TRUE CORPORATION PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2009



PricewaterhouseCoopers ABAS Ltd.
15th Floor Bangkok City Tower
179/74-80 South Sathorn Road
Bangkok 10120
Telephone 66 (0) 2344 1000
66 (0) 2286 9999
Facsimile 66 (0) 2286 5050
P.O. Box 800 Bangkok 10500
www.pwc.com/thailand

AUDITOR'S REPORT

To the Shareholders of True Corporation Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2009 and 2008, of True Corporation Public Company Limited and its subsidiaries, and of True Corporation Public Company Limited, respectively, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of True Corporation Public Company Limited and its subsidiaries, and of True Corporation Public Company Limited as at 31 December 2009 and 2008, and the consolidated and company results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to Note 42.2 to the financial statements in relation to significant uncertainties in respect of outstanding lawsuits and commercial disputes of an access charge. The ultimate outcome of such lawsuits and commercial disputes cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

4. Ker.

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

Bangkok 24 February 2010

		Consol	idated	Company		
		31 December 2009	31 December 2008	31 December 2009	31 December 2008	
	Notes	Baht	Baht	Baht	Baht	
Assets						
Current assets						
Cash and cash equivalents	9	4,916,296,012	4,356,596,217	390,588,603	488,655,183	
Restricted cash	10	1,347,634,950	1,400,794,566	708,893,823	700,682,633	
Short-term investments	11	85,419,864	796,296,023	-	599,718,566	
Trade accounts receivable, net	12	8,347,317,655	7,991,746,172	4,460,352,453	5,064,106,989	
Loan to related parties	13	7,500,297	31,880,438	850,000,000	200,000,000	
Inventories, net	14	746,541,018	898,423,155	65,490,272	89,871,664	
Income tax deducted at source		2,252,535,658	2,057,649,825	725,824,388	677,813,519	
Claimable value added tax		662,905,538	780,049,049	-	3,412,570	
Other current assets	15	2,190,899,169	2,019,191,576	260,823,887	207,380,142	
Total current assets		20,557,050,161	20,332,627,021	7,461,973,426	8,031,641,266	
Non-current assets						
Restricted cash	10	144,480,759	157,013,376	-	-	
Investment in subsidiaries	16	-	-	26,498,370,603	19,690,880,209	
Investment in associates	16	49,623,374	53,516,113	49,670,000	49,670,000	
Investment in other companies	11	292,922,895	292,922,895	240,740,500	240,740,500	
Investment property	17	55,981,398	56,653,898	-	-	
Property, plant and equipment, net	18	68,692,548,189	71,380,077,565	14,126,347,675	15,920,658,664	
Goodwill, net	19	12,428,009,264	12,380,695,590	-	-	
Intangible assets, net	20	5,340,454,217	3,556,630,097	630,356,528	795,951,007	
Deferred income tax assets	21	8,224,357,888	9,248,376,906	5,630,410,804	6,223,558,810	
Other non-current assets	22	635,561,406	565,575,171	405,149,670	385,535,394	
Total non-current assets		95,863,939,390	97,691,461,611	47,581,045,780	43,306,994,584	
Total assets		116,420,989,551	118,024,088,632	55,043,019,206	51,338,635,850	

		Conso	lidated	Company			
		31 December	31 December	31 December	31 December		
	Madaa	2009 Dalat	2008	2009 Dalat	2008		
	Notes	Baht	Baht	Baht	Baht		
Liabilities and shareholders' equity							
Current liabilities							
Short-term borrowings	23	2,330,000,000	2,130,000,000	1,800,000,000	1,600,000,000		
Trade accounts payable		7,126,491,041	7,964,678,526	846,491,968	963,319,277		
Current portion of long-term borrowings	23	7,676,894,690	9,870,755,839	3,604,301,160	5,684,301,160		
Unearned income		2,941,097,358	2,669,560,137	122,827,293	63,355,831		
Accrued expenses	24	7,410,644,147	7,438,072,329	885,098,585	1,048,084,519		
Income tax payable		560,404,275	506,910,948	-	-		
Other current liabilities	25	3,376,686,747	2,684,829,763	728,048,984	722,689,194		
Total current liabilities		31,422,218,258	33,264,807,542	7,986,767,990	10,081,749,981		
Non-current liabilities							
Long-term borrowings from a subsidiary	13	-	-	2,869,039,212	2,695,681,637		
Long-term borrowings	23	65,421,889,130	70,645,860,896	27,639,797,356	29,335,204,030		
Deferred income tax liabilities	21	2,079,806,364	2,074,255,447	695,677,387	754,775,141		
Long-term trade account payable	26	74,589,951	359,771,781	-	-		
Liabilities under agreements for operation	27	4,482,285,009	2,503,904,842	-	-		
Other non-current liabilities	28	2,297,765,339	2,555,426,396	297,256,168	327,603,984		
Total non-current liabilities		74,356,335,793	78,139,219,362	31,501,770,123	33,113,264,792		
Total liabilities		105,778,554,051	111,404,026,904	39,488,538,113	43,195,014,773		
Shareholders' equity							
Share capital	29						
Authorised share capital							
Preferred shares		6,993,339,820	6,993,339,820	6,993,339,820	6,993,339,820		
Common shares		146,338,730,510	146,338,730,510	146,338,730,510	146,338,730,510		
Issued and fully paid-up share capital							
Preferred shares		6,993,339,820	6,993,339,820	6,993,339,820	6,993,339,820		
Common shares		70,764,084,210	38,038,451,730	70,764,084,210	38,038,451,730		
Premium on share capital							
Common shares		11,432,046,462	11,432,046,462	11,432,046,462	11,432,046,462		
Discount on share capital							
Preferred shares		(1,492,776,584)	(1,492,776,584)	(1,492,776,584)	(1,492,776,584)		
Common shares		(30,335,123,897)	(3,988,926,129)	(30,335,123,897)	(3,988,926,129)		
Share surplus (discount)	13	(1,498,437,901)	1,604,322,099	-	-		
Foreign currency translation adjustment		104,219,057	104,344,130	-	-		
Retained earnings (deficit)							
Appropriated legal reserve	30	34,880,969	34,880,969	34,880,969	34,880,969		
Deficit		(46,043,331,407)	(47,270,915,867)	(41,841,969,887)	(42,873,395,191)		
Total parent's shareholders' equity		9,958,900,729	5,454,766,630	15,554,481,093	8,143,621,077		
Minority interest in subsidiaries	31	683,534,771	1,165,295,098				
Total shareholders' equity		10,642,435,500	6,620,061,728	15,554,481,093	8,143,621,077		
Total liabilities and shareholders' equity		116,420,989,551	118,024,088,632	55,043,019,206	51,338,635,850		

The accompanying notes on pages 8 to 83 are an integral part of these financial statements.

		Consol	idated	Company		
	Notes	31 December 2009 Baht	31 December 2008 Baht	31 December 2009 Baht	31 December 2008 Baht	
Revenues	32					
Revenues from telephone and other services Revenues from product sales		59,670,657,961 2,803,595,296	60,094,288,770 1,171,055,227	12,600,484,536 48,536,145	14,077,755,971 209,304,392	
Total revenues		62,474,253,257	61,265,343,997	12,649,020,681	14,287,060,363	
Costs Cost of providing services Cost of sales		39,660,758,652 2,537,890,676	41,229,180,577 1,174,507,372	6,467,209,480 37,705,940	6,770,882,201 152,663,307	
Total costs		42,198,649,328	42,403,687,949	6,504,915,420	6,923,545,508	
Gross profit Other operating income		20,275,603,929 356,321,125	18,861,656,048 583,023,376	6,144,105,261 1,190,194,542	7,363,514,855 603,560,318	
Profit before expenses		20,631,925,054	19,444,679,424	7,334,299,803	7,967,075,173	
Selling expenses Administrative expenses Management remunerations Other operating expenses		3,932,581,641 7,400,106,020 190,842,321 323,140,065	4,154,016,190 7,134,004,667 189,411,666 436,483,798	498,740,336 2,848,043,525 134,947,163 29,843,133	617,835,571 3,024,058,936 140,200,570 38,457,804	
Total expenses		11,846,670,047	11,913,916,321	3,511,574,157	3,820,552,881	
Operating results Share of results in associates	16	8,785,255,007 (772,738)	7,530,763,103 (10,204,467)	3,822,725,646	4,146,522,292	
Profit before financial costs and income tax Financial costs, net	34	8,784,482,269 (5,639,170,035)	7,520,558,636 (9,927,801,209)	3,822,725,646 (2,254,118,226)	4,146,522,292 (3,785,558,802)	
Profit (loss) before income tax Income tax (expense) revenue	35	3,145,312,234 (1,934,216,001)	(2,407,242,573) (977,931,855)	1,568,607,420 (537,182,116)	360,963,490 256,576,680	
Net profit (loss) for the year		1,211,096,233	(3,385,174,428)	1,031,425,304	617,540,170	
Attributable to: Equity holders of the Company Minority interest		1,227,584,460 (16,488,227)	(2,355,191,295) (1,029,983,133)	1,031,425,304	617,540,170	
		1,211,096,233	(3,385,174,428)	1,031,425,304	617,540,170	
Basic and diluted earnings (loss) per share for profit attributable to the shareholders of the Company - Basic	36	0.18	(0.66)	0.16	0.12	
- Diluted		0.16	-	0.14	-	

The accompanying notes on pages 8 to 83 are an integral part of these financial statements.

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						Consolidated					
	Attributable to shareholders of the Company										
	Issued and	fully paid-up			Share	Foreign currency				Minority	
	Preferred	Common	Premium	Discount	surplus	translation	Legal			interest in	
	shares	shares	on shares	on shares	(discount)	adjustment	reserve	Deficit	Total	subsidiaries	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2009	6,993,339,820	38,038,451,730	11 432 046 462	(5,481,702,713)	1,604,322,099	104.344.130	34.880.969	(47,270,915,867)	5,454,766,630	1,165,295,098	6,620,061,728
Issue of shares (Note 29)	-	32,725,632,480	-	(26,346,197,768)	-	-	-	-	6,379,434,712	-	6,379,434,712
Addition investment in subsidiary by minority interest	_	-	_	-	_	_	_	_	-	61,255	61,255
Acquisition of subsidiary (Note 8)	_	_	_	_	_	_	_	_	_	(2,116,827)	(2,116,827)
Addition investment in subsidiary										(2,110,027)	(2,110,027)
by purchasing shares from minority interest (Note 13)	_	_	_	_	_	_	_	_	_	(3,540,000,000)	(3,540,000,000)
Dividend paid to minority in subsidiary (Note 31)	_	_	_	_	_	_	_	_	_	(25,976,528)	(25,976,528)
Foreign currency translation adjustment	_	_	_	_	_	(125,073)	_	_	(125,073)	-	(125,073)
Dilution in minority interest (Note 16)	-	_	_	_	(3,102,760,000)	-	_	-	(3,102,760,000)	3,102,760,000	-
Net profit for the year	-	-	-	-	-	-	-	1,227,584,460	1,227,584,460	(16,488,227)	1,211,096,233
	6 002 220 020	70.764.004.210	11 122 046 462	(21 927 999 491)	(1.400.427.001)	104 210 057	24.000.000	(46.042.221.407)			
Closing balance as at 31 December 2009	6,993,339,820	/0,/64,084,210	11,432,046,462	(31,827,900,481)	(1,498,437,901)	104,219,057	34,880,969	(46,043,331,407)	9,958,900,729	683,534,771	10,642,435,500
0 1 1 1 2000											
Opening balance as at 1 January 2008	6 002 257 710	20.020.422.040	11 122 046 462	(5 401 702 712)	2.070.140.657	104 244 120	24 000 000	(42.500.541.600)	10 (00 050 275	1 246 001 040	11.055.061.215
As previously reported	6,993,357,710	38,038,433,840	11,432,046,462	(5,481,702,713)	2,078,140,657	104,344,130	34,880,969	(42,589,541,680)	10,609,959,375	1,346,001,940	11,955,961,315
Prior year adjustments					(252,559,078)		-	(2,326,182,892)	(2,578,741,970)	673,531,566	(1,905,210,404)
As restated	6,993,357,710	38,038,433,840	11,432,046,462	(5,481,702,713)	1,825,581,579	104,344,130	34,880,969	(44,915,724,572)	8,031,217,405	2,019,533,506	10,050,750,911
Conversion of shares (Note 29)	(17,890)	17,890	-	-	_	-	-	-	=	-	-
Liquidation of subsidiary (Note 31)	-	_	-	-	_	-	-	-	-	(2,049,699)	(2,049,699)
Dividend income (Note 31)	-	-	-	-	-	-	-	-	-	(43,504,398)	(43,504,398)
Addition investment in subsidiary (Note 31)	-	-	-	-	-	-	-	-	-	39,342	39,342
Dilution in minority interest (Note 31)	-	-	-	-	(221,259,480)	-	-	-	(221,259,480)	221,259,480	-
Net loss for the year	-	-	-	-	-	-	-	(2,355,191,295)	(2,355,191,295)	(1,029,983,133)	(3,385,174,428)
Closing balance as at 31 December 2008	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	1,604,322,099	104,344,130	34,880,969	(47,270,915,867)	5,454,766,630	1,165,295,098	6,620,061,728

	Company						
	Issued and f	Issued and fully paid-up					
	Preferred	Common	Premium	Discount	Legal		
	shares	shares	on shares	on shares	reserve	Deficit	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2009	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	34,880,969	(42,873,395,191)	8,143,621,077
Issue of shares (Note 29)	- · · · · · · · · · · · · · · · · · · ·	32,725,632,480	-	(26,346,197,768)	-	-	6,379,434,712
Net profit for the year						1,031,425,304	1,031,425,304
Closing balance as at 31 December 2009	6,993,339,820	70,764,084,210	11,432,046,462	(31,827,900,481)	34,880,969	(41,841,969,887)	15,554,481,093
Opening balance as at 1 January 2008	6.993,357,710	38,038,433,840	11.432.046.462	(5,481,702,713)	34,880,969	(43,490,935,361)	7,526,080,907
Conversion of shares (Note 29)	(17,890)	17,890	-	(3,401,702,713)	-	(43,470,733,301)	-
Net profit for the year	-	-			-	617,540,170	617,540,170
Closing balance as at 31 December 2008	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	34,880,969	(42,873,395,191)	8,143,621,077

		Consolidated		Company		
	Notes	31 December 2009 Baht	31 December 2008 Baht	31 December 2009 Baht	31 December 2008 Baht	
Cash flows from operating activities	37	9,444,016,066	11,893,528,854	3,122,155,003	3,635,908,254	
Cash flows from investing activities						
Withdrawal (deposit) in restricted cash		69,491,083	(112,685,831)	(8,211,190)	32,731,469	
Withdrawal (deposit) in short-term investment		589,969,473	(448,391,372)	599,718,566	(449,730,961)	
Loans made to subsidiaries and joint venture	13	(1,500,059)	(6,000,236)	(750,000,000)	(500,000,000)	
Acquisition of subsidiary, net of cash acquired	8	27,091,584	-	-	-	
Additional investments in subsidiaries and associate	16	(3,540,000,000)	(45,700,000)	(8,464,490,394)	(1,247,426,177)	
Additional investments in other company		-	(63,039,000)	-	(63,039,000)	
Acquisition of property, plant and equipment		(5,078,424,061)	(6,779,363,148)	(313,480,992)	(463,740,065)	
Acquisition of intangible assets		(210,577,823)	(503,243,789)	(12,191,818)	(18,283,777)	
Proceeds from loans to subsidiary and joint venture	13	-	3,000,118	100,000,000	686,800,000	
Proceeds from disposals of investment in subsidiary	16	_	-	-	85,500,100	
Proceeds from disposals of property, plant and					,,	
equipment and intangible assets		562,492,974	454,400,289	1,110,053	34,909,585	
Proceeds from capital reduction in subsidiaries	16	-	-	1,657,000,000	-	
Dividends received	13	3,120,000	-	1,083,279,988	517,020,000	
		-,,			,,	
Net cash used in investing activities		(7,578,336,829)	(7,501,022,969)	(6,107,265,787)	(1,385,258,826)	
Cash flows from financing activities						
Issue of common shares	29	6,379,434,713	-	6,379,434,713	-	
Additional investments in subsidiary by minority	31	61,255	39,342	-	-	
Dividend paid to minority	16, 31	(25,976,529)	(43,504,398)	-	-	
Minority interest's portion on liquidation of subsidiary	31	-	(2,049,699)	-	-	
Proceeds from short-term borrowings		3,400,000,000	3,140,000,000	3,400,000,000	2,400,000,000	
Proceeds from borrowings, net of cash paid						
for debt issuance cost	23	13,511,670,549	43,707,777	13,095,910,651	-	
Repayments on short-term borrowings		(3,200,000,000)	(2,461,399,976)	(3,200,000,000)	(2,100,000,000)	
Repayments on borrowings		(21,371,461,220)	(5,732,164,248)	(16,788,301,160)	(2,501,075,290)	
Net cash (used in) received from financing activities		(1,306,271,232)	(5,055,371,202)	2,887,044,204	(2,201,075,290)	
Net increase (decrease) in cash and cash equivalents		559,408,005	(662,865,317)	(98,066,580)	49,574,138	
Opening balance		4,356,596,217	5,019,382,731	488,655,183	439,081,045	
Effects of exchange rate changes		291,790	78,803	-	-	
Closing balance		4,916,296,012	4,356,596,217	390,588,603	488,655,183	

Non-cash transactions

The significant non-cash transactions are as follows:

⁻ The acquisition of property, plant and equipment using finance leases and accounts payable for the year ended 31 December 2009 amounting to Baht 1,918.91 million (2008: Baht 1,697.03 million) and Baht 1,051.27 million (2008: Baht 1,422.64 million), respectively.

1. General information

True Corporation Public Company Limited ("the Company") is a public limited company, incorporated and resident in Thailand. The address of its registered office is 18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok, Thailand. The Company is listed on the Stock Exchange of Thailand.

The Company and its subsidiaries, joint ventures, and associates (together "True Group", or "the Group") are principally engaged in the telecommunications and diversified communications industries. The Group's core business is providing telecommunications services and various value-added services, which include, among others, Digital Data Network ("DDN"), Public Telephone, Personal Communication Telephone ("PCT") Service, Multimedia, Internet Service Provider ("ISP"), Cellular Telephone Service, and Pay-TV Service.

The Group's activities include those carried out Joint Operation and Joint Investment Agreement, Agreement for operation and licences, as set out in Note 2.

2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences

Telephone services

In August 1991, the Company entered into the Joint Operation and Joint Investment for Expansion of Telephone Services Agreement ("the Agreement") with the Telephone Organisation of Thailand (currently is TOT Public Company Limited) ("TOT").

The Agreement, a Build Transfer Operate ("BTO") agreement, as amended and supplemented, granted the Company the right to construct and provide fixed line telephone services for up to 2.6 million lines in the Bangkok Metropolitan Area. The Company was responsible for:

- 1) procuring and constructing the expansion of the existing TOT network.
- 2) on completion of construction of the network expansion, transferring legal ownership of certain network assets, land and buildings to TOT.
- 3) in consideration of the transferred assets receiving a right to operate, maintain the network and provide certain services for 25 years including:
 - fixed line telephone
 - Personal Communication Telephone
 - public telephone (Build Operate Transfer)
 - Digital Data Network
 - acceptance of fault notification and drop wire maintenance
 - customer service centre

Under the provisions of the Agreement, TOT and the Company share the gross revenues collected from operating the networks according to stipulated percentages.

On 8 December 2006, a subsidiary, True Universal Convergence Co., Ltd. ("TUC") was granted a Type III licence by The National Telecommunication Commission ("NTC") for fixed line services. TUC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 7 December 2026.

On 25 January 2007, a subsidiary, True International Communication Co., Ltd. ("TIC") was granted a Type III licence by NTC for International Direct Dialling (IDD). TIC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 24 January 2027.

On 23 February 2009, a subsidiary, Asia Wireless Communication Co., Ltd. ("AWC") was granted a Type I licence by NTC for resale (PCT). AWC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The current licence was granted on 23 February 2010 and will expire on 22 February 2014.

2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences (Cont'd)

Telephone services (Cont'd)

On 29 June 2009, a subsidiary, True Public Communication Co., Ltd. ("TPC") was granted a Type I, renewal licence by NTC for public phone services. TPC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 28 June 2014.

On 2 August 2009, a subsidiary, True Life Plus Co., Ltd. ("TLP") (formerly "True Digital Entertainment Co., Ltd.") was granted a Type I licence by NTC for resale (internet). TLP is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 1 August 2014.

On 11 October 2009, a subsidiary, True Internet Co., Ltd. ("TI") was granted a Type I licence by NTC for International Calling Cards (ICC). TI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 10 October 2014.

NON-POTS services

In October 1997, the Group entered into a Joint Investment in Non-Plain Old Telephone System ("NON-POTS") services through a multimedia network Agreement (the "Agreement") with TOT. Under the terms of the Agreement, the Group has certain commitments such as, among others, to acquire, install, manage and maintain the hardware and equipment for NON-POTS services. The Group is also committed to transfer to TOT all hardware and equipment pertaining to such system when the installations are completed. This Agreement is for a period of twenty years commencing from the Agreement date, and the Group is unable to terminate it unless certain criteria specified in the Agreement have been met. During the term of the Agreement, the Group is entitled to collect the service fees, membership fees and other service fees from customers as stipulated in the Agreement.

The Group has placed a letter of guarantee issued by a local bank in favour of TOT amount of Baht 5.00 million to guarantee the Group's compliance with the terms of the Agreement.

Internet services

In October 1996, the Group's joint venture, Asia Infonet Co., Ltd. ("AI") entered into the Joint Investment in the Internet Services Agreement (the "Agreement") with the Communications Authority of Thailand (currently is CAT Telecom Public Company Limited) ("CAT") to provide commercial internet services to users throughout Thailand for a 10-year term. Under the terms of the Agreement the Group is required to provide its internet service over facilities leased from CAT or authorities approved by CAT.

Under the terms of the Agreement the Group has certain commitments including acquiring, installing, managing and maintaining all equipment necessary to provide internet services. The legal ownership of the system assets is transferred to CAT as installations are completed. As consideration for the transferred system assets, CAT granted the Group a ten-year operating right to provide internet services and collect customer deposits, membership and other service fees as set out in the Agreement. The Agreement expired on 3 February 2007.

Following to that, AI was granted a Type I licence for internet provision by the NTC. AI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The current licence was granted on 5 February 2010 and will expire on 4 February 2015.

On 19 May 2006, a subsidiary, True Internet Gateway Co., Ltd. ("TIG") was granted a Type II licence by NTC for international internet gateway provision. TIG is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 18 May 2011.

On 23 June 2009, a joint venture, KSC Commercial Internet Co., Ltd. ("KSC") was granted a Type I, renewal licence by NTC for internet provision. KSC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 22 June 2014.

2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences (Cont'd)

Internet services (Cont'd)

On 18 August 2009, a subsidiary, True Internet Co., Ltd. ("TI") was granted a Type I, renewal licence by NTC for internet provision. TI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 17 August 2014.

The Group has placed letters of guarantee issued by certain local banks in favour of CAT totalling Baht 0.50 million to guarantee the Group's compliance with the terms of the Agreement.

Cellular telephone services

The Group has invested in share capital of Bangkok Inter Teletech Public Company Limited ("BITCO"), the sole shareholder of True Move Co., Ltd. ("True Move"). True Move is an operator of a nationwide cellular network under a Build Transfer Operate agreement granted by CAT dated 20 June 1996 which was subsequently amended on 8 September 2001.

Under the terms of the agreement, True Move has certain commitments including acquiring, installing, managing and maintaining all equipment necessary to provide nationwide cellular telephone services. The legal ownership of the system assets is transferred to CAT as installations are completed. In addition, True Move is required to pay annual fees to CAT based on the percentage of service income or a minimum fee as specified in the agreement whichever is higher (Note 39.3). As consideration for the transferred system assets and committed fees, CAT granted True Move a seventeen-year right to provide cellular telephone services and collect customer service fees as stipulated in the agreement.

The Group has placed letters of guarantee issued by certain local banks in favour of CAT totalling Baht 1,337.08 million to guarantee the Group's compliance with the terms of the agreement.

Pay-TV services

The Group has invested in share capital in True Visions Public Company Limited ("True Visions"). True Visions and its subsidiary are engaged in the operation of pay television networks (Digital Satellite Television and Cable Television) under the agreements granted by Mass Communication Organization of Thailand (currently is MCOT Public Company Limited) ("MCOT") dated 17 April 1989 and 6 June 1994 and amendments thereto dated 19 May 1994 and 9 November 1994 which will expire on 30 September 2014 and 31 December 2019. Under the aforementioned agreements, True Visions and its subsidiary are required to pay annual fees to MCOT based on a fixed percentage of revenue from subscription and installation or at the minimum fee as specified in each of those agreements, whichever is higher (Note 39.3). In addition, True Visions and its subsidiary must transfer the ownership of certain equipment procured for the operations of television networks to MCOT within the periods specified in each of those agreements.

True Visions and its subsidiary have placed letters of guarantee issued by certain local banks in favour of MCOT totalling Baht 50.00 million to guarantee the Group's compliance with the terms of the agreements.

3. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below.

a) Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Group has early adopted, prior to its effective date, Thai Accounting Standard, TAS No. 12, (formerly TAS 56) "Accounting for Income Taxes".

The consolidated and Company financial statements have been prepared under the historical cost convention as modified by the revaluation of trading and available-for-sale securities at fair value.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The area involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated and Company financial statements, are disclosed in Note 5.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. To comply with the announcement of Department of Business Development Regulation dated 30 January 2009 in relation to the format of Financial Statements B.E. 2552, the Group reclassified selling and administrative expenses for 2008 into three categories as follows:

	Consolidated	Company
	31 December 2008 Baht Million	31 December 2008 Baht Million
Selling and administrative expenses as previously reported Reclassified to:	11,477.43	3,782.10
Selling expenses	4,154.02	617.84
Administrative expenses	7,134.00	3,024.06
Management remunerations	189.41	140.20

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

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b) New accounting standards, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with effect from 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.

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

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly

TAS 54)

Accounting Framework (revised 2007) (effective on 26 June 2009)

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

The revised accounting standard 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 on the financial statements being presented.

c) Group accounting - Investments in subsidiaries and associates and interests in joint ventures

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible including potential voting rights held by another entity, are considered when assessing whether the Group controls another entities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income.

c) Group accounting - Investments in subsidiaries and associates and interests in joint ventures (Cont'd)

(1) Subsidiaries (Cont'd)

Intercompany transactions, balances and unrealised gains on transactions between group of companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group, see (Note 3 (1)) for the accounting policy on goodwill.

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method of accounting.

A list of the Group's principal subsidiaries is set out in Note 16.

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. In the consolidated financial statement, the Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, and its share of post-acquisition movements in reserves is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in associates are accounted for using the cost method of accounting.

A list of the Group's principal associates is set out in Note 16.

(3) Joint ventures

The Group's interest in jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

In the Company's separate financial statements, interest in joint ventures are accounted for using the cost method.

The details of the Group's principal joint ventures are set out in Note 16 and Note 40.

d) Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Statements of income of foreign entities are translated into the Group's reporting currency at weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the translation of the net investment in foreign entities at the date of the reclassification have been recorded in the "Foreign currency translation adjustment" in shareholders' equity. When a foreign entity is reclassified as a foreign operation that is integral to the operation of the Group, the translated amounts for non-monetary items at the date of the change are treated as the historical cost for those items in the period of change and subsequent periods. Currency translation differences which have been deferred are not recognised as income or expenses until the disposal of the operation.

Foreign currency transactions in the Group are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, but do not include deposits with banks which are held to maturity, and other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. On the balance sheet, bank overdrafts are included in short-term borrowings in current liabilities.

f) Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following categories; trading, held-to-maturity, available-for-sale and general investments. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate, are classified as available-for-sale. These are included in non-current assets unless management has expressed intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Investments in non-marketable equity securities are classified as general investments. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of investment includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of trading investments and available-for-sale investments are included in the statement of income in the period in which they arise and in shareholders' equity, respectively. Realised gains and losses are determined on the weighted average method and are reflected in the statement of income.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

General investments are carried at original cost.

f) Investments (Cont'd)

A test of impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

g) Trade accounts receivable

Trade accounts receivable are carried at original invoiced amount less an estimate made for doubtful receivables. The Group records an allowance for doubtful accounts which is equivalent to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience combined with a review of all outstanding receivables at the balance sheet date. Bad debts are written-off during the year in which they are identified and recognised in the statement of income under administrative expenses.

h) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the moving average cost method. Allowance is made against cost of network supplies where, in the opinion of the management, there is diminution in value arising on obsolete, slow-moving and defective inventories or is otherwise required by changes in circumstances. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of selling.

i) Investment property

Investment property, principally comprising land, is carried at cost. Land is not depreciated but a review for impairment is periodically undertaken by the Group's management.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

j) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. During 2007, the Group reviewed useful lives of its property and equipment and changed the estimated useful lives. Depreciation is calculated on the straight-line method to write-off the cost of each asset to its residual value over the estimated useful life of the respective assets, or the lease term.

Included in property, plant and equipment in network equipment is property, plant and equipment held under the agreements as described in Note 2. These property, plant and equipment are depreciated over the shorter of their useful lives or the remaining agreements periods.

j) Property, plant and equipment (Cont'd)

Details of useful lives are as follow:

Details of asolal fives are as follow.	Years
Land	Nil
Land improvement	20
Buildings and improvements	15 - 40
Telephone network equipment	
- Switching equipment	15
- Transmission	15 - 35
- Outside plant	15 - 35
- Mobile phone network equipment	12 - 25
PCT network equipment	
- Outside plant and buildings	25 - 35
- Cable and drop wire	5 - 25
- Inside plant	5 - 15
Public phone	8 - 15
Power supply and computer	5 - 15
Network management systems	15
Multimedia network equipment	8 - 35
Vehicle	5 - 7
Leased transponder equipment	12
Leasehold building improvements	Lease period
Furniture, fixtures, tools and office equipment	5 - 8

Expenditure for additions, renewal and betterment, which results in a substantial increase in an asset's current replacement value, is capitalised. Repair and maintenance cost is recognised as an expense when incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amounts and are recognised as other income/expense in the statements of income.

Borrowing costs to finance the construction of property, plant and equipment and assets under the agreements are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the property, plant and equipment for its intended use.

k) Leases - where a Group Company is the lessee

Leases of equipment where the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased equipment or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the statement of income over the lease period. Equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

k) Leases - where a group company is the lessee (Cont'd)

Leases of assets where a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from lessor) are charged to the statement of income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases - where a group company is the lessor

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

l) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associated undertaking at the date of acquisition. Before 2008, goodwill on acquisition is amortised using the straight-line method over its estimated useful life or the remaining period of agreements. Since 1 January 2008 goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (Note 19). Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose if impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

m) Intangible assets

(1) Computer software development costs

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Generally, costs associated with developing or maintaining computer software programs are recognised as expenses as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and that have probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of ten years.

m) Intangible assets (Cont'd)

(2) Copyright

Copyright arisen from contractual right agreement between a subsidiary and its related party to grant that related party the right to provide song and/or video clip downloading through the subsidiary's website. Copyright is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the contractual right not exceeding a period of four years.

(3) Customer list

Customer list represents the fair value of mobile phone subscriber list arisen from the acquisition in BITCO. The customer list is presented in the consolidated balance sheet as an intangible asset and is amortised using the straight-line method over the estimated customer relationship period of five years.

(4) Film and program rights

Film and program rights are stated at acquisition cost less accumulated amortisation. Licences are recorded as assets and liabilities for rights acquired and obligations incurred under licence agreements when the licence period begins, the cost of each program is known or reasonably determinable, the program material is accepted and it is available for the first showing. Sports rights are written-off upon showing the event and general entertainment and films are amortised using the straight-line method over the shorter of the period of the licence and two years or based on showings where the number of showings is limited. Amortisation of film and program rights are included in "Cost of providing services". The costs of in-house programs are recorded as expenses when incurred.

(5) Game licence

Licence is stated at acquisition cost less accumulated amortisation. Licence is recorded as asset and liability for rights acquired and obligations incurred under a licence agreement when the licence period begins the cost of each game is known or reasonably determinable and it is available for playing. The licence is amortised using the straight-line method over three years. Amortisation of licence is included in "Cost of providing services".

(6) Rights to operate

Under the subsidiaries' agreements for operation, the subsidiaries must pay annual fees to the grantors based on either fixed percentages of relevant revenues or at the minimum fee amounts stipulated in the agreements whichever is higher. The rights to operate represent the present value of the minimum fees payable over the agreement periods. The rights to operate are presented in the consolidated balance sheet as an intangible asset and are amortised using the straight-line method over the agreement periods. Amortisation of rights to operate are included in "Cost of providing services". The rights to operate are not re-valued subsequent to initial recognition but are reviewed annually for impairment.

(7) Other intangible assets

Other intangible assets represent the fair value of subsidiaries' shares issued in exchange for rights to operate NON-POTS services and to hang dropwire. These intangible assets are amortised using the straight-line method over their estimated useful lives, ranging from 20 - 25 years.

n) Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

o) Subscriber acquisition cost

Subscriber acquisition cost is the cost of PCT handsets and modems distributed to subscribers free of charge under usage contract campaigns. Subscriber acquisition cost is amortised over the contract period. Subscriber acquisition cost is reviewed annually for impairment. Subscriber acquisition cost is included in other current assets.

p) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising from difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

q) Borrowings

Borrowings are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

r) Troubled debt restructuring - where the group is the debtor

When the Group transfers its assets or equities in settlement of its debts as part of a debt restructuring, the excess of the carrying amount of the payable settled (including accrued interest, unamortised premium or discount, finance charges, or issue costs) over the fair value of the assets or equities transferred to the lender is recognised as a gain on restructuring in the statements of income.

Legal fees and other direct costs incurred in transferring equities are deducted from the amount recorded for that equity. All other direct costs affecting the debt restructuring are deducted in measuring the gain on restructuring or included in expense for the period if no gain on restructuring is recognised.

Where the debt restructuring involves modification of terms of payables, the Group accounts for the effects of the restructuring prospectively from the time of restructuring and does not change the carrying amount of the payable at the time of the restructuring, unless the carrying amount exceeds the total undiscounted future cash payment specified by the new terms. If it does exceed, the carrying amount of payable is reduced to the amount equal to the total undiscounted future cash payments specified by the new terms and a gain on restructuring is recognised in the statement of income if the amount is determinable.

s) Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

t) Employee benefits

Provident fund

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant Group of companies. The Group's contributions to provident fund are charged to the statement of income in the period to which the contributions relate.

The Group does not recognise a provision for post employee benefits, payable to employees under the Thai Labour Law.

u) Share capital

- (1) Ordinary shares and non-redeemable preferred shares with discretionary dividends are both classified as equity.
- (2) External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.
- (3) Dividends on ordinary shares are recognised in equity in the period in which they are declared.
- (4) The directors and executive management are entitled to participate in the Stock Option Plan under which non-transferable warrants are issued to the directors and executive management. If the warrants are granted at a discount on the market price no compensation cost is recognised in the statement of income based on that discount. When options are exercised, the proceeds received net of any transaction costs are credited to share capital (par value) and share premium or discount.

v) Revenue recognition

Wireline business

Telephone usage revenues for local and domestic long distance calls are recognised based on completed call time at the tariffs set by TOT. Where a billing period does not coincide with a calendar month the Company estimates the local call usage based on historical usage. Telephone usage revenue earned but not billed is included in the balance sheet in accounts receivable.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Revenue from DDN service is recognised rateably over the service period. Annual revenues from DDN service billed but unearned income are included in the balance sheet in unearned income.

Revenue derived from the installation of fixed lines and the activation of PCT services is recognised on completion of installation services and activation of services. Unearned advance receipts are included in the balance sheet in unearned income.

v) Revenue recognition (Cont'd)

Revenues from public telephone services are recognised according to metered usage and cash received.

Revenues from internet services are recognised according to actual time used by the customers.

Sales of telephone equipment and PCT handsets are recognised on delivery of equipment and handsets or customer acceptance.

Revenues from radio program are recognised when the program is broadcasted.

Wireless business

Revenues from mobile phone services are recognised based on completed call time. Cash received from selling of scratch cards is recognised as unearned income until such time that the customers make calls.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Sales of mobile phone are recognised upon delivery of equipment, handsets or customer acceptance.

Pay-TV business

Revenues from monthly subscription fees are recognised in the month in which the service is provided, commencing from completion of installation. Monthly subscription fees include a rental charge to subscribers who rent rather than purchase set-top boxes.

Revenues from sponsorship agreements and commissions on media are recognised upon the showing of the program for which the sponsorship payments are made.

Revenue from equipment installation and connection fees are recorded as unearned income when the installation is accomplished and recognised over estimated subscription period.

Revenue from maintenance services is recognised when the maintenance service is completed.

Revenue from the sale of music albums is the invoiced value of goods supplied net of output tax, goods returned and discounts.

Revenues from production of concerts represent the income from production of concerts and shows, which are recognised as income when the concerts and shows have taken place.

Subscription fees received in advance is recorded as deferred revenue and recognised as income when services are rendered according to the terms of subscribers' agreements.

Sales of set-top boxes are recognised on delivery of set-top boxes or customer acceptance.

v) Revenue recognition (Cont'd)

Group

In accordance with the agreements described in Note 2, TOT, CAT and MCOT are entitled to receive a share of certain revenues generated by the Group. The Group presents revenue gross, including TOT, CAT and MCOT's revenue sharing in the statement of income. TOT and CAT's revenue sharing ranges from 16% to 23.5% of collected revenue. MCOT's revenue sharing is 6.5% of collected revenue. The revenue sharing is included in cost of providing services.

Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

All revenues have been presented net of cash discounts and related cash-based promotions.

Other revenues earned by the Group are recognised on the following bases:

royalty and rental income - on an accrual basis; interest income - on an effective yield basis; and dividend income - when the Group's right to receive payment is established.

w) Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

x) Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sales is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

4. Financial risk management

1) Financial risk factors

The Group's activities expose it to various financial risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swap to hedge certain exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

4. Financial risk management (Cont'd)

1) Financial risk factors (Cont'd)

1.1) Foreign exchange rate risk

Purchases of property, equipment and network equipment of BITCO Group are mainly made in foreign currencies, primarily US Dollars and Euros, and loans from financial institutions of certain subsidiaries. In order to manage the risk arising from fluctuations in currency exchange rates, the Group makes use of forward foreign exchange contracts. Trading of the forward foreign exchange contracts for speculative purpose is prohibited by the Group's policy.

External foreign exchange contracts are designated at Group level as hedges of foreign exchange rate risk on specific assets, liabilities and future transactions.

1.2) Interest rate risk

The Group has no significant interest-bearing assets. The Group maintains its borrowings in fixed rate instruments. The Group borrows at variable rates and uses interest rate swap as interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the subsidiaries to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the subsidiaries borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with the other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts are calculated by reference to the agreed notional principal amounts.

1.3) Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

1.4) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

2) Accounting for financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts and interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The cost incurred in establishing each agreement is amortised over the contract period, if any.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to the statement of income.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 38.

4. Financial risk management (Cont'd)

3) Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quoted for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Information on the fair values of borrowings, interest rate swaps and forward foreign currency exchange contracts is included in Note 23 and Note 38.

5. Critical accounting estimates and judgements

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

a) Estimated impairment of goodwill, property, plant and equipment and intangible assets

The Group tests annually whether goodwill, property, plant and equipment and intangible assets has suffered any impairment, in accordance with accounting policy stated in Note 3 (n). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The change in the assumption used would impact the recoverable amount.

b) Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of percentage of revenues, analysis of debt aging, collection experience, and taking into account of change in the current economic environment. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

c) Useful lives for property, plant and equipment and intangible assets

The Group's property, plant and equipment are deal with telecommunication network and computer system network. The annual depreciation charge is sensitive to the estimated useful lives and residual values allocated to each type of asset. Useful lives and residual values are assessed annually and change when necessary to reflect current situation on their remaining useful lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

5. Critical accounting estimates and judgements (Cont'd)

d) Deferred tax

Deferred tax assets and liabilities are recognised for temporary difference arising between tax bases of assets and liabilities and their carrying amount for accounting purposes as at balance sheet date. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimise these deferred tax assets. The Group's assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

e) Borrowings

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date. The change in the discount rate would impact the fair value of the borrowings.

6. Capital risk management

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

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

7. Change in accounting estimate

Property, plant and equipment held under the Agreement for Operation are depreciated over the shorter of their useful lives or the remaining of agreement period. According to the conditions stipulated in the Memorandum of Agreement ("MOA") as described in Note 39.8, the subsidiary has been granted the right to use assets transferred to the grantor ("CAT") to 2018 (formerly till 2013). Consequently, the economic useful lives of the transferred assets are longer. Therefore, the subsidiary revised the calculation of the depreciation for the current period of those transferred assets. This would also impact the depreciation for the future periods.

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

	Before impact of MOA Million Baht	After impact of MOA Million Baht
Net book value of assets transferred to the grantor	40.000.00	40.000.00
as at 31 December 2008	10,888.08	10,888.08
Depreciation for year ended 31 December 2009	2,186.67	1,361.33

8. Acquisition

On 21 July 2009, the Group acquired an additional 18.22% of equity interest in KSC Commercial Internet Co., Ltd. ("KSC") resulting in the Group's equity interest in KSC becoming 56.02% (Note 16). The considerations of Baht 4.80 million was settled in cash. The fair value of the net identifiable liabilities of the company at the date of acquisition was Baht 42.51 million and goodwill resulting from acquisition of Baht 47.31 million.

The acquired business contributed revenues of Baht 192.01 million and net profit of Baht 13.52 million to the Group for the period from 21 July 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, consolidated revenue and consolidated profit for the year ended 31 December 2009 would have been Baht 477.44 million and Baht 45.61 million, respectively.

Detail of acquisition of this investment is as follows:

	Baht Million
Purchased considerations:	
Cash paid	4.80
Fair value of net identifiable liabilities	42.51
Goodwill	47.31
	Baht Million
Cash and cash equivalents	31.89
Restricted cash	3.80
Trade accounts receivable, net	42.70
Inventories, net	3.02
Income tax deducted at source	7.01
Other current assets	9.41
Property, plant and equipment, net (Non-network assets)	17.65
Intangible assets, net	7.91
Other non-current assets	2.53
Trade accounts payable	(109.98)
Unearned income	(12.72)
Accrued expenses	(14.49)
Other current liabilities	(7.48)
Borrowing Minority interest in subsidiaries	(25.88)
Minority interest in subsidiaries	2.12
Net identifiable liabilites	(42.51)
	Baht Million
Cash and cash equivalents acquired	31.89
<u>Less</u> Cash paid for acquisition	(4.80)
Net cash inflow from the acquisition	27.09

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9. Cash and cash equivalents

	Consoli	idated	Company		
As at 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Cash on hand	471,936,126	553,378,077	21,411,520	38,031,918	
Deposits held at call with banks	4,444,359,886	3,803,218,140	369,177,083	450,623,265	
	4,916,296,012	4,356,596,217	390,588,603	488,655,183	

The average effective interest rate on cash at banks were 0.82% and 1.69% in 2009 and 2008, respectively. These deposits have an average maturity of 40 days (2008: 22 days).

10. Restricted cash

Restricted cash consist of

	Consoli	idated	Company		
	2009 Baht	2008 Baht	2009 Baht	2008 Baht	
Current Non-current	1,347,634,950 144,480,759	1,400,794,566 157,013,376	708,893,823	700,682,633	
	1,492,115,709	1,557,807,942	708,893,823	700,682,633	

Current:

	Consoli	idated	Company		
As at 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Saving deposits	1,325,177,112	1,364,551,003	708,538,553	700,337,624	
Time deposits	22,457,838	36,243,563	355,270	345,009	
	1,347,634,950	1,400,794,566	708,893,823	700,682,633	

The average effective interest rates for time deposit accounts were 0.82% and 1.69% in 2009 and 2008, respectively. These deposits have an average maturity of 31 days (2008: 114 days).

The consolidated restricted cash included a subsidiary's cash advanced from customers amount of Baht 203.70 million represents cash received from selling of electronic cash cards, being deposited at banks. In order to comply with the Notification of the Bank of Thailand applicable to electronic card businesses, the balance of the deposit has to be maintained at the outstanding value of the cash cards on hands and electronics wallet of the customers as the minimum.

Under the terms of loan, financing and supplier agreements, the Company and certain subsidiaries have these deposits in the security accounts with the contracted parties.

10. Restricted cash (Cont'd)

Non-Current:

	Consolio	Consolidated		npany
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Saving deopsits	75,722,229	75,642,229	-	-
Time deposits	68,758,530	81,371,147		
	144,480,759	157,013,376	-	-

The average effective interest rates for time deposit accounts were 0.82% and 1.69% in 2009 and 2008, respectively.

These deposits pledged as collateral with the contracted parties.

11. Investments

	Consol	idated	Company	
As at 31 December	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Current	85,419,864	796,296,023	-	599,718,566
Non-current	292,922,895	292,922,895	240,740,500	240,740,500
Total	378,342,759	1,089,218,918	240,740,500	840,459,066
Current:				
Time deposits	21,413,165	11,664,072	-	-
Held-to-maturity - Debt securities	_	599,718,566	-	599,718,566
Trading securities - Equity securities	64,006,699	184,913,385		
Total current investments	85,419,864	796,296,023		599,718,566

Movement of investment

For the year ended 31 December 2009	Consolidated	Company
	Baht	Baht
Opening net book value	796,296,023	599,718,566
Additions	28,801,318,409	27,743,858,667
Disposals	(29,520,319,910)	(28,343,577,233)
Reclassifications	6,756,093	-
Interest received	993,000	-
Fair value adjustment	376,249	
Closing net book value	85,419,864	-

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11. Investments (Cont'd)

	Consoli	dated	Company	
As at 31 December	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Non-current: General investments	202 022 905	292.922.895	240 740 500	240 740 500
- Non-marketable equity securities	292,922,895	292,922,895	240,740,500	240,740,500
Total	292,922,895	292,922,895	240,740,500	240,740,500

Movement of general investments

For the year ended 31 December 2009	Consolidated	Company
	Baht	Baht
Opening net book value	292,922,895	240,740,500
Closing net book value	292,922,895	240,740,500

12. Trade accounts receivable, net

Consolidated			Company			
As at 31 December	2009 Baht	2008 Baht	2009 Baht	2008 Baht		
Receivable from TOT Billed customers Receivables and accrued income	462,719,635 8,637,699,774	449,585,464 7,664,482,861	462,719,635 3,040,659,046	449,585,464 3,128,951,517		
from related parties (Note 13)	535,635,561	678,755,157	1,964,839,885	2,216,990,871		
Trade accounts receivable Accrued income	9,636,054,970 2,972,160,766	8,792,823,482 2,620,392,952	5,468,218,566 1,264,227,155	5,795,527,852 1,258,013,354		
Total trade accounts receivable Less Allowance for doubtful	12,608,215,736	11,413,216,434	6,732,445,721	7,053,541,206		
accounts	(4,260,898,081)	(3,421,470,262)	(2,272,093,268)	(1,989,434,217)		
Trade accounts receivable, net	8,347,317,655	7,991,746,172	4,460,352,453	5,064,106,989		

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

	Conso	lidated	Company		
As at 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Current Less than 3 months 3 - 6 months 6 - 12 months More than 12 months	4,123,613,450	3,918,896,426	1,670,079,696	1,823,955,608	
	1,156,537,376	994,908,566	896,697,775	595,783,442	
	453,129,601	463,613,671	560,868,526	568,495,072	
	1,342,602,622	1,007,843,431	263,494,137	396,247,504	
	2,560,171,921	2,407,561,388	2,077,078,432	2,411,046,226	
Trade account receivable	9,636,054,970	8,792,823,482	5,468,218,566	5,795,527,852	
Accrued income	2,972,160,766	2,620,392,952	1,264,227,155	1,258,013,354	
Total trade accounts receivable Less Allowance for doubtful accounts	12,608,215,736	11,413,216,434	6,732,445,721	7,053,541,206	
	(4,260,898,081)	(3,421,470,262)	(2,272,093,268)	(1,989,434,217)	
Trade accounts receivable, net	8,347,317,655	7,991,746,172	4,460,352,453	5,064,106,989	

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

Concentrations of credit risk with respect to trade accounts receivable are limited due to the Group's large number of customers, who are end users of telephone services, covering business and residential. The Group's experience in the collection of accounts indicates that the allowance provided will be sufficient. Due to these factors management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade accounts receivable.

As at 31 December 2009, trade accounts receivable in the consolidated and Company balance sheets included accrued income from TOT since 1 January 2006, amount of Baht 287.34 million (2008: Baht 287.34 million). The receivables are derived from international call revenue sharing that the Company's customers made calls through CAT's network, which the Company receives the revenue sharing from CAT through TOT. The Company has accounted for the international call revenue sharing from TOT based on the contractual terms as stipulated in the Agreement. During 2004, CAT announced to reduce the rate of revenue sharing that CAT paid to TOT, therefore, TOT has remitted the sharing to the Company based on the reduced rates as determined by CAT. The Company sent TOT a letter of dissension in respect of the reduced rates as proposed by CAT. The Company's external legal counsel is of the opinion that the Company entitles to receive the service rates in accordance with the Agreement. The Company's management believes that the amount is recoverable.

In addition, trade accounts receivable as at 31 December 2009, in the consolidated and Company balance sheets included accrued income from TOT amount of Baht 223.20 million (2008: Baht 220.87 million) in respect of interconnection fee for TOT service because TOT has not provided sufficient and clarified information to enable the Company to agree with its fee calculation method. The Company has accounted for interconnection fee based on existing usage information that the Company recorded the minutes of international call usage for calculation interconnection fee. This matter is under negotiation with TOT. The Company's management believes that the amount is recoverable.

13. 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, joint ventures and fellow subsidiaries are related parties of the Company. Associates and 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 family of these individuals and companies associated with these individuals also constitute related parties.

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

The following transactions were carried out with related parties:

i) Sales of goods and services

	Consolidated		Company	
For the years ended 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Sales of goods:				
Subsidiaries:				
BITCO Group of companies	-	-	1,821.40	12,286.64
True Digital Content & Media Co., Ltd.	-	-	1,629.04	-
True Lifestyle Retail Co., Ltd.	-	-	630.80	28,716.53
True Internet Co., Ltd.	-	-	128.00	721.76
True Properties Co., Ltd.	-	-	49.20	-
True Leasing Co., Ltd.	-	-	7.40	-
Asia Wireless Communication Co., Ltd.	-	-	-	1,690.81
True Multimedia Co., Ltd.	-	-	-	1,554.96
True Life Plus Co., Ltd.	-	-	-	781.88
True Touch Co., Ltd.	-	-	-	366.69
True Public Communication Co., Ltd.	-	-	-	18.00
True Internet Gateway Co., Ltd.	-	-	-	2.35
True International Communication				
Co., Ltd.	-	-	-	2.29
Joint ventures:				
BboydCG Co., Ltd.	-	0.27	-	0.90
KSC Commercial Internet Co., Ltd.	19.63	-	-	-
Associate:				
NC True Co., Ltd.	169.94	446.04	-	395.63
Related company:				
CP Group of companies	7,238.31	11,591.52	20.90	918.08
	7,427.88	12,037.83	4,286.74	47,456.52
Sales of services:				
Subsidiaries:			2 0 40 522 00	2 066 201 00
True Universal Convergence Co., Ltd.	=	=	3,048,522.89	2,866,301.80
True Multimedia Co., Ltd.	-	-	368,330.97	375,542.91
True Public Communication Co., Ltd.	-	-	85,877.26	153,759.99
BITCO Group of companies	-	-	84,475.35	41,983.53
True Money Co., Ltd.	-	-	62,534.96	70,448.42
True Life Plus Co., Ltd.	-	-	37,196.39	13,548.43
True Internet Co., Ltd.	-	-	28,898.14	47,760.88
True Lifestyle Retail Co., Ltd.	-	-	12,518.56	4,419.74
True Properties Co., Ltd.	-	-	3,792.00	3,792.00
True Visions Group of companies	-	-	3,004.32	-
True Leasing Co., Ltd.	-	-	2,750.00	2,513.15
True International Communication				
Co., Ltd.	-	-	1,600.02	155.78
Wire & Wireless Co., Ltd.	-	-	1,392.00	1,392.00
Asia Wireless Communication Co., Ltd.	-	-	293.92	726.17
True Digital Content & Media Co., Ltd.	-	-	170.43	-
True Touch Co., Ltd.	-	-	48.50	12,000.00
Joint ventures:				
True Internet Data Center Co., Ltd.	17,203.74	39,047.11	895.58	895.58
KSC Commercial Internet Co., Ltd.	14,687.55	31,570.87	60.74	83.77
Asia Infonet Co., Ltd.	4,363.27	6,106.38	-	-
BboydCG Co., Ltd.	38.94	18.07	-	2.10
Associate:				
NC True Co., Ltd.	29,332.93	18,252.46	-	-

The following transactions were carried out with related parties:

i) Sales of goods and services (Cont'd)

	Consol	lidated	Company	
For the years ended 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Sales of services: (Cont'd) Related companies: CP Group of companies NEC Corporation	3,463,674.76	4,264,718.83	9,385.10	5,684.16
(Thailand) Co., Ltd.	67.07	121.16	67.07	121.16
	3,529,368.26	4,359,834.88	3,751,814.20	3,601,131.57

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

CP Group of companies is the major shareholder of the Company.

The Group holds a 9.62% equity interest in NEC Corporation (Thailand) Co., Ltd.

ii) Purchases of goods and services

	Consoli	idated	Company	
For the years ended 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Purchases of goods: Subsidiaries:				
BITCO Group of companies	-	-	18,582.84	6,446.73
Wire & Wireless Co., Ltd.	-	-	8,516.19	14,154.63
True Money Co., Ltd.	-	-	832.46	159.23
True Life Plus Co., Ltd.	-	-	600.00	33.55
True Digital Content & Media Co., Ltd.	-	-	275.40	-
True Properties Co., Ltd.	-	-	4.77	-
True Internet Co., Ltd.	-	-	-	13,542.81
Asia Wireless Communication Co., Ltd.	-	-	-	47.54
True Leasing Co., Ltd.	-	-	-	36.60
True Lifestyle Retail Co., Ltd.	-	-	-	1.30
Joint ventures:				
BboydCG Co., Ltd.	6.33	-	0.41	-
Associate:				
NC True Co., Ltd.	1,257.35	-	-	-
Related companies:				
CP Group of companies	50,875.29	279,748.84	4,691.52	30,878.37
NEC Corporation (Thailand) Co., Ltd.		2,584.51		
	52,138.97	282,333.35	33,503.59	65,300.76

ii) Purchases of goods and services (Cont'd)

	Consolidated		Com	pany
For the years ended 31 December	2009	2008	2009	2008
	Baht'000	Baht'000	Baht'000	Baht'000
Purchases of services:				
Subsidiaries:			220 410 26	210 (27 27
True Properties Co., Ltd.	-	-	320,410.36	318,627.25
Asia Wireless Communication Co., Ltd.	-	-	214,722.02	323,365.00
True Leasing Co., Ltd.	-	-	183,497.88	178,820.06
True Information Technology Co., Ltd.	-	-	72,499.50	3,000.00
True Lifestyle Retail Co., Ltd.	-	-	51,124.47	42,675.30
BITCO Group of companies	-	-	49,136.48	32,352.74
True Touch Co., Ltd.	-	-	31,182.48	28,407.50
True Universal Convergence Co., Ltd.	=	=	26,694.10	-
True Life Plus Co., Ltd.	=	=	10,068.11	9,936.66
True Internet Co., Ltd.	-	-	9,968.56	5,416.01
True Visions Group of companies	-	-	4,609.50	33,060.41
True Money Co., Ltd.	-	-	517.93	391.74
Wire & Wireless Co., Ltd.	-	-	322.79	7,907.63
True Digital Content & Media Co., Ltd.	-	-	265.00	-
True International Communication Co., Ltd.	-	-	28.81	0.77
Telecom Holding Co., Ltd.	-	-	1.40	-
True Music Radio Co., Ltd.	=	-	=	250.00
Joint ventures:				
Asia Infonet Co., Ltd.	241,920.88	254,361.18	219.22	9,735.34
True Internet Data Center Co., Ltd.	49,293.60	39,000.29	30,042.03	27,605.25
KSC Commercial Internet Co., Ltd.	8,708.92	19,598.57	1,398.03	20,428.00
BboydCG Co., Ltd.	4,766.98	2,950.58	10,000.00	28.80
Associates:				
NC True Co., Ltd.	11,635.09	2,004.78	-	4.79
Channel [V] Music (Thailand) Co., Ltd.	6,767.12	38,561.30	-	-
Related companies:				
CP Group of companies	719,050.43	603,354.06	61,543.26	79,459.69
NEC Corporation (Thailand) Co., Ltd.	5,102.78	7,993.00	241.72	101.30
	1,047,245.80	967,823.76	1,078,493.65	1,121,574.24

Purchases from related companies were carried out on commercial terms and conditions and at market prices.

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

Cor		idated	Company	
As at 31 December	2009	2008	2009	2008
	Baht'000	Baht'000	Baht'000	Baht'000
Receivables from related parties:				
(included in "Trade accounts receivable")				
Subsidiaries:				
True Universal Convergence Co., Ltd.	-	-	1,519,652.40	1,061,887.81
BITCO Group of companies	-	-	121,393.03	48,037.52
True Lifestyle Retail Co., Ltd.	-	-	69,783.13	55,706.24
True Multimedia Co., Ltd.	-	-	63,151.07	646,227.10
True Life Plus Co., Ltd.	-	-	54,019.90	11,104.06
True Money Co., Ltd.	-	-	42,053.32	48,175.84
True Internet Co., Ltd.	-	-	30,853.57	78,134.80
True Public Communication Co., Ltd.	-	-	19,603.33	70,290.41
Asia Wireless Communication Co., Ltd.	-	-	10,933.02	21,993.34
K.I.N. (Thailand) Co., Ltd.				
(foreign company)	-	-	10,035.72	10,035.72
Wire & Wireless Co., Ltd.	-	-	7,285.98	12,530.83
True Touch Co., Ltd.	-	-	7,034.09	6,007.55
True Visions Group of companies	-	-	2,369.60	1.22
True Digital Content & media Co., Ltd.	-	-	1,804.55	-
True International Communication				
Co., Ltd.	-	-	1,405.39	166.97
Telecom Holding Co., Ltd.	-	-	696.91	696.96
True Properties Co., Ltd.	-	-	349.52	17,371.50
True Leasing Co., Ltd.	-	-	274.46	124,533.55
True Internet Gateway Co., Ltd.	-	-	3.49	-
Joint ventures:				
Asia Infonet Co., Ltd.	31,315.58	27,848.74	246.35	246.45
True Internet Data Center Co., Ltd.	13,336.29	20,574.60	94.60	2,494.74
BboydCG Co., Ltd.	0.93	11.38	-	-
KSC Commercial Internet Co., Ltd.	-	62,516.22	14.42	12.79
Associate:				
NC True Co., Ltd.	6,391.45	5,370.22	28.43	242.27
Related companies:				
CP Group of companies	484,426.83	562,333.62	1,589.12	992.82
NEC Corporation (Thailand) Co., Ltd.	164.48	100.38	164.48	100.38
D 111 (01 110)		(50 555 16	1.064.020.00	2.21 (0.00 0.7
Receivables, net (Note 12)	535,635.56	678,755.16	1,964,839.88	2,216,990.87
Receivables from related parties:				
(included in "Other current assets")				
Related companies:				
CP Group of companies	63.52	63.52	-	-
NEC Corporation (Thailand) Co., Ltd.		562.86		562.86
	63.52	626.38		562.86
		323.20		302.00

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iii) Outstanding balances arising from sales and purchases of goods and services (Cont'd)

	Consolidated		Company	
As at 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Payables to related parties:				
(included in "Trade accounts payable")				
Subsidiaries:				
Asia Wireless Communication Co., Ltd.	-	-	193,537.14	272,120.02
True Internet Co., Ltd.	-	-	106,537.04	109,407.33
True Properties Co., Ltd.	-	-	53,984.71	63,031.92
True Money Co., Ltd.	-	-	50,083.91	1,779.36
BITCO Group of companies	-	-	31,578.50	99,385.30
True Public Communication Co., Ltd.	-	-	18,559.18	8,615.84
Telecom Holding Co., Ltd.	-	-	14,378.01	14,378.01
True Leasing Co., Ltd.	-	-	13,485.19	19,956.54
True Universal Convergence Co., Ltd.	-	-	10,656.97	6,567.19
True Multimedia Co., Ltd.	-	_	8,378.72	10,454.79
True Lifestyle Retail Co., Ltd.	-	-	7,022.38	8,558.06
True Visions Group of companies	-	_	4,185.95	5,444.32
True Life Plus Co., Ltd.	-	_	3,987.27	4,111.61
True Information Technology Co., Ltd.	-	_	3,982.11	267.50
True Touch Co., Ltd.	-	_	1,079.74	881.04
Wire & Wireless Co., Ltd.	-	_	520.01	8,142.15
True Digital Content & Media Co., Ltd.	-	_	294.68	-
True International Communication				
Co., Ltd.	-	_	4.10	441.73
Tele Engineering and Services Co., Ltd.	-	_	-	170.13
Joint ventures:				
Asia Infonet Co., Ltd.	59,462.36	52,865.36	9,984.08	9,423.64
True Internet Data Center Co., Ltd.	16,201.82	11,555.55	10,230.99	5,531.30
BeboydCG Co., Ltd.	147.61	374.56	-	-
KSC Commercial Internet Co., Ltd.	-	11,597.33	17,739.64	19,499.52
Associates:		,	,	,
NC True Co., Ltd.	24,772.63	7,651.36	_	-
Channel [V] Music (Thailand) Co., Ltd.	-	4,350.17	_	-
Related companies:		1,220121		
CP Group of companies	20,245.57	31,121.31	3,724.62	7,857.40
NEC Corporation (Thailand) Co., Ltd.	35.28	2,226.89	24.36	7.60
Kreditanstalt fuer Wideraufbau	195.41	-,	195.41	-
	121,060.68	121,742.53	564,154.71	676,032.30

iv) Loans to related parties

	Consolidated		Company	
As at 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Loans to related parties Current	7,500.30	31,880.44	850,000.00	200,000.00
Total	7,500.30	31,880.44	850,000.00	200,000.00

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

	Consolidated	Company	
	Baht'000		
For the year ended 31 December 2009			
Opening net book value	31,880.44	200,000.00	
Additions	1,500.06	750,000.00	
Acquisition of subsidiary	(25,880.20)	-	
Repayments		(100,000.00)	
Closing net book value	7,500.30	850,000.00	

The loan to related party in the consolidated financial statements as at 31 December 2009 is loan of Baht 7.50 million to BboydCG Company Limited, which is call promissory note. The loan bears interest at MLR per annum.

The loan to related party in the Company financial statements as at 31 December 2009 is loan to True Universal Convergence Co., Ltd., which is call promissory note. The loan bears interest at 6.00% per annum.

The consolidated and Company related interest income for the year ended 31 December 2009 were Baht 0.58 million and Baht 39.39 million, respectively (2008: Baht 1.05 million and Baht 23.37 million, respectively).

v) Loans from a related party

	Consoli	Consolidated		Company	
As at 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000	
Current Non-current	1,196,549.76 850,368.20	1,491,002.00 2,094,137.81	2,869,039.21	2,695,681.64	
Total (Note 23)	2,046,917.96	3,585,139.81	2,869,039.21	2,695,681.64	

v) Loans from a related party (Cont'd)

Movement of loans from a related party can be analysed as follows:

	Consolidated	Company
For the year ended 31 December 2009	Baht'000	Baht'000
Opening net book value	3,585,139.81	2,695,681.64
Addition borrowings:		
- Non-cash transaction - interest	-	173,357.57
Repayments	(1,491,002.00)	-
Amortisation of debt issuance cost	(97,145.48)	-
Currency translation	49,925.63	
Closing net book value	2,046,917.96	2,869,039.21

The loans in consolidated are presented net of amortised debt issuance cost of Baht 32.80 million.

The loans in the consolidated financial statements are the loans from Kreditanstalt fuer Wideraufbau ("KfW"). The loans rank pari passu with other secured lenders and carry interest at LIBOR plus a fixed percentage per annum. The loans are secured against various categories of assets as described in Note 23. The first repayment was due in September 2006 and the final maturity date will be on 30 June 2011. Under the terms and conditions of the agreements, BITCO Group must comply with certain significant conditions and maintain financial ratio at the specific period as stipulated in the agreements. The related interest expenses were Baht 75.13 million and Baht 216.45 million for the years ended 31 December 2009 and 2008, respectively. These loans are presented in the balance sheet as part of borrowings (Note 23).

The loan in the Company financial statements is the loan from True Visions Public Company Limited in form of the unsecured promissory note at the face value of Baht 4,302.56 million. The fair value of the said promissory note on the inception date was Baht 2,307.00 million with discounted amount of Baht 1,995.56 million. The effective interest rate is 6.43% per annum. The maturity date will be on 5 July 2016.

Maturity of non-current loans from related party:

	Consolidated	Company
As at 31 December 2009	Baht'000	Baht'000
Due within 1 year		-
Between 1 and 2 years Between 2 and 5 years	883,167.68	-
Over 5 years		2,869,039.21
	883,167.68	2,869,039.21
	883,167.68	2,869,039.21

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

	Consolidated		Company	
As at 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Interest receivable: (included in "Other current assets")				
Joint venture	60.35	2,709.14		
	60.35	2,709.14	-	
Interest payable: (included in "Accrued expenses")				
Related company:	400.05	5 00 44		
Kreditanstalt fuer Wiederaufbau	198.87	598.44		
	198.87	598.44	-	

vii) Directors and key management's remuneration

The total remuneration of the directors and the key management of the Company and the Group in 2009 were Baht 134.95 million and Baht 190.84 million, respectively (2008: Baht 140.20 million and Baht 189.41 million, respectively).

viii) Equity warrants granted to directors and senior executives

There are no warrants granted to directors and senior executives during 2009 (2008: 37.31 million units) The outstanding number of stock options granted to directors and senior executives of the Company as at 31 December 2009 was 143.82 million units (2008: 143.82 million units) (Note 29).

ix) Shares acquisition through CP

Pertaining to the Sponsor Support Agreement ("SSA") (Note 39), on 13 December 2007, Charoen Pokphand Holding Company Limited ("CP"), a shareholder in BITCO and a subsidiary of Charoen Pokphand Group provided a financial support in form of capital injection at the amount of Baht 3,000.00 million through the subscription of BITCO's rights offering shares of 6,000 million shares at Baht 0.50 per share, resulting in increasing of CP's equity interest in BITCO from 0.76% to 23.92% and dilution of the Company's equity interest in BITCO from 98.17% to 75.26%. CP offered the Company options to full or partial purchase of BITCO's shares at the specific time and prices as stipulated in the Memorandum, in this regard CP's proposal was approved by the Annual General Meeting of the Company's shareholders on 29 April 2008.

In accordance with the FAP Notification No. Sor Nor 113/2547 dated 23 April 2004 and the Securities and Exchange Commission Notification and Accounting Guidance - Business Combination Under Common Control, the selling price of the additional shares is higher than its carrying value, there is a gain to the investor, which should be accounted for share surplus under "Shareholders' equity". The amount of Baht 1,825.58 million was derived from dilution of the Company's equity interest in BITCO and was presented in shareholders' equity under "Share surplus (discount)" in the consolidated balance sheet. The subscription of BITCO's rights offering shares is approved by the Company's Board of Directors on 22 February 2008.

ix) Shares acquisition through CP (Cont'd)

On 11 June 2009, the Company exercised its option to purchase BITCO's shares from Charoen Pokphand Holding Company Limited ("CP") in regarding to CP's proposal. The number of shares purchased was 6,000 million shares at Baht 0.59 per share totalling Baht 3,540.00 million, resulting in the increase of the Company and the Group's equity interest in BITCO to 96.44% and 98.91%, respectively (Note 16 and Note 31).

x) Dividend received

During 2009, the Company received a dividend of Baht 1,083.28 million (2008: Baht 517.02 million) from a subsidiary, which was recognised as "Dividend income" under "Other operating income" in the Company statement of income.

14. Inventories, net

Consolidated		idated	Company	
As at 31 December	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Spareparts for networks (at cost)	546,271,917	609,393,342	255,700,223	277,382,897
<u>Less</u> Allowance for decline in value	(354,869,551)	(361,772,106)	(199,546,481)	(199,546,481)
Spareparts for networks - net	191,402,366	247,621,236	56,153,742	77,836,416
Merchandise (at cost)	792,524,900	967,262,277	58,462,843	77,490,858
<u>Less</u> Allowance for decline in value	(242,894,666)	(317,979,377)	(49,126,312)	(65,455,610)
Merchandise - net	549,630,234	649,282,900	9,336,531	12,035,248
Work in process (at cost)	1,081,925	6,400	-	-
Goods in transit (at cost)	4,426,493	1,512,619		
Inventories, net	746,541,018	898,423,155	65,490,272	89,871,664

During 2009, the reversal of damage and obsolete, net of provision were charged to the consolidated and Company's statements of income of Baht 81.99 million and Baht 16.33 million, respectively. During 2008, the loss on damage and obsolete, net of reversal were charged to the consolidated and Company's statements of income of Baht 65.00 million and Baht 36.26 million, respectively.

15. Other current assets

	Consolidated		Comp	npany	
As at 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Value added tax pending receipt					
of tax invoices	699,086,527	769,324,942	36,627,943	37,138,847	
Prepaid expenses	504,140,069	465,798,626	86,782,736	54,234,904	
Film and program right (Note 20)	288,287,886	278,927,431	-	-	
Advances to contractors	184,762,014	33,203,438	79,000	77,000	
Regulatory cost	83,077,067	56,952,023	-	-	
Subscriber acquisition cost, net	72,577,700	78,610,193	6,507	6,507	
Interest receivable	48,028,373	46,117,213	38,166,317	38,233,958	
Others	310,939,533	290,257,710	99,161,384	77,688,926	
	2,190,899,169	2,019,191,576	260,823,887	207,380,142	

Subscriber acquisition cost is mainly modems and PCT handsets distributed to subscribers free of charge under a one-year and a three-year usage contract campaign, respectively. Subscriber acquisition cost is amortised over the contract period. The amortisation for the year recorded in the consolidated financial statements was Baht 143.25 million (2008: Baht 140.82 million).

16. Investments in subsidiaries, joint ventures and associates

Subsidiary undertakings

Name of subsidiaries	Business	Country of incorporation	
Asia DBS Public Company Limited (89.99%)*	DBS system operator	Thailand	
Asia Wireless Communication Co., Ltd. (99.99%)*	PCT operator	Thailand	
Bangkok Inter Teletech Public Company Limited ("BITCO")			
(2009: 98.91% and 2008: 77.21%)	Holding company	Thailand	
Cineplex Co., Ltd. (91.79%)*	Program production	Thailand	
Click TV Co., Ltd. (91.79%)*	Interactive TV business	Thailand	
IBC Symphony Co., Ltd. (91.79%)*	Dormant	Thailand	
Internet Knowledge Service Center Co., Ltd. (56.93%)*	Non-government telecommunication	Thailand	
K.I.N. (Thailand) Co., Ltd. (99.99%)	Holding company	Thailand	
KSC Commercial Internet Co., Ltd. ("KSC") (56.83%)*	Internet services provider	Thailand	
MKSC World Dot Com Co., Ltd. (91.05%)*	Internet services and distributor	Thailand	
Panther Entertainment Co., Ltd. (91.79 %)*	Artist management and related		
	business	Thailand	
Samut Pakan Media Corporation Co., Ltd. (2009: 98.85%			
and 2008: 77.16%)*	Telecommunication services	Thailand	
Satellite Service Co., Ltd. (91.79%)*	Sales and rental of equipment related		
	to Pay Television	Thailand	
Song Dao Co., Ltd. (2009: 98.84% and 2008: 77.16%)*	Collection agent	Thailand	
Tele Engineering and Services Co., Ltd. (99.99%)*	Content provider	Thailand	
Telecom Holding Co., Ltd. (99.99%)	Holding company	Thailand	
Telecom International Co., Ltd. (99.99%)*	Holding company	Thailand	
Telecom KSC Co., Ltd. (34.39%)*	Non-government telecommunication	Thailand	
True Digital Content & Media Co., Ltd.			
(formerly "Future Gamer Co., Ltd.") (90.00%)*	Digital content and marketing media	Thailand	
True Digital Media Co., Ltd.	e e		
(formerly "Red Media Co., Ltd.") (91.79%)*	Advertising sale and agency	Thailand	
True Digital Plus Co., Ltd.	ξ .		
(formerly "Online Station Co., Ltd.") (90.00%)*	Online game	Thailand	
True Distribution and Sales Co., Ltd. (2009: 98.76% and	C		
2008: 77.09%)*	Retail services	Thailand	
True Information Technology Co., Ltd. (formerly "Telecom			
Training and Development Co., Ltd.") (99.99%)*	IT services and training	Thailand	
1 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,			

Subsidiary undertakings (Cont'd)

Name of subsidiaries	Name of subsidiaries Business	
True International Communication Co., Ltd. (99.99%)	Telecommunication services	Thailand
True Internet Co., Ltd. (99.99%)	Internet solution provider	Thailand
True Internet Gateway Co., Ltd. (99.99%)	Telecommunication and internet services	Thailand
True Leasing Co., Ltd. (99.99%)	Rental services	Thailand
True Life Plus Co., Ltd. (formerly	rental services	Thuhuhu
"True Digital Entertainment Co., Ltd.") (99.99%)	Telecommunication services reseller	Thailand
True Lifestyle Retail Co., Ltd. (99.99%)*	Internet café and related services	Thailand
True Magic Co., Ltd. (99.99%)	Production and distribution of movies	Thuhuhu
11de Magie Co., Etc. (55.5570)	film	Thailand
True Money Co., Ltd. (99.99%)	Payment service centre and electronic	Thuhuhu
	card services	Thailand
True Move Co., Ltd. (2009: 98.83% and 2008: 77.14%)*	Cellular operator	Thailand
True Multimedia Co., Ltd. (91.08%)*	NON-POTS and multimedia services	Thailand
True Music Co., Ltd. (2009: 98.79% and 2008: 77.11%)*	Content provider	Thailand
True Music Radio Co., Ltd. (69.94%)*	Trading and production of	
	advertising media	Thailand
True Properties Co., Ltd. (99.99%)*	Rental services	Thailand
True Public Communication Co., Ltd. (99.99%)	Telecommunication services	Thailand
True Touch Co., Ltd. (99.99%)*	Call centre services	Thailand
True Universal Convergence Co., Ltd. (99.99%)*	Telecommunication services	Thailand
True Visions Public Company Limited (91.79%)*	Pay Television	Thailand
True Visions Cable Public Company Limited (91.19%)*	Pay television via cable system	Thailand
Wire & Wireless Co., Ltd. (87.50%)	Construction	Thailand
International Broadcasting Corporation		
(Cambodia) Co., Ltd. (64.25%)*	Dormant	Cambodia
K.I.N. (Thailand) Co., Ltd. (99.99%)*	Holding company	British Virgin Island
Nilubon Co., Ltd. (99.99%)*	Holding company	British Virgin Island
TA Orient Telecom Investment Co., Ltd. (99.99%)*	Holding company	British Virgin Island

^{*} indirectly owned by the Company

All foreign companies are classified as foreign operations that are integral to the operations of the Group. Before 2000, TA Orient Telecom Investment Co., Ltd. was classified as a foreign entity.

Telecom International China Co., Ltd. and Telecom Asia (China) Co., Ltd., the solely owned subsidiaries in British Virgin Island, were dissolved on 28 January 2010 and 4 February 2010, respectively. The negative impact is approximately Baht 0.89 million.

Internet Shopping Mall Co., Ltd. and Online Advertising Goldsite Co., Ltd. the Group subsidiaries with 58.10% and 57.24% of its equity interest, respectively, were registered for liquidation during December 2009. The negative impact from these liquidations are approximately Baht 0.86 million.

Movement of investments is as follows:

	Consolidated		Company	
For the years ended 31 December	2009 Baht'000	2008 Baht'000	2009 Baht'000	2008 Baht'000
Opening net book value	53,516.11	18,020.58	19,740,550.21	18,578,624.13
Additional investments	-	45,700.00	8,464,490.39	1,247,426.18
Disposal	-	-	-	(85,500.10)
Dividend income	(3,120.00)	-	-	-
Decrease in share capital of a subsidiary	-	-	(1,657,000.00)	-
Share of results	(772.74)	(10,204.47)		
Closing net book value	49,623.37	53,516.11	26,548,040.60	19,740,550.21

Investments in subsidiaries at a carrying value of Baht 18,045.28 million are secured against a subsidiary's borrowings (Note 23 and Note 39).

On 9 December 2008, the Company acquired newly issued shares of 2,201.65 million shares of BITCO, at the considerations of Baht 1,100.83 million. Consequently the Company's equity interest in BITCO increased from 75.26% to 77.21%. The amount of Baht 221.26 million derived from dilution of the Company's equity interest was recognised in shareholders' equity under "Share surplus (discount)" in the consolidated balance sheet.

During 2008, the Company made additional investments in True Internet Co., Ltd. and True International Communication Co., Ltd. totalling of Baht 112.60 million. Consequently, the Group equity interest in both subsidiaries was 99.99% of its shares.

In June 2009, the Company additionally invested in BITCO amount of Baht 6,121.49 million, resulting in changes of equity interest from 74.28% to 96.44% for the Company and from 77.21% to 98.91% for the Group. The dilution of the minority interest amount of Baht 3,102.76 million was adjusted to the "Share surplus (discount)" in the consolidated balance sheet (Note 31).

In June 2009, the Company invested in True Public Communication Co., Ltd. amount of Baht 85.00 million, resulting in changes of its equity interest from 99.94% to 99.99%.

In July 2009, a subsidiary acquired 480,000 shares of KSC Commercial Internet Co., Ltd., previously the Group's joint venture which 37.80% hold of its equity interest at the considerations of Baht 4.80 million. Resulting in the increase of the Group's equity interest to 56.02%, the Group accounted for as a subsidiary from the acquisition date (Note 8).

In September 2009, the Company acquired 48 million ordinary shares of Telecom Holding Co., Ltd. from True Properties Co., Ltd. at the considerations of Baht 480.00 million, to eliminate the cross holding between subsidiaries. In addition, Telecom Holding Co., Ltd. reduced 48 million ordinary shares and paid to the Company totalling Baht 480.00 million.

In November 2009, the Company made additional investment in Telecom Holding Co., Ltd., its wholly owned subsidiary amount of Baht 1,778.00 million to further invest in True Universal Convergence Co., Ltd.

In November 2009, True Leasing Co., Ltd., the Company's subsidiary has reduced its registered share capital amount of Baht 1,231.00 million. The amount of Baht 1,177.00 million was paid to the Company.

A subsidiary paid dividends to the parent during 2009 and 2008 amount of Baht 1,530.51 million and Baht 2,563.23 million, respectively and paid to its minority shareholders amount of Baht 25.98 million and Baht 43.50 million, respectively.

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

Joint ventures

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

Details of the joint ventures are set out in Note 40.

Associate undertakings

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

During 2008, the Company and the subsidiary additionally invested in associates amount of Baht 34.00 million and Baht 11.70 million, respectively.

Investments are comprised of:

As at 31 December 2009	Consolidated					
	Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Investment -at equity method Baht'000
Associates						
NC True Co., Ltd.	Developer and service provider of					
	games online	Shareholder	241,578	40.00	123,205	21,935
Channel [V] Music (Thailand) Co., Ltd.	Music and sound	Shareholder	110,000	23.87	28,599	27,688
Total investment in associates					151,804	49,623
As at 31 December 2008			Consolidate	d		
	Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Investment -at equity method Baht'000
Associates						
NC True Co., Ltd.	Developer and service provider of					
	games online	Shareholder	241,578	40.00	123,205	21,108
Channel [V] Music (Thailand) Co., Ltd.	Music and sound	Shareholder	110,000	23.87	28,599	32,408
Total investment in associates					151,804	53,516

As at 31 December 2009	Company									
	Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Impairment Baht'000	Net investment Baht'000			
Subsidiaries										
Telecom Holding Co., Ltd.	Holding company	Shareholder	18,598,245	99.99	18,598,245	9,598,637	8,999,608			
Bangkok Inter Teletech Public Co., Ltd.	Invested in cellular operator	Shareholder	82,678,287	96.44	22,803,402	8,647,899	14,155,503			
True Leasing Co., Ltd.	Rental services	Shareholder	1,285,000	99.99	1,660,000	-	1,660,000			
True Life Plus Co, Ltd.	Telecommunication services reseller	Shareholder	1,775,000	21.73	559,500	-	559,500			
True Internet Co., Ltd.	Internet solution provider	Shareholder	602,802	99.99	539,882	-	539,882			
K.I.N. (Thailand) Co., Ltd.	Holding company	Shareholder	352,500	93.62	330,000	299,872	30,128			
Wire & Wireless Co., Ltd.	Construction and distributor	Shareholder	100,000	87.50	292,250	-	292,250			
True Money Co., Ltd.	Payment service center and electronic card services	Shareholder	200,000	49.00	98,000	_	98,000			
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	86,000	99.99	86,000	_	86,000			
True Internet Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	51,000	99.99	51,000	_	51,000			
True International Communication Co., Ltd.	Telecommunication services	Shareholder	22,000	99.99	22,000	_	22,000			
True Magic Co., Ltd.	Production and distribution of movies film	Shareholder	3,500	99.99	3,500	_	3,500			
True Universal Convergence Co., Ltd.	Telecommunication services	Shareholder	1,685,000	0.04	1,000		1,000			
Total investment in subsidiaries					45,044,779	18,546,408	26,498,371			
Associate										
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241,578	40.00	123,205	73,535	49,670			
Total investment in associate					123,205	73,535	49,670			
Total investments in subsidiaries and associate					45,167,984	18,619,943	26,548,041			

As at 31 December 2008	Company									
	Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Impairment Baht'000	Net investment Baht'000			
Subsidiaries		, <u> </u>								
Telecom Holding Co., Ltd.	Holding company	Shareholder	17,300,246	97.25	16,820,245	9,598,637	7,221,608			
Bangkok Inter Teletech Public Co., Ltd.	Invested in cellular operator	Shareholder	69,770,835	74.28	16,681,912	8,647,899	8,034,013			
True Leasing Co., Ltd.	Rental services	Shareholder	2,462,000	99.99	2,836,999	-	2,836,999			
True Life Plus Co, Ltd.	Telecommunication services reseller	Shareholder	975,000	57.38	559,500	-	559,500			
True Internet Co., Ltd.	Internet solution provider	Shareholder	602,802	99.99	539,882	-	539,882			
K.I.N. (Thailand) Co., Ltd.	Holding company	Shareholder	352,500	93.62	330,000	299,872	30,128			
Wire & Wireless Co., Ltd.	Construction and distributor	Shareholder	100,000	87.50	292,250	-	292,250			
True Money Co., Ltd.	Payment service center and electronic card services	Shareholder	200,000	49.00	98,000	_	98,000			
True Internet Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	51,000	99.99	51,000	_	51,000			
True International Communication Co., Ltd.	Telecommunication services	Shareholder	22,000	99.99	22,000	_	22,000			
True Magic Co., Ltd.	Production and distribution of movies film	Shareholder	3,500	99.99	3,500	_	3,500			
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	1,000	99.94	1,000	_	1,000			
True Universal Convergence Co., Ltd.	Telecommunication services	Shareholder	1,151,000	0.09	1,000		1,000			
Total investment in subsidiaries				<u>-</u>	38,237,288	18,546,408	19,690,880			
Associate										
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241,578	40.00	123,205	73,535	49,670			
Total investment in associate				-	123,205	73,535	49,670			
Total investments in subsidiaries and associate					38,360,493	18,619,943	19,740,550			

The Group's share of the results of its principal associates, all of which are unlisted companies, and its share of the assets, liabilities and income are as follows:

As at 31 December 2009

Associates	% Ownership interest	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Net profit/(loss) Baht'000
NC True Co., Ltd. Channel [V] Music	40.00	33,388	11,458	44,610	827
(Thailand) Co., Ltd.	23.87	29,890	2,202	19,657	(1,600)
		63,278	13,660	64,267	(773)

As at 31 December 2008

Associates	% Ownership interest	Assets Baht'000	Liabilities Baht'000	Revenues Baht'000	Net profit/(loss) Baht'000
NC True Co., Ltd. Channel [V] Music	40.00	31,064	9,961	22,578	(13,159)
(Thailand) Co., Ltd.	23.87	38,373	6,219	23,604	2,954
		69,437	16,180	46,182	(10,205)

17. Investment property

	Consolidated			
For the years ended 31 December	2009 Baht	2008 Baht		
Opening net book value Impairment charge	56,653,898 (672,500)	56,653,898		
Closing net book value	55,981,398	56,653,898		
As at 31 December	2009 Baht	2008 Baht		
Cost <u>Less</u> Allowance for decline in value	118,917,845 (62,936,447)	118,917,845 (62,263,947)		
Net book value	55,981,398	56,653,898		

18. Property, plant and equipment, net

	Consol	idated	Comp	pany	
As at 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Network equipment					
Opening net book value	63,926,570,365	67,650,005,723	15,474,207,515	17,044,645,464	
Additions	4,213,860,223	3,288,379,190	256,779,592	330,160,747	
Disposals	(209,869,199)	(133,917,664)	(1,007,807)	(2,637,272)	
Adjustments/Reclassifications	908,419,261	1,649,761,738	1,212,308	3,585,905	
Depreciation charge	(7,957,620,034)	(8,515,658,622)	(1,904,051,608)	(1,901,547,329)	
Impairment charge	(66,458,605)	(12,000,000)			
Closing net book value	60,814,902,011	63,926,570,365	13,827,140,000	15,474,207,515	
Non-network equipment					
Opening net book value	7,453,507,200	7,033,148,597	446,451,149	589,567,005	
Additions	2,617,400,505	2,688,272,094	56,701,400	133,579,318	
Acquisitions of subsidiaries	17,646,253	-	-	-	
Disposals	(179,653,786)	(219,059,348)	(2,260,229)	(32,844,191)	
Adjustments/Reclassifications	(87,445,441)	(283,772,755)	(1,681,857)	(33,000,179)	
Depreciation charge	(1,945,398,663)	(1,662,887,547)	(200,002,788)	(210,850,804)	
Impairment charge	1,590,110	(102,193,841)			
Closing net book value	7,877,646,178	7,453,507,200	299,207,675	446,451,149	
Total	68,692,548,189	71,380,077,565	14,126,347,675	15,920,658,664	

Network equipment

Borrowing costs of Baht 62.30 million (2008: Baht 59.95 million) were capitalised as cost of assets during the year included in "Additions".

Network equipment in the consolidated and the Company financial statements at net book value of Baht 21,968.08 million and Baht 10,719.31 million (2008: Baht 24,950.28 million and Baht 12,297.50 million), respectively were transferred to the parties under the agreements (Note 2). According to the agreements, the Group has the rights to operate and maintain these assets over the agreement periods.

Leased assets are finance leases of transponder to provide Pay-TV services (where the Group is a lessee), details are as follows:

	Conso	lidated
	2009 Baht	2008 Baht
Cost - capitalised finance leases <u>Less</u> Accumulated depreciation	4,994,634,646 (1,303,872,723)	4,660,327,142 (1,114,689,903)
Net book value	3,690,761,923	3,545,637,239

Borrowings in Thai Baht are secured by the rights to operate network equipment of the Group amount of Baht 20,949.51 million (2008: Baht 23,680.53 million) (Note 23).

Non-network equipment

Additions include Baht 1,423.50 million (2008: Baht 1,697.03 million) of assets leased under finance leases (where the Group is the lessee).

Leased assets are finance leases of vehicles and computers (where the Group is a lessee), details are as follows:

	Consolidated		
·	2009 Baht	2008 Baht	
Cost - capitalised finance leases <u>Less</u> Accumulated depreciation	5,070,496,928 (1,719,536,513)	4,474,265,103 (1,345,838,919)	
Net book value	3,350,960,415	3,128,426,184	

Borrowings are secured by buildings included in non-network equipment at a net book value of Baht 1,033.23 million (2008: Baht 1,057.94 million) (Note 23 and Note 39).

	Consolidated									
Network equipment	Land and land improvement Baht	Building and improvement Baht	Telephone network equipment Baht	Wireless network equipment Baht	Public phones Baht	Multimedia network equipment Baht	Power supply and computers Baht	Pay - TV Baht	Work in progress Baht	Total Baht
As at 1 January 2008 Cost Less Accumulated depreciation Allowance for impairment	1,848,181,073 - -	1,810,186,990 (1,027,922,024) (181,507)	68,992,514,090 (55,198,347,805) (92,346,770)	68,376,253,962 (27,990,432,209) (3,934,082,087)	2,424,498,047 (2,042,586,011) (34,613,406)	8,407,718,853 (5,411,880,891) (154,700,000)	4,001,245,039 (3,451,215,341) (313,869,713)	12,824,041,593 (5,421,839,831) (151,992,415)	4,191,376,086	172,876,015,733 (100,544,224,112) (4,681,785,898)
Net book value	1,848,181,073	782,083,459	13,701,819,515	36,451,739,666	347,298,630	2,841,137,962	236,159,985	7,250,209,347	4,191,376,086	67,650,005,723
Year ended 31 December 2008 Opening net book value Additions Disposals Adjustments/Reclassifications Depreciation charge Impairment charge	1,848,181,073 - - - - - -	782,083,459 597,756 - 14,351,234 (79,936,985)	13,701,819,515 243,851,474 (2,305,027) 93,003,839 (1,634,191,981)	36,451,739,666 105,524,138 - 2,315,084,806 (4,889,489,037)	347,298,630 29,330 (3,223,221) 5,799,950 (60,596,136) (12,000,000)	2,841,137,962 166,670,342 (2,203,775) 1,267,773,627 (592,253,125)	236,159,985 20,074,058 - 455,367 (33,316,948)	7,250,209,347 734,482,010 (125,869,072) 1,226,724,349 (1,225,874,410)	4,191,376,086 2,017,150,082 (316,569) (3,273,431,434)	67,650,005,723 3,288,379,190 (133,917,664) 1,649,761,738 (8,515,658,622) (12,000,000)
Closing net book value	1,848,181,073	717,095,464	12,402,177,820	33,982,859,573	277,308,553	3,681,125,031	223,372,462	7,859,672,224	2,934,778,165	63,926,570,365
As at 31 December 2008 Cost Less Accumulated depreciation Allowance for impairment	1,848,181,073 - -	1,825,135,980 (1,107,859,009) (181,507)	69,494,739,179 (57,000,214,589) (92,346,770)	71,425,433,115 (33,508,491,455) (3,934,082,087)	2,390,957,058 (2,074,988,965) (38,659,540)	9,836,906,939 (6,001,081,908) (154,700,000)	4,021,774,465 (3,484,532,289) (313,869,714)	13,992,023,636 (5,980,358,997) (151,992,415)	2,934,778,165	177,769,929,610 (109,157,527,212) (4,685,832,033)
Net book value	1,848,181,073	717,095,464	12,402,177,820	33,982,859,573	277,308,553	3,681,125,031	223,372,462	7,859,672,224	2,934,778,165	63,926,570,365
Year ended 31 December 2009 Opening net book value Additions Disposals Adjustments/Reclassifications Depreciation charge Impairment charge	1,848,181,073 - - 965,626 -	717,095,464 130,200 - 44,595,336 (80,582,701)	12,402,177,820 195,010,471 (773,970) (658,375,273) (1,639,572,519)	33,982,859,573 2,389,647 (4,033,388) 2,182,266,219 (3,970,661,719) (8,514,843)	277,308,553 3,690 (23,073) 1,054,271 (60,181,533)	3,681,125,031 189,369,779 (6,602,348) 1,102,815,741 (697,269,683)	223,372,462 1,766,404 - 23,550,102 (37,637,698)	7,859,672,224 774,990,068 (198,436,420) 851,431,529 (1,471,714,181) (57,943,762)	2,934,778,165 3,050,199,964 - (2,639,884,290)	63,926,570,365 4,213,860,223 (209,869,199) 908,419,261 (7,957,620,034) (66,458,605)
Closing net book value	1,849,146,699	681,238,299	10,298,466,529	32,184,305,489	218,161,908	4,269,438,520	211,051,270	7,757,999,458	3,345,093,839	60,814,902,011
As at 31 December 2009 Cost Less Accumulated depreciation Allowance for impairment	1,849,146,699 - -	1,869,874,786 (1,188,454,980) (181,507)	68,957,227,659 (58,566,414,360) (92,346,770)	73,678,694,657 (37,551,792,238) (3,942,596,930)	2,381,123,121 (2,124,905,538) (38,055,675)	10,474,708,721 (6,050,570,201) (154,700,000)	4,047,101,719 (3,522,180,735) (313,869,714)	14,908,454,548 (6,940,518,913) (209,936,177)	3,345,093,839	181,511,425,749 (115,944,836,965) (4,751,686,773)
Net book value	1,849,146,699	681,238,299	10,298,466,529	32,184,305,489	218,161,908	4,269,438,520	211,051,270	7,757,999,458	3,345,093,839	60,814,902,011

As at 31 December 2009, the Group's fully depreciated network equipment which is presented in cost before accumulated depreciation amount of Baht 23,512.58 million (2008: Baht 23,677.76 million).

1 Toperty, plant and equipment (Cont a)				Consolidated			
Non - network equipment	Land and land improvement Baht	Building and improvement Baht	Furniture, fixtures and equipment Baht	Power supply and computers Baht	Vehicles Baht	Work in progress Baht	Total Baht
As at 1 January 2008 Cost Less Accumulated depreciation Allowance for impairment	559,797,125 (4,479,885) (14,340,989)	2,783,326,939 (1,518,734,722) (7,448,475)	4,210,686,226 (2,813,389,083) (6,164,190)	4,228,234,381 (3,138,244,471)	3,594,651,354 (1,349,817,316)	509,071,703	15,885,767,728 (8,824,665,477) (27,953,654)
Net book value	540,976,251	1,257,143,742	1,391,132,953	1,089,989,910	2,244,834,038	509,071,703	7,033,148,597
Year ended 31 December 2008 Opening net book value Additions Disposals Adjustments/Reclassifications Depreciation charge Impairment charge	540,976,251 - - 6,039,870 (57,326)	1,257,143,742 63,115,668 (17,307,634) 85,213,137 (137,284,804)	1,391,132,953 223,530,879 (2,865,440) 67,427,849 (330,051,521) (1,116,111)	1,089,989,910 229,542,669 (1,297,915) 120,431,876 (408,633,539) (101,077,730)	2,244,834,038 1,796,100,473 (192,841,921) - (791,435,975)	509,071,703 375,982,405 (4,746,438) (562,885,487) 4,575,618	7,033,148,597 2,688,272,094 (219,059,348) (283,772,755) (1,662,887,547) (102,193,841)
Closing net book value	546,958,795	1,250,880,109	1,348,058,609	928,955,271	3,056,656,615	321,997,801	7,453,507,200
As at 31 December 2008 Cost Less Accumulated depreciation Allowance for impairment	565,836,995 (4,537,211) (14,340,989)	2,886,145,043 (1,627,816,459) (7,448,475)	4,407,929,442 (3,052,590,533) (7,280,300)	4,409,304,173 (3,379,271,171) (101,077,731)	4,641,616,892 (1,584,960,277)	321,997,801	17,232,830,346 (9,649,175,651) (130,147,495)
Net book value	546,958,795	1,250,880,109	1,348,058,609	928,955,271	3,056,656,615	321,997,801	7,453,507,200
Year ended 31 December 2009 Opening net book value Additions Acquisitions of subsidiary (Note 8) Disposals Adjustments/Reclassifications Depreciation charge Impairment charge	546,958,795 - - - (57,326)	1,250,880,109 58,674,255 596,811 (7,422,779) 56,678,662 (158,154,517)	1,348,058,609 271,488,197 15,096,091 (4,194,351) (24,224,135) (362,689,084) 1,590,110	928,955,271 124,081,477 - (4,796,611) 218,070,138 (410,840,767)	3,056,656,615 1,927,530,524 102,493 (155,370,771) - (1,013,656,969)	321,997,801 235,626,052 1,850,858 (7,869,274) (337,970,106)	7,453,507,200 2,617,400,505 17,646,253 (179,653,786) (87,445,441) (1,945,398,663) 1,590,110
Closing net book value	546,901,469	1,201,252,541	1,245,125,437	855,469,508	3,815,261,892	213,635,331	7,877,646,178
As at 31 December 2009 Cost Less Accumulated depreciation Allowance for impairment	565,836,995 (4,594,537) (14,340,989)	2,978,000,130 (1,769,299,114) (7,448,475)	4,496,506,030 (3,145,690,403) (105,690,190)	4,599,752,282 (3,743,205,043) (1,077,731)	5,801,802,874 (1,986,540,982)	213,635,331	18,655,533,642 (10,649,330,079) (128,557,385)
Net book value	546,901,469	1,201,252,541	1,245,125,437	855,469,508	3,815,261,892	213,635,331	7,877,646,178

As at 31 December 2009, the Group's fully depreciated non-network equipment which is presented in cost before accumulated depreciation amount of Baht 5,701.03 million (2008: Baht 4,983.18 million).

Telephone Retwork equipment Redwork equi
Cost 1,848,181,073 1,899,734,510 68,399,701,038 5,381,144,121 2,310,850,975 3,904,407,364 28,891,592 83,682,910,673 Less Accumulated depreciation Allowance for impairment - (1,027,711,291) (55,324,113,753) (2,493,162,068) (1,992,877,454) (3,434,656,336) - (64,272,520,902) Net book value 1,848,181,073 781,841,712 12,983,240,515 928,635,736 317,973,521 155,881,315 28,891,592 17,044,645,464 Year ended 31 December 2008 Opening net book value 1,848,181,073 781,841,712 12,983,240,515 928,635,736 317,973,521 155,881,315 28,891,592 17,044,645,464 Additions - 597,756 238,877,184 - 13,909 - 90,671,898 330,160,747 Disposals - 597,756 238,877,184 - 1,579,914 432,195 (98,194,870) 26,537,272) Depreciation charge - (79,781,910) (1,625,379,754) (125,964,702) (57,357,338) (13,063,625) - (1,901,547,329) As at
Year ended 31 December 2008 Opening net book value 1,848,181,073 781,841,712 12,983,240,515 928,635,736 317,973,521 155,881,315 28,891,592 17,044,645,464 464,645,464 Additions - 90,671,898 330,160,747 3
Opening net book value 1,848,181,073 781,841,712 12,983,240,515 928,635,736 317,973,521 155,881,315 28,891,592 17,044,645,464 Additions - 597,756 238,877,184 - 13,909 - 90,671,898 330,160,747 Disposals - - (2,305,027) - (15,676) - (316,569) (2,637,272) Adjustments/Reclassifications - 14,351,234 85,417,405 - 1,579,941 432,195 (98,194,870) 3,585,905 Depreciation charge - (79,781,910) (1,625,379,754) (125,964,702) (57,357,338) (13,063,625) - (1,901,547,329) Closing net book value 1,848,181,073 717,008,792 11,679,850,323 802,671,034 262,194,357 143,249,885 21,052,051 15,474,207,515 As at 31 December 2008 1,848,181,073 1,824,683,500 68,700,568,951 5,381,144,122 2,300,872,417 3,904,839,560 21,052,051 83,981,341,674 Less Accumulated depreciation -
As at 31 December 2008 Cost Less Accumulated depreciation Allowance for impairment As at 31 December 2008 (1,107,493,201) (56,928,371,858) (2,619,126,771) (2,038,678,060) (3,447,719,962) - (66,141,389,852) (1,107,493,201) (56,928,371,858) (2,619,126,771) (2,038,678,060) (3,447,719,962) - (66,141,389,852) (1,107,493,201) (1,959,346,317) - (313,869,713) - (2,365,744,307)
Cost Less 1,848,181,073 1,824,683,500 68,700,568,951 5,381,144,122 2,300,872,417 3,904,839,560 21,052,051 83,981,341,674 Less Accumulated depreciation Allowance for impairment - (1,107,493,201) (56,928,371,858) (2,619,126,771) (2,038,678,060) (3,447,719,962) - (66,141,389,852) (1,107,493,201) (1,107,493,201) (92,346,770) (1,959,346,317) - (313,869,713) - (2,365,744,307)
Net book value 1.848.181.073 717.008.792 11.679.850.323 802.671.034 262.194.357 143.249.885 21.052.051 15.474.207.515
14Ct 000k value 35.55.55.5 25.
Year ended 31 December 2009 Opening net book value 1,848,181,073 717,008,792 11,679,850,323 802,671,034 262,194,357 143,249,885 21,052,051 15,474,207,515 Additions - - 195,128,509 - 3,689 1,766,406 59,880,988 256,779,592 Disposals - - (773,969) - (233,838) - - (1,007,807) Adjustments/Reclassifications 965,626 18,000 58,640,511 - 1,045,164 8,372,040 (67,829,033) 1,212,308 Depreciation charge - (79,843,359) (1,627,334,892) (125,930,356) (57,481,634) (13,461,367) - (1,904,051,608)
Closing net book value 1,849,146,699 637,183,433 10,305,510,482 676,740,678 205,527,738 139,926,964 13,104,006 13,827,140,000
As at 31 December 2009 Cost 1,849,146,699 1,824,701,500 68,951,863,374 5,381,144,122 2,292,438,307 3,914,978,005 13,104,006 84,227,376,013 Less Accumulated depreciation Allowance for impairment - (1,187,336,560) (58,554,006,122) (2,745,057,127) (2,086,910,569) (3,461,181,328) - (68,034,491,706) - Allowance for impairment - (181,507) (92,346,770) (1,959,346,317) - (313,869,713) - (2,365,744,307)
Net book value 1,849,146,699 637,183,433 10,305,510,482 676,740,678 205,527,738 139,926,964 13,104,006 13,827,140,000

As at 31 December 2009, the Company's fully depreciated network equipment which is presented in cost before accumulated depreciation amount of Baht 18,433.68 million (2008: Baht 18,382.63 million).

	Company						
Non - network equipment	Leasehold and improvement Baht	Furniture, fixtures and equipment Baht	Power supply and computers Baht	Vehicles Baht	Work in progress Baht	Total Baht	
As at 1 January 2008 Cost Less Accumulated depreciation	245,694,722 (159,602,533)	605,228,293 (405,285,087)	1,335,582,384 (1,062,627,539)	1,152,750 (1,146,122)	30,570,137	2,218,228,286 (1,628,661,281)	
Net book value	86,092,189	199,943,206	272,954,845	6,628	30,570,137	589,567,005	
Year ended 31 December 2008 Opening net book value Additions Disposals Adjustments/Reclassifications Depreciation charge	86,092,189 31,858,346 (8,311,429) 33,466,330 (54,209,751)	199,943,206 28,243,659 (14,526,960) (220,524) (52,486,074)	272,954,845 31,451,754 (3,938,299) (12,792) (104,153,158)	6,628 - - - (1,821)	30,570,137 42,025,559 (6,067,503) (66,233,193)	589,567,005 133,579,318 (32,844,191) (33,000,179) (210,850,804)	
Closing net book value	88,895,685	160,953,307	196,302,350	4,807	295,000	446,451,149	
As at 31 December 2008 Cost Less Accumulated depreciation	289,729,372 (200,833,687)	594,684,282 (433,730,975)	1,344,268,631 (1,147,966,281)	1,152,750 (1,147,943)	295,000	2,230,130,035 (1,783,678,886)	
Net book value	88,895,685	160,953,307	196,302,350	4,807	295,000	446,451,149	
Year ended 31 December 2009 Opening net book value Additions Disposals Adjustments/Reclassifications Depreciation charge	88,895,685 10,628,242 (484,368) 8,481,077 (61,849,800)	160,953,307 11,813,528 (954,387) 3,014,198 (43,532,756)	196,302,350 21,369,351 (821,474) 5,547 (94,618,324)	4,807 2,600 - (1,908)	295,000 12,887,679 - (13,182,679)	446,451,149 56,701,400 (2,260,229) (1,681,857) (200,002,788)	
Closing net book value	45,670,836	131,293,890	122,237,450	5,499	-	299,207,675	
As at 31 December 2009 Cost Less Accumulated depreciation	307,906,511 (262,235,675)	586,380,932 (455,087,042)	1,314,643,518 (1,192,406,068)	1,155,350 (1,149,851)	<u>-</u> -	2,210,086,311 (1,910,878,636)	
Net book value	45,670,836	131,293,890	122,237,450	5,499	-	299,207,675	

As at 31 December 2009, the Company's fully depreciated non-network equipment which is presented in cost before accumulated depreciation amount of Baht 1,961.42 million (2008: Baht 1,652.92 million).

19. Goodwill

Movement of total goodwill:

Wovement of total goodwin.	Consolidated Goodwill Baht
At 1 January 2008	Dunt
Cost Less Accumulated amortisation	21,154,472,402 (8,773,776,812)
Net book value	12,380,695,590
Year ended 31 December 2008	
Opening net book value	12,380,695,590
Closing net book value	12,380,695,590
At 31 December 2008	
Cost	21,154,472,402
<u>Less</u> Accumulated amortisation	(8,773,776,812)
Net book value	12,380,695,590
Year ended 31 December 2009	
Opening net book value	12,380,695,590
Acquisition of subsidiary (Note 8)	47,313,674
Closing net book value	12,428,009,264
At 31 December 2009	
Cost	21,201,786,076
Less Accumulated amortisation	(8,773,776,812)
Net book value	12,428,009,264

20. Intangible assets, net

	Consoli	dated	Company		
As at 31 December	2009 Baht	2008 Baht	2009 Baht	2008 Baht	
Current (included in "Other current assets" (Note 15)) Non-current	288,287,886 5,340,454,217	278,927,431 3,556,630,097	630,356,528	- 795,951,007	
Total	5,628,742,103	3,835,557,528	630,356,528	795,951,007	

20. Intangible assets, net (Cont'd)

	Consolidated								
	Trademark, Copyright and Licence Baht	Computer software Baht	Right to operate NON-POTS Baht	Right to hang Dropwire Baht	Customer list Baht	Film and Program right Baht	Rights to operate Baht	Work in progress Baht	Total Baht
As at 1 January 2008 Cost Less Accumulated amortisation	144,167,680 (36,233,780)	7,495,921,539 (5,178,540,676)	381,489,000 (194,559,390)	227,976,452 (98,553,173)	400,140,000 (260,091,000)	1,228,110,019 (906,132,223)	1,643,665,960 (1,046,549,063)	- -	11,521,470,650 (7,720,659,305)
Net book value	107,933,900	2,317,380,863	186,929,610	129,423,279	140,049,000	321,977,796	597,116,897	-	3,800,811,345
Year ended 31 December 2008 Opening net book value Additions Disposals Adjustments/Reclassifications Amortisation charge	107,933,900 100,285,500 - (32,177,016)	2,317,380,863 402,958,290 (411,041) 241,290,537 (479,711,975)	186,929,610 - - - (19,074,450)	129,423,279 - (651,452) (9,093,000)	140,049,000 - - - (80,028,000)	321,977,796 1,314,837,683 - (1,306,657,152)	597,116,897 - - - (96,821,741)	- - - - -	3,800,811,345 1,818,081,473 (411,041) 240,639,085 (2,023,563,334)
Closing net book value	176,042,384	2,481,506,674	167,855,160	119,678,827	60,021,000	330,158,327	500,295,156	-	3,835,557,528
As at 31 December 2008 Cost Less Accumulated amortisation	244,453,180 (68,410,796) 176,042,384	7,685,439,742 (5,203,933,068) 2,481,506,674	381,489,000 (213,633,840) 167,855,160	227,325,000 (107,646,173) 119,678,827	400,140,000 (340,119,000) 60,021,000	1,123,351,457 (793,193,130) 330,158,327	1,643,665,960 (1,143,370,804) 500,295,156	<u> </u>	11,705,864,339 (7,870,306,811) 3,835,557,528
Net book value	170,042,304	2,401,300,074	107,033,100	117,070,027	00,021,000	330,130,327	300,273,130		3,033,331,320
Year ended 31 December 2009 Opening net book value Additions Acquisition of subsidiary (Note 8) Disposals Adjustments/Reclassifications Amortisation charge	176,042,384 3,300,000 - - - (14,312,584)	2,481,506,674 178,399,012 6,046,616 (7,544,493) 3,349,924 (521,604,186)	167,855,160 - - - - (19,074,450)	119,678,827 - - - (9,093,000)	60,021,000 - - - - - (60,021,000)	330,158,327 1,386,739,639 - - (1,371,941,325)	500,295,156 2,269,019,682 - - (96,821,741)	28,878,811 1,864,430 15,999,240	3,835,557,528 3,866,337,144 7,911,046 (7,544,493) 19,349,164 (2,092,868,286)
Closing net book value	165,029,800	2,140,153,547	148,780,710	110,585,827	-	344,956,641	2,672,493,097	46,742,481	5,628,742,103
As at 31 December 2009 Cost Less Accumulated amortisation	247,753,180 (82,723,380)	7,840,376,591 (5,700,223,044)	381,489,000 (232,708,290)	227,325,000 (116,739,173)	400,140,000 (400,140,000)	1,344,775,960 (999,819,319)	3,912,685,642 (1,240,192,545)	46,742,481	14,401,287,854 (8,772,545,751)
Net book value	165,029,800	2,140,153,547	148,780,710	110,585,827		344,956,641	2,672,493,097	46,742,481	5,628,742,103

20. Intangible assets, net (Cont'd)

The right to operate NON-POTS services represents the fair value of TOT's interest in the nationwide NON-POTS agreement for which a subsidiary, True Multimedia Co., Ltd. ("TM") issued 18.5 million ordinary shares in exchange for the agreement.

The right to hang dropwire represents the fair value of TOT's interest in the multimedia network which TM issued 40.0 million ordinary shares in exchange for this privilege.

Movement of intangible assets:

	Company
	Computer software Baht
As at 1 January 2008	
Cost	2,501,305,423
<u>Less</u> Accumulated amortisation	(1,533,535,625)
Net book value	967,769,798
Year ended 31 December 2008	
Opening net book value	967,769,798
Additions	18,283,777
Disposals	(42,564)
Adjustments/Reclassifications	4,124,046
Amortisation charge	(194,184,050)
Closing net book value	795,951,007
As at 31 December 2008	
Cost	2,523,661,645
<u>Less</u> Accumulated amortisation	(1,727,710,638)
Net book value	795,951,007
Year ended 31 December 2009	
Opening net book value	795,951,007
Additions	12,191,818
Disposals	(121,982)
Adjustments/Reclassifications	12,455,609
Amortisation charge	(190,119,924)
Closing net book value	630,356,528
As at 31 December 2009	
Cost	2,548,181,072
<u>Less</u> Accumulated amortisation	(1,917,824,544)
Net book value	630,356,528

21. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and using a principal tax rate of 30% (2008: 30%). The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarised below:

	Consolidated				
As at 31 December	2008 Baht	Credit (debit) to statement of income	2009 Baht		
D.C	Duit	or meome	<u> </u>		
Deferred income tax assets Difference on network assets	1 000 777 270	(547.241.009)	1 242 296 290		
Depreciation	1,889,727,378 6,448,180,992	(547,341,098) (632,321,630)	1,342,386,280 5,815,859,362		
Allowances	299,976,531	(69,018,098)	230,958,433		
Borrowings	367,605,513	(20,972,696)	346,632,817		
Other current assets	12,047,520	4,457,257	16,504,777		
Unearned income	173,377,090	4,264,039	177,641,129		
Accrued expenses	28,117,940	(11,746,676)	16,371,264		
Other current liabilities	4,137,339	1,548,050	5,685,389		
Tax loss carry forwards	4,901,724	248,764,484	253,666,208		
Minimum payment fees	20,304,879	(1,652,650)	18,652,229		
Millimum payment rees	9,248,376,906	(1,024,019,018)	8,224,357,888		
D. 6. 11. (19.1994)	3,210,370,300	(1,021,013,010)	0,22 1,337,000		
Deferred income tax liabilities Accounts receivable - billed customers	(520 727 904)	61 120 612	(475 290 252)		
Debt issuance cost	(539,727,894)	64,438,642 75,701,556	(475,289,252)		
Leased assets	(263,767,134) (188,893,284)	65,598,694	(188,065,578) (123,294,590)		
Unrealised gain on short-term	(100,093,204)	03,398,094	(123,294,390)		
investment - trade securities	(80,185)	75,016	(5,169)		
Depreciation	(1,065,728,879)	(202,499,776)	(1,268,228,655)		
-	(16,058,071)	(8,865,049)	(24,923,120)		
Accrued regulatory cost					
	(2,074,255,447)	(5,550,917)	(2,079,806,364)		
Deferred income tax - net	7,174,121,459	(1,029,569,935)	6,144,551,524		
		Company			
4 (21 B)	2000	Credit	2000		
As at 31 December	2008 Baht	(debit) to statement of income	2009 Baht		
Deferred income tax assets					
Depreciation	5,649,926,879	(609,409,477)	5,040,517,402		
Allowances	89,374,940	(14,773,102)	74,601,838		
Borrowings	484,210,004	31,034,577	515,244,581		
Other current assets	46,987	(4)	46,983		
	6,223,558,810	(593,148,006)	5,630,410,804		
Deferred income tax liabilities					
Accounts receivable - billed customers	(539,727,894)	64,438,642	(475,289,252)		
Depreciation	(86,917,517)	(29,344,554)	(116,262,071)		
Leased assets	-	(4,220,052)	(4,220,052)		
Debt issuance cost	(128,129,730)	28,223,718	(99,906,012)		
	(754,775,141)	59,097,754	(695,677,387)		
Deferred income tax - net	5,468,783,669	(534,050,252)	4,934,733,417		

21. Deferred income taxes (Cont'd)

The movement on deferred income taxes during the year is as follows:

	Consoli	dated	Company		
At 31 December	2009 Baht	2008 Baht	2009 Baht	2008 Baht	
Cumulative effect of adoption of accounting for deferred					
income taxes	7,174,121,459	7,357,144,683	5,468,783,669	5,201,449,146	
Charges to statement of income	(1,029,569,935)	(183,023,224)	(534,050,252)	267,334,523	
	6,144,551,524	7,174,121,459	4,934,733,417	5,468,783,669	

The Group did not recognise deferred income tax assets of Baht 6,325.14 million in respect of tax losses carried forward approximately Baht 21,083.82 million. A summary of the tax losses carried forward and the expiry dates are set out below:

Expiry year	Consolidated Baht	Company Baht
2010	2,686,452,752	-
2011	3,768,763,249	-
2012	3,258,538,361	1,329,842,273
2013	7,791,930,516	1,590,346,128
2014	4,423,684,683	1,117,484,526
	21,929,369,561	4,037,672,927

22. Other non-current assets

	Consolie	dated	Company		
As at 31 December	2009 Baht	2008 Baht	2009 Baht	2008 Baht	
Value added tax pending receipt of tax invoices					
related to debt restructuring	199,267,874	214,521,556	199,267,874	214,521,556	
Deposits	415,399,346	292,549,743	134,412,861	107,440,460	
Others	20,894,186	58,503,872	71,468,935	63,573,378	
Total	635,561,406	565,575,171	405,149,670	385,535,394	

23. Borrowings

Short-term borrowings

	Consoli	idated	Company		
As at 31 December	2009 Baht	2008 Baht	2009 Baht	2008 Baht	
Loans from banks Short-term debenture	530,000,000 1,800,000,000	530,000,000 1,600,000,000	1,800,000,000	1,600,000,000	
Total	2,330,000,000	2,130,000,000	1,800,000,000	1,600,000,000	

Short-term borrowings are unsecured loans from bank and finance institution and short-term debenture. The loans from bank and finance institution are bearing interest rate at MLR and will be due during the next six months. The amount of Baht 1,800.00 million is unsecured short-term debenture issued by the Company and carries interest rate at 4.25% per annum. The amount of Baht 900.00 million will be due on 29 April 2010 and the other of Baht 900.00 million will be due on 20 May 2010.

Long-term borrowings

Borrowings are denominated in Thai Baht, United States Dollars and Japanese Yen.

	Conso	lidated	Company		
As at 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Current					
- Banks and financial institutions	5,571,746,894	5,819,816,260	2,800,000,000	2,800,000,000	
- Finance leases	1,300,846,636	1,166,638,419	-	-	
- Debentures	804,301,160	2,884,301,160	804,301,160	2,884,301,160	
Total Current	7,676,894,690	9,870,755,839	3,604,301,160	5,684,301,160	
Non-current					
- Banks and financial institutions	19,706,798,685	27,648,161,473	9,806,182,928	14,911,483,945	
- Finance leases	5,206,248,809	4,915,295,806	-	-	
- Debentures	36,382,113,790	33,691,491,200	13,706,886,582	10,032,807,668	
- Suppliers credit	4,126,727,846	4,390,912,417	4,126,727,846	4,390,912,417	
Total Non-current	65,421,889,130	70,645,860,896	27,639,797,356	29,335,204,030	
Total	73,098,783,820	80,516,616,735	31,244,098,516	35,019,505,190	

Movement of borrowings can be analysed as follows:

Year ended 31 December 2009	Consolidated Baht	Company Baht
Opening net book value	80,516,616,735	35,019,505,190
Additional borrowings:		
- principal (net of debt issuance cost)	13,511,670,549	13,095,910,651
- non-cash finance leases	1,918,909,097	-
- interest	43,396,825	8,506,495
Repayment of borrowings	(21,332,854,309)	(16,788,301,160)
Amortisation of debt issuance costs	339,116,761	181,168,407
Currencies translations	(1,898,071,838)	(272,691,067)
Closing net book value	73,098,783,820	31,244,098,516

Borrowings are net of unamortised debt issuance costs of Baht 918.33 million for consolidation (2008: Baht 1,205.25 million) and Baht 333.02 million for the Company (2008: Baht 427.10 million).

23. Borrowings (Cont'd)

Maturity of non-current borrowings (excluding finance lease liabilities and unamortised debt issuance cost):

	Consoli	Consolidated		Consolidated Company		any
As at 31 December	2009	2008	2009	2008		
	Baht	Baht	Baht	Baht		
Between 1 and 2 years	6,514,193,100	12,818,223,918	3,803,322,390	10,059,301,160		
Between 2 and 5 years	50,493,051,445	39,728,194,567	20,042,767,162	15,312,089,552		
Over 5 years	4,126,727,845	14,389,396,417	4,126,727,845	4,390,912,417		
	61,133,972,390	66,935,814,902	27,972,817,397	29,762,303,129		

Finance lease liabilities - minimum lease payments:

	Consolidated		
As at 31 December	2009	2008	
	Baht	Baht	
Not later than 1 year	1,640,160,835	1,491,234,302	
Later than 1 year and not later than 5 years	4,149,609,033	3,639,438,455	
Later than 5 years	2,009,707,213	2,310,582,364	
	7,799,477,081	7,441,255,121	
Future finance charges on finance leases	(1,292,381,636)	(1,359,320,896)	
Present value of finance lease liabilities	6,507,095,445	6,081,934,225	
Representing lease liabilities:			
- current	1,300,846,636	1,166,638,419	
- non-current	5,206,248,809	4,915,295,806	
	6,507,095,445	6,081,934,225	

The present value of finance lease liabilities is as follows:

	Consolidated		
As at 31 December	2009	2008	
	Baht	Baht	
Not later than 1 year	1,300,846,636	1,166,638,419	
Later than 1 year and not later than 5 years	3,412,314,968	2,906,763,947	
Later than 5 years	1,793,933,841	2,008,531,859	
	6,507,095,445	6,081,934,225	

The interest rate exposure of the borrowings of the Group and the Company are as follows:

	Consolidated		Company	
As at 31 December	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Total borrowings (excluding the unamortised debt issuance cost) - at fixed rates - at floating rates	49,480,067,132	42,094,084,013	19,842,351,395	11,727,837,127
	24,537,048,757	39,627,782,534	11,734,767,162	23,718,767,162
	74,017,115,889	81,721,866,547	31,577,118,557	35,446,604,289

23. Borrowings (Cont'd)

	Consolidated		Company	
As at 31 December	2009	2008	2009	2008
Weighted average effective interest rates:				
- banks and financial institutions	4.63%	5.77%	6.51%	7.36%
- finance lease	5.86%	6.00%	-	-
- debentures	9.64%	24.77%	6.79%	6.76%

Secured liabilities

Borrowings include secured liabilities being loans under leases, and loans from banks and financial institutions of Baht 46.30 billion (2008: Baht 52.46 billion) and Baht 27.12 billion (2008: Baht 30.63 billion) in the consolidated and Company financial statements, respectively. The bank borrowings are secured with shares of subsidiaries, network equipment, and land and building of the Group and guaranteed by a subsidiary of the Group (Note 39). Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Bank and financial institution loans under current and non-current liabilities include secured loans of Baht 2.05 billion (2008: Baht 3.59 billion) from Kreditanstalt fuer Wiederaufbau ("KfW") (Note 13).

Baht debentures

On 2 April 2009, the Company issued 6.18 million units of secured debentures at par value of Baht 1,000 per unit. The debentures carry interest at 6.50% per annum and are payable on a quarterly basis starting from 7 July 2009. The maturity date will be on 7 April 2014. The proceeds of Baht 6,116.81 million, net of issuance cost and related expenses of Baht 66.19 million, was used for prepayment of the Company's existing borrowing.

On 28 August 2009, the Company issued 7.00 million units of secured debentures at par value of Baht 1,000 per unit. The debentures carry interest at 6.70% per annum and are payable on a quarterly basis starting from 7 October 2009. The maturity date will be on 28 January 2015. The proceeds of Baht 6,875.69 million, net of issuance cost and related expenses of Baht 124.31 million, will be used for prepayment of the Company's existing borrowings.

US Dollars Notes

On 1 August 2007, a subsidiary issued the unsecured US Dollars Notes amount of US Dollars 225.00 million. The notes carry interest at fixed percentage of 10.375 per annum and are payable on a semi-annually basis on 1 February and 1 August of each year, which begins on 1 February 2008. The notes are bullet settlement at maturity date on 1 August 2014. The notes rank pari passu with all other existing and future unsecured, unsubordinated indebtedness of the subsidiary. The notes are guaranteed by its parent company and subsidiaries in BITCO's group. The proceeds of Baht 7,368.53 million net of debt issuance cost amount of Baht 263.99 million was used to fully prepay its existing Thai-Baht secured term loans with Thai financial institutions.

Under the terms and conditions of certain financing agreement, the Company and certain subsidiaries must comply with certain conditions including maintaining financial ratios. In addition, creditors' consent must be obtained if the Company or certain subsidiaries would incur certain type of indebtedness.

23. Borrowings (Cont'd)

The carrying amounts and fair values of certain non-current borrowings (excluding finance lease liabilities) of the Group are as follows:

	Carrying amounts		Fair v	alues
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Bank and financial institutions	19,211,162,477	26,083,560,015	18,266,571,660	26,389,844,593
Debentures	36,912,914,390	34,284,479,550	36,341,369,746	21,827,784,672
Loans from a related company				
(Note 13)	883,167,680	2,176,862,920	827,825,269	2,119,445,313
Suppliers credit	4,126,727,846	4,390,912,417	4,057,161,616	4,050,682,263

The carrying amounts of borrowings are excluded the unamortised debt issuance cost.

The fair value of current borrowings and lease obligation are equals their carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a discount rate based on the borrowing rate of 6.70% (2008: 6.75%).

Facilities:

The Group has the following undrawn committed borrowing facilities:

Consoli	Consolidated		
2009	2008		
Baht	Baht		
2,265,149,541	2,163,800,035		
700,000	700,000		
2,265,849,541	2,164,500,035		
	2009 Baht 2,265,149,541 700,000		

24. Accrued expenses

Accrued expenses comprise:

	Consolidated		Company	
As at 31 December	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Regulatory cost	3,216,800,929	3,759,337,264	356,844,258	446,569,985
Network facility expenses	831,929,157	392,926,980	90,176,901	116,919,942
Interest expenses	719,839,331	616,350,261	242,880,008	189,842,895
Performance pay	421,187,462	433,698,532	145,201,712	154,130,631
Current portion of liabilities under				
agreements for operation (Note 27)	440,322,142	331,052,522	-	-
Accrued license fee	321,195,411	399,615,366	-	-
Others	1,459,369,715	1,505,091,404	49,995,706	140,621,066
Total	7,410,644,147	7,438,072,329	885,098,585	1,048,084,519

25. Other current liabilities

	Consolidated		Company	
As at 31 December	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Other payables Output VAT pending tax invoice Others	1,130,504,191	1,182,527,994	427,309,935	452,977,866
	925,121,089	923,936,585	187,803,187	158,153,807
	1,321,061,467	578,365,184	112,935,862	111,557,521
Total	3,376,686,747	2,684,829,763	728,048,984	722,689,194

26. Long-term trade accounts payable

Movement of long-term trade accounts payable can be analysed as follows:

	Consoli	idated
Year ended 31 December	2009	2008
	Baht Million	Baht Million
Opening net book value	359.77	89.54
Additions	775.36	547.53
Reclassification (included in "Trade accounts payable")	(1,060.54)	(277.30)
Closing net book value	74.59	359.77

Long-term trade accounts payable represented promissory notes issued to supplier by a subsidiary in relation to its network equipment acquisition. The notes are denominated in US Dollars totalling 33.52 million. The US Dollars trade payable consists of US Dollars 31.29 million equivalent to Baht 1,048.82 million was presented in "Trade accounts payable" and US Dollars 2.23 million equivalent to Baht 74.59 million was presented in "Long-term trade accounts payable". The first payment will be due on 30 March 2010 and the final maturity date will be due on 11 April 2011.

27. Liabilities under agreements for operation

Detail of liabilities under agreements for operation can be summarised as follows:

	Consolidated	
	2009	2008
	Baht	Baht
Current (included in "Accrued expenses") (Note 24)	440,322,142	331,052,522
Non-current	4,482,285,009	2,503,904,842
	4,922,607,151	2,834,957,364

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

	Consolidated Baht
For the year ended 31 December 2009	
Opening net book value	2,834,957,364
Addition	2,269,019,683
Repayments	(630,000,000)
Interest expense charge	448,630,104
Closing net book value	4,922,607,151

27. Liabilities under agreements for operation (Cont'd)

According to the MOA as described in Note 39.8, the subsidiary recognised "right to operate" as intangible assets (Note 20) and "Liabilities under agreements for operations" amount of Baht 2,269.02 million in the consolidated balance sheet. This amount derived from the best estimated cost of obtaining right discounted by MLR at the MOA's signing date and might be changed when the Group reaches the definitive agreement. The interest derived from liabilities being capitalised and contrary recognised in the consolidated statement of income

28. Other non-current liabilities

	Consolidated		Company	
As at 31 December	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Deposit received from customers Valued added tax pending receipt of tax invoice related to debt	1,899,807,816	2,026,672,183	-	-
restructuring	199,267,874	214,521,556	199,267,874	214,521,556
Withholding tax related to debt	07.000.204	106.062.270	07.000.204	106.062.270
restructuring	97,988,294	106,862,378	97,988,294	106,862,378
Other	100,701,355	207,370,279		6,220,050
Total	2,297,765,339	2,555,426,396	297,256,168	327,603,984

29. Share capital, premium and discount on share capital

	Number of Shares Million	Common Shares Baht Million	Preferred Shares Baht Million	Share Premium (Discount) Baht Million	Total Baht Million
At 31 December 2007 - Conversion of preferred	4,503.18	38,038.43	6,993.36	5,950.34	50,982.13
shares		0.02	(0.02)		
At 31 December 2008	4,503.18	38,038.45	6,993.34	5,950.34	50,982.13
- Issue of common shares	3,272.56	32,725.63		(26,346.20)	6,379.43
At 31 December 2009	7,775.74	70,764.08	6,993.34	(20,395.86)	57,361.56

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

On 19 December 2008, at the Extraordinary General Shareholders Meeting No. 1/2551 of the Company, the shareholders approved the reduction of the authorised share capital from Baht 60,443,878,210 to be Baht 53,032,657,500 by cancelling the common shares registered but not yet issued of 741,122,071 shares in order to be in accordance with provision of the Public Limited Company Act. In addition, an increase of authorised share capital from Baht 53,032,657,500 to be Baht 153,332,070,330 by issuing 10,029,941,283 new common shares at value of Baht 10 each. The new authorised shares will be allotted as follow, 10,000 million shares will be allotted for right offering and 29.94 million shares will be reserved for International Finance Corporation ("IFC") pursuant to the loan agreement. However, on 16 September 2009, the Company paid all debts to IFC, therefore the shares reserved for IFC pursuant to the loan agreement will be cancelled by provisions of law in the future.

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

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

Preferred shares

The preferred shares of the Company confer the following rights on the holders:

Dividends: Dividends for the first eight years are set at the rate of 10% p.a., cumulative plus the dividend

payable to the holders of common shares, if any, and thereafter at the rate of 0.1% p.a. non-cumulative plus the dividend payable to the holders of common shares, if any. As at 31 December 2009, the undeclared cumulative dividends were Baht 5,601.20 million (2008:

Baht 5,601.20 million).

Liquidation: Upon liquidation or dissolution of the Company, any amount remaining after payment of

preference shares, all amounts payable in respect of indebtedness and other obligations of the Company shall be divided among the holders of the preferred shares pro rata to the number of the preferred shares held by each holder and paid in equal amount per share to such holders of

the preferred shares in priority to the holders of the common shares.

Redemption: The preferred shares shall not be redeemable by the Company.

Conversion: The preferred shares have a conversion right to common shares at ratio of 1:1.

Voting rights: Each preferred share shall carry the right to one vote at any meeting of the shareholders of the

Company.

Pursuant to the Terms and Material Information of Purchase Rights dated 31 March 2000 ("Terms"), KfW has granted rights to qualified shareholders of the Company to purchase common shares issued upon the conversion of the preference shares from KfW to enable the shareholders to maintain their existing equity position in the Company in connection with the increase in capital and the issuance of the said preference shares.

On 31 March 2008, which was the exercise date, the qualified shareholders exercised the purchase rights of KfW of 1,789 shares. The Company completed the registration of the conversion of the preference shares into the common shares with the Ministry of Commerce on 10 April 2008.

Equity warrants

Movements in the number of outstanding warrants are as follows:

Years ended 31 December	2009 (thousand's)	2008 (thousand's)
At beginning of year Granted	143,818	117,688 37,311
Lapsed	-	(11,181)
At end of year	143,818	143,818

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

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

Compensation cost is not recognised in these financial statements for the fair value or the intrinsic value of share options warrants granted.

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

Equity warrants (Cont'd)

Warrants outstanding at the year ended have the following terms:

	Exercise price Baht	31 December 2009 (thousand's)	31 December 2008 (thousand's)
Expiry date			
6 February 2010	11.20	18,274	18,274
9 June 2010	10.60	36,995	36,995
27 April 2011	9.73	17,345	17,345
30 January 2012	10.19	33,893	33,893
14 May 2013	7.00	37,311	37,311
		143,818	143,818

30. Legal reserve

The legal reserve of the Company was established in accordance with the provisions of the Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net profit for the year after deduction of accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised share capital. This reserve is not available for dividend distribution.

31. Minority interests

	Consol	idated
As at 31 December	2009 Baht	2008 Baht
Opening net book value	1,165,295,098	2,019,533,506
Acquisition of subsidiary (Note 8)	(2,116,827)	-
Addition subscribe in subsidiary	61,255	39,342
Share purchase from minority interest (Note 13)	(3,540,000,000)	-
Dilution in minority interest (Note 16)	3,102,760,000	221,259,480
Liquidation of subsidiary	-	(2,049,699)
Dividend income (Note 16)	(25,976,528)	(43,504,398)
Share of results of subsidiaries	(16,488,227)	(1,029,983,133)
Closing net book value	683,534,771	1,165,295,098

On 11 June 2009, the Company exercised its option to purchase BITCO's shares from Charoen Pokphand Holding Company Limited ("CP") in regarding to CP"s proposal. The number of shares purchased was 6,000 million shares at Baht 0.59 per share totalling Baht 3,540.00 million. Consequently, the Company and the Group's equity interest in BITCO are to 96.44% and 98.91%, respectively (Note 13 and Note 16).

32. Consolidated segment information

Primary reporting format - business segments

Baht: Million

For the year ended 31 December 2009					Group
31 December 2007	Wireline	Wireless	Pay-TV	Eliminate	Consolidated
Revenues:					
Gross segment revenues	26,927.03	33,172.69	9,724.59	-	69,824.31
Inter-segment revenues	(5,143.06)	(1,860.58)	(346.43)		(7,350.07)
Revenues	21,783.97	31,312.11	9,378.16		62,474.24
Operating results	4,267.85	3,031.80	1,503.53	(17.93)	8,785.25
Financial costs					(5,639.17)
Share of results in associates					(0.77)
Profit before income tax					3,145.31
Income tax					(1,934.22)
Profit before minority interest					1,211.09
Minority interest					16.49
Net profit for the year					1,227.58
Segment assets	62,319.76	45,466.67	8,236.03	-	116,022.46
Investments in joint ventures,					200.52
associates and other					398.53
Consolidated total assets					116,420.99
Segment liabilities	55,186.86	39,797.03	10,794.66	-	105,778.55
Capital expenditure	4,024.95	4,786.48	2,109.02	(222.86)	10,697.59
Depreciation and amortisation	5,632.79	4,104.97	2,334.21	(76.09)	11,995.88

32. Consolidated segment information (Cont'd)

Primary reporting format - business segments

Baht: Million

For the year ended 31 December 2008					Group
31 December 2006	Wireline	Wireless	Pay-TV	Eliminate	Consolidated
Revenues:					
Gross segment revenues Inter-segment revenues	26,729.09 (5,083.15)	31,577.15 (1,353.30)	10,227.09 (831.54)	-	68,533.33 (7,267.99)
Revenues	21,645.94	30,223.85	9,395.55	-	61,265.34
Operating results Financial costs Share of results in associates	5,136.68	790.78	1,684.47	(81.17)	7,530.76 (9,927.80) (10.20)
Loss before income tax Income tax					(2,407.24) (977.93)
Loss before minority interest Minority interest					(3,385.17) 1,029.98
Net loss for the year					(2,355.19)
Segment assets Investments in joint ventures, associates and other	64,727.96	44,477.40	8,415.64	-	117,621.00 403.09
Consolidated total assets					118,024.09
Segment liabilities	59,856.85	40,395.01	11,152.17	-	111,404.03
Capital expenditure	4,104.66	1,732.22	1,980.93	(23.08)	7,794.73
Depreciation and amortisation	4,972.11	5,090.35	2,214.54	(74.89)	12,202.11

The Group divides its business into three main categories, i.e. Wireline, Wireless and Pay-TV, and each mainly consisted of the following:

- Wireline

 to install and provide services of 2.6 million fixed lines including public telephone and related value added service, data service, multimedia services, NON-POTS and broadband service, PCT, internet service, vehicle and building rental service, electronic card service, and other services;
- Wireless to provide cellular telephone services, sales of handsets and accessories, and other supporting services in the Group;
- Pay-TV

 to provide pay television services both via cable and satellite platform, rental and trading of related equipment and other related services to the pay television business, advertising sale and agency.

Sales transactions between business segments are eliminated. Segment assets consist of property, plant and equipment, intangible assets, inventories, receivables and operating cash, and exclude investments. Segment liabilities consist of operating liabilities and borrowings. Capital expenditure consist of additions to property, plant and equipment (Note 18) and intangible assets (Note 20), including additions resulting from acquisition through business combinations (Note 8, Note 18 and Note 20).

The Group operates only in Thailand. Therefore, no geographical segments are reported under the secondary reporting format.

33. Expenses by nature

The following items have been included in arriving at operating results:

	Consol	idated	Company		
For the years ended 31 December	2009	2008	2009	2008	
	Baht Million	Baht Million	Baht Million	Baht Million	
Regulatory cost and network expenses	19,346.13	20,760.58	2,988.61	3,325.68	
Staff costs	6,612.79	6,332.17	2,518.59	2,569.80	
Selling, advertising and publicity	2,238.64	2,322.94	195.60	243.01	
Doubtful account	1,034.66	894.45	300.20	343.09	
Depreciation of property, plant					
and equipment					
- owned assets	8,466.74	8,896.22	2,104.05	2,112.40	
- owned assets (vehicles)					
leased out under operating leases	163.48	237.82	-	-	
- leased assets under finance leases	1,272.80	1,044.50	-	-	
Amortisation of intangible assets					
- Intangible assets	2,092.87	2,023.56	190.12	194.18	
- Other	204.62	226.34	-	-	
Impairment					
- Property, plant and equipment	64.87	114.19	-	-	

34. Financial costs, net

	Conso	lidated	Company		
Years ended 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Interest expense	(6,879,581,088)	(6,953,123,436)	(2,231,073,979)	(2,502,223,614)	
Foreign exchange gain (loss)	1,712,604,198	(2,606,720,745)	272,691,066	(1,033,504,771)	
Other financial fees	(558,541,607)	(488,180,827)	(369,552,882)	(295,544,480)	
Total	(5,725,518,497)	(10,048,025,008) 120,223,799	(2,327,935,795)	(3,831,272,865)	
Interest income	86,348,462		73,817,569	45,714,063	
Financial costs, net	(5,639,170,035)	(9,927,801,209)	(2,254,118,226)	(3,785,558,802)	

35. Income tax

	Consolid	lated	Company		
Years ended 31 December	2009 2008		2009	2008	
	Baht	Baht	Baht	Baht	
Current tax	904,646,066	794,908,631	-	_	
Deferred income taxes	1,029,569,935	183,023,224	534,050,252	(267,334,523)	
Additional prior year income tax			3,131,864	10,757,843	
Income tax expense (revenue)	1,934,216,001	977,931,855	537,182,116	(256,576,680)	

The tax on the Group's loss before tax are differ from the tax for filing purposes amount as follows:

	Consolidated		Company		
Years ended 31 December	2009	2008	2009	2008	
	Baht	Baht	Baht	Baht	
Net profit (loss) before income tax	3,145,312,234	(2,407,242,573)	1,568,607,420	360,963,490	
Tax calculated at the tax rate of					
30% (2008: 30%)	943,593,670	(722, 172, 772)	470,582,226	108,289,047	
Income not subject to tax	3,182,338	-	(321,915,336)	(155,106,000)	
Expenses (income) not					
deductible for tax purposes	43,563,218	(637, 237, 766)	53,269,868	(689,216,511)	
Current year tax losses					
for which no deferred					
tax asset was recognised	1,327,105,405	2,344,935,061	335,245,358	479,456,784	
Deferred tax asset recognised					
from tax loss carry forward	(147,934,897)	(7,592,668)	-	-	
Utilisation of previously					
unrecognised deferred tax					
asset from tax losses	(235,293,733)			-	
Income tax expense (revenue)	1,934,216,001	977,931,855	537,182,116	(256,576,680)	

Further information about deferred income tax is presented in Note 21.

36. Basic and diluted earnings (loss) per share

(a) Basic

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year (2009: 6,646.04 million shares and 2008: 3,803.84 million shares).

	Consolidated		Company	
	2009 Baht Million	2008 Baht Million	2009 Baht Million	2008 Baht Million
Net profit (loss) for the year Cumulative dividend of preferred shares	1,227.58	(2,355.19) (174.35)	1,031.43	617.54 (174.35)
Net profit (loss) attributable to shareholders Weighted average number of common shares	1,227.58	(2,529.54)	1,031.43	443.19
in issue (million shares)	6,646.04	3,803.84	6,646.04	3,803.84
Basic earnings (loss) per share (Baht per share)	0.18	(0.66)	0.16	0.12

36. Basic and diluted earnings (loss) per share (Cont'd)

(b) Diluted

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The dilutive potential common shares are consisted of 699.33 million shares of convertible preferred shares (2008: 699.33 million shares) and 143.82 million units (2008: 135.09 million units) of stock options on an as-if-converted method. The result of their inclusive are antidilutive for 2008.

	Consolidated		Company	
	2009 Baht Million	2008 Baht Million	2009 Baht Million	2008 Baht Million
Net profit (loss) for the year	1,227.58	(2,355.19)	1,031.43	617.54
Net profit (loss) used to determine diluted earnings per share Weighted average number of common shares	1,227.58	(2,355.19)	1,031.43	617.54
for diluted earnings per share (million shares) Diluted earnings (loss) per share	7,489.19	4,638.26	7,489.19	4,638.26
(Baht per share)	0.16	-	0.14	-

37. Cash flows from operating activities

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

		Consolidated		Company	
For the years ended 31 December		2009	2008	2009	2008
	Notes	Baht	Baht	Baht	Baht
Net profit (loss)		1,211,096,233	(3,385,174,428)	1,031,425,304	617,540,170
Adjustments for:		, , ,	, , , , ,	, , ,	, ,
Depreciation and amortisation		12,536,768,233	12,784,827,586	2,475,342,726	2,483,931,704
Interest income	34	(86,348,462)	(120,223,799)	(73,817,569)	(45,714,063)
Interest expense	34	6,879,581,088	6,953,123,436	2,231,073,979	2,502,223,614
Income tax	35	1,934,216,001	977,931,855	537,182,116	(256,576,680)
Dividend received	13	-	-	(1,083,279,988)	(517,020,000)
(Gain) loss on disposals of				, , , , ,	, , , ,
property, plant and equipment		(165,434,596)	(118,649,004)	2,279,964	614,441
Doubtful accounts	33	1,034,663,958	894,446,353	300,204,301	343,092,747
Impairment charge of property, plant		, , ,	, ,	, ,	, ,
and equipment	18	64,868,495	114,193,841	-	-
Other operating assets and		, ,	, ,		
liabilities written-off		2,281,600	27,315,414	-	-
Unrealised (gain) loss on foreign		, ,	, ,		
exchange		(1,906,370,825)	2,889,283,631	(281,316,663)	1,039,545,675
Foreign exchange loss on					
repayments of borrowings		38,606,911	3,663,208	-	-
Share of results in associates	16	772,738	10,204,467	-	-
Changes in operating assets and					
liabilities					
- Trade accounts receivable		(1,347,720,340)	3,798,545,662	306,282,739	(410,475,284)
- Short-term investments		120,906,686	71,853,160	-	-
- Inventories		(735,468,642)	(1,621,792,755)	10,882,337	95,348,570
- Other current assets		541,438,860	995,409,760	250,894,524	891,133,199
 Film and program rights 		(1,386,739,639)	(1,314,837,684)	-	-
- Other non-current assets		(82,714,314)	(35,940,085)	(34,867,958)	(69,067,007)
 Trade accounts payable 		(951,303,485)	(2,842,241,645)	(115,677,933)	31,346,673
 Accrued expenses and other 					
current liabilities		162,120,606	(474,135,995)	(149,699,006)	(424,980,068)
- Other non-current liabilities		(294,892,801)	398,701,047	(6,220,050)	(6,219,671)
Cash generated from operations		17,570,328,305	20,006,504,025	5,400,688,823	6,274,724,020
Add Interest received		84,408,808	131,283,242	69,932,519	75,270,836
Less Interest paid		(6,333,837,710)	(6,358,064,358)	(1,996,172,798)	(2,340,651,024)
Income tax paid		(1,876,883,337)	(1,886,194,055)	(352,293,541)	(373,435,578)
•					
Net cash from operating activities		9,444,016,066	11,893,528,854	3,122,155,003	3,635,908,254

38. Financial instruments

i) Objective and significant terms and conditions

In order to manage the risks arising from fluctuations in currency exchange rates, the Group adopts the following foreign currency risk management practices:

- entering into forward foreign exchange contracts;
- negotiating payment terms for foreign currency settlements on an individual transaction basis; and
- negotiating with foreign suppliers to share foreign exchange exposure.

Transaction risk is calculated in each foreign currency transaction and is projected six months forward. Exchange rates are monitored and forecasted information supplied by recognised research and financial analysis is used to estimate future exchange rates. These are compared against premiums on forward exchange contracts, and after making adjustments for the related risk, a decision is taken on whether to cover foreign currency transactions.

Transactions, if hedged with forward exchange contracts, are not hedged on a net basis, but rather on a transaction by transaction basis.

As at 31 December 2009 and 2008, the Group had outstanding foreign currency assets and liabilities as follows:

	Consolidated		Comp	any
	2009 Currency Million	2008 Currency Million	2009 Currency Million	2008 Currency Million
Assets				
US Dollar	15.33	11.37	-	-
Japanese Yen	0.10	-	-	-
HK Dollar	0.11	-	-	-
Liabilities				
US Dollar	1,134.49	1,157.69	0.35	0.64
Japanese Yen	11,287.32	11,264.30	11,287.27	11,264.30
Great British Pound Sterling	0.22	0.09	-	-
Euro	1.02	0.79	-	-
HK Dollar	0.26	0.02	-	-
Singapore Dollar	0.02	-	-	-

Foreign currency assets represent cash and accounts receivable whilst the above foreign currency liabilities represent trade accounts payable, long-term trade accounts payable, borrowings and other payables.

Forward foreign exchange contracts

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. The Group's policy is to enter into forward foreign exchange contracts for 100% of short-term loans anticipated in each month over the following six months.

As at 31 December 2009, the latest settlement date of open forward contracts will be on 22 October 2010. The Baht amounts to be received and contractual exchange rates of the Group's outstanding contracts were as follows:

	Consolidated		
	2009 Million Baht	2008 Million Baht	
US Dollar 77.60 million (2008: US Dollar 128.43 million) at averaged rate of Baht 37.05/US Dollar (2008: Baht 37.26/US Dollar)	2,874.72	4,784.91	

38. Financial instruments (Cont'd)

i) Objective and significant terms and conditions (Cont'd)

Net fair values

The net fair values of the Group's derivative financial instruments at the balance sheet date were as follows:

	Consolidated		
	2009 20 Million Baht Million		
Unfavourable forward foreign exchange contracts	(280.18)	(273.61)	

The fair values of forward foreign exchange contracts have been calculated based on rates quoted by the Group's lending bankers at balance sheet date, as if these agreements had been terminated.

ii) Interest rate exposures

The notional principal amount of the outstanding interest rate swap contracts as at 31 December 2009 was Baht 4,933.43 million.

As at 31 December 2009, the fixed interest rates were ranging from 5.08% to 7.60% and the floating rates are THBFIX and LIBOR plus certain margins.

As at 31 December 2009, the latest settlement date on interest rates swap contracts of the Group will be on 7 October 2011.

The net fair values of derivative financial instruments at the balance sheet date were:

	Consol	lidated	Company		
	2009 Million Baht	2008 Million Baht	2009 Million Baht	2008 Million Baht	
(Unfavourable) favourable interest rates swap contracts	(265.64)	(536.74)	19.31	-	

iii) Cross currency and interest rate swap

As at 31 December 2009, the latest settlement date on cross currency and interest rate swap will be on 16 December 2013. The principal amount is US Dollar 876.12 million and the fixed interest rates, ranging from 2.08% to 10.99% and the average exchange rates 35.68 Baht/USD.

The net fair values of cross currency and interest rate swap contracts at the balance sheet date were:

	Consol	lidated
	2009 Million Baht	2008 Million Baht
vourable cross currency and interest rate swap contracts	(4,773.49)	(4,954.45)

39. Contracts, commitments and contingences

- 39.1 The Company entered into the agreement for Joint-Operation and Investments for Expansion of 2.6 million lines Telephone Services with TOT and other supplements to the Agreement for the following services:
 - Wireline Services
 - Value Added Services
 - Personal Communication Telephone Services
 - Public Telephone Services
 - Receiving telephone service orders, and receiving payment for installation charges, deposits and monthly usage
 - Fault notification and dropwire maintenance
 - Personal Communication Telephone Service for TOT subscribers

Under the provisions of the "Agreement", the "Amendment" and the Supplementary Agreements, TOT and the Company will share the gross revenues collected from operating the telephone network in accordance with the percentages as stipulated in the agreements. Among the Company's responsibilities are the acquisition, installation, project management, operation and maintenance of the system as set out in the agreements. In addition, the Company is required to transfer to TOT certain equipment pertaining to such system together with the land and buildings acquired by the Company related to the project.

39.2 Agreement for PCT operation

According to the Joint Operation and Joint Investment Agreement and the PCT Supplemental Agreement ("the Agreement") between the Company and TOT to jointly operate and invest in the expansion of basic telephone services, including a personal communication telephone system in the telephone areas of Bangkok using the same long-distance telephone area code (the "Territory"), the Company is obliged to operate and comply with the Agreement. Asia Wireless Communication Co., Ltd. ("AWC"), a subsidiary of the Company will operate and share revenues with the Company in accordance with the PCT Contract (the "Contract"). In July 2001, the Company entered into the Contract with AWC, which became effective on 25 July 2001. The principal terms and conditions include the following.

- a. AWC is responsible, at its own cost and expense, to procure, purchase, install, operate and maintain a personal communication telephone system in the Territory, all of which are to be performed in accordance with the requirements of the Agreement; and
- b. In consideration of the foregoing, AWC is entitled to receive a portion of the revenue generated by the PCT services in accordance with the calculation methodology set out in the Contract.

On 1 July 2006, the Company and AWC entered into the Addendum to the PCT contract. The Company increased the additional revenue sharing from the PCT services since 1 July 2006 onwards. The said Addendum was ceased on 31 December 2007. The principal terms and conditions are still effective and unchanged.

39. Contracts, commitments and contingences (Cont'd)

39.3 The certain subsidiaries and a joint venture have agreements with state enterprises, CAT, TOT and MCOT to provide nationwide cellular telephone service, internet service, the lease of long distance circuits and Pay TV service, respectively.

Under the terms of the agreements, the subsidiaries and joint venture have certain commitments to acquire, install, manage and maintain all equipment. The subsidiaries and joint venture are also committed to transfer to CAT, TOT and MCOT all equipment pertaining to such systems as the installations are completed. During the term of the agreements, the subsidiaries and joint venture are entitled to collect deposits, membership fees and other service fees from customers as stipulated in the agreements. Under the term of the agreements, certain subsidiaries are obliged to pay minimum fee as follows:

Period due	Baht million
Within 1 year	696.00
Between 1 - 2 years	731.50
Between 2 - 5 years	2,355.00
Over 5 years	3,085.00

In addition, the subsidiaries and joint venture are contingently liable to certain foreign and local banks for letters of guarantee totalling Baht 1,394.09 million issued by the said banks in favour of CAT, TOT and MCOT. The letters of guarantee cover the guarantee for the subsidiaries and joint venture in compliance with the provisions of the agreements referred to above.

- 39.4 The Company, subsidiaries and joint ventures are contingently liable to certain foreign and local banks for letters of guarantee in favour of certain government agencies, certain state enterprises and companies amount of Baht 243.82 million for the Company and Baht 229.59 million for the subsidiaries and joint ventures. The subsidiary has a contingent liability to certain local banks amount of Baht 630.10 million.
- 39.5 Under the terms of various agreements, the Company's and certain subsidiaries' assets have been pledged and/or mortgaged as collateral with the contracted parties, details of which are as follows:

	Carrying Value at 31 December					
		Company				
	Mortgag			Mortgaged Value		_
	2009 Baht Million	2008 Baht Million	2009 Baht Million	2008 Baht Million	2009 Baht Million	2008 Baht Million
Fixed and saving deposits Investments in shares of	1,492.16	1,557.81	-	-	708.89	700.68
subsidiaries Land and building	18,045.28 1,033.23	13,779.32 1,057.94	- 24,870.63	- 24,870.63	-	-

In addition, the Group and the Company's rights to operate network assets are secured against borrowings (Note 23).

Minimum foo

39. Contracts, commitments and contingences (Cont'd)

- 39.6 The Company and subsidiaries have entered into contracts with various contractors to supply and install additional network and expansion of network equipment capability and various agreements related to capital expenditure. Total commitments as at 31 December 2009 were approximately Baht 131.84 million for the Company and Baht 2,890.57 million for the subsidiaries (2008: Baht 212.51 million and Baht 3,168.72 million, respectively). In addition, the Company has no commitments with TOT to construct and transfer building and network equipment for 2009 (2008: Baht 60.87 million).
- 39.7 On 28 September 2004, the Company entered into the Sponsor Support Agreements ("SSA") with the secured lenders of True Move pursuant to which the Company agreed to provide financial support as set forth below:
 - 39.7.1 <u>In the case of regulatory sponsor support to governmental authorities arising out the mobile phone agreement:</u> 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 on a quarterly basis for the amount of the shortfall caused by the excess regulatory costs.
 - 39.7.2 <u>In the case of general cash deficiency sponsor support:</u> 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 Company will provide financial support to True Move in a total amount not exceeding Baht 7,000.00 million.

Under the terms and conditions of the SSA, the Company 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.

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

40. Interests in joint ventures

The Group has interests in joint ventures as follows:

Name of joint ventures	Business	% of interest
Asia Infonet Co., Ltd. ("AI")	Internet services provider	65.00%
True Internet Data Center Co., Ltd. ("TIDC")	Internet Data Center	70.00%
BeboydCG Company Limited ("Bboyd")	Production of animation	70.00%

Prior to 21 July 2009, KSC Commercial Internet Co., Ltd. ("KSC") was accounted for as a joint venture of which the Group's equity interest at 37.80%. Commencing 21 July 2009 KSC was accounted for as a subsidiary as described in Note 8.

The following amounts represent the Group's share of the assets, liabilities, revenues and expenses of the joint ventures included in the consolidated balance sheets and statements of income:

	2009			2008				
	KSC	AI	TIDC	Bboyd	KSC	AI	TIDC	Bboyd
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million
Cash and restricted cash	-	11.14	16.47	1.97	71.49	17.27	23.52	6.13
Current assets	-	80.96	20.98	4.03	110.23	72.36	31.44	3.28
Non-current assets	-	4.61	2.40	0.29	6.54	12.80	1.11	0.60
Property, plant and equipment	-	0.59	225.76	2.54	27.59	2.13	223.11	2.64
Intangible assets, net		0.32	4.34	2.29	4.22	0.38	3.49	1.35
Total assets		97.62	269.95	11.12	220.07	104.94	282.67	14.00
Current liabilities Non-current liabilities	<u>-</u>	(127.05) (1.24)	(55.98) (56.13)	(6.61)	(160.76)	(133.13) (1.13)	(74.80) (80.43)	(6.61)
Total liabilities	_	(128.29)	(112.11)	(6.61)	(160.76)	(134.26)	(155.23)	(6.61)
Net assets (liabilities)	-	(30.67)	157.84	4.51	59.31	(29.32)	127.44	7.39
Revenues	183.39	5.45	65.82	6.33	337.95	6.97	56.86	14.36
Operating results Financial income (expense) Income tax	23.80 0.14	(5.06) 0.07 (11.55)	(20.15) (8.36) (15.15)	(17.68) 0.01	58.79 0.47	18.02 0.20 (6.07)	(28.38) (6.00) (11.25)	(17.48) 0.02
Net profit (loss)	23.94	(16.54)	(43.66)	(17.67)	59.26	12.15	(45.62)	(17.46)
Depreciation and amortisation	4.78	1.59	33.45	1.18	6.53	4.02	21.64	1.02
Proportionate interest in joint venture capital commitments	nil	nil	17.68	nil	nil	nil	8.19	nil

There are no contingent liabilities in these joint ventures.

41.1 Litigations outstanding at the Administrative Court

41.1.1 Litigation cases filed by the Company against TOT

Dispute in relation to Y-Tel 1234 On 11 October 2001, the Company filed a lawsuit against TOT with the Central Administrative Court to claim damages totalling Baht 1,197.63 million in relation to call tariff reduction campaign, "Y-Tel 1234". The Company claimed that the reduction of call tariffs was a breach of the wireline Agreement that required tariffs under TOT's network to be set at the same rate as those under the Company's wireline network. The Central Administrative Court rendered its judgment to dismiss the case on 28 October 2005. On 28 November 2005, the Company filed an appeal to the Supreme Administrative Court. The lawsuit is currently in the judicial process of the Supreme Administrative Court.

The ultimate outcomes of the aforementioned lawsuit is presently unable to be determined, and accordingly, no recognition of revenue has been made in the financial statements.

Dispute in relation to Public Payphone's Revenue Sharing. On 22 August 2003, the Company filed an arbitration claim relating to revenue sharing from the provision of public payphone services over the wireline network. The Company claimed that TOT failed to pay to the Company for the Company's revenue sharing that TOT collected for public payphone services during certain period amount of Baht 43.94 million plus interest. On 8 April 2005, the arbitral tribunal granted an award in the Company's favour. However, TOT filed a motion in the Central Administrative Court on 14 July 2005 for an order to withdraw the arbitral award. On 10 October 2005, the Company submitted the statement of objection to TOT's motion in the Central Administrative Court. On 18 January 2006 the Company submitted a request to enforce the payment according to the arbitral award with the Central Administrative Court. TOT subsequently filed the motion against the Arbitration's ruling with Central Administrative On 29 February 2008, the Central Administrative Court dismissed TOT's motion and stand for Arbitration's ruling. On 24 March 2008, TOT filed an appeal with the Central Administrative Court. On 18 April 2008, the court rule that TOT's appealing is illegal and object the appealing. On 21 May 2008, TOT appealed such rule to the Supreme Administrative Court. On 8 May 2009, the Supreme Administrative Court ordered the Administrative Court not to receive TOT's appeal for its consideration. On 25 May 2009, TOT settled all amount claimed including interest total Baht 62.82 million The case is finally closed.

41.1.2 Litigation case filed by TOT against the Company

Dispute in relation to the use of True's logo on public payphone booths. On 23 July 2004, TOT filed an arbitration claim against the Company alleging that the Company failed to comply with TOT's requirements for the public payphone booths. TOT claimed damages for the use of the Company's logo on the public payphone booths amount of Baht 433.85 million. On 30 November 2005, the Company submitted the statement of objection. On 12 July 2006, the Arbitration Panel awarded in TOT's favour. On 6 November 2006, the Company filed a lawsuit in order to withdraw the arbitral award at the Central Administrative Court. On 27 February 2008, TOT filed a motion to the Central Administrative Court to enforcing according to the Arbitration's award and claim for payment of Baht 150.00 million and Baht 90.00 per month per payphone booth from the day of filing until the Company cease using True's logo on public phone boots of TOT. The Central Administrative court ordered to combine the case which the Company requested to repeal the execution of Arbitration's ruling. The Central Administrative Court has fixed the date of 26 December 2008 as final pursuance of fact-finding. On 24 February 2009, the Court ruled in favour of TOT and enforced the arbitral award for the black case number 61/2547 and red case number 77/2549, dated 12 July 2006. The Court ordered the Company to pay Baht 150 million within 60 days from the final date of the case and repay court fees for the total amount of Baht 80,000 to TOT. The Company appealed to the Court on 25 March 2009. The lawsuit is currently in the judicial process of the Supreme Administrative Court.

41.1 Litigations outstanding at the Administrative Court (Cont'd)

41.1.2 Litigation case filed by TOT against the Company (Cont'd)

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

41.2 Arbitration disputes outstanding at the Thai Arbitration Institute

41.2.1 Arbitration cases filed by the Company against TOT

Dispute in relation to revenue sharing collected from international call services. On 28 January 2005, the Company filed an arbitration claim against TOT regarding the calculation of revenue sharing from international calls under the wireline Agreement. The Company claimed damages in the amount of Baht 5,000.00 million for failure to obtain the actual number of international incoming calls, and damages of Baht 3,407.68 million for the incorrect calculation. Both amounts are entitle to bear interest.

<u>Dispute in relation to the Agreement Article 38.</u> On 15 May 2006, the Company filed an arbitration claim against TOT asking TOT to discontinue using its authority over the Agreement as well as to discontinue using its authority over the contract from the date its status changed. The authority to regulate shall be transferred to the Ministry of Transport or the Ministry of Information and Communication Technology. This case has no monetary claim amount. TOT submitted the objection statement on 17 June 2006. On 8 November 2006, the Company filed an arbitration claim against the authorisation limits of TOT on the Agreement Article 38 as a separate case.

Dispute in relation to revenue sharing collected from international call. On 25 December 2007, the Company filed an arbitration claim against TOT of Baht 1,968.70 million in respect of revenue sharing collected from international calls whereby TOT failed to deliver to the Company on a tariff stipulated in the agreement. The following are requested of the arbitrator to adjudicate on:

- 1. Requesting TOT to comply with the Agreement in respect of revenue sharing collected from international call and make payment according to the conditions stipulated in the Agreement.
- 2 Requesting TOT to pay damages amount of Baht 1,968.70 million.
- 3. Requesting TOT to apply the rate in calculation of revenue sharing both in-coming and out-going call base on the rate of Baht 6 per minute as stipulated in the Agreement as from September 2007 and onwards.
- 4. Requesting TOT to pay related interest at the rate stipulated in the Agreement Article 21 (MLR+1) or 7.86% per annum calculated from the amount unpaid from the date of submitting the arbitration claim until full payment has been made.

On 29 April 2008, TOT submitted a statement of objection. The case is currently within the arbitration process.

41.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)

41.2.2 Arbitration cases filed by TOT against the Company

Dispute in relation to the use of True's name and logo on invoices, tax invoices and receipts. On 13 December 2004, TOT filed an arbitration claim against the Company, claiming advertisement compensation for the unauthorised publication of True's name and logo on TOT's invoices, tax invoices and receipts to customers at the rate of Baht 4 per invoice, tax invoice and receipt from August 2001 until August 2004 for the total of Baht 785.64 million plus interest. However, on 11 March 2005, TOT claimed other damages amounts of Baht 106.80 million and Baht 1,030.50 million for changing of the invoices pattern to A4 size. The Company submitted a statement of objection on 25 November 2005. The case is currently within the arbitration process.

<u>Dispute in relation to the lease of telephone conduits.</u> On 31 May 2005, TOT filed an arbitration claim against the Company seeking an order to pay rent for the lease of telephone conduits from May 2004 to April 2005 in the amount of Baht 6.72 million plus interest and onwards. The Company submitted a statement of objection on 19 September 2005. The case is currently within the arbitration process.

<u>Dispute in relation to TA1234 campaign.</u> On 30 June 2005, TOT filed an arbitration claim alleging that it suffered damage from the loss of revenue sharing from 16 November 2000 to March 2005 of Baht 15,804.18 million plus interest as a result of the Company's invoices for domestic long distance call services at reduced tariff rates under the Company's "TA 1234" campaign. TOT also sought an order compelling the Company to collect domestic long distance call tariffs at the rates agreed in the wireline agreement.

<u>Dispute in relation to high speed internet (ADSL) service.</u> On 28 October 2005, TOT filed an arbitration claim against the Company, claiming that the Company was in breach of the wireline agreement by allowing other parties to provide high speed internet service (ADSL). TOT claimed the compensation amount of Baht 2,010.21 million plus interest. In addition, TOT has claimed continuous damages from July 2005 at the rate of Baht 180.00 million per month, plus interest. TOT also requested an order prohibiting the Company from providing ADSL service or allowing any other parties to provide ADSL service.

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

All the above pending cases at Thai Arbitration Institute were proposed to be conciliated by the Arbitrator Office. However, on 24 September 2007, both parties agreed to cease the reconciliation and bring such cases into the arbitration process.

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

41.3 Assessment from Excise Department

On 21 July 2006, the Company was informed by the Excise Department regarding claims for penalties and surcharge on delay of payments for excise tax from January 2005 to March 2005 amount of Baht 185.87 million. On 21 August 2006, the Company filed for alleviation of this administrative order. Subsequently, on 1 September 2006, the Company filed an objection against this administrative order. On 30 April 2007, the Director General of Excise Department ruled to reject Company's objection. On 2 May 2007, the Company filed an appeal with Excise Tax Appeal Committee requesting repeal of the ruling of the Director General of the Excise Department. On 19 September 2008, the Excise Tax Appeal Committee dismissed the Company's appeal and ordered the Company to pay the excise tax according to the decision of excise tax assessment for the amount of Baht 185.87 million. On 22 January 2009, the Company filed against ruling of Excise Tax Appeal Committee with the Central Tax Court. On 29 September 2009, the Central Tax Court pronounced a judgment withdrawing all the penalties and surcharge. Nevertheless, the Company is considering to appeal other points which are the results of the judgment. The last date for filing the appeal is on 28 February 2010.

On 8 May 2008, the Company filed against the Excise Department with the Central Tax Court claiming for excise tax which had been submitted with no statutory duty from the tax month of January 2005 to the tax month of December 2005 totalling of Baht 372.02 million and the Excise Department denied to refund. On 29 October 2008, the Central Tax Court ruled that the Excise Department, the defendant, does not deem to refund the claimed excise tax including interest and dismissed the case. The case is currently in the appealing process.

On 13 February 2009, the Company filed a request to the Director General of the Excise Department to make a claim for an excise tax refund for the period between January 2006 to 26 February 2007 in the total amount of Baht 348.87 million on the grounds that the Company is not obligated to pay excise tax. On 23 April 2009, the Excise Department denied the claim for the excise tax refund. On 13 May 2009, the Company filed an appeal against the administrative order of the Excise Department. The appeal is under the consideration of the Excise Department.

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

41.4 Litigations and arbitration disputes of subsidiaries

In March 2005, a distribution agency appointed by several subsidiaries whose contract had been terminated, filed a civil lawsuit claiming damages up to maximum of Baht 300.00 million from the said subsidiaries, based on alleged breach of the Commercial Dwelling Unit ("CMDU") subscription agreements. Subsequently, on 26 May 2008, the Civil Court ruled in favour of subsidiary and ordered the plaintiff to pay Baht 1.66 million plus interest at 7.5% per annum from the dated of counterclaim until completion of payment. Currently, the case is under the process of appealing by the plaintiff.

On 23 August 2006, CAT filed a lawsuit against a subsidiary at the Central Administrative Court to claim for space and antenna rental amount of Baht 12.48 million. On 21 January 2009, the Court dismissed the case and ruled that the subsidiary does not deem to pay such claim to CAT. However, CAT filed an appeal on 19 February 2009 and the subsidiary filed a reply of an appeal on 26 April 2009. The lawsuit is currently in the judicial process of the Supreme Administrative Court.

On 13 October 2006, CAT filed an arbitration claim against a subsidiary to claim for a numbering fee amount of Baht 113.58 million. Subsequently, on 15 August 2008, the Arbitration ruled in favour of CAT by ordering the subsidiary to pay of Baht 99.60 million (excluded interest at 7.5% per annum). The subsidiary acknowledged on 24 August 2008. The subsidiary currently files the protest with the Central Administrative Court. The case is currently under the Court process.

On 1 December 2006, a subsidiary was filed a civil case by a group of person claiming damages amount of Baht 44.37 million. However, on 9 September 2007, most of the cases were withdrawn. There is only one case outstanding, and the amount of damages claimed is Baht 7.00 million. This case is under the court process.

41.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

On 9 August 2007, CAT notified four banks which issued the letters of guarantee to a subsidiary claiming that the subsidiary was not performed according to the agreement and requested of Baht 370.00 million from the banks. 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 the Central Administrative Court requested for injunctive relief to prevent CAT from claiming bank guarantees and to prohibit the four banks to pay for until the arbitration award are issued. The Courts ruled in favour of the subsidiary. On 27 September 2007, the subsidiary submitted a claim against CAT through the Thai Arbitration Institute and the case is currently under consideration of the Arbitration Office.

On 9 January 2008, CAT filed for arbitration against the subsidiary claiming for shortcomings revenue sharing from the subsidiary including penalties and interest at the total amount of Baht 8,969.08 million. The case is currently under the arbitration process.

On 19 February 2008, CAT filed an arbitral dispute against a subsidiary claiming for additional revenue sharing amount of Baht 45.95 million. The case is currently under the process of Arbitration.

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

On 29 January 2009, CAT filed an arbitral dispute against a subsidiary claiming for transfer and conveyance of 4,546 units of masts and towers together with their accessories to CAT. If, in any event, the transfer and conveyance of the subsidiary are impracticable, the subsidiary shall pay to CAT for the amount of Baht 2,766.16 million. The subsidiary filed a statement of objection to the Arbitration Office on 3 September 2009.

On 15 May 2009, CAT filed an arbitral dispute against a subsidiary claiming for reimbursement of numbering fee for four-digit special number "1331", which CAT paid to NTC, for the amount of Baht 3.96 million plus 7.5% per annum interest, value added tax, 1.25% per month stipulated penalty and fees and costs resulting from arbitral process. The claimed penalty would be in effect from the date that CAT had paid the numbering fee to NTC to the date that the subsidiary fully reimburses to CAT. The subsidiary made a statement of objection on 11 December 2009.

On 24 September 2009, a subsidiary 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 subsidiary, thus the subsidiary is being unable to efficiently facilitate its LG. Moreover, the subsidiary is bound to pay the fees for those LG. The case is currently under the process of the Civil Court.

The ultimate outcome of the aforementioned issues cannot presently be determined, and accordingly, no provision for possible liability has been made in the financial statements.

41.5 Agreement for operation of subsidiary

In May 2007, the Council of State issued an opinion stating that the cellular telephone services under the agreement for operation of a subsidiary with CAT may require the Thai Cabinet's approval, pursuant to the Act on Private Sector Participation in State Undertaking. In the case that CAT did not obtain the approval, it would cause the subsidiary to be subject to less favourable conditions. The Group's legal counsellor opined that according to the law, the Council of State's opinion is not legally binding on the subsidiary. Therefore the subsidiary can carry on its business under the agreement for operation.

41.6 Access charges

The Group has outstanding cases in respect of access charges which is in the process of considerations and cannot presently be determined the outcome as mentioned in Note 42.

42. Access charges

42.1 The Company's access charges

On 21 August 2002, the Company filed an arbitration claim regarding a dispute arising from the wireline Agreement between the Company and TOT. The terms of the wireline Agreement provided that the Company is entitled to additional considerations from TOT if TOT provides or allows any third parties to provide "special services" over the network. TOT allowed CAT and other mobile telecommunications service providers to use this network for mobile telecommunications services and obtained access charges from CAT and the other mobile telecommunications service providers. However, TOT disagreed that the use of the Company's wireline network for mobile telecommunications services was a "special service" and therefore refused to provide the Company with the additional considerations. The Company claimed for its portion of revenue sharing regarding access charges received by TOT starting from October 1992 to June 2003 amount of Baht 25,419.40 million. On 21 February 2006, the Arbitration delivered to the Company rulings of the arbitration dated 17 January 2006. The arbitral rulings are as follows:

- 1. The Company is entitled to benefits derived from TOT's provisions of special services on the Company's network or from TOT's permission for other parties to provide special services on the Company's network.
- 2. With respect to benefits from the beginning until 22 August 2002, TOT must pay the Company the sum of Baht 9,175.82 million plus interest at the rate of 7.5% per annum from 22 August 2002. The payment must be made within 60 days from the receipt of the arbitral award.
- 3. As from 23 August 2002, TOT must pay to the Company 50% of the benefit derived by TOT from the portion accessing to the Company's network.

On 20 April 2006, TOT filed a motion with the Central Administrative Court requesting an order to withdraw the arbitral award. Subsequently on 19 September 2006, the Company submitted a statement of objection to the Central Administrative Court, and the court accepted the Company's statement of objection for consideration on 28 September 2006. On 8 May 2008, the Company as the petitioner requested the Central Administrative Court for the execution of the Arbitration's ruling. The court ordered to combine the case which TOT requested to repeal the execution for Arbitration's ruling. The case is currently in the judicial process of the Central Administrative Court.

42.2 A subsidiary's access charges

On 5 October 2006, a subsidiary 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 subsidiary issued a written notification informing TOT and CAT that it will cease payment of access charge under the Access Charge Agreement on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects. The subsidiary also requested TOT to enter into the interconnection charge agreement to be in compliance with the law or temporarily apply the provisional rate announced by the NTC while the negotiations on the interconnection agreement with TOT has not been concluded.

42. Access charges (Cont'd)

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

However, on 23 November 2006, TOT issued a letter informing the subsidiary that the subsidiary was not entitled to interconnect its network with the TOT network because the subsidiary was not a telecommunications licensee, as granted by the NTC, 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 continuously prevail.

Pertaining to the NTC's announcement regarding the dispute resolution in respect of uses and interconnection of telecommunication network (IC), the subsidiary has brought the dispute to the Dispute Resolution Committee ("DRC") on 29 June 2007, requesting TOT to enter into the contract in relation to interconnection (IC). The DRC considered this and NTC deemed that the subsidiary is entitled to negotiate with TOT regarding the interconnection contract (IC) on 21 November 2007 and 28 November 2007, respectively. Subsequently, TOT agreed to enter into the interconnection charge agreement (IC) with the subsidiary on the condition that specific only the new numbers allocated by NTC. On 23 June 2008, the subsidiary notified to agree with TOT's offering. For the old numbers, the subsidiary will carry on the case an depend on judgment of the Civil Court.

On 16 November 2007, TOT filed a lawsuit against the subsidiary with the Civil Court, claiming violation of the access charges contract (agreement) and requested for access charges payment amount of Baht 4,508.10 million with related interest and value added tax. On 16 September 2009, the Civil Court and the Central Administrative Court agreed that the case was within the Central Administrative Court's jurisdiction and thus, struck the case out of the case-list.

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

	Accrued access charges Million Baht	Net effect to the consolidated 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 year ended 31 December 2009	5,447.69	4,071.66
Total	14,591.78	10,898.98

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

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

43. Post balance sheet events

The Company's Board of Directors approved these financial statements for issue on 24 February 2010.