,683	12,769,361,194	13,164,698,912	10,767,419,435
Other accounts payable		242,993,399	490,904,036	208,067,472	434,911,005
Current portion of liabilities under finance leases		1,156,614	4,115,929	1,156,614	4,115,929
Current portion of long-term borrowings	10	1,210,204,397	1,778,200,627	1,210,204,397	1,778,200,627
Amounts due to related companies	16	67,373,654	139,702,140	76,649,204	160,559,334
Accrued expenses		1,717,915,052	1,159,677,822	1,669,733,502	1,114,840,454
Accrued regulatory cost		4,801,762,686	1,618,397,599	4,801,762,686	1,618,397,599
Unearned service income		319,899,734	890,105,936	319,899,734	890,105,936
Forward contract payable		3,031,613,078	799,105,501	3,031,613,078	799,105,501
Other current liabilities		427,659,964	92,955,253	379,758,233	46,177,384
Total current liabilities		26,311,236,261	19,742,526,037	24,863,543,832	17,613,833,204
Non-current liabilities					
Notes payable	9	148,956,732	184,399,705	148,956,732	184,399,705
Long-term borrowings	10	27,911,200,501	29,053,498,210	27,911,200,501	29,053,498,210
Total non-current liabilities		28,060,157,233	29,237,897,915	28,060,157,233	29,237,897,915
Total liabilities		54,371,393,494	48,980,423,952	52,923,701,065	46,851,731,119
Shareholders' equity					
Share capital					
Authorised share capital		30,600,153,320	30,600,153,320	30,600,153,320	30,600,153,320
Issued and paid-up share capital		30,600,153,320	30,600,153,320	30,600,153,320	30,600,153,320
Premium on share capital		1,858,400,000	1,858,400,000	1,858,400,000	1,858,400,000
Deficits		(31,698,509,874)	(30,545,858,532)	(31,698,509,874)	(30,545,858,532)
Total parent's shareholders' equity (deficit)		760,043,446	1,912,694,788	760,043,446	1,912,694,788
Minority interest		700	700	-	-
Total shareholders' equity (deficit)		760,044,146	1,912,695,488	760,043,446	1,912,694,788
Total liabilities and shareholders' equity		55,131,437,640	50,893,119,440	53,683,744,511	48,764,425,907

The notes on pages 9 to 23 are an integral part of these interim financial statements.

True Move Company Limited
Statements of income (loss) (Unaudited)
For the three-month periods ended 30 September 2007 and 2006

	Consolidated		Company	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
Notes	Baht	Baht	Baht	Baht
Revenues from mobile phone and other services	8,396,837,438	5,682,979,017	8,193,919,704	5,532,473,095
Revenues from product sales	220,186,887	337,137,990	167,162,459	259,007,252
Total revenues	8,617,024,325	6,020,117,007	8,361,082,163	5,791,480,347
Cost of providing services	5,525,106,082	4,426,379,761	5,537,072,642	4,304,396,384
Cost of sales	176,618,462	216,872,402	129,726,094	193,963,319
Total costs	5,701,724,544	4,643,252,163	5,666,798,736	4,498,359,703
Gross profit	2,915,299,781	1,376,864,844	2,694,283,427	1,293,120,644
Selling and administrative expenses	1,432,273,152	1,595,863,306	1,190,423,155	1,508,830,912
Operating profit (loss)	15 1,483,026,629	(218,998,462)	1,503,860,272	(215,710,268)
Other income	31,683,243	24,670,851	11,261,846	22,284,025
Other expenses	11 (179,358,508)	-	(179,358,508)	-
Profit (loss) before financial costs and income tax	1,335,351,364	(194,327,611)	1,335,763,610	(193,426,243)
Financial costs, net	12 (399,016,093)	(566,208,743)	(399,428,339)	(567,110,111)
Profit (loss) before income tax	936,335,271	(760,536,354)	936,335,271	(760,536,354)
Income tax	13 -	-	-	-
Net profit (loss) for the period	936,335,271	(760,536,354)	936,335,271	(760,536,354)
Basic earnings (loss) per share	14			
Net profit (loss) for the period	0.30	(0.27)	0.30	(0.27)

The notes on pages 9 to 23 are an integral part of these interim financial statements.

True Move Company Limited
Statements of income (loss) (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

	Consolidated		Company	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
Notes	Baht	Baht	Baht	Baht
Revenues from mobile phone and other services	24,079,948,865	16,227,977,880	23,572,372,611	15,864,585,941
Revenues from product sales	709,903,697	949,537,621	483,677,549	678,104,708
Total revenues	24,789,852,562	17,177,515,501	24,056,050,160	16,542,690,649
Cost of providing services	17,932,962,825	12,536,641,248	17,701,392,363	12,212,648,529
Cost of sales	526,730,903	714,339,884	370,840,369	556,577,205
Total costs	18,459,693,728	13,250,981,132	18,072,232,732	12,769,225,734
Gross profit	6,330,158,834	3,926,534,369	5,983,817,428	3,773,464,915
Selling and administrative expenses	4,183,193,463	4,508,739,721	3,799,174,142	4,351,367,889
Operating profit (loss)	15 2,146,965,371	(582,205,352)	2,184,643,286	(577,902,974)
Other income	76,811,376	54,676,175	40,549,076	51,499,232
Other expenses	11 (179,358,508)	-	(179,358,508)	-
Profit (loss) before financial costs and income tax	2,044,418,239	(527,529,177)	2,045,833,854	(526,403,742)
Financial costs, net	12 (3,197,069,581)	(1,256,809,926)	(3,198,485,196)	(1,257,935,361)
Loss before income tax	(1,152,651,342)	(1,784,339,103)	(1,152,651,342)	(1,784,339,103)
Income tax	13 -	-	-	-
Net loss for the period	(1,152,651,342)	(1,784,339,103)	(1,152,651,342)	(1,784,339,103)
Basic loss per share	14			
Net loss for the period	(0.38)	(0.63)	(0.38)	(0.63)

The notes on pages 9 to 23 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 2007 and 2006

	Consolidated				
	Issued and fully paid-up share capital	Premium on share capital	Deficit	Minority interest	Total
	Baht	Baht	Baht	Baht	Baht
Opening balance as at					
1 January 2007	30,600,153,320	1,858,400,000	(30,545,858,532)	700	1,912,695,488
Net loss for the period	-	-	(1,152,651,342)	-	(1,152,651,342)
Closing balance as at					
30 September 2007	<u>30,600,153,320</u>	<u>1,858,400,000</u>	<u>(31,698,509,874)</u>	<u>700</u>	<u>760,044,146</u>
Opening balance as at					
1 January 2006	28,100,120,510	1,858,400,000	(26,544,695,980)	700	3,413,825,230
Additional shares	2,500,032,810	-	-	-	2,500,032,810
Net loss for the period	-	-	(1,784,339,103)	-	(1,784,339,103)
Closing balance as at					
30 September 2006	<u>30,600,153,320</u>	<u>1,858,400,000</u>	<u>(28,329,035,083)</u>	<u>700</u>	<u>4,129,518,937</u>

	Company			
	Issued and fully paid-up share capital	Premium on share capital	Deficit	Total
	Baht	Baht	Baht	Baht
Opening balance as at				
1 January 2007	30,600,153,320	1,858,400,000	(30,545,858,532)	1,912,694,788
Net loss for the period	-	-	(1,152,651,342)	(1,152,651,342)
Closing balance as at				
30 September 2007	<u>30,600,153,320</u>	<u>1,858,400,000</u>	<u>(31,698,509,874)</u>	<u>760,043,446</u>
Opening balance as at				
1 January 2006	28,100,120,510	1,858,400,000	(26,544,695,980)	3,413,824,530
Additional shares	2,500,032,810	-	-	2,500,032,810
Net loss for the period	-	-	(1,784,339,103)	(1,784,339,103)
Closing balance as at				
30 September 2006	<u>30,600,153,320</u>	<u>1,858,400,000</u>	<u>(28,329,035,083)</u>	<u>4,129,518,237</u>

The notes on pages 9 to 23 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 2007 and 2006

	Notes	Consolidated		Company	
		30 September 2007 Baht	30 September 2006 Baht	30 September 2007 Baht	30 September 2006 Baht
Cash flows from operating activities					
Net loss for the period		(1,152,651,342)	(1,784,339,103)	(1,152,651,342)	(1,784,339,103)
Adjustments:					
Realised net gain on exchange rate		(75,659,622)	(7,052,916)	(75,659,622)	(7,052,916)
Unrealised net loss (gain) on exchange rate		1,110,548,932	(293,253,360)	1,110,593,365	(293,175,582)
Doubtful accounts	15	293,278,358	172,050,307	307,982,962	231,305,332
Loss on diminution in value of finished goods	15	24,771,037	39,794,031	3,407,020	201,338
Amortisation of debt issuance costs		219,807,522	139,372,454	219,807,522	139,372,454
Amortisation of intangible assets	8	92,540,563	638,905,548	92,254,237	637,408,880
Depreciation charges	8	3,222,149,818	3,366,739,806	3,209,184,470	3,347,386,218
Write-off and loss on disposals of equipment	15	44,543,478	43,426,644	18,552,050	35,778,796
Changes in operating assets and liabilities					
- trade accounts receivable		(5,921,905,937)	(1,269,309,162)	(5,883,871,468)	(996,372,505)
- amounts due from related companies		(29,215,557)	(2,938,843)	(8,033,903)	(5,928,083)
- inventories		380,181,702	(1,412,758,421)	54,188,622	(19,025,421)
- claimable value added tax		124,617,369	75,670,065	131,579,973	78,905,754
- other current assets		(72,410,638)	29,041,306	(70,397,523)	32,900,354
- other assets		(86,468,066)	(5,451,626)	(75,205,662)	3,911,033
- trade accounts payable		3,897,884,352	2,789,240,159	4,566,935,003	663,283,996
- other accounts payable		(225,587,965)	(39,788,466)	(199,170,441)	(36,608,656)
- amounts due to related companies		(70,511,939)	(57,969,936)	(82,093,584)	110,519,754
- accrued expenses		3,852,987,934	2,007,843,775	3,856,895,250	2,011,319,951
- other current liabilities		(235,501,492)	(44,667,547)	(236,625,353)	(45,568,138)
Net cash generated from operating activities		5,393,398,507	4,384,554,715	5,787,671,576	4,104,223,456
Cash flows from investing activities					
Decrease (Increase) in restricted cash		62,881,669	(44,059,564)	62,881,669	(44,059,565)
Purchases of intangible assets	8	(53,390,522)	(17,767,628)	(53,230,522)	(17,767,628)
Purchases of non-network assets		(406,856,388)	(324,685,690)	(329,894,969)	(279,207,630)
Purchases of network equipment		(3,482,838,272)	(4,017,742,957)	(3,482,838,272)	(4,017,742,957)
Proceeds from disposals of equipment		1,827,765	4,218,494	1,827,765	4,214,794
Loan made to parent company		-	(1,000,000)	-	(49,000,000)
Loan received from related company		-	1,000,000	-	49,000,000
Net cash used in investing activities		(3,878,375,748)	(4,400,037,345)	(3,801,254,329)	(4,354,562,986)

The notes on pages 9 to 23 are an integral part of these interim financial statements.

True Move Company Limited
Statements of cash flows (Unaudited) (Continued)
For the nine-month periods ended 30 September 2007 and 2006

	Consolidated		Company	
	30 September 2007 Baht	30 September 2006 Baht	30 September 2007 Baht	30 September 2006 Baht
Cash flows from financing activities				
Proceeds from additional share capital	-	2,500,032,810	-	2,500,032,810
Proceeds from short-term borrowings	500,000,000	179,000,000	500,000,000	179,000,000
Proceeds from issue of US Dollar notes	7,627,500,000	-	7,627,500,000	-
Payment of short-term borrowings	(500,000,000)	(659,000,000)	(500,000,000)	(659,000,000)
Payment of long-term borrowings	(8,333,543,876)	(322,745,680)	(8,333,543,876)	(322,745,680)
Payment on issue of US Dollar note	(232,467,125)	-	(232,467,125)	-
Net cash (used in) receipts from financing activities	(938,511,001)	1,697,287,130	(938,511,001)	1,697,287,130
Net increase in cash and cash equivalents	576,511,758	1,681,804,500	1,047,906,246	1,446,947,600
Cash and cash equivalents - opening balance	1,585,819,849	1,036,468,430	868,538,961	995,052,313
Effect of exchange rate change on cash	(877,557)	(294,541)	(877,557)	(294,541)
Cash and cash equivalents - closing balance	<u>2,161,454,050</u>	<u>2,717,978,389</u>	<u>1,915,567,650</u>	<u>2,441,705,372</u>

Supplementary information for cash flows

Cash paid during the periods

Interest and withholding tax paid during the nine-month periods ended 30 September 2007 and 2006 comprise:

	Consolidated		Company	
	30 September 2007 Baht	30 September 2006 Baht	30 September 2007 Baht	30 September 2006 Baht
Interest paid	1,856,254,620	1,834,951,048	1,856,254,620	1,834,951,048
Withholding tax paid	84,903,150	35,375,859	70,931,696	28,889,214

Non-cash transactions

Significant non-cash transactions for the nine-month periods ended 30 September 2007 and 2006 comprise:

	Consolidated		Company	
	30 September 2007 Million Baht	30 September 2006 Million Baht	30 September 2007 Million Baht	30 September 2006 Million Baht
Acquisitions of property and equipment which have not been paid	2,407.97	2,915.69	2,390.57	2,915.69
Acquisitions of equipment by means of finance leases	-	0.18	-	0.18

The notes on pages 9 to 23 are an integral part of these interim financial statements.

1 Accounting policies

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. The notes to the interim consolidated and company financial statements are prepared in a condensed format according to Thai Accounting Standard 41, "Interim Financial Reporting".

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 2006, except for the accounting policies in respect of interconnection services. Interconnection revenue, being income from incoming calls traffic with other mobile operators, is recognised on accrual basis, at the rate stipulated in agreements. Interconnection charges payable to other mobile operators, being cost of service from outgoing calls traffic with other mobile operators, are accounted for on the accrual basis, at rate stipulated in agreements.

Amendment to Accounting Standards effective in 2007 and 2008

On 2 May 2007 and 21 September 2007, the Federation of Accounting Professions has announced the amendment to Thai Accounting Standards ("TAS") as followings:

- TAS No. 25 "Cash Flow Statements"
- TAS No. 33 "Borrowing Costs"
- TAS No. 35 "Presentation of Financial Statements" (revised 2007)
- TAS No. 39 "Accounting Policies, Changes in Accounting Estimates and Errors" (revised 2007)
- TAS No. 41 "Interim Financial Reporting" (revised 2007)
- TAS No. 44 "Consolidated and Separate Financial Statements"
- TAS No. 45 "Investment in Associates"
- TAS No. 46 "Interests in Joint Ventures"
- TAS No. 49 "Construction Contracts"

The effective date for the revised TAS no. 44 "Consolidated and Separate Financial Statements", TAS no. 45 "Investment in Associates" and TAS no. 46 "Interests in Joint Ventures" is for the accounting periods beginning on or after 1 January 2007. However the Company early adopted these accounting standards for the year ended 31 December 2006 and had restated the Company's financial statements for the year ended 31 December 2005 in accordance with changing in accounting policy. The effects relating to the revised standards do not impact to the consolidated financial statements.

TAS No. 25 "Cash Flow Statements", TAS No. 33 "Borrowing Costs", TAS No. 35 "Presentation of Financial Statements" (revised 2007), TAS No. 39 "Accounting Policies, Changes in Accounting Estimates and Errors" (revised 2007), TAS No. 41 "Interim Financial Reporting" (revised 2007) and TAS No. 49 "Construction Contracts" will be effective for the accounting periods beginning on or after 1 January 2008.

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

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

These interim financial statements should be read in conjunction with the 2006 annual financial statements.

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

2 Financial position

For the nine-month period ended 30 September 2007, the Group incurred consolidated net loss of Baht 1,152.65 million. As at 30 September 2007, consolidated current liabilities exceed consolidated current assets by Baht 12,457.87 million.

True Corporation Public Company Limited, 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:

- 2.1 In the case of regulatory sponsor support to governmental authorities arising out the mobile phone concession: 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.
- 2.2 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 shareholders 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.

Up to the balance sheet date, the Company has not requested any support from the sponsors. The remaining amount available under this agreement as of the balance sheet date would be in the abovementioned 2.1 and 2.2.

Based on the above SSA and the Company’s financial forecast, the management believes that the Company will have sufficient liquidity to pay its obligations when they become due.

3 Changes in accounting estimates

In compliance with the Thai Accounting Standard No. 32, Property, plant and equipment, the Group has performed a review of the useful lives of its property and equipment since January 2007 by engaging an external international professional consultant. The Group has taken into account key factor that may have an impact to the extension of the asset useful life including technology obsolescence, concession period, well-maintained standard and appropriated controlled environment. The Group changes the estimated useful lives by using prospective adjustments. Sets out below are the comparison of the useful lives between the old useful lives and the new one.

	<u>Old useful life (years)</u>	<u>New useful life (years)</u>
Property, plant and equipment		
Buildings	10	40
Building improvements	10	20
Office equipment, furniture and fixtures	5	8
Power supply and computer equipments	5	5
Motor vehicles	5	5
Network equipment	8 - 11	10 - 25
Site preparation cost	10	15 - 20

The assets under concessions agreements are depreciated over the shorter of their useful life or the remaining concession periods.

Intangible assets

Computer software and other licenses	5	5-10
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True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

3 Changes in accounting estimates (Continued)

The effect from aforesaid changings were fully reflected in the three-month period ended 30 September 2007. The depreciation and amortisation expenses can be summarised as follows:

	Consolidated		Company	
	Old useful life Baht	New useful life Baht	Old useful life Baht	New useful life Baht
Depreciation and amortisation charges for:-				
- three-month ended 30 September 2007	1,794,614,714	999,072,347	1,786,027,563	993,938,209
- nine-month ended 30 September 2007	5,171,288,923	3,314,690,381	5,146,682,056	3,301,438,707

4 Trade accounts receivable, net

	Consolidated		Company	
	30 September 2007 Baht	31 December 2006 Baht	30 September 2007 Baht	31 December 2006 Baht
Trade accounts receivable				
- related companies (Note 16)	3,084,334,593	3,041,806,836	4,709,182,952	4,725,313,594
- others	5,919,166,177	798,797,786	5,806,827,274	665,834,954
Unbilled receivables	1,162,948,100	415,021,022	1,162,948,100	415,021,022
	10,166,448,870	4,255,625,644	11,678,958,326	5,806,169,570
Less: Allowance for doubtful accounts	(498,652,605)	(220,265,039)	(1,953,314,411)	(1,660,234,242)
Trade accounts receivable, net	9,667,796,265	4,035,360,605	9,725,643,915	4,145,935,328

5 Inventories, net

	Consolidated		Company	
	30 September 2007 Baht	31 December 2006 Baht	30 September 2007 Baht	31 December 2006 Baht
Finished goods (at cost)	320,259,113	410,516,172	43,697,403	97,886,026
Cash cards (at face value)	655,188,250	944,155,840	-	-
Packaging materials (at cost)	15,896,410	17,488,292	-	-
Spare parts (at cost)	2,225,196	2,245,842	-	-
	993,568,969	1,374,406,146	43,697,403	97,886,026
Less: Allowance for diminution in value of finished goods	(94,149,266)	(70,033,704)	(4,111,291)	(704,271)
Inventories, net	899,419,703	1,304,372,442	39,586,112	97,181,755

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

6 Other current assets

	Consolidated		Company	
	30 September 2007 Baht	31 December 2006 Baht	30 September 2007 Baht	31 December 2006 Baht
Prepaid regulatory costs	104,406,316	254,560,268	104,406,316	254,560,268
Forward contract receivable	173,912,217	6,106,483	173,912,217	6,106,483
Prepaid expenses	187,358,848	167,774,700	187,237,413	167,719,599
Input tax not yet due	208,275,949	266,518,196	190,539,131	250,122,939
Accounts receivable - others	133,879,142	45,996,218	127,056,810	39,156,396
Others	89,506,579	63,154,743	84,792,088	58,843,047
	<u>897,339,051</u>	<u>804,110,608</u>	<u>867,943,975</u>	<u>776,508,732</u>

7 Investment in subsidiaries

	Company	
	30 September 2007 Baht	31 December 2006 Baht
Investments in subsidiaries, at cost	999,300	999,300
Less: Allowance for impairment	(999,300)	(999,300)
Investment in subsidiaries, net	<u>-</u>	<u>-</u>

Name of subsidiaries	Type of business	Paid-up share capital	Country of incorporation	Percentage of holding
True Distribution and Sales Company Limited	Trading and providing services for telecommunication equipment	(Baht) 1,000,000	Thailand	99.93%
AnyMobile, Inc.	International Direct Dialing telecommunication service	(Yen) 18,000,000	Japan	55.00%

In March 2007, the company entered into joint venture agreement with a certain company located Japan. In this respect, both parties would jointly established a new company named AnyMobile which will be incorporated in Japan. The company will obtain 990 ordinary shares of AnyMobile at par value of Yen 10,000 per share, which represented 55% of its equity interest in consideration for providing business linkage opportunities and management skills to AnyMobile with no cash involved in source of fund. AnyMobile will be engaged in international direct dialing telecommunications services. The company has control over the operation of AnyMobile. Therefore it is accounted for as a subsidiary of the Group.

As at 30 September 2007, the investment in True Distribution and Sales Company Limited has been pledged to secure long-term borrowings of the Company (Note 10).

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

8 Capital expenditure and commitments

	Consolidated		Company	
	Property, plant and equipment Baht	Intangible assets, net Baht	Property, plant and equipment Baht	Intangible assets, net Baht
For the nine-month period ended 30 September 2007				
Opening net book value	41,465,677,039	1,097,890,484	41,304,767,063	1,094,400,980
Additions	1,743,154,954	53,390,522	1,638,551,806	53,230,522
Transfers	(12,928,338)	12,928,338	(12,928,338)	12,928,338
Adjustments	(21,695,800)	-	-	-
Disposals and write off	(46,371,243)	-	(20,379,815)	-
Depreciation and amortisation	(3,222,149,818)	(92,540,563)	(3,209,184,470)	(92,254,237)
Closing net book value	<u>39,905,686,794</u>	<u>1,071,668,781</u>	<u>39,700,826,246</u>	<u>1,068,305,603</u>

For the nine-month period ended 30 September 2007, borrowing costs of approximately Baht 269.74 million were capitalised as cost of network equipment.

	Consolidated and Company
Capital commitments	
As at 30 September 2007	854.82
As at 31 December 2006	497.89

According to the concessions granted by CAT, during the nine-month period ended 30 September 2007, the Company transferred network assets with net book value of Baht 12,748.26 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.

9 Trade accounts and notes payable

	Consolidated		Company	
	30 September 2007 Baht	31 December 2006 Baht	30 September 2007 Baht	31 December 2006 Baht
Current				
Trade accounts payable				
- related companies (Note 16)	4,116,501,798	4,979,332,483	2,880,021,537	3,094,067,904
- others	9,075,374,762	6,545,097,440	8,985,896,252	6,428,420,260
Notes payable	1,298,781,123	1,244,931,271	1,298,781,123	1,244,931,271
Total current	<u>14,490,657,683</u>	<u>12,769,361,194</u>	<u>13,164,698,912</u>	<u>10,767,419,435</u>
Non-current				
Notes payable	<u>148,956,732</u>	<u>184,399,705</u>	<u>148,956,732</u>	<u>184,399,705</u>
Total non - current	<u>148,956,732</u>	<u>184,399,705</u>	<u>148,956,732</u>	<u>184,399,705</u>
Trade accounts and notes payable	<u>14,639,614,415</u>	<u>12,953,760,899</u>	<u>13,313,655,644</u>	<u>10,951,819,140</u>

The trade accounts payable-others mainly represent payables to network construction company who provides 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 contract with the vendor.

As at 30 September 2007, notes payable are interest free promissory notes denominated in US Dollar of US\$ 42.10 million (31 December 2006: US\$ 39.45 million) issued to supplier for payment of network equipment acquired.

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

10 Borrowings

	Consolidated and Company	
	30 September 2007 Baht	31 December 2006 Baht
Current		
- Banks and financial institutions	1,210,204,397	1,778,200,627
Total current	<u>1,210,204,397</u>	<u>1,778,200,627</u>
Non-current		
- Banks and financial institutions	4,865,622,972	12,673,747,342
- US Dollar notes	23,045,577,529	16,379,750,868
Total non-current	<u>27,911,200,501</u>	<u>29,053,498,210</u>
Total borrowings	<u>29,121,404,898</u>	<u>30,831,698,837</u>

10.1 Borrowings from bank and financial institutions

	Consolidated and Company	
	30 September 2007 Baht	31 December 2006 Baht
Current	1,210,204,397	1,778,200,627
Non-current	4,865,622,972	12,673,747,342
Total borrowings	<u>6,075,827,369</u>	<u>14,451,947,969</u>

The movements in borrowings are as follows:

	Consolidated and Company Baht
For the nine-month period ended 30 September 2007	
Opening net book value	14,451,947,969
Loan repayment during the period	(8,369,271,071)
Amortisation of debt issuance costs	184,404,041
Currency translation	(191,253,570)
Closing net book value	<u>6,075,827,369</u>

On 1 August 2007, the Company issued new unsecured US Dollars Notes (Note 10.2) amounting to US Dollars 225.00 million. On 2 August 2007, the Company used all of net proceeds from the issue of US Dollar Notes to prepay 100% of its existing Thai-Baht secured term loan with Thai financial institutions. The Company paid a prepayment fee to the onshore lender of Baht 97.04 million and write off the outstanding deferred cost attributable to debt issuance cost of the repayment borrowings amounting to Baht 89.44 million as other financial costs in the statement of income.

As at 30 September 2007, the long-term borrowings amounting to Baht 6,075.83 million represent borrowings granted by offshore financial institutions for working capital and financing of the construction of mobile phone network equipment and other equipment. The borrowings are denominated in both Thai Baht and US Dollars and secured against the investment in subsidiary, the majority of the Company's ordinary shares held by its parent company and the investment in fellow subsidiary of its parent company, a guarantee from the subsidiary, mortgaged plots of land and building of the Company, a pledge of rights to deposits of the Company and its subsidiary and its parent company, other assignments and other conditional assignments of specific securities as specified in the borrowing agreements.

10 Borrowings (Continued)

10.1 Borrowings from bank and financial institutions (Continued)

The borrowings carry interest at London Interbank Offer Rate (LIBOR) plus a fixed percentage per annum, and the reference rate (THBFIX) plus a fixed percentage per annum. The loan from an offshore financial institution will be due in June 2012. The first repayment of the other long-term borrowings from offshore financial institutions was due in September 2006 and the final maturity date will be 31 December 2011 or if no Concession Conversion has occurred within 31 December 2007, the final maturity date will be 30 September 2011.

Included in long-term borrowings are loans from a related company amounting to Baht 4,851.79 million (31 December 2006: Baht 5,579.38 million) (Note 16).

Under the terms of the agreements in relation to the long-term borrowings mentioned earlier, the Company and its subsidiary must comply with certain significant conditions at the specific period as identified in the agreements.

In March 2007, the Company received the consent of certain lenders to temporarily amend financial covenants requiring the Group to maintain certain financial ratios under its financing agreements. This amendment is applicable until 30 September 2007. The Company already refinanced a portion of its long-term borrowings. The remaining lenders after the refinancing agreed with new debt covenants that are more appropriate with the new credit profile. In the event of a technical default under these financing agreements, the lenders would have the right to accelerate the indebtedness outstanding thereunder if they so choose.

10.2 US Dollar notes

	Consolidated and Company	
	30 September 2007	31 December 2006
	Baht	Baht
Non-current	23,045,577,529	16,379,750,868
Total borrowings	<u>23,045,577,529</u>	<u>16,379,750,868</u>

The movements in US Dollar notes are as follows:

	Consolidated and Company Baht
For the nine-month period ended 30 September 2007	
Opening net book value	16,379,750,868
Additional borrowings	7,632,517,500
Borrowing costs	(263,990,160)
Amortisation of debt issuance costs	51,419,821
Currency translation	(754,120,500)
Closing net book value	<u>23,045,577,529</u>

On 14 December 2006, the Company issued guaranteed US Dollars notes of US\$ 465.00 million. The notes carry interest at the rate of 10.75% per annum and are payable at semi-annually basis on 16 June and 16 December of each year. The first interest payment on the notes commence on 16 June 2007. The notes will mature on 16 December 2013, the notes rank pari passu with all other existing and future unsecured, unsubordinated indebtedness and are guaranteed by its parent company and other fellow subsidiaries.

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

10 Borrowings (Continued)

10.2 US Dollar notes (Continued)

On 1 August 2007, the Company issued guaranteed US Dollars notes amounting to US\$ 225.00 million. The notes carry interest at the rate of 10.375% per annum and are payable at semi-annually basis on 1 February and 1 August of each year. The first interest payment on the notes commence on 1 February 2008. The notes will mature on 1 August 2014, the notes rank pari passu with all other existing and future unsecured, unsubordinated indebtedness, and are guaranteed by its parent company and other fellow subsidiaries.

Under the terms of the agreements in relation to the long-term borrowings mentioned earlier, the Group must comply with certain significant conditions at the specific period as identified in the agreements.

11 Other expenses

Other expenses represent penalty and addition payment paid to Department of Customs.

12 Financial costs, net

**For three-month periods
ended 30 September**

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Net foreign exchange (gain) loss	(481,506,544)	51,511,644	(481,487,723)	51,526,676
Interest income	(11,025,368)	(8,601,854)	(10,631,942)	(7,715,518)
Interest expense	663,811,302	475,314,285	663,811,302	475,314,285
Other financial costs	227,736,703	47,984,668	227,736,702	47,984,668
Financial costs, net	<u>399,016,093</u>	<u>566,208,743</u>	<u>399,428,339</u>	<u>567,110,111</u>

**For nine-month periods
ended 30 September**

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Net foreign exchange loss (gain)	834,538,717	(281,208,138)	834,581,732	(281,130,359)
Interest income	(29,736,885)	(22,345,659)	(28,364,285)	(21,298,003)
Interest expense	2,074,918,089	1,417,584,938	2,074,918,089	1,417,584,938
Other financial costs	317,349,660	142,778,785	317,349,660	142,778,785
Financial costs, net	<u>3,197,069,581</u>	<u>1,256,809,926</u>	<u>3,198,485,196</u>	<u>1,257,935,361</u>

As set out in Note 10.1 other financial costs in 2007 include the prepayment fee for early settlement of old borrowings and write-off the outstanding debt issuance cost amounting to Baht 97.04 million and Baht 89.44 million, respectively.

Other financial costs represented the amortisation of debt issuance costs over the period of the borrowings using the effective interest rate method.

13 Income tax

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

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

14 Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the period.

	Consolidated and Company	
	2007	2006
For three-month periods ended 30 September		
Net profit (loss) attributable to shareholders (Baht)	936,335,271	(760,536,354)
Weighted average number of paid-up ordinary shares in issue (shares)	3,060,015,332	2,815,446,905
Basic earnings (loss) per share (Baht)	0.30	(0.27)
	Consolidated and Company	
	2007	2006
For nine-month periods ended 30 September		
Net loss attributable to shareholders (Baht)	(1,152,651,342)	(1,784,339,103)
Weighted average number of paid-up ordinary shares in issue (shares)	3,060,015,332	2,811,843,577
Basic loss per share (Baht)	(0.38)	(0.63)

15 Significant items charged to operating profit (loss)

The following items have been charged to the operating profit (loss) during the period.

	Consolidated		Company	
	2007	2006	2007	2006
For three-month periods ended 30 September	Baht	Baht	Baht	Baht
Doubtful accounts	111,768,567	68,606,807	9,440,668	68,861,407
Write-off and loss on disposals of building improvement equipment	21,767,001	912,006	20,089,325	-
	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
For nine-month periods ended 30 September				
Doubtful accounts	293,278,358	172,050,307	307,982,962	231,305,332
Loss on diminution in value of finished goods	24,771,037	39,794,031	3,407,020	201,338
Write-off and loss on disposals of equipment and building improvement	44,543,478	43,426,644	18,552,050	35,778,796

16 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the families of these individuals and companies associated with these individuals and companies associated with these individuals also constitute related parties.

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

16 Related party transactions (Continued)

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is owned by Bangkok Inter Teletech Public Company Limited (“BITCO”), incorporated in Thailand, at 99.90% (2006: 99.90%) of the Company’s ordinary shares. The Company and BITCO are controlled by True Corporation Public Company Limited (“TRUE”), which own 93.37% (directly own 78.27% and indirectly owned 15.10%) of BITCO’s total ordinary shares. TRUE is the ultimate parent company.

CP Group of companies is the major shareholders of True Corporation, 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 agreed basis between the parties in the ordinary course of business and according to normal trade conditions.

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

i) Sales of goods and services

For nine-month periods ended 30 September	Consolidated		Company	
	2007	2006	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
Sale of mobile phone handsets and simcards				
- ultimate parent company	6.62	5.13	-	-
- subsidiary company	-	-	331.46	422.02
- fellow subsidiaries	600.86	250.01	151.45	233.17
- related companies	12.64	114.56	-	-
Sales of cash cards				
- related companies	3,881.20	4,649.76	-	-
Commission income				
- fellow subsidiaries	542.27	375.85	35.15	13.22
- related companies	-	-	-	-

Sales of mobile phone handsets and simcards 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 the statement of income. The related receivables and payables are reflected gross in the balance sheet.

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 2007 of Baht 431.54 million (30 September 2006: Baht 346.66 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 2007 of Baht 235.77 million (30 September 2006: Baht 294.74 million) (as shown in under 16 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 195.77 million (30 September 2006: Baht 51.92 million).

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

16 Related party transactions (Continued)

i) Sales of goods and services (Continued)

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 2007 was Baht 543.85 million (30 September 2006: Baht 502.24 million).

ii) Purchase of goods and services

For nine-month periods ended 30 September	Consolidated		Company	
	2007 Million Baht	2006 Million Baht	2007 Million Baht	2006 Million Baht
Purchase of mobile phone handsets and accessories				
- ultimate parent company	7.18	63.43	-	-
- subsidiary company	-	-	130.01	417.39
- fellow subsidiaries	57.13	122.96	-	-
- related companies	22.90		-	
Purchase of cash cards				
- fellow subsidiaries	7,251.07	6,907.83	195.61	192.59
Network construction and site maintenance				
- fellow subsidiaries	251.81	181.40	251.81	181.40
Transmission rental expense				
- fellow subsidiaries	950.70	702.86	950.70	702.86
Commission expense				
- fellow subsidiaries	543.85	502.24	543.85	502.24
- related companies	235.77	294.74	-	-
Rental and service expense				
- fellow subsidiaries	58.90	29.62	58.90	29.62
- related companies	12.00	29.25	-	-
Content costs				
- subsidiary company	-	-	195.39	-
- fellow subsidiaries	124.64	120.31	124.64	120.31

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.

iii) Loans from a related company

	Consolidated and Company	
	30 September 2007 Baht	31 December 2006 Baht
Current	1,043,699,833	708,492,470
Non-current	3,808,093,983	4,870,885,729
Total	<u>4,851,793,816</u>	<u>5,579,378,199</u>

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 10.1).

True Move Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the nine-month periods ended 30 September 2007 and 2006

16 Related party transactions (Continued)

iii) Loans from a related company (Continued)

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

	Consolidated and Company Baht
For the nine-month period ended 30 September 2007	
Opening net book value	5,579,378,199
Amortisation of debt issuance costs	65,792,017
Loan repayment during the period	(602,122,830)
Currency translation	(191,253,570)
Closing net book value	<u>4,851,793,816</u>

The related interest expenses were Baht 281.08 million and Baht 319.46 million for the nine-month periods ended 30 September 2007 and 2006, respectively.

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

	Consolidated		Company	
	30 September 2007 Million Baht	31 December 2006 Million Baht	30 September 2007 Million Baht	31 December 2006 Million Baht
Trade accounts receivable				
- ultimate parent company	45.33	15.82	44.07	18.32
- subsidiary company	-	-	2,994.72	2,787.39
- fellow subsidiaries	2,251.87	2,404.56	1,665.12	1,886.31
- related companies	787.13	621.43	5.27	33.30
	<u>3,084.33</u>	<u>3,041.81</u>	<u>4,709.18</u>	<u>4,725.32</u>
Amount due from related companies				
- ultimate parent company	0.06	0.09	0.06	0.03
- subsidiary company	-	-	27.42	24.59
- fellow subsidiaries	45.84	16.60	21.63	16.45
- related companies	-	-	-	0.01
	<u>45.90</u>	<u>16.69</u>	<u>49.11</u>	<u>41.08</u>
Trade accounts payable				
- ultimate parent company	24.63	65.90	3.78	7.99
- subsidiary company	-	-	1,239.55	1,044.16
- fellow subsidiaries	4,073.33	4,902.77	1,636.33	2,041.36
- related companies	18.54	10.66	0.36	0.56
	<u>4,116.50</u>	<u>4,979.33</u>	<u>2,880.02</u>	<u>3,094.07</u>

16 Related party transactions (Continued)

iv) Outstanding balance arising from sales purchases of goods and services (Continued)

	Consolidated		Company	
	30 September 2007 Million Baht	31 December 2006 Million Baht	30 September 2007 Million Baht	31 December 2006 Million Baht
Amount due to related companies				
- ultimate parent company	0.12	0.29	0.12	0.16
- subsidiary company	-	-	26.53	31.54
- fellow subsidiaries	54.81	119.24	37.55	112.65
- related companies	12.44	20.17	12.45	16.21
	<u>67.37</u>	<u>139.70</u>	<u>76.65</u>	<u>160.56</u>

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

Trade accounts receivable related to cash card business included in the consolidated and company financial statements are approximately Baht 2,797.48 million and Baht 1,540.59 million, respectively (31 December 2006: Baht 2,771.88 million and Baht 1,784.68 million). Trade accounts payable related to cash card business included in the consolidated and company financial statements are approximately Baht 3,203.35 million and Baht 813.53 million, respectively (31 December 2006: Baht 3,683.75 million and Baht 856.45 million).

17 Bank guarantees

At 30 September 2007, there are outstanding bank guarantees of Baht 773.15 million (31 December 2006: Baht 393.29 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.

18 Contingent liability

18.1 Regulatory costs

On 5 October 2006, the Company issued a letter to TOT requesting it to enter into negotiation regarding the interconnection agreement (“IC”) between its network and TOT’s network. On 17 November 2006, 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. The Company also requested TOT to enter into the interconnection charge agreement to be in compliance with the law or temporarily applying the provisional rate announced by the NTC while negotiations on the interconnection agreement with TOT has not been concluded.

However, on 23 November 2006, TOT issued a letter inform the Company claiming that the Company was not entitled to interconnect its network with the TOT network because the Company was not a telecommunications licensee, as granted by the NTC connecting to its network, and did not have its own telecommunications network. TOT also disputed that the Access Charge Agreement did not violate any law and that the rate and the collection of access charge under the Access Charge Agreement continued to apply. As a result of the cessation of access charge payments by the Company, TOT threatened to block our subscribers from accessing its network. Currently, the Company are involved in a dispute with TOT in the Central Administrative Court relating to interconnecting network of 1.5 million new numbers recently assigned by the NTC.

On 24 January 2007, the Company field a lawsuit with the Central Administrative Court against TOT, claiming that TOT shall comply with the law by enabling their subscribers to connect with the network of our 1.5 million numbers as assigned by the NTC to the company and sought for an injunction.

18 Contingent liability (Continued)

18.1 Regulatory costs (Continued)

On 26 January 2007, the Court granted an injunction ordering that TOT shall enable their subscribers to connect with the network of our 1.5 million new numbers. TOT appealed the Court's order and requested a stay of execution of the Court's order on 30 January 2007. The Supreme Administrative Court recently ruled that the order of the Central Administrative Court is righteous. TOT is currently complying with the Court's injunction order by keying the office data and translator for enabling their subscribers to connect with our 1.5 million numbers. The lawsuit is still pending in the Central Administrative Court.

Subsequent to the initiation of interconnection regime by the Company and other telecommunication operators, the Company decided to cease payments of access charge to TOT from 18 November 2006 onwards.

If the Company had to pay such access charges, the Company would be liable to accrue additional access charges of Baht 455.61 million and of Baht 3,169.85 million, excluding a penalty that the Company may be required to be paid equal to 100% of any access charge that CAT has paid to TOT on the Company's account and interest at the rate of 1.25% per month for late payment, for the period from 18 November 2006 to 31 December 2006 and for the period from 1 January 2007 to 30 September 2007 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 and of Baht 2,458.47 million for the period from 18 November 2006 to 31 December 2006 and for the period from 1 January 2007 to 30 September 2007, respectively. The management and its external lawyer have opinion that the Company would not be liable to pay the access charge.

18.2 Concession agreement

A recent Council of State opinion suggesting that the concession agreement with CAT may have required Thai Cabinet approval that was not obtained may give the Thai Cabinet leverage to try to renegotiate or terminate the concession agreement. In May 2007, the Council of State issued an opinion stating that the concession agreement with CAT may require the Thai Cabinet's approval, pursuant to the Act on Private Sector Participation in State Undertaking (the "Act") if the value of our investments and assets in the business were Baht 1,000 million or more. However, when the Company entered into the agreement and the amendment, the Company did not obtain. The Council of State's opinion asked CAT to determine whether the concession agreement requires Thai Cabinet approval. If CAT determines that this approval is necessary, then CAT must appoint a special committee to form an opinion as to whether the concession agreement should be approved, which opinion would be submitted to the Thai Cabinet. Following its receipt of this opinion, the Thai Cabinet will decide what actions, if any, to take, including whether to revoke or require the amendment of the concession agreement. The management believes that the Concession agreement is still valid and will receive on approval by the Cabinet in the Company's favour.

19 Litigation and arbitration dispute

On 23 August 2006, CAT filed a lawsuit against the Company at the Central Administrative Court claiming for space and antenna rental amounting to Baht 12.48 million. The lawsuit is currently in the judicial process of the Central Administrative Court.

On 13 October 2006, CAT filed an arbitration claim against the Company claiming for numbering fee amounting to Baht 104.58 million. The Company submitted the statement of objection on 13 March 2007. The case is under consideration of arbitral process.

On 1 December 2006 the Company was filed a civil case by a group of person claiming for damage amounting to Baht 44.37 million. However, on 9 September 2007, most of the cases were withdrawn. There is only one case remained and cost of damage claimed is Baht 7.00 million. The case is under the court process.

On 9 August 2007, CAT notified four banks who issued the letter of guarantees for the Company claim that the Company was not performed according to the agreement and requested of Baht 370.00 million that the banks have to pay for. These cases are related to the cases that CAT bought to the Arbitration Institute and the cases are still pending at the arbitration panel. On 29 August 2007, the subsidiary filed the motions to the Civil Court and Central Administrative Court requested for an injunctive relief to cease CAT not to claim for bank guarantees and to prohibit the four banks to pay for. The Courts ruled in favour of the Company. On 9 September 2007, the subsidiary has submitted the claim against CAT through the Arbitration Institute and the case is currently under consideration of the Arbitration Office.

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

20 Approval of the interim financial statements

The interim consolidated and company financial statements for the nine-month period ended 30 September 2007 have been approved for issue by the Company's Board of Directors on 8 November 2007.