



true
together

Life is Play!
Enjoy the **Convergence of Life**

ANNUAL
REPORT
2005



At a Glance.....	1
Financial Highlights.....	2
Message from the Chairman of the Board.....	16
Message from the President and CEO.....	18
Products and Services.....	20
Community Program.....	24
Independent Directors.....	25
Corporate Governance Report.....	29
Company Background and Major Developments.....	36
Revenue Breakdown by Business Group.....	38
Corporate Information.....	39
References.....	45
Group Investment Structure.....	46
Risk Factors.....	47
Shareholders.....	51
Dividend Policy.....	52
Management.....	53
Connected Transactions.....	83
Audit Fees.....	84
Report of the Audit Committee for the Year 2005.....	85
Report of the Board of Directors' Responsibilities for Financial Statements 2005.....	86
Management's Discussion and Analysis.....	87
Financial Statements.....	97

In this Annual Report 2005, "True", "Company", "Affiliates", and "Subsidiaries" refer to True Corporation Public Company Limited and/or its affiliates and/or its subsidiaries, as the case may be.



At a Glance

True's vision is to become the leader in convergence solutions and a lifestyle enabler

The True group delivered strong revenue and EBITDA growth in 2005. We continued to invest in our high growth mobile and Consumer Broadband businesses, made significant debt repayment and maintained our commitment to deleveraging. We are Thailand's most integrated communications solutions provider and are well placed to drive further growth through the convergence of networks, services and content.

2005 Highlights

- Consolidated service revenue Bt 41.5 billion (+36.5%)
- Consolidated EBITDA Bt 15.7 billion (+21.5%)
 - Fastest growing mobile operator - True Move (formerly TA Orange)
 - No. 1 broadband provider with approx. 80% market share in Bangkok
 - No. 1 Internet Service Provider
 - No. 1 Wi-Fi hotspot provider
 - Began acquisition of UBC- No. 1 pay-TV provider
- 8.1 million subscribers/households including:
 - 4.46 million mobile phone subscribers
 - 1.99 million fixed line subscribers
 - 0.72 million broadband and Internet subscribers
 - 0.48 million pay-TV subscribers (UBC)
 - 0.47 million WE PCT subscribers

Financial Highlights

(Unit : Million Baht)

	2005	2004	2003
Consolidated Financial Results			
Service revenues (normalized) ^{1/}	41,452	30,366	27,001
Total revenues (normalized) ^{1/}	44,193	32,728	27,950
EBITDA (normalized) ^{1/ 2/}	15,705	12,930	11,642
Operating profit (normalized) ^{1/ 2/ 3/}	1,217	1,145	491
Net profit (loss)	(4,269)	605	(5,674)
Consolidated Balance Sheets and Cash Flows			
Total assets	108,058	102,625	86,760
Total liabilities	107,751	97,888	85,265
Total shareholders' equity	307	4,738	1,495
Cash flow from operations	11,604	7,381	7,076
Free cash flow ^{4/}	1,335	3,419	(3,303)
Key Financial and Efficiency Ratios			
EBITDA margin	35.5%	39.5%	41.7%
Operating profit margin	2.8%	3.5%	1.8%
Asset Turnover	40.9%	31.9%	32.2%
EBITDA / Interest coverage ratio (Times) ^{5/}	3.3	3.1	2.6
Net debt / EBITDA (Times) ^{5/}	4.9	6.1	5.9

(Unit : Million Baht)

	2005	2004	2003
Per Share Data and Others			
Loss per share (Baht) ^{6/}	(1.46)	(0.03)	(2.13)
Book value per share (Baht)	0.07	1.16	0.40
Share price at year end (Baht)	10.00	8.10	7.30
No. of outstanding shares at year end (Million shares)	4,094.7	4,092.5	3,694.5
Market capitalization	40,947.5	33,149.5	26,969.8

^{1/} Consolidated service revenues and total revenues for the year 2005 have been adjusted to exclude out-of-period accounting adjustment of Bt 282 mn for over accrued revenues from fixed line's international call service in the year 2004. FY 2004 revenues were retroactively adjusted for comparative purposes.

^{2/} FY 2005 regulatory cost has been adjusted upwards by Bt 493 mn to exclude an out-of-period adjustment for True Move's change in calculation method in Q2 2005. FY 2005 revenue sharing was also adjusted upwards by Bt 48 mn to exclude the out-of-period adjustment related to remark no.1.

^{3/} FY 2003 operating profit has been adjusted to exclude a one-time write off for PCT acquisition cost of Bt 215 mn.

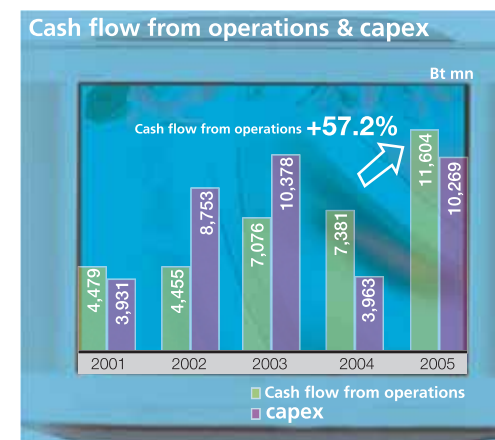
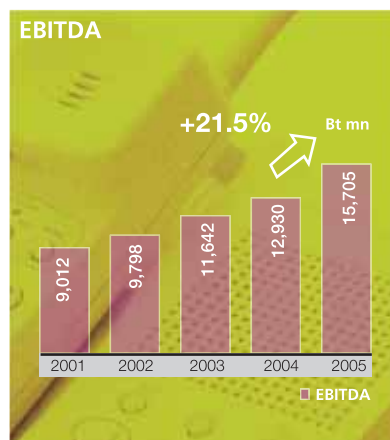
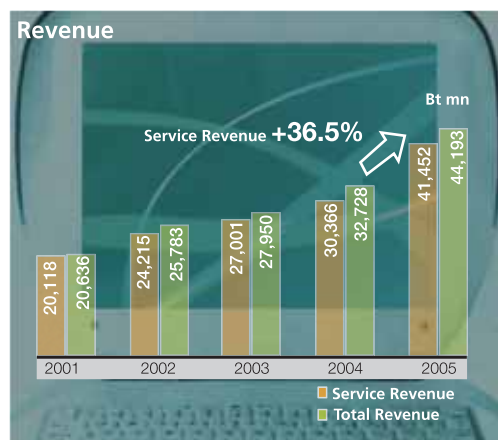
^{4/} Cash flow from operations less capital expenditure.

^{5/} Excluding bridging loan for UBC acquisition.

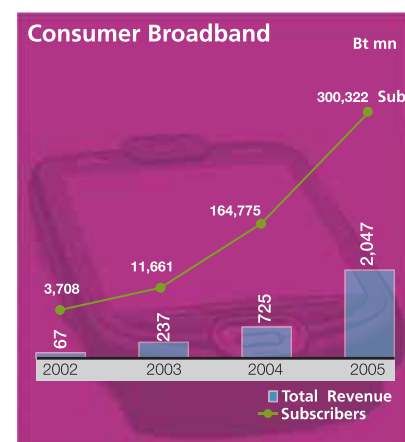
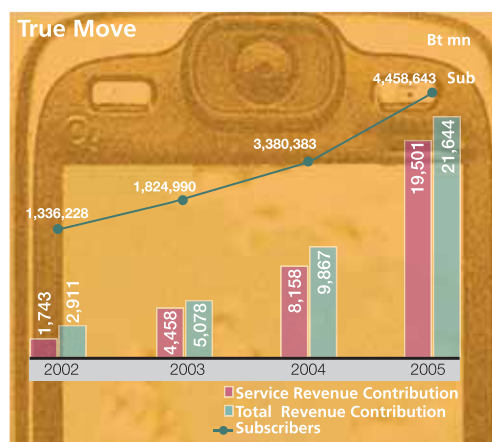
^{6/} After cumulative dividend for preferred shares.

^{7/} Proportionate consolidation of True Move up to Q3 2004, and full consolidation since Q4 2004.

Strong growth in revenue and EBITDA

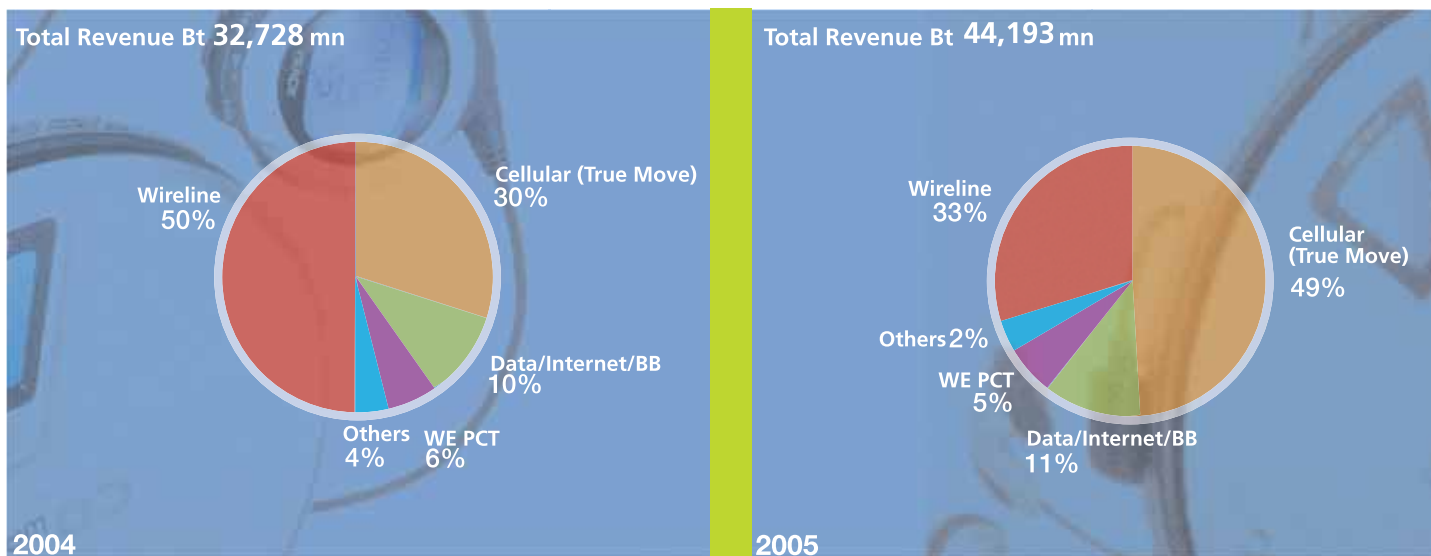


Key growth drivers



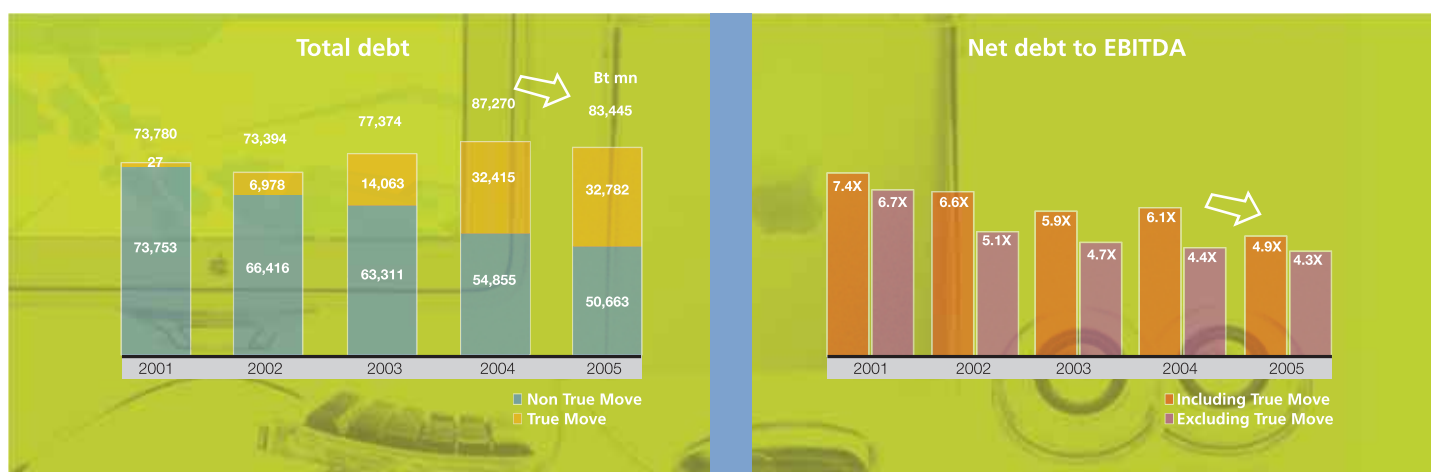
Remark : Financial results were based on proportionate consolidation of True Move up to 3Q04, and full consolidation since 4Q04.

Diversified Revenue Profile



Remark : Data/Internet/Broadband group refers to DDN, Multimedia and Internet segments in the audited financial statements.

Improving Balance Sheets



Remark : ^{1/} Before debt issuance cost.

^{2/} FY05 debt excluding USD 291 mn bridging loan for UBC acquisition.

Remark : FY05 ratio excluding USD 291 mn bridging loan for UBC acquisition.

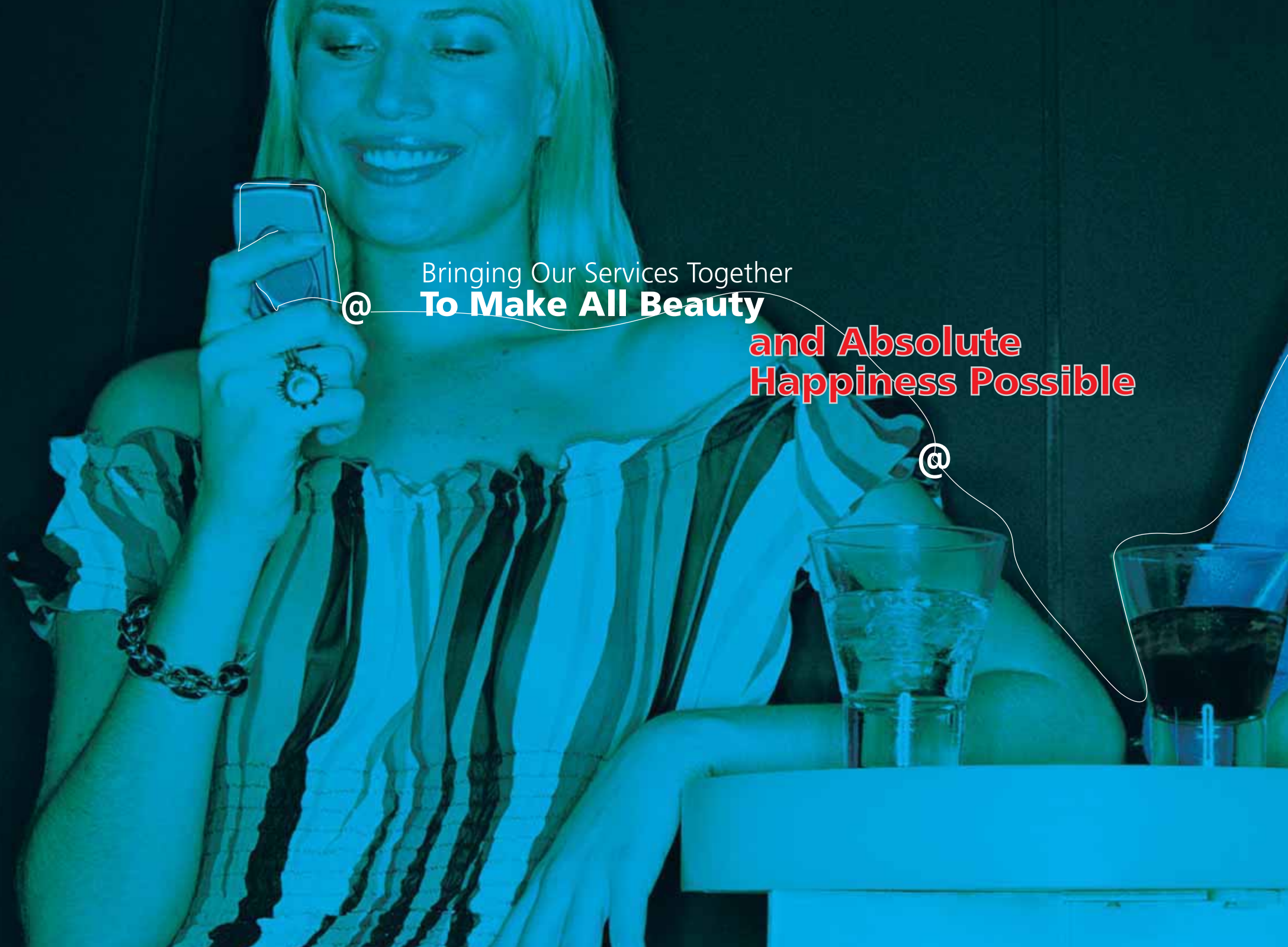


Bringing Our Services Together
To Make All Learning
and Never Ending Fun Possible

@

@





Bringing Our Services Together
@ **To Make All Beauty**

**and Absolute
Happiness Possible**

@



Bringing Our Services Together

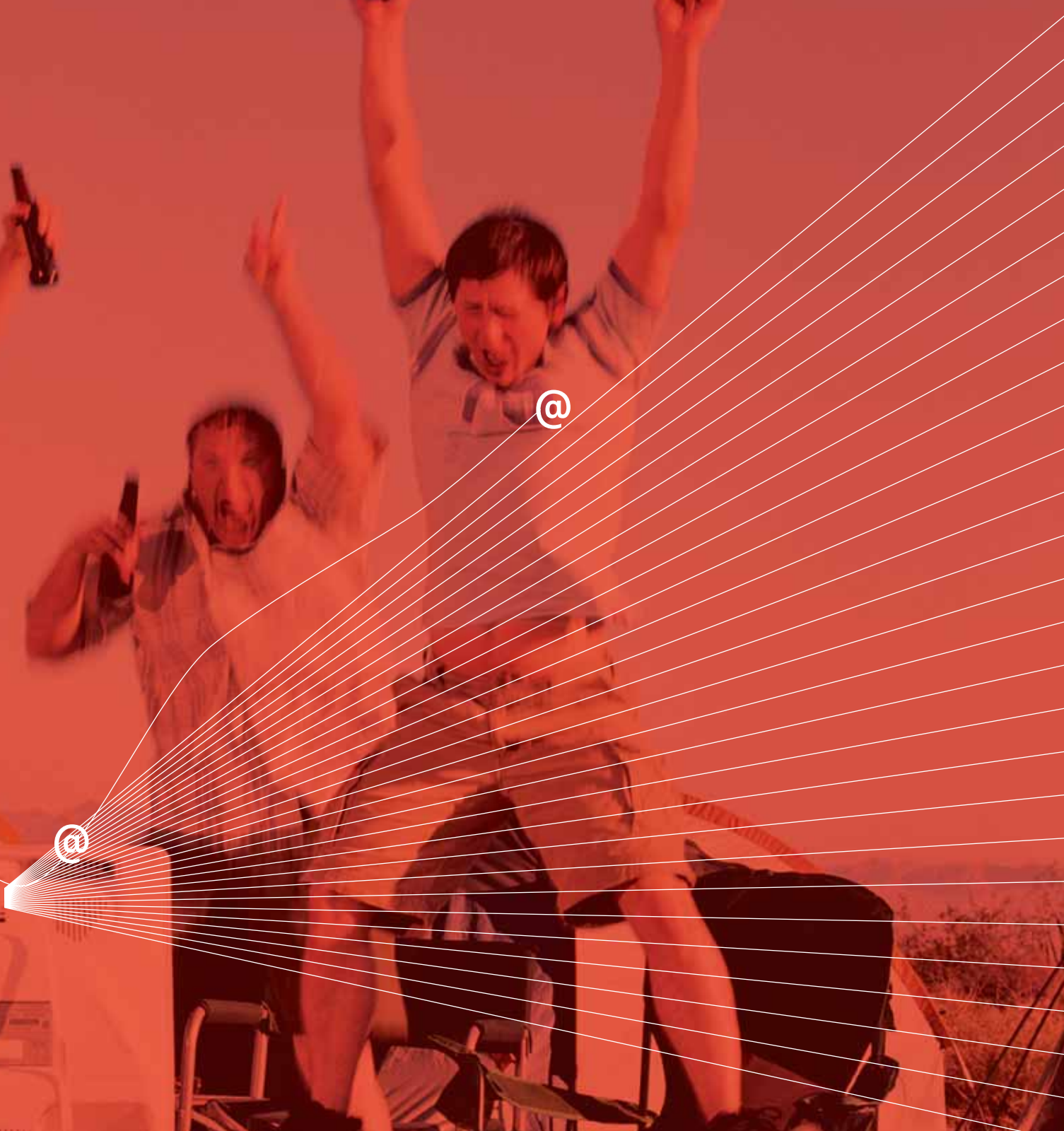
To Make Every Freedom

and Unlimited Opportunity
Possible

@

@



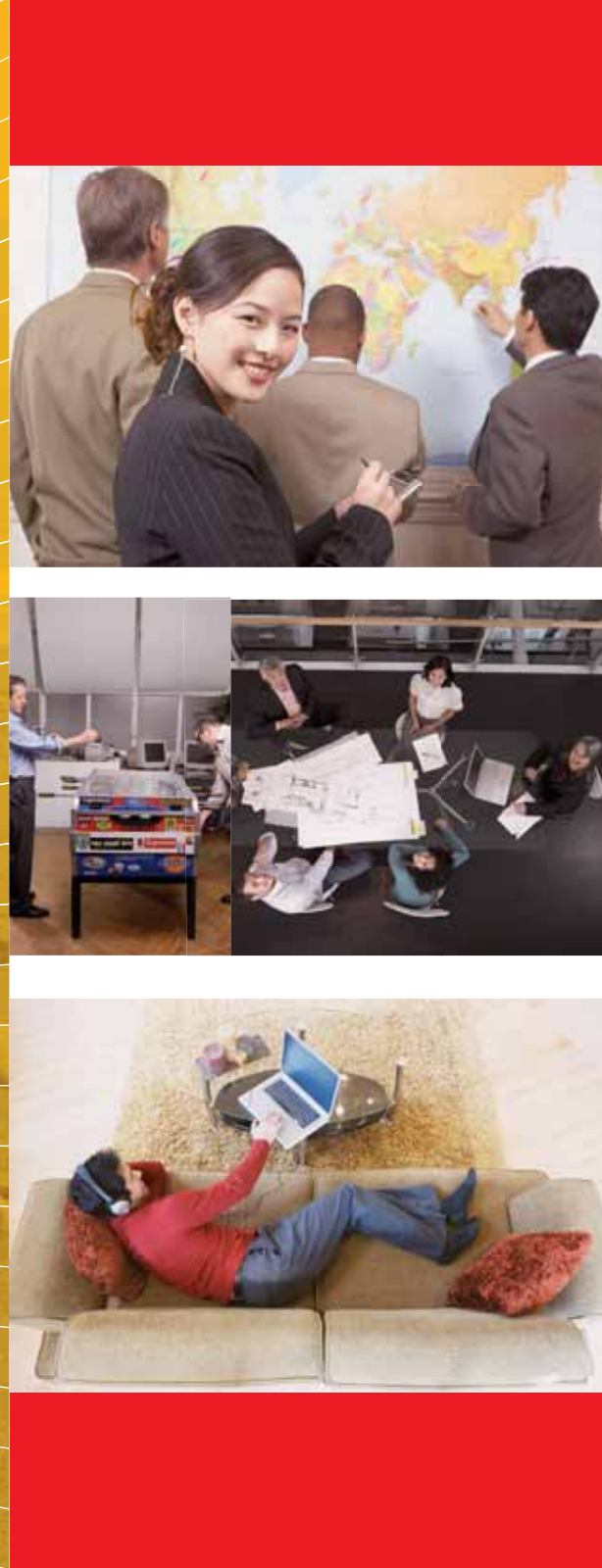


A man and a woman are on a beach. The man is sitting and talking on a mobile phone. The woman is kneeling and working on a laptop. The background shows a sandy beach with some rocks and a large rock formation in the distance. The entire image has a yellow tint. There are three '@' symbols connected by a line, and a fan of lines pointing to the right.

@

Bringing Our Services Together
To Make Every Dream

and Limitless Success Possible





Bringing Our Services Together

To Make Endless Warm

and Caring Moments Possible

@





Message

from
the

Chairman of the Board

In 2005, the True group achieved strong growth in a challenging year with intense price competition in the cellular market, a shortage of mobile numbers caused by a delay in regulatory approvals, and a slowing Thai economy with fuel price increases and inflation and interest rate hikes putting pressure on household and business spending.

In the face of these challenges we maintained clear focus on executing our strategy. Since re-branding in April 2004, we have successfully grown the True brand to meet our customers' needs as a lifestyle enabler. We are leveraging the synergies of our unique integrated platform to expand market share for True Move and enhance the market leadership of our broadband business. Importantly, we have also maintained financial discipline and our ongoing commitment to deleveraging.

In 2005, we also began the acquisition of leading pay-TV operator UBC, the last piece in our strategy to become an integrated communications solutions provider and lifestyle enabler. By getting our wireless and wireline networks to work together we will give our customers the freedom to choose how they communicate, inform or entertain themselves, whenever and wherever they may be.

Looking to major developments in the telecommunications sector, regulatory reform began to take shape in 2005 with the release of the Telecom Master Plan by the National Telecommunication Commission (NTC) and the award of the first telecom licenses under the new regime.

In the latter part of the year, True Internet became one of several ISPs to receive a license for Internet services. True has also applied for an international Internet gateway license which, if granted, would become the first of our new licenses to provide tangible benefit to our bottom line by reducing bandwidth costs and increasing capacity. We have also applied for fixed line and cellular licenses, and will consider our funding options carefully if a 3G license is granted.

While regulatory reform continues to hold significant upside for True, the key areas of concession conversion and an interconnection regime remain unresolved. Recent moves and a more active position taken by the NTC suggest that better progress on these can be expected in 2006.

True will continue to proactively participate in the reform process and to advocate free-and-fair competition on a level playing field.

Since late 2005, significant ownership changes have taken place in our key competitors. The implications of these changes have yet to emerge. Nevertheless, we anticipate more rational competition in the cellular market in the coming year, with operators expected to pay heed to the lessons learned from intense price competition in 2005.

Looking forward, our strategy and our investments in our high growth businesses stand True in good stead to take advantage of the upside of changes in our industry as we move closer to profitability. I would like to thank the Board members and True's management team for their strong vision and strategic execution.

To conclude, True is well positioned to drive further strong growth through the ongoing integration and convergence of its networks, services and content. In 2006, our customers will be better informed, better entertained and better connected to the things that matter to them most.



Mr. Dhanin Chearavanont
Chairman of the Board



Message

from
the **President**
and **CEO**

The True group finished 2005 as Thailand's most integrated communications solutions provider, with the fastest growing mobile operator in True Move (formerly TA Orange), market leadership in broadband, the number one ISP, the largest number of Wi-Fi hotspots, the most fiber-rich fixed line network in Bangkok and remained on track to acquire UBC - Thailand's leading pay-TV operator. In short, we are leveraging our integrated operator strategy and are well placed to drive growth through the convergence of networks, services and content.

2005 Financial and Operational Performance

In terms of performance, we continued to build momentum, with strong growth at our mobile operator True Move and at our Consumer Broadband business fueling a 36.5% increase in consolidated service revenue to Bt 41.5 bn, and 21.5% growth in consolidated EBITDA to Bt 15.7 bn.

Despite intense price competition and a temporary shortage of mobile numbers, True Move took a 34% share of total market net additions and exceeded its target to reach 4.5 mn subscribers at year-end. As a result, True Move's service revenue contribution increased 139% to Bt 19.5 bn and its EBITDA contribution more than tripled to Bt 5.7 bn as it approached bottom line breakeven.

Our Consumer Broadband business continued its rapid growth, with subscribers almost doubling to 300,322 and revenue improving 182% to Bt 2.0 bn. This strong growth offset declines in our traditional fixed line revenue and helped to preserve the fixed line subscriber base.

During the final quarter of 2005, we took a voluntary Bt 2.0 bn write-down in our network assets. This assures future profitability of our fixed line business as depreciation charges will reduce significantly over the next five years. The write-down, which is an accounting adjustment and a non-cash transaction, and other non-recurring items contributed to a full year consolidated net loss of Bt 4.3 bn.

We continued to invest in our high growth businesses with consolidated capex totaling Bt 10.3 bn, of which Bt 7.2 bn was at True Move and the remainder was at our non-True Move businesses, most of which was on Consumer Broadband.

True made Bt 4.5 bn in debt repayments in 2005, completed the debt restructuring of PCT with a Bt 801 mn gain, and received a further gain of Bt 370 mn through the settlement of Deferred Payment Notes. We also maintained our commitment to deleveraging, with net debt to EBITDA declining to 4.3 times in 2005, excluding True Move and the bridging loan taken to acquire UBC.

Strategy

In 2005 we achieved the full integration of True Move into the group and took a key step forward with the acquisition of UBC (expected to be completed in the second quarter of 2006), the final piece in our strategy to become an integrated communications solutions provider and lifestyle enabler.

The strategy has two key elements: the first is to meet the lifestyle and workstyle needs of our customers for content, communication, community and commerce; the second is to harness our wireline and wireless networks through a convergence play that provides multiple access points and solutions.

The strategy provides us with important competitive advantages and growth opportunities. By bundling our services together, we are able to compete on value, not just on price, gain market share for True Move by delivering promotions to subscribers that our competitors can't match, and manage churn rates more effectively.

In 2005 we also achieved significant progress in transforming the True brand from a network provider to a lifestyle enabler. By building an iconic lifestyle brand, we are improving our ability to differentiate ourselves in the minds of consumers. By leveraging the True brand across different services, we are also able to achieve efficiencies in our marketing and economies of scale in our billing systems and networks.

Outlook for 2006

The True group is entering 2006 with excellent momentum at its high growth True Move and Consumer Broadband businesses.

We are targeting a one-third share of market net subscriber additions for True Move and a subscriber base of 5.7 million by year-end 2006. We will maintain our market leadership in Consumer Broadband with a target of 500,000 to 600,000 subscribers. We see strong potential for UBC and we are considering a mass market strategy to expand the subscriber base to 600,000.

Looking ahead, we will see acceleration in the synergy benefits from our integration and convergence strategy. The acquisition of UBC provides further opportunity to drive True Move subscriber growth through bundling and to create further value from our market leadership in Consumer Broadband. Integrating UBC also improves our access to rich content assets that will, over the long-term, become a growth driver in their own right.

With True Move approaching breakeven, UBC already in profit, and the fixed line business assured of profit, True is on a firm path to profitability in 2006.

The people of the True group share a positive and exciting vision for the future and I would like to thank them for the rapid progress we have made in 2005. I also want to thank shareholders for their support and the Board and management for their commitment during the year.

We take seriously the positive social and economic impact of telecommunications and are committed to our mission to bring knowledge, information and entertainment to the people of Thailand.



Mr. Supachai Chearavanont
President and CEO



Convergence

In Thailand and around the world, the convergence of devices, networks and content is changing business models for telecommunications operators and promising enhanced services for subscribers.

The True group is well placed to take advantage of this convergence. We are Thailand's most integrated operator and our strategy is to drive growth by being the leader in convergence solutions and a lifestyle enabler. By integrating our mobile, broadband, fixed line and pay-TV assets (with the acquisition of UBC), we will be able to offer the 'triple play' of voice, data and video services plus mobile - a so called 'quadruple play'.

For our customers, convergence holds the promise of being able to access content and services to communicate, inform or entertain themselves, from home, work or wherever they may be. By purchasing these services together under a subscription from one provider, customers will enjoy a better value proposition, and the convenience of a 'one-stop-shop' for customer service and billing.

In 2005, Consumer Broadband and True Move were the key growth drivers of our business. In 2006, we expect to add pay-TV services after the completion of the UBC acquisition.

Key Growth Driver: Consumer Broadband

Our Consumer Broadband business is a key growth driver for the True group, and an important element of our strategy to deliver convergence solutions. During 2005, the True group almost doubled broadband subscribers to 300,322, held an 80% market share in the Bangkok Metropolitan Area (BMA), and improved revenue by 182% to Bt 2.0 bn.

Our Network

We provide broadband services via ADSL on our BMA wireline network and through our Hybrid Fiber Coaxial cable network in upcountry areas. Our wireline network was designed to carry voice and data traffic on a reliable and cost effective basis. As a result, our network is fiber-rich, has advanced, intelligent electronics with Internet Protocol (IP) capabilities, and a relatively short 'last mile' copper loop, averaging 3-4 kilometers.

This allows us to provide a faster, more stable broadband service and to realize lower installation, operating and maintenance costs. The network not only provides ADSL, but also ADSL2+, G.SHDSL and Gigabit Ethernet, and is well positioned for eventual evolution into an IP-based Next Generation Network (NGN).

Growth Potential

We see potential for significant further growth for Consumer Broadband, with a broadband penetration rate in Thailand of less than 1%, compared to that in other Asian countries, such as Korea (23.3%), Hong Kong (18.0%), Japan (11.7%) and Singapore (10.1%).

With PC penetration in the BMA at 1.2 mn out of 3 mn households, we are targeting to grow the Consumer Broadband subscriber base to 500,000 to 600,000 by year-end 2006, and see the potential to increase to 1 million subscribers within the next 2-3 years. Consumer Broadband growth should also benefit our existing wireline business due to the need to be a wireline subscriber in order to receive broadband service.

Growth Strategies

Maintain market leading access speeds

During 2005 we launched new services to maintain our market leading access speeds. In March, we launched Very high bit-rate Digital Subscriber Line (VDSL) technology delivering data transmission at speeds up to 10 Mbps, with a package specially designed for small and medium enterprises. In July, we upgraded the Internet backbone to 10 Gbps, the fastest in Thailand, marking continued development by True towards an IP NGN. We also expanded services to more provinces upcountry.

Lowering barriers to entry

During the year we continued to lower the barriers to entry for Consumer Broadband. In April we launched a promotion offering the first two-months subscription free of charge and introduced Pre-pay hi-speed Internet for light broadband users. In the third quarter, we offered new subscribers a broadband modem and wireline connection for 1 Baht and provided double free off-peak talk time on True Move through the All Together Bonus.

Content to fuel demand

In September, we launched the Trueworld.net subscription-based portal, offering rich content that includes music, gaming (including Lineage II), sports, e-books, and TV programming to fuel demand for broadband.

Wi-Fi Hotspots

During the year we significantly expanded the number of Wi-Fi hotspots to 2,000 – maintaining leadership as the largest provider in Thailand – and bundled Wi-Fi packages with our Consumer Broadband offers. We signed partnerships in 2005 to provide Wi-Fi services to The Mall Group department stores and shopping centers, including the new Siam Paragon, and to the Siam Center.

As we move into 2006, bundling offers that combine True Move, Wi-Fi and our content on Trueworld.net will continue to drive broadband usage, and to grow market share for True Move.

Other

Other strategies included showcasing the lifestyle benefits of broadband Internet to consumers at our True Coffee cafes and True Stations, partnering with property developers to offer Cyber Home services, providing value-added services including White Net filtering and Norton Anti-Virus software, and launching video conferencing for SMEs and large enterprises.

Key Growth Driver: True Move

True Move (formerly TA Orange) is our other key growth driver. Since launching our mobile service in March 2002, we have grown rapidly to become the third largest and fastest growing mobile service provider in Thailand. Over the last two years True Move has expanded its subscriber base by 144%, and finished 2005 with 4.5 million subscribers and a market share of 15.1% at year end.

We have achieved this rapid growth and market position as a result of our 'best value' positioning that leverages our unique ability to bundle services from across the True group, by providing innovative service offerings and convenient payment plans and by expanding our network coverage throughout the country.

Our Network

True Move operates a GSM network with coverage to approximately 88% of Thailand's population at year-end 2005. The network is capable of providing '2.5G' services, with nationwide General Packet Radio Service (GPRS) network coverage. In certain parts of Bangkok, we offer Enhanced Data rates for GSM Evolution (EDGE) technology, providing subscribers with a constant data connection.

Growth Potential

Thailand has enjoyed one of the fastest growth rates in mobile service users in Asia as mobile penetration rates have approached approximately 46% by year-end 2005. We see strong potential for further growth and we believe the Thai cellular market will add a further 4 million subscribers in 2006. We are targeting a one-third share of market net additions to reach a subscriber base of 5.7 million subscribers by year-end 2006.

Growth Strategies

'Best Value' Positioning

True Move differentiates itself through 'best value' positioning that combines competitive pricing with the True group's strength in bundling services and integrating its rich content assets.

Bundling allows True Move to win market share by competing on value, not just on price, and helps to manage churn rates, since subscribers with two or more services are slower to churn. Through the All Together Bonus, we are able to offer value through free off-peak talk time for spending on other True group services. Since its launch in April 2004, the All Together Bonus has helped to drive subscriber growth, manage churn rates and improve network efficiency (since the talk time is redeemable in off-peak hours).

Looking forward to 2006, True Move will bundle its services with broadband, dial-up Internet and Wi-Fi services, and content on Trueworld.net.

Non-Voice Services Growth

True Move has led the market with its content offerings, and its subscriber base of largely young, early adopters has responded strongly to them. During the year, True Move added Music World, offering mobile music services and downloads, complementing its existing gaming, photo, cartoon, and financial information services. True Move also launched Visual Radio, a service allowing users to see pictures and information while listening to the radio on their mobile handset, enhanced its Voice SMS service, and introduced 'Color Mail', an MMS service offering customized multimedia messages.

For SME and enterprise customers, True Move partnered with Research in Motion to bring Blackberry e-mail services to Thailand.

Non-voice revenues grew 136.2% in 2005, GPRS subscribers more than doubled and 970,000 subscribers signed up to the Ring Back Tone in the first twelve months.

Looking forward, True Move is well positioned to use content as a growth driver by leveraging the content assets of Consumer Broadband and UBC.

Convenient payment solutions

True has introduced convenient payment solutions for its customers, launching True Money in 2005, which operates an electronic cash and payment business to introduce the 'Mobile Money Cash Card' that replaces cash for True Move and True customers.

Network Expansion & Development

During 2005 we continued to expand capacity to meet strong subscriber growth and extend our network coverage. True Move had capacity for 5.6 million subscribers at year-end 2005. We are increasing population coverage and expect to achieve 92% by mid-2006, with capacity

increasing to approximately 6 million by year-end 2006. The increased capacity and coverage will open up opportunities for True Move subscriber growth within the BMA and in upcountry areas.

During the year, we partnered with Intel Corporation to trial WiMax, an emerging wide-area wireless broadband technology that offers high data rates of up to 75 Mbps and wider cell coverage - typically 2-10 kilometers in urban areas and 50 kilometers in rural areas.

We also signed a USD133 million contract with Alcatel to expand the Alcatel-powered GSM/GPRS mobile network and to upgrade it with EDGE and 3G/UMTS.

Other Products and Services

In addition to the products and services offered by its Consumer Broadband and True Move businesses, the True group provides products and services to consumers, SMEs and corporate customers through other businesses, including its fixed line, WE PCT and Digital Data Network (DDN) businesses.

For consumers, we launched our Cyber Home services, offering home monitoring, automation, security and communication services through a one-stop-shop portal at www.truecyberhome.com. The portal also offers financial services and links to partner housing and condominium developers.

True also launched 'True delivery', allowing consumers and business customers to order products and services via 02 900 8000 or www.truecorp.co.th, for delivery within 24 hours in the Bangkok Metropolitan Area.

We provided the communications infrastructure and network for Siam Paragon, Thailand's premier retail complex, installing an Internet Protocol (IP) telephony system to tenants as part of a 'Smart Shop' concept - the first of its kind in Thailand. True also partnered with aquarium developer Oceanis International Pty, extending the scope of its lifestyle brand by providing multimedia content on marine life at Siam Ocean World, Thailand's largest aquarium, located at Siam Paragon.

For SME customers, True launched an innovative 'Dual Phone' solution that integrates GSM mobile phone and WE PCT phone systems, offering convenience and a very cost effective solution.

True partnered with Siemens to provide corporate customers with solutions for fixed line voice communications, combining True's fixed line telephone and managed voice services with Siemens' communications systems and advanced technology.

We offered our Managed Network Services solution to corporate customers and signed an agreement with Sammitr Motors Group to manage, monitor and maintain all of its networks from the True Internet Data Center (TIDC).



Community Program



True in the Community

In 2005, True continued its commitment to promoting education and supporting young people in Thailand. By developing Thailand into a knowledge based society, we aim to improve quality of life and become a driving force for increasing prosperity. True has harnessed its competence in modern communications solutions and technologies with the company's core values - 'courageous', 'caring', 'credible' and 'creative' - to develop the following community programs and activities:

True Learning Center-Gateway to the Wide World is a learning center for young people that offers classes in ICT, Science, Nature and Culture. The center aims to foster knowledge with hands-on experience to improve the lives of young people and help them become valuable and responsible members of society.

True has also established **Science and ICT pilot schools** which act as role models for other public and private schools in the Bangkok Metropolitan Area. We held **Science, ICT, Nature and Culture Camps** to provide new experiences for young children, as well as supporting teachers and students with learning materials and teaching tools. By encouraging young people to use ICT technology and the Internet to explore information and knowledge, we are in turn building a foundation to expand community Internet usage in the future.

The **True Young Scientist Program** was established in 1993 by True and the Thai Science and Technology Association. The program allows students in primary schools nationwide to showcase their scientific knowledge by entering their science projects in competitions run by the program. The Young Scientist Program aims to develop science and technology resources in Thailand that can compete at a high international standard.

The **True Conservation Photo Contest** is a joint project with the National Park, Wildlife and Plant Conservation Department that was established in 1995. The program was developed out of our concern for protecting natural resources and the environment, and to represent this through photography. The contest allows those with an interest in conservation of natural resources to tell their story through digital, slide and film. This popular contest receives many submissions from students and the general public each year. Winners receive trophies and honorable certificates from Her Royal Highness Princess Maha Chakri Sirindhorn and Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra.

The **Young Journalism Project** (Pirab Noi/Saifa Noi Projects) is a joint project between True, the Thai Journalism Association (TJA) and the Thai Broadcast Journalists Association to support students studying mass communications. The project provides students with the opportunity to produce a newspaper with high quality content promoting environmental news, and to participate in radio and television programs. The students can submit their works to compete for the Pirab Noi and Saifa Noi Award. True also held a mass communication workshop to prepare students for life as professional journalists. The workshop provided training on how to present the news, public information rights and obligations, and ethics in the area of communications and journalism.

Looking forward, True will continue to seek community partnership opportunities to develop Thailand into a knowledge-based society.

Independent Directors

Mr. Narong Srisa-an
Independent Director



Education

Honorary Master Degree of Economics,
Thammasat University

Related training programs held by the Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP)

Experience

1998-Present

Independent Director

Present

True Corporation Public Company Limited
Vice Chairman and Vice Executive Chairman
Thai Beverage Public Company Limited
Vice Chairman and Executive Chairman
Beer Thai (1991) Public Company Limited
Chairman, Thai Alcohol Public Company Limited
Chairman, Sura Banyeeekhan Company Limited
Chairman, Athimart Company Limited
Chairman, S.S. Karnsura Company Limited
Chairman, Kankwan Company Limited
Chairman, Theparunotai Company Limited
Chairman, Bionic Humus Company Limited
Chairman, Maharas Agri Company Limited

Chairman, Thai Molasses Company Limited
Chairman, Additive Food Company Limited
Chairman, Pan International (Thailand) Company Limited
Chairman, Charun Business 52 Company Limited
Chairman, Thai Cooperage Company Limited
Chairman, Dhanasindhi Company Limited
Chairman, Bangna Logistic Company Limited
Chairman of Executive Board, Thai Beverage Can Limited
Vice Chairman and Vice Chairman of Executive Board,
Berli Jucker Public Company Limited
Chairman, BJC Cellox Limited
Chairman, BJC Foods Limited
Chairman, Berli Jucker Logistics Limited
Chairman, Rubia Industries Limited
Chairman, Thai Glass Industries Public Company Limited
Chairman, Thanakorn Vegetable Oil Products Company Limited
Chairman, Prida Pramote Company Limited
Chairman, Advance Agro Public Company Limited
Chairman, Eastern Seaboard Industrial Estate (Rayong) Company Limited
Chairman of Executive Board, Siam Food Products Public Company Limited
Vice Chairman, General Tobacco Company Limited
Executive Director, Com-link Company Limited



Mr. Vitthya Vejjajiva
Independent Director and
Chairman of the Audit
Committee

Education

Master Degree of Laws, Harvard University, U.S.A.
Master Degree of Arts, University of Cambridge, London
Bachelor of Laws, University of Cambridge, London
English Barrister, Gray's Inn Association

Related training programs held by the Thai Institute of Directors Association (IOD)

Chairman 2000

Experience

1998-Present	Independent Director and Chairman of the Audit Committee True Corporation Public Company Limited Chairman K Line (Thailand) Company Limited and its subsidiaries	1988	Ambassador Extraordinary and Plenipotentiary of the United States of America
		1984	Ambassador Extraordinary and Plenipotentiary of Belgium and the European Community
1991-1992	Permanent Secretary of the Ministry of Foreign Affairs	1981	Ambassador Extraordinary and Plenipotentiary of Canada
		1979	Director, General of Department of Economic Affairs

Dr. Kosol Petchsuwan
Independent Director and
Member of the Audit
Committee



Education

Doctorate of Engineering, University of London, England
 Bachelor of Engineering, University of London, England

Related training programs held by the Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP)
 Audit Committee Program (ACP)
 Chairman 2000

Experience

1999-Present Independent Director and
 Member of the Audit Committee
 True Corporation Public Company Limited

2004-Present Independent Director and Chairman of
 the Audit Committee
 ACL Bank Public Company Limited

2001-Present Director, Mahidol Wittayanusorn School
 (Public Organization)

2001-2005 President, The Telecommunications
 Association of Thailand under Royal
 Patronage

2000-2001 Chairman, The Aeronautical Radio
 of Thailand Limited

1986-1992 Rector, King Mongkut's Institute
 of Technology Ladkrabang



Mr. Joti Bhokavanij
Independent Director and
Member of the Audit
Committee

Education

Fellow of the Association of Chartered Certified Accountants, England.

Programme for Management Development, Harvard Business School, U.S.A.

Marketing Management Programme, Stanford University, Graduate School of Business, U.S.A.

Related training programs held by the Thai Institute of Directors Association (IOD)

Director Accreditation Program (DAP)

Chairman 2000

Experience

1999-Present

Independent Director and member of the
 Audit Committee

True Corporation Public Company Limited

2002-Present

Director, True Move Company Limited

2000-2001

Executive Chairman

TISCO Finance Public Company Limited

1994-1997

President & CEO,

Thai Wah Group of Companies

1992-1994

Managing Director and Consul-General of Denmark
 for Bangkok,

The East Asiatic (Thailand) Company Limited

True Corporation Public Company Limited has put in place policies to ensure that the Company's business is conducted in accordance with applicable Thai laws, rules, and regulations. In addition, the Company's Board of Directors is committed to maintaining high standards of corporate governance and transparent management processes essential for gaining the investor confidence that is necessary to maximize and sustain the value of the Company and the wealth of the Company's shareholders.

In 2005, the Company conducted its business in accordance with the following 15 principles of Good Corporate Governance (which are the guidelines recommended by the Stock Exchange of Thailand):

1. Corporate Governance Policy

The Company's Board of Directors recognizes the importance of good corporate governance. The Board is charged with managing the conduct of business in the interests of the Company and its shareholders under the applicable laws, rules and regulations, and the recognized policies of the Company. The Company has in place qualified management personnel, and has set up effective risk management procedures and internal control and audit systems to build long-term value for shareholders. At the same time, the Company protects the interests of all stakeholders by observing their rights, and by reinforcing transparency and accountability through accurate, complete, and timely information disclosures.

The Company requires that all directors, executives, and employees act in accordance with the Corporate Governance Policy, established in 2003. The Corporate Governance Policy is published on the Company's website in both Thai and English.

2. Rights and Equitable Treatment of Shareholders

The Company's Board of Directors observes the rights of shareholders and treats all of them equitably. Shareholders' meetings are held within the Bangkok area and the rules and procedures for the meetings are clear and transparent.

On all shareholder voting matters, each shareholder is entitled to exercise votes equal in number to the amount of shares owned by him or her. The Company ensures that shareholders have access to appropriate information within a reasonable period before the shareholders' meeting. The meeting appointment and agenda are published in both Thai and English on the Company's website and in local daily newspapers. The Company also allows shareholders to cast a proxy vote, and provides detailed information prior to the meeting on how to achieve this. An Independent Director is appointed as the holder of proxy votes for shareholders who are unable to attend the meeting.

The Company has set up internal procedures to prevent the illegal disclosure of insider information for personal gain. In addition, the Company discloses to shareholders and general investors all information relating to the shareholdings or interests in the Company of directors and executives together with their related persons.

In 2005, shareholders' meetings were held at True Tower, a convenient location to travel to, and the Company provided shareholders with map and route information, registration details, and support staff to explain the rules and procedures for voting.

3. Stakeholder Rights

The Board of Directors recognizes the importance of acknowledging the rights of all stakeholders and the ability of stakeholders to influence positively the Company's conduct and activities, and vice-versa. The Company observes the rights of all stakeholders by:

- Specifying clear policies on the safety and welfare of employees, providing annual training and development courses for employees at all levels, and putting in place policies that continuously support employees and enhance effective performance.
- Contributing to society by organizing a wide range of events and activities that make a social contribution.
- Paying close attention to business management and administration to gain the investor confidence that is necessary to maximize and sustain the value of the Company and the wealth of the Company's shareholders.
- Prescribing rules and conditions that support clear and equitable business agreements, transactions and relationships with customers and suppliers.
- Ensuring that any shareholder who has a special interest in, or is a related party to, any matter to be considered for resolution at a shareholders' meeting shall not be entitled to vote on that matter.
- Providing channels such as the Company website and the Investor Relations Department for stakeholders to obtain information and to contact management for further explanation.
- Requiring all employees to act in accordance with the Code of Conduct by having them acknowledge the code and comply with the highest standards of behavior in their relationships with colleagues, customers, suppliers, competitors, government agencies, and other stakeholders.

4. Shareholders' Meeting

The Board of Directors convenes the annual general shareholders' meeting (AGM) within four months of the last date of the Company's fiscal year. Extraordinary shareholders' meetings are also held. Over the course of 2005, the Company held three shareholders' meetings. One was an AGM and two were extraordinary shareholders' meetings.

The Company sends invitations and all relevant information for meetings to shareholders prior to the meeting date to give them sufficient time to study the information. This ensures that shareholders are given a longer notification period than the seven days required by law. In the case of meetings seeking the approval of issuance of securities to directors or employees, or the approval of major acquisition of assets, the Company submits invitations to shareholders at least 14 days prior to the meeting and shares the agenda by publication in local newspapers for three consecutive days prior to the meeting date. Registration procedures for the meetings are in place more than one hour before each meeting.

Invitations sent to shareholders specify clearly the agenda items for acknowledgement, approval or consideration, provide information on directors seeking appointment to the Board, remuneration of directors, and provide audit information, Board recommendations, and the reasons for each agenda item. The Chairman directs the meeting in compliance with the Articles of Association of the Company by proceeding in accordance with the agenda as prescribed in the invitation; no consideration is given to any matter that is not already included on the agenda. Shareholders are given a reasonable period of time to raise questions for each agenda item. Before voting takes place, the Company informs shareholders about the rules and procedures for voting and vote counting. Votes are taken in accordance with the sequence of agenda items. Directors, the Chairman or representatives of the Board's committees, the President & CEO and members of management attend each meeting so that effective responses can be provided for all shareholder comments and questions.

Meeting minutes are recorded accurately and in full. Shareholders' questions and answers and the number of votes cast for, against and abstaining are noted in the meeting minutes. The meeting minutes are submitted to the regulator as prescribed by law or government regulation, and kept at the Company Secretary's Department for reference.

5. Leadership and Vision

The Company's directors have broad knowledge and experience in a wide range of fields, and understand their duties and the commitment required to fulfill their directorships.

The Corporate Governance Policy specifies the duties, responsibilities, composition, selection, structure, and procedures of the Company's Board of Directors, including leadership and the relationship with the Company's management. The Board performs its duties in accordance with applicable laws and the Corporate Governance Policy, and maintains the highest standards of business integrity. Directors clearly understand the Company's overall business and have the leadership and supervisory skills to monitor and provide advice to management to ensure the efficient operation of the Company.

The Company encourages directors to attend training courses organized by the Institute of Directors and other appropriate training organizations to ensure they perform their duties in accordance with the highest standards of business administration and the most up-to-date knowledge of laws, rules, regulations, business risks, and responsibilities regarding information disclosure related to the Company's business.

6. Conflict of Interest

The Corporate Governance Policy specifies the policy regarding related party transactions and the Company's Code of Conduct. Each director has a duty to ensure that no transaction occurs that might cause a conflict of interest between the director and the Company. This includes preventing any act that might give advantage to a major shareholder, thus incurring damage to the Company.

Any important transaction that requires resolution at a meeting of the Company's shareholders must win support from not less than 75% of the votes cast by shareholders with voting rights at the meeting. Any important transaction that may affect the Company's risk profile and business, and which is considered by the Board to be a significant matter that may affect the majority of shareholders, shall be submitted to a shareholders' meeting for

resolution, thus making it subject to the decision of shareholders, even though approval from a shareholders' meeting would not normally be required in this regard.

7. Business Ethics

The Board of Directors believes that a code of business ethics is an important basis for ensuring that employees understand good corporate governance practices, as expected by the Company and its shareholders. Every employee is required to read and acknowledge the Code of Conduct to ensure that they understand and adhere to the rules and regulations contained therein. The Code of Conduct is also published on the Company's website.

The Code of Conduct addresses personal conduct, the workplace environment, protection of the Company's property, relationships with customers, fair dealings, environmental protection and working with government agencies. The Company has put in place monitoring mechanisms to ensure that the activities of the Company are conducted in accordance with applicable laws and to a high standard of business ethics.

In addition, the Company has compiled written regulations covering disciplinary matters and the authority by which supervisors may instigate disciplinary proceedings. The Human Resources Section has the authority to supervise disciplinary proceedings for employees violating the Code of Conduct or any relevant laws.

8. Balance of Power for Non-Executive Directors

The composition of the Company's Board of Directors is currently in accordance with the Corporate Governance Policy.

At the end of 2005, the Company's Board of Directors consisted of 18 directors, four of whom are executive directors and 14 of whom are non-executive directors. Among the 14 non-executive directors, four are independent directors and three hold positions on the Company's Audit Committee. Ten directors are qualified directors in professional fields, including representatives of creditors and major shareholders appointed at shareholders' meetings. The current number and allocation of seats on the Board reflect a fair proportion of each shareholder group's investment. Non-executive directors remain a majority of the Company's Board, keeping the balance of power with non-executives and ensuring decision-making independence and credible oversight of management.

Independent Directors of the Company are independent from major shareholders and from any other relationship that might affect their discretion, and are fully qualified in accordance with regulatory requirements and the Company's Corporate Governance Policy.

9. Separation of Authority

The Board of Directors believes that in order to ensure effective independent supervision, the Chairman of the Board should be a non-executive director and should not hold the position of President & CEO.

Currently, the Chairman of Board of Directors is neither an executive nor President & CEO. This provides a clear separation of authority and duties in prescribing Board policy and the oversight of management.

10. Remuneration of Directors and Management

The Company's Board of Directors prescribes policy for disclosing the remuneration of directors and top executives in accordance with the provisions of the Public Limited Companies Act and rules and regulations.

The remuneration of directors and executives is recommended by the Compensation and Nominating Committee. The Committee engaged an independent consultant to survey and rank the remuneration of the Company's executives, providing comparative information with the remuneration of executives at other telecommunication companies in Asia (since there are few telecommunication companies in Thailand). This ensures that remuneration of the Company's executives is at an appropriate rate commensurate with executives at businesses of a size and type that is compatible with the Company, and taking into account the performance of the Company. Regarding the remuneration of directors, there has been no increase in the remuneration of directors during 2005 which remains at the same rate approved by resolution at the previous AGMs.

Remuneration of Directors is paid on a monthly basis:

Chairman	Baht 300,000 per month
Honorary Chairman	Baht 200,000 per month
Vice Chairman	Baht 150,000 per month
Director	Baht 100,000 per month

Any director being an employee of the Company shall receive the director's remuneration in addition to his or her salary as an employee.

Independent Directors who hold a position on a Committee shall receive remuneration as follows:

Independent Director who is also the Chairman of a Committee.	Baht 300,000 per month
Independent Director who is also a member of a Committee.	Baht 200,000 per month

Remuneration of Independent Directors who are not members of a Committee, and directors who are not Independent Directors shall remain the same.

Remuneration of Executives

The Company's Board of Directors, under the recommendation of the Compensation and Nominating Committee, considers and prescribes guidelines to evaluate the performance of senior executives and the President & CEO. The Compensation and Nominating Committee evaluates the performance of the President & CEO annually to determine the annual performance payment, and takes into account individual and corporate performance, including long-term Shareholder Value Added (SVA). Additionally, remuneration is also provided through the Employee Stock Option Plan (ESOP), launched by the

Company to establish long-term performance incentives. Currently, there are four plans under the ESOP: ESOP 2000, ESOP 2002, ESOP 2003, and ESOP 2004. A further plan, ESOP 2005, is currently being considered for approval by the Securities and Exchange Commission, and is expected to be approved in early 2006.

11. Board of Directors' Meetings

The Company has clearly prescribed rules relating to the Board of Directors' meetings in the Company's Articles of Association.

The Board meets at least once every three months. The schedule of the Board meetings for the coming year is set by consensus at the final Board meeting of the prior year and written notice of each meeting is provided to directors so that they are sufficiently aware of the schedule and can allocate time to attend the meeting. The Chairman allocates sufficient time at each meeting to allow directors to consider the agenda items in full. The meeting agenda is clear and concise, and is accompanied by supporting documents providing key information. There is a regular agenda item for performance reports. The meeting agenda, along with the invitation and any important supporting documents, is submitted to directors at least seven days prior to the meeting date.

Not less than half of the directors are required to be present at the Board meeting to constitute a quorum. A decision of the meeting is made by a majority of votes, with each director casting one vote. However, a director who is an interested party to any decision shall have no right to cast a vote on the matter. When a vote is tied, the Chairman shall cast the deciding vote.

12. Committees Constituted by the Board of Directors

The Board of Directors has constituted the following committees to assist the Board in considering important matters:

- Audit Committee
- Finance Committee
- Compensation and Nominating Committee
- Independent Committee

Accordingly, the Company has disclosed the charters of, and information about, these committees on the Company's website.

Thereafter, the Board of Directors agreed to set up the Corporate Governance Committee, developed from the corporate governance working group.

13. Controlling Systems and Internal Audit

The Board of Directors has set up various measures to reasonably ensure the standard of internal controlling systems. The Board has appointed the Audit Committee to take responsibility for the quality of financial reporting and the internal controlling system. Moreover, the Internal Audit Unit of the Company reports to the Audit Committee and is in charge of auditing and recommending appropriate guidelines for effective control and evaluation.

The Company manages financial and operational risks and also has a Risk-based Audit Approach for its internal audit system.

For operational risk, the Company has a BCP Steering Committee that is responsible for creating and managing the crisis management plan to support the Company's significant business operations under crisis conditions. The Company also has a financial risk management policy to mitigate risks arising from fluctuations in foreign currency exchange rates by adopting the following 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.

The Company has disclosed information in relation to financial risk management in its financial statements for the year ended December 31, 2005, Notes to Financial Statements, RE: Financial Instruments.

14. Directors' Report

The Board of Directors is required by law to prepare the financial statements for the financial year for approval by the AGM. The Board directs the auditor to completely audit the financial statements before submitting it to the shareholders' meeting.

The Board recognizes that accurate and credible financial statements are an integral part of maintaining investor confidence in the Company's securities. A report from the Board of Directors on the financial statements has been included in the Annual Report 2005, which will be submitted to shareholders together with the meeting invitation to the AGM.

15. Relations with Investors

The Board of Directors recognizes the importance of disclosing accurate, complete, and transparent information in a timely manner to shareholders, investors and interested persons through the Company's communications channels and to the news media as deemed appropriate.

The Company has established an Investor Relations Department to provide information to shareholders and investors. The department is also the channel for shareholders and investors to make inquiries and requests for information. Investors can contact the Investor Relations Department during office hours: Tel. 0 2699 2515, Fax. 0 2643 0515, www.truecorp.co.th, or email: ir_office@truecorp.co.th

The Company has also established a Public Relations Department to communicate and distribute information about the Company's services to the news media and the general public.

The Company's website is an important channel to distribute news and information, and provides details on products, personnel, management, shareholders' meetings and minutes, performance results, SET disclosures, and the annual report. Investors are also able to access Company financial reports from the last five years on the website.

Company Background & Major Developments

True is the most integrated communications solutions provider in Thailand.

We were incorporated in November, 1990, and registered as a public limited company in 1993 under our former name, TelecomAsia Corporation Public Company Limited. We began trading on the Stock Exchange of Thailand in December 1993 with the security symbol "TA" and registered capital of Baht 22,230 million. At this time we had an annual turnover of Baht 2 billion and employed 1,500 staff.

In April 2004, as part of a rebranding under the "True" brand name, we changed our name to True Corporation Public Company Limited and adopted the security symbol "TRUE".

Backed by Asia's largest agro-conglomerate, the Charoen Pokphand Group (with an approximately 34 percent shareholding), we provide consumers, small and medium enterprises, and corporations with a full range of voice, data and multimedia solutions customized to meet their needs. We are a leading fixed line service provider and the largest broadband provider in the Bangkok Metropolitan Area (BMA), and a major player in the cellular, Internet and pay-TV markets.

Major subsidiary and affiliated companies in the True Group include True Move (formerly TA Orange), the third largest mobile phone operator in Thailand, True Internet, No.1 ISP, and United Broadcasting Corporation (UBC), Thailand's leading pay television operator.

In 1991 we entered into a build-transfer-operate (BTO) concession with TOT Corporation Public Company Limited (TOT) to build, install, jointly operate and maintain a two million-line wireline network in the BMA for a period of 25 years. We commenced receiving revenue from the operation of our wireline network in November 1992. In September 1995, we were granted approval to expand our wireline network by an additional 600,000 lines.

We received additional approvals to provide value-added, public payphone and other services, and launched the PCT service in 1999, hi-speed data transmission services including ADSL and cable modem in 2001, and Wi-Fi services in 2003.

In October 2001, we indirectly acquired a 41.1% equity interest in TA Orange. Full commercial launch of TA Orange's mobile telecommunications service in Thailand took place in March 2002. In September 2004, we increased our shareholding in Bangkok Inter Teletech Plc. /TA Orange to 82.86% and began to fully consolidate the results of TA Orange from the beginning of the fourth quarter of 2004.

At the end of 2005, the True group had an annual turnover more than Baht 51 billion, infrastructure investments of more than Baht 100 billion, and employed more than 9,000 staff.

Key Developments in 2005

February 2005	TA Orange signs a USD 133 million contract with Alcatel to expand its GSM/GPRS mobile network coverage and capacity and to upgrade its network with EDGE, 3G/UMTS and mobile Next Generation Network. TA Orange launches Music World, a value-added non-voice service offering mobile music.
March 2005	True launches VDSL (Very high bit-rate Digital Subscriber Line) technology for corporate and SME customers. Launch of "True Sphere", a customer affinity program targeted at elite customers.

April 2005	True launches Thailand's first pre-pay hi-speed Internet service. "True Station" Internet cafes make their debut in mass transit stations throughout Bangkok.
May 2005	True launches White Net, an Internet filtering service for families and children.
June 2005	NC True, a joint venture with Korea's NC Soft, launches "Lineage II", a top rating 3D Massive Multi-Player Online Role Playing Game (MMORPG). True opens its first lifestyle concept shop, showcasing True and TA Orange services and products. True extends the "All Together Bonus" to include university students, offering a maximum bonus of Bt 5,000 free off-peak talk-time on TA Orange for university tuition fee receipts.
July 2005	True upgrades its Internet backbone to 10 Gbps.
August 2005	True lowers barriers to broadband Internet, launching a Bt 1 modem campaign. True partners with Intel to pilot WiMax technology in Thailand.
September 2005	True launches Trueworld.net, an online portal offering music, games, e-books, and sports content. TA Orange launches Blackberry services. True launches True Money subsidiary to operate an electronic cash and payment business, and introduces Mobile Money Cash Card allowing customers to purchase True services and content.
December 2005	True extends its lifestyle brand by collaborating with Siam Ocean World to offer multi-media information at Thailand's largest aquarium. True shareholders approve the acquisition of pay-TV operator UBC, paving the way for True to become a "triple player" with market leadership in voice, data, and video. The final phase of debt restructuring for the PCT business is completed, leading to a gain of Bt 801 million. TA Orange subscriber base reaches 4.5 million at year-end. The number of broadband subscribers reaches 300,322 at year-end, representing approximately 80% of the broadband market in the Bangkok Metropolitan Area. The number of True Wi-Fi hotspots exceeds 2,000 at year-end.
February 2006	TA Orange changes its name to True Move, allowing True to better leverage the synergies of the True brand.

Awards received in 2005

- True was named "Best Competitive Carrier" for the second consecutive year in the Telecom Asia Magazine Awards.
- True was voted by consumers as a Thailand Superbrand for the second consecutive year in the Readers' Digest Asia Superbrand Survey.
- True was named "Most Promising Service Provider" in the Frost & Sullivan Asia Pacific Technology Awards 2005.
- True received the 2005 Bangkok Art Directors Association's award for Calendar Graphic Design.
- True's website received the award for the highest hits among corporate websites from NECTEC, at the Truehits Web Awards 2005.
- True was named as an "Organization with Good Employee Welfare and Benefits" by the Department of Labor Protection & Welfare, Ministry of Labor.

Revenues breakdown by business group

Business Group / Operation by	Percentage of Shares Held by the Company	31 December 2005		31 December 2004		31 December 2003	
		Baht Million	%	Baht Million	%	Baht Million	%
1. Fixed line and Value Added Service ¹							
True Corporation Public Company Limited Revenues		14,319	32.6	16,632	50.4	16,893	60.4
2. Wireless							
Wire & Wireless Company Limited Asia Wireless Communication Company Limited True Move Company Limited Revenues	87.50 99.99 82.76	23,887	54.4	11,730	35.5	7,228	25.9
3. Multimedia Network and Broadband							
True Multimedia Company Limited Revenues	90.45	2,294	5.2	1,408	4.3	1,097	3.9
4. Data Service							
True Corporation Public Company Limited True Multimedia Company Limited Revenues	90.45	1,142	2.6	1,029	3.1	1,183	4.2
5. Internet							
True Internet Company Limited Asia Infonet Company Limited True Digital Entertainment Company Limited True Internet Data Center Company Limited Revenues	99.99 65.00 99.99 70.00	1,270	2.9	887	2.7	471	1.7
6. Other Business							
True Fleet Management Company Limited True Properties Company Limited Wire & Wireless Company Limited Other Companies Revenues	99.99 99.99 87.50	998	2.3	1,324	4.0	1,078	3.9
Total Revenues		43,910	100	33,010	100	27,950	100

Source: The Company

¹ Includes Fault Reporting and Dropwiring, Public Phone and Audiotext

True Corporation Public Company Limited ("the Company"), with the security symbol "TRUE" on the Stock Exchange of Thailand, was established on 13th November 1990 initially under the name of CP Telecommunication Co., Ltd. with authorized capital of Baht 1,000 million to undertake a major telecommunication infrastructure project, and registered as a public company limited with registration no. Bor Mor Jor 82 on 11th February 1993.

As at 31st December 2005, the Company's authorized capital is Baht 46,774,214,840 consisting of 3,978,015,965 ordinary shares with a par value of Baht 10 per share and 699,405,519 preference shares with a par value of Baht 10 per share. The Company's paid-up capital is Baht 40,947,453,530 comprising of 3,395,339,834 ordinary shares with a par value of Baht 10 per share and 699,405,519 preference shares with a par value of Baht 10 per share.

The Company's head office is located at:

18 True Tower, Ratchadaphisek Road,
Huai Khwang, Bangkok 10310
Telephone: (662) 643-1111 Fax: (662) 643-1651
Website: www.truecorp.co.th

The Company's subsidiaries, associates companies and other investments are as follows:

Company Name	Address	Type of Business	Paid-up Capital	% of True investment
True Internet Company Limited	1 Fortune Tower, 14 th , 27 th Floors, Ratchadaphisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Internet Solution Provider	THB 511.2 million divided into 60.28 million ordinary shares with a par value of Baht 10 each	99.99
True Digital Entertainment Company Limited	1 Fortune Tower, 25 th Floor, Ratchadaphisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Online Game	THB 207.7 million divided into 40.9 million ordinary shares with a par value of Baht 10 each	99.99
True Properties Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Rental Services	THB 3,488 million divided into 34.88 million ordinary shares with a par value of Baht 100 each	99.99

Company Name	Address	Type of Business	Paid-up Capital	% of True investment
Telecom Holding Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 17,225.25 million divided into 1,722.52 million ordinary shares with a par value of Baht 10 each	99.99
Telecom International Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 300 million divided into 30 million ordinary shares with a par value of Baht 10 each	99.99
Tele Engineering and Services Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Construction and Distributor	THB 25 million divided into 2.5 million ordinary shares with a par value of Baht 10 each	99.99
Asia Wireless Communication Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	PCT Operator	THB 5,797.85 million divided into 579.78 million ordinary shares with a par value of Baht 10 each	99.99
True Fleet Management Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Rental Services	THB 650 million divided into 65 million ordinary shares with a par value of Baht 10 each	99.99
True Lifestyle Retail Company Limited (formerly named Yai Kaew Company Limited)	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Internet Café and Related Services	THB 131 million divided into 13.1 million ordinary shares with a par value of Baht 10 each	99.99

Company Name	Address	Type of Business	Paid-up Capital	% of True investment
Telecom Training and Development Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Training Service	THB 120 million divided into 13 million ordinary shares with a par value of Baht 10 each	99.99
True Money Company Limited (formerly named T Pay Company Limited)	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Payment Service Center	THB 200 million divided into 20 million ordinary shares with a par value of Baht 10 each	99.99
True Touch Company Limited (formerly named U-Net Company Limited)	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Call Center Services	THB 93 million divided into 930,000 ordinary shares with a par value of Baht 100 each	99.99
K.I.N. (Thailand) Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 1,175 million divided into 11.75 million ordinary shares with a par value of Baht 100 each	99.99
True Multimedia Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	NON-POTS and Multimedia Services	THB 6,127 million divided into 612.7 million ordinary shares with a par value of Baht 10 each	90.45
Asia DBS Public Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	DBS System Operator	THB 100 million divided into 10 million ordinary shares with a par value of Baht 10 each	89.99

Company Name	Address	Type of Business	Paid-up Capital	% of True investment
Wire & Wireless Company Limited	54 W&W Building, Pattanakarn 20, Suanluang, Bangkok Tel. (662) 717-9000 Fax. (662) 717-9900	Construction	THB 100 million divided into 10 million ordinary shares with a par value of Baht 10 each	87.50
Bangkok Inter Teletech Public Company Limited (formerly named Bangkok Inter Teletech Company Limited)	968 U Chu Liang Building, 14 th Floor, Unit D1, Rama IV Road, Silom, Bangrak Bangkok Tel. (662) 647-5000	Invested in Cellular Operator	THB 21,000 million divided into 2,100 million ordinary shares with a par value of Baht 10 each	82.86
Song Dao Company Limited	968 U Chu Liang Building, 14 th Floor, Unit D2, Rama IV Road, Silom, Bangrak, Bangkok Tel. (662) 647-5000	Inactive	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each	82.80
True Move Company Limited (formerly named TA Orange Company Limited)	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Cellular Operator	THB 28,100.12 million divided into 2,810.01 million ordinary shares with a par value of Baht 10 each	82.76
True Distribution and Sales Company Limited (formerly named TA Orange Retail Company Limited)	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Retail Services	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each	82.70
True Internet Data Center Company Limited	18 True Tower, 14 th Floor, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Internet Data Center	THB 149.59 million divided into 14.96 million ordinary shares with a par value of Baht 10 each	70.00

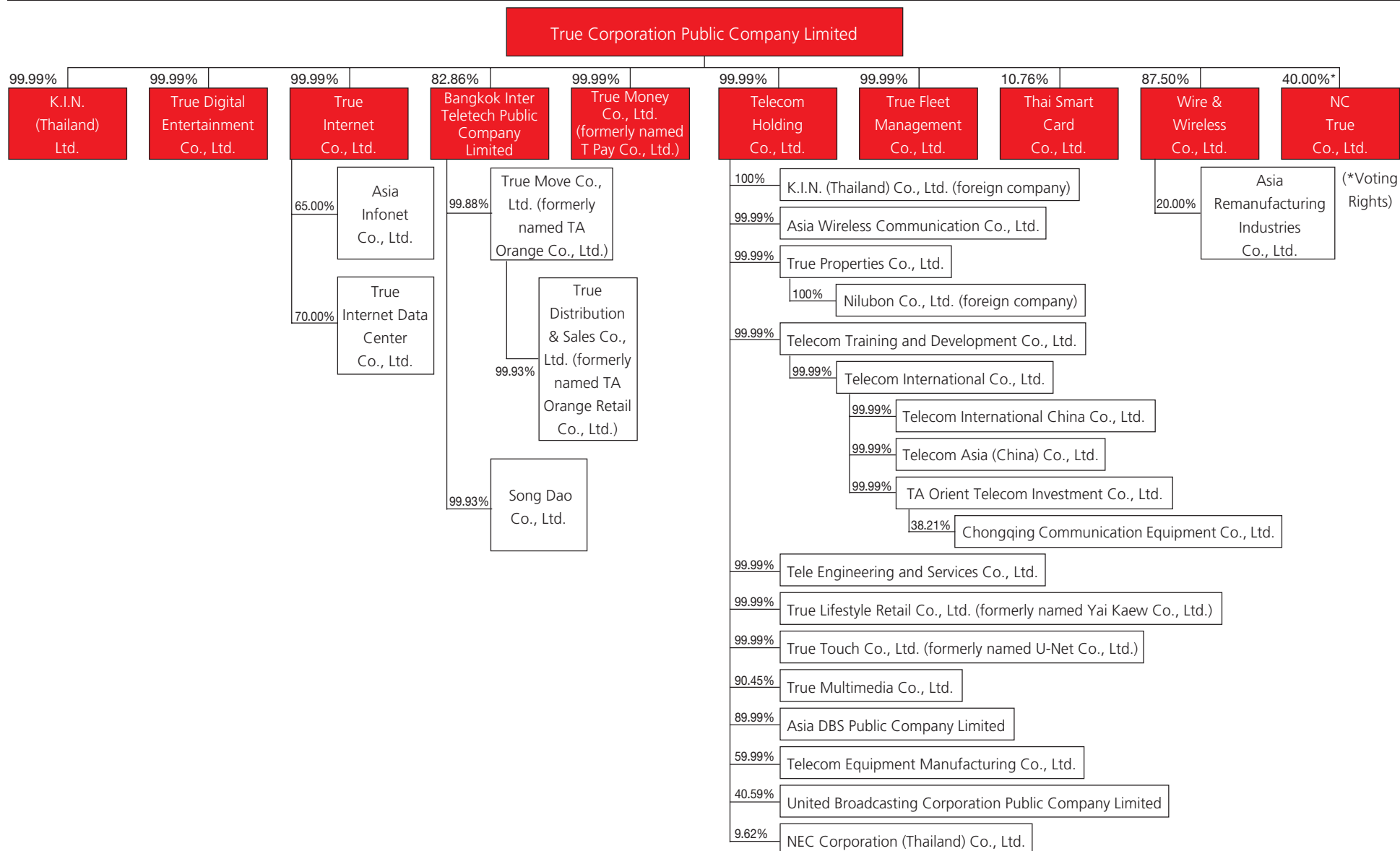
Company Name	Address	Type of Business	Paid-up Capital	% of True investment
Asia Infonet Company Limited	1 Fortune Tower, 14 th , 17 th Floors, Ratchadaphisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Internet Provider	THB 15 million divided into 1.5 million ordinary shares with a par value of Baht 10 each	65.00
Telecom Equipment Manufacturing Company Limited	18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecom Equipment Manufacturer	THB 24 million divided into 2.4 million ordinary shares with a par value of Baht 10 each	59.99
United Broadcasting Corporation Public Company Limited	118/1 Tipco Building, Rama 6 Road, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Pay Television	THB 2,266.72 million divided into 755.57 million ordinary shares with a par value of Baht 3 each	40.59
NC True Company Limited	18 True Tower, 18 th Floor, Ratchadaphisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Developer and Service Provider of Games Online	THB 174.91 million divided into 8.57 million ordinary shares with a par value of Baht 10 each and 8.92 million preference shares with a par value of Baht 10 each	51.00 Shareholding but 40.00 Voting Rights
Asia Remanufacturing Industries Company Limited	102, 15 th Floor, Na Ranong Road, Klongtoey, Bangkok 10110	Modification, Repair and Maintenance Services	THB 5.6 million divided into 56,000 ordinary shares with a par value of Baht 100 each	20.00
Thai Smart Card Company Limited	191 Silom Complex Building, 27 th Floor, Room No. 2, Silom Road, Bangrak, Bangkok	Central Service Bureau for Clearing Electronic Payment Transactions	THB 395 million divided into 39.5 million ordinary shares with a par value of Baht 10 each	10.76

Company Name	Address	Type of Business	Paid-up Capital	% of True investment
NEC Corporation (Thailand) Company Limited	159 Sermmmit Tower 2 nd , 24 th Floor, Sukumvit 21, Klongtoey Nua, Wattana, Bangkok	Telecommunication Equipment Manufacturer	THB 343 million divided into 343,000 ordinary shares with a par value of Baht 1,000 each	9.62
K.I.N. (Thailand) Company Limited (Foreign Company)	P.O. Box 957, Offshore Incorporation Road Town, Tortola, British Virgin Island	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each	99.99
Nilubon Company Limited (Foreign Company)	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Island	Holding Company	USD 8,000 divided into 8,000 ordinary shares with a par value of USD 1 each	99.99
TA Orient Telecom Investment Company Limited	3/F, Hing Yip Commercial Centre, 272 Des Voeus Road C., Hong Kong	Holding Company	USD 15 million divided into 15 million ordinary shares with a par value of USD 1 each	99.99
Telecom Asia (China) Company Limited	P.O. Box 957, Offshore Incorporation Road Town, Tortola, British Virgin Island	Communication	USD 10 divided into 10 ordinary shares with a par value of USD 1 each	99.99
Telecom International China Company Limited	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Island	Communication	USD 10 divided into 10 ordinary shares with a par value of USD 1 each	99.99
Chongqing Communication Equipment Company Limited	140 Daping Zhengjie Chongqing, People's Republic of China	Telecommunication Equipment Manufacturer	RMB 292 million	38.21

Registrar	: Thailand Securities Depository Company Limited 62 Stock Exchange of Thailand Building, 4 th Floor, Ratchadaphisek Road, Klongtoey, Bangkok 10110 Telephone: (662) 229-2888 Fax: (662) 359-1259 Website: www.tsd.co.th
Auditor	: Mr. Kajornkiet Aroonpirodkul (Certified Public Accountant (Thailand) No. 3445) and/ or Mrs. Nattaporn Phan-Udom (Certified Public Accountant (Thailand) No. 3430) and/or Mr. Boonmee Ngotngamwong (Certified Public Accountant (Thailand) No. 3673) PricewaterhouseCoopers ABAS Limited 179/74-80 Bangkok City Tower, 15 th Floor, South Sathon Road, Sathon, Bangkok 10120 Telephone: (662) 286-9999, (662) 344-1000 Fax: (662) 286-5050
Debenture Registrar/ Debentureholders' Representative	: TMB Bank Public Company Limited 393 Silom Road, Bangrak, Bangkok 10500 Telephone: (662) 230-5575, (662) 230-5487, (662) 230-5731 Fax: (662) 266-8150

Group of Investment Structure

As at 31st December 2005



While True group sees many opportunities for growth in 2006, there are a number of general and specific factors that could impact the Company's performance and that of its subsidiaries.

Risks relating to our operations

We have experienced, and expect to continue to experience, increasing competition in the businesses in which we operate.

True and its subsidiaries, particularly True Move (formerly TA Orange) and its Internet and broadband businesses, face increasing competition.

The Thai mobile communications sector has recently experienced intense price competition, with True Move and several of its competitors significantly reducing tariffs during the period from April to June 2005. Despite increases in tariffs after this period of price competition, our blended ARPU for mobile declined by 10% in the year 2005, primarily as a result of this competition. Recent changes of ownership in our key competitors may also expose us to competition from foreign-owned operators with more advanced technology, experience in other competitive markets and greater financial resources than we enjoy.

In the broadband Internet market, we face competitors ranging from start-up Internet companies to multinational companies, whose applications for ISP licenses have recently been approved by the National Telecommunication Commission (NTC). In the wireline business, we expect to face growing competition from new licensees granted by the NTC as well as from Voice over Internet Protocol (VoIP) services, whose tariffs are lower than that for traditional wireline operators. To date, the NTC has issued VoIP licenses applying only to services for calls made from computer-to-computer and computer-to-telephone, whereas telephone-to-computer and telephone-to-telephone calls via VoIP services is still prohibited.

We expect competition to remain intense in the future, but we believe the True group is well positioned to meet this given its leadership position in the Internet/Broadband market and True Move's expanding customer base. True, via its subsidiaries, has applied for new licenses to take advantage of new opportunities offered by regulatory reform. Up to the time of writing, we have been granted an ISP license and have applied for licenses for an international Internet gateway, Internet Exchange, cellular and fixed line services.

Rapid technological change could also adversely affect the viability of True's business and make its own technology less competitive.

The communications industry is characterized by rapid changes in technology, evolving customer needs and new products and services. These changes are, in some cases, brought about by regulators opening up the market. Key emerging technologies for the Thai communications industry in the near future are expected to include third generation (3G) mobile phones, wireless broadband, and VoIP services for which the NTC has or is planning to issue licenses. In order to respond successfully to emerging industry trends, we may be required to make substantial capital expenditure given the industry's capital intensive nature.

However, we believe that integrated operators, such as ourselves, with diversified services, products, revenues and customer bases, are in a better position to cope with these rapid changes than are “pure play” operators. We believe that we have a stronger ability to manage potential revenue cannibalization from new technologies by being able to keep services and revenues “in-house” and by being able to balance traffic across our mobile, broadband, and fixed line services.

Our future success depends on our key personnel and continued operations of our network and services.

Our success depends on the continued contribution of our management and employees as well as the continued operation of our network. We have established human resource policies in order to retain and develop our management team and staff. Compensation is set at a competitive rate compared to the market. In addition, we have established recruitment processes to ensure that we recruit capable staff in the first place.

Continued unrest in the southern part of Thailand, as well as unforeseen disasters, may cause temporary disruption in certain geographical areas of our business. The southern part of Thailand has recently experienced increasingly frequent incidents of violence. True Move and several other cellular operators recently experienced temporary interruption of services following damages to a number of cell sites as a result of the violence. Incidents such as these, over which we have no control, may continue to have an impact on our businesses.

Risks relating to regulatory environment

Thailand’s communications industry is in a state of transition and a significant degree of uncertainty exists regarding the regulatory environment.

In accordance with Thailand’s commitment to the World Trade Organization, or the WTO, to liberalize its telecommunications sector by 2006, the Thai government embarked on a reform of the country’s telecommunications regulatory regime with the passage of two major legislative acts: the act on Organizations Allocating Frequency Waves and Supervising Radio and Television Broadcasting and Telecommunications Business, or the NTC act, in March 2000; and the Telecommunications Business Operation Act, or the TBO Act, in November 2001.

In October 2004, the National Telecommunication Commission, or the NTC, was established as the new independent regulator of the telecommunications industry, assuming the regulatory functions previously exercised by the Telephone Organization of Thailand (now known as TOT Corporation Public Company Limited, or the TOT), the Communications Authority of Thailand (now known as CAT Telecom Public Company Limited, or CAT), and the Post and Telegraph Department.

During the first three quarters of 2005, we faced a shortage of available mobile phone numbers. We were finally allocated an additional one million numbers in August 2005. Since then, the NTC has allocated us an additional two million numbers in February 2006, in accordance with new regulations that stipulate a maximum 15-day period for consideration and approval.

From its establishment until the end of the year 2005, the NTC has issued regulations prescribing, among other things (i) licensing requirements for the various defined categories of telecommunications services (ii) eligibility requirements and application procedures for the three categories of telecommunications licenses available in Thailand (iii) interim measures for allocating telephone numbers (iv) interim telecommunications license fees and (v) interim ISP license fees.

The NTC has also declared plans to issue a number of policies and regulations in 2006, including Consumer Protection, Competition Code, Interconnection and 3G regulations. These new regulations could put us at a disadvantage to our competitors. It is also possible that policies imposed by the NTC may affect True's operating costs and/or increase competition in the sectors in which we operate.

The NTC's interim telecommunications license fee regulation has set out a lower tariff structure for new entrants that operate under the licensing regime than the tariffs that are applicable to the existing concessionaires, such as True and its subsidiaries, that are operating their businesses under the concession agreements granted by TOT and CAT. This could put the existing concessionaires at a disadvantage to the new entrants. To mitigate against this, the True group will apply for new licenses that are offered by the NTC.

The True group will also continue to play an active role in discussions with the NTC regarding the telecommunication industry's regulatory environment and to advocate free-and-fair competition on a level playing field.

We compete with our concession grantors and this has led to and could continue to lead to disputes with them, which could affect our operations.

True and its subsidiaries operate under the "Agreement for Joint Operation and Joint Investment for Expansion of Telephone Services" and/or licenses granted by TOT Corporation Public Company Limited (TOT) and CAT Telecom Public Company Limited (CAT).

A dispute with either TOT or CAT over compliance with a concession agreement could affect the True group's ability to conduct business. Our fixed line concession could be cancelled by TOT if True violates laws relating to public or national security, is placed under receivership by a court in a bankruptcy case, or willfully and continually breaches a concession agreement in any material respect. However, TOT must submit the case to the Arbitration Tribunal for adjudication before it can cancel the concession agreement with True.

Under the revenue sharing provisions of True's fixed line concession, TOT collects all of True's fixed line revenues and retains a portion for revenue sharing. TOT may withhold or delay payments from revenues collected for True to offset any obligations it believes it is owed (although this has not occurred to date).

As well as being True's concession grantor, TOT is also our main competitor in the BMA fixed line market. This has and could continue to lead to disputes between the True group and TOT, which can deny or put on hold our requests to launch new services. TOT and the True group have brought some disputes to the Administrative Court and the Arbitration Tribunal for adjudication. We may not be able to successfully resolve any of these disputes in our favor, and if we were unsuccessful, our business and financial condition could be affected. Up to the time of writing, the Courts have delivered judgments both in favor and against cases brought to the Courts by True. For detailed information of current arbitration proceedings we are involved in with TOT, see "Notes to the Consolidated and Company Financial Statements No. 34".

Risks relating to financial situation

Our operations are restricted by debt and other financial agreements and are subject to exchange rate and interest rate movements that may increase interest payments and other financial obligations.

True group's operation is restricted by a number of debt and other financial agreements. These agreements could prohibit us from exploiting good business opportunities or lead to accelerated debt repayment if TOT cancels the concession agreement with True. However, TOT must seek an arbitration decision in order to cancel the concession agreement.

The True group is subject to exchange rate fluctuations, which could increase interest payments. True and its subsidiaries had total consolidated debt of Baht 95.4 billion as at December 31, 2005, including a bridging loan to buy UBC shares. Of this total consolidated debt, 24 percent is denominated in foreign currencies (Japanese Yen and US Dollar). In 2005, True had consolidated capital expenditure of approximately Baht 10.3 billion, 32.4 percent of which was in foreign currencies.

The True group has put in place hedging tools to reduce its exposure to exchange rate fluctuations, primarily for the majority portion of a USD 170 million loan belonging to True Move and a USD 291 million bridging loan for the UBC acquisition. However, there is no hedging in place for the Japanese Yen denominated loan of Baht 3.9 billion, which matures in 2014 to 2017.

Of True's total consolidated debt, 54.5 percent is subject to floating interest rates and vulnerable to rate increases. However, interest rates for some parts of True Move's debt rates will step down over time if it is able to achieve conditions set out in its loan agreement.

We may not be able to pay a dividend to shareholders.

As at the end of 2005, True reported a net loss of Baht 4.3 billion with a retained loss of Baht 47.7 billion due largely to the Thai Baht currency devaluation in 1997. In accordance with Thailand's Public Company Limited Act, True is able to pay dividends to its shareholders only from profits earned, after provision has been made for a legal reserve, and after cumulative losses have been depleted.

Therefore, shareholders may not receive a dividend in the near future as is stated in True's dividend policy.

Risks relating to UBC acquisition.

We may not realize the anticipated benefits of the possible integration of United Broadcasting Corporation Public Company Limited, or UBC, and we may share a number of risks associated with the UBC business.

We believe that we will accrue a number of benefits from the acquisition of UBC, which include, among others: improvement in our ability to drive subscriber and revenue growth through bundling and cross-selling of services; improvement in our ability to manage churn rates; and improved access to rich content assets.

Achieving the anticipated benefits from the acquisition may depend on, among others, commitment of time and focus from True management, the ongoing development of our existing operations, and market readiness for new products and services.

We may not be able to realize the anticipated benefits from the acquisition and we may have to share a number of risks associated with the UBC business, including, among others, the following:

- * UBC relies on third-party suppliers for substantially all of its programming. If UBC is unable to obtain attractive programming or if the cost of this programming substantially increases in the future, its revenues would be adversely affected.

- * Unauthorized access to UBC's programming signals is difficult to prevent and will adversely affect its results of operations, cash flow and programming arrangements.

- * UBC's core pay television business is susceptible to new competitors and indirect competition that could reduce its market share and cause its results of operations and cash flow to suffer.

- * UBC is subject to significant foreign exchange risk because a substantial portion of its revenues is denominated in Baht while a significant portion of its obligations is denominated in U.S. dollars.

True Corporation Public Company Limited
Major Shareholders
(as of 23rd November 2005)

NAME	No. of Shares (Million Shares)	% of Total Issued Shares ¹
1. CP Group ²	1,393.62	34.03
2. THAI TRUST FUND ³	357.99	8.74
3. KREDITANSTALT FÜR WIEDERAUFBAU ("KfW")	341.41	8.34
4. HSBC (SINGAPORE) NOMINEES PTE LTD	141.25	3.45
5. MORGAN STANLEY & CO INTERNATIONAL LIMITED	101.14	2.47
6. STATE STREET BANK AND TRUST COMPANY	95.52	2.33
7. THAI NVDR COMPANY LIMITED	93.35	2.28
8. NORTRUST NOMINEES LTD	88.60	2.16
9. CLEARSTREAM NOMINEES LTD	76.31	1.86
10.STATE STREET BANK AND TRUST COMPANY, FOR LONDON	50.79	1.24

¹ Including common shares and preferred shares.

² Consisting of 1) Charoen Pokphand Group Co., Ltd. and its related persons, namely 2) Bangkok Telecom Holding Company Limited 3) Charoen Pokphand Foods Public Company Limited 4) Bangkok Produce Merchandising Public Company Limited 5) Bangkok Agro-Industrial Products Public Company Limited 6) Charoen Pokphand Northeastern Public Company Limited 7) Kasetphand Industry Company Limited 8) Charoen Pokphand Enterprise Company Limited 9) Unique Network Company Limited 10) Wide Broad Cast Company Limited 11) C.P. Interfood (Thailand) Company Limited 12) Star Marketing Company Limited 13) Advance Pharma Company Limited and 14) Golden Tower Trading Limited.

³ Held shares for KfW

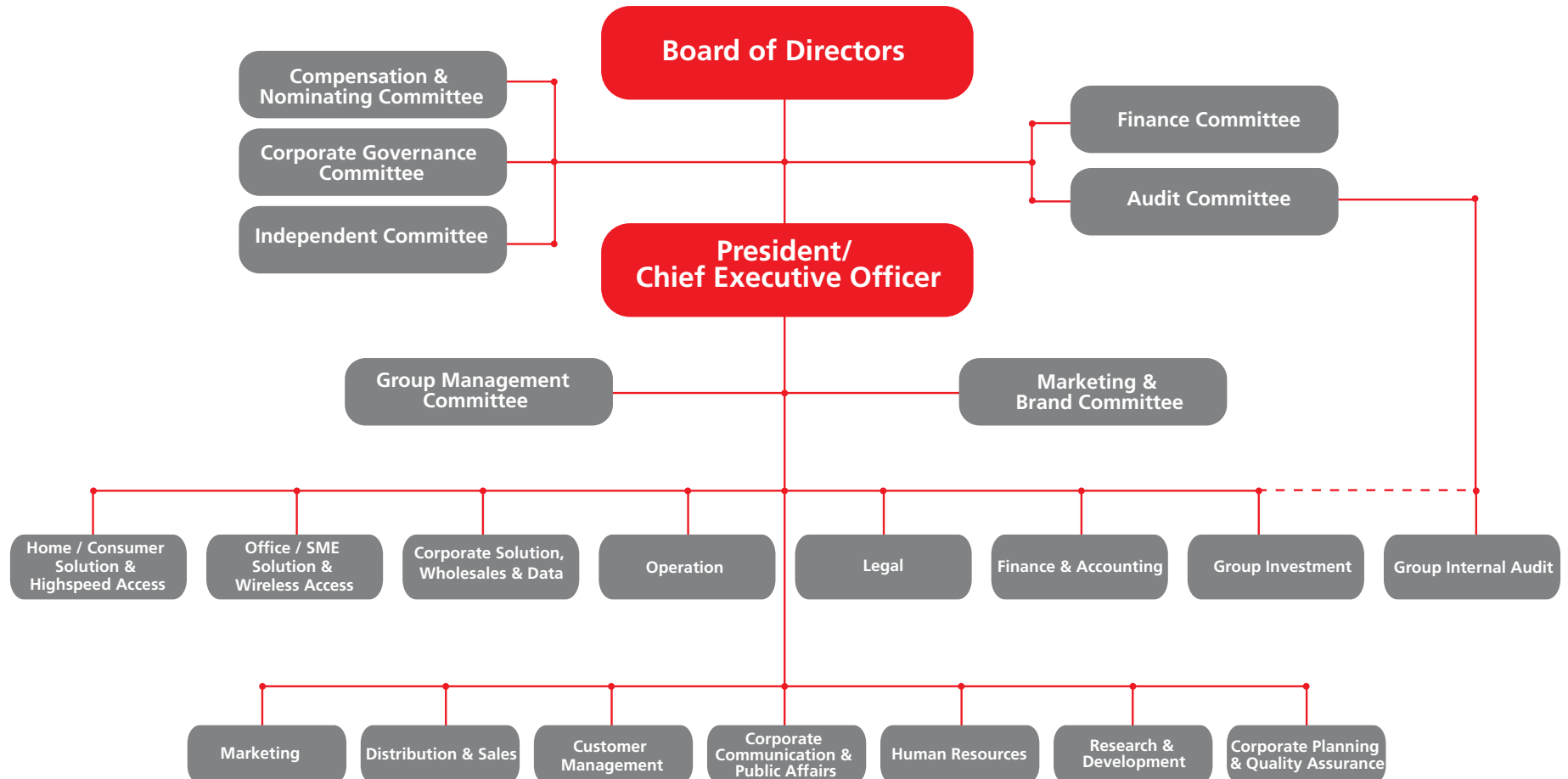
Dividend Policy

The Company has not paid or declared any dividends on its issued shares since operation commencement. The Company can pay dividends only out of its profits after deducting its cumulative losses, and only if it has set aside as a legal reserve. The Company's restructuring agreement also limits its ability to pay dividends until all of its indebtedness is repaid in full.

The Company's major shareholders have entered into a shareholders' agreement under which they agreed the Company to declare an annual dividend equal to at least 50% of its net profits for that year, after statutory reserves and subject to availability of cash, the regulations of SET, and its credit facilities. Before dividends can be paid to holders of its ordinary shares, however, dividend payments on preferred shares must be paid in full.

For the dividend policy of subsidiary companies, each subsidiary company's Board of Directors will consider the payment of dividends from the balance of cash flows taking into account the capital expenditure requirements of the subsidiary company. Subject to the availability of cash flows at the subsidiary company and only if it has set aside as a legal reserve, the Board of Directors of each subsidiary company shall consider the payment of dividends on a case-by-case basis.

True Corporation Public Company Limited



Management Structure of the Company consists of:

- A. The Board of Directors
- B. The Committees of the Board of Directors
 - 1) Audit Committee
 - 2) Independent Committee
 - 3) Compensation and Nominating Committee
 - 4) Finance Committee
 - 5) Corporate Governance Committee
- C. The Executive Officers

A. The Board of Directors

Pursuant to the Company's Articles of Association, it is stipulated that the Board of Directors shall consist of not less than 5 directors and not less than one half of all directors shall have residence in the Kingdom. The qualifications of the Company's Directors shall be as prescribed by laws.

As of 31st December 2005, the Company's Board of Directors consists of 18 members as follows:

- 1) 4 Executive Directors
- 2) 14 Non-Executive Directors consisting of
 - 4 Independent Directors
 - 10 Directors irrelevant to the Company's business management including the lender group's representatives and the major shareholders

Definition

The Executive Director means

a director who holds the management position and engages in the Company's business management.

The Non-Executive Director means

a director who has not held the management position and has not engaged in the Company's business management and whether or not has been the Independent Director.

The Independent Director means a director holds the following qualifications:

- Not engage in the business management of the Company, affiliated company, associated company, related company or Company's major shareholders, and not being an employee, staff member, consultant obtaining the salary from the Company, affiliated company, associated company, related company or Company's major shareholders. No control power to the Company, affiliated company, associated company or conflict of interest person.

- Hold shares less than 5 percent of the total shares that having the rights to vote of the Company, affiliated company, associated company, related company or person who may have conflict of interest person inclusive of the amount of shares held by connected person pursuant to the Article 258 under Securities Act B.E. 2535.
- Not being a connected person or related person with executives or major shareholders of the Company, affiliated companies, associated companies or conflict of interest person.
- No assignment to be the representative for protecting the interests of the Board of Directors, major shareholders, the shareholders who are related person with the major shareholders of the Company.
- Be able to perform and provide comments or report the performance assigned by the Board of Directors independently. Not being under control of the management or major shareholders including the related person or close relative of the said person.

The Board of Directors of the Company (as of 31st December 2005) is as follows:

Name			Position
1.	Mr. Narong	Srisa-an	Independent Director
2.	Mr. Vitthya	Vejjajiva	Independent Director and Chairman of the Audit Committee
3.	Dr. Kosol	Petchsuwan	Independent Director and Member of the Audit Committee
4.	Mr. Joti	Bhokavanij	Independent Director and Member of the Audit Committee
5.	Mr. Dhanin	Chearavanont	Chairman
6.	Mr. Sumet	Jiaravanon	Vice Chairman
7.	Dr. Ajva	Taulananda	Vice Chairman
8.	Mr. Chaleo	Souvannakitti	Vice Chairman
9.	Mr. Athueck	Asvanund	Vice Chairman and Group General Counsel
10.	Mr. Supachai	Chearavanont	Director, President and Chief Executive Officer
11.	Mr. Soopakij	Chearavanont	Director
12.	Mr. Chatchaval	Jiaravanon	Director and Managing Director-Group Investment
13.	Mr. Vichaow	Rakphongphairoj	Director, Managing Director and Chief Operating Officer
14.	Mr. Umroong	Sanphasitvong	Director

Name			Position
15.	Mr. Heinrich	Heims	Director
16.	Mr. Andreas	Klocke	Director
17.	Mr. Harald	Link	Director
18.	Dr. Lee G.	Lam	Director

All the Director qualifications have been prescribed by laws and they have not been forbidden pursuant to the laws and the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Authorized Directors

Mr. Supachai Chearavanont or Mr. Vichaow Rakphongphairoj jointly sign with Mr. Athueck Asvanund or Mr. Soopakij Chearavanont or Mr. Chatchaval Jiaravanon together with the Company's seal affixed.

Authority and responsibility of the Board of Directors

The Board of Directors is granted the authority and duty to manage the Company in compliance with the objectives, Articles of Association of the Company and resolutions of shareholders meetings. With regard to the management of the Company, the Board of Directors has authority to make any decision related to the Company's regular operation except for the matter that required the approval of the shareholders meeting as specified by law.

In addition, the Board of Directors may grant the authorization to one director or more or any other person to perform any acts on its behalf, however, any decision on major operations such as major investment and major procurement of loan, the management team shall propose the said transactions to the Board of Directors for approval.

In the year 2005, 6 Board of Directors meetings were held. Director attendance at those meetings was as follows:

Directors		Attendance / Number of Meetings* (times)
1. Mr. Narong	Srisa-an	5/6
2. Mr. Vitthya	Vejjajiva	6/6
3. Dr. Kosol	Petchsuwan	6/6
4. Mr. Joti	Bhokavanij	6/6
5. Mr. Dhanin	Chearavanont	3/6
6. Mr. Sumet	Jiaravanon	2/6
7. Dr. Ajva	Taulananda	5/6
8. Mr. Chaleo	Souvannakitti	6/6
9. Mr. Athueck	Asvanund	5/6
10. Mr. Supachai	Chearavanont	5/6
11. Mr. Soopakij	Chearavanont	4/6
12. Mr. Chatchaval	Jiaravanon	5/6
13. Mr. Vichaow	Rakphongphairoj	6/6
14. Mr. Umroong	Sanphasitvong	6/6
15. Mr. Heinrich	Heims	3/6
16. Mr. Andreas	Klocke	6/6
17. Mr. Harald	Link	3/6
18. Dr. Lee G.	Lam	5/6

Remark: * Attendance/Number of Meetings have been presented the frequency of times which each director has attended the meeting since the early of year 2005 or from the time which the director has been appointed as the director of the Company on case by case basis during the year comparing to the frequency of times which the Company has organized the meeting during the year 2005.

All Directors have devoted to the assignment as the Director. They cooperate in all Company's business engagement which is the heavy tasks and responsibilities. As for the role, duty and responsibility of the Board of Directors including attending the meeting of each director, all directors have attended all the meetings except in the case where there are the important and necessary incidents which could not be avoided. However, a director who has other necessary assignment and could not attend the director meeting, he will inform the rationale of absence and provide his comment on the substantial agenda in advance.

Moreover, the Board of Directors has provided the support to the seminar organized by Thai Institute of Directors Association ("IOD"). Some of the Directors has also been the Independent Director who has the real independence and has not been the authorized signatory binding the Company. All Directors have the qualification in compliance with the principle stipulated by the Securities and Exchange Commission, and the Stock Exchange of Thailand.

Election of Directors

The Compensation and Nominating Committee has been responsible to consider the qualification of the person to be elected as the Director or Independent Director of the Company by considering the high prestige and experience in order to get the appropriated person for the Company's business. The consideration with the opinion will be presented to the Board of Directors for initial consideration and the Board of Directors will present the information together with the Compensation and Nominating Committee's opinion to the Shareholders' Meeting for final consideration in the election of the Director of the Company.

With regard to the rights of shareholders to appoint Directors, each shareholder shall appoint the Directors by a majority vote. All shareholders have the rights to appoint Directors. Each shareholder shall have one right to vote per one share and shall appoint one Director or more, provided that he cannot divide his vote to any person to any extent.

B. The Committees of the Board of Directors

1) Audit Committee

As of 31st December 2005, the Audit Committee of the Company consists of 3 persons as follows:

- | | | |
|----------------|------------|---------------------------------|
| 1. Mr. Vitthya | Vejjajiva | Chairman of the Audit Committee |
| 2. Dr. Kosol | Petchsuwan | Member of the Audit Committee |
| 3. Mr. Joti | Bhokavanij | Member of the Audit Committee |

The scope of duty and responsibility of the Audit Committee is as follows:

1. To review the Company's financial reports to ensure accuracy and adequate information for public disclosure;
2. To ensure the appropriateness and effectiveness of internal control system and internal auditing system of the Company;
3. To consider and propose the appointment and remuneration of an external auditor of the Company;
4. To regularly review the practice of the Company to ensure the compliance with the regulations of the Securities and Exchange Act, Rules and Regulations of the Stock Exchange of Thailand and related laws and regulations;
5. To review the disclosure of information of the Company to ensure the accuracy and adequacy of said information in case that there is a connected transaction that may lead to a conflict of interest;
6. To prepare the Audit Committee Report on the Corporate Governance with the approval of the Chairman of the Committee appeared therein to be disclosed in the annual report of the Company; and
7. To perform any other act as required by laws or as delegated by the Board of Directors.

2) Independent Committee

The Independent Committee is responsible for reviewing and monitoring the entering into high significant connected transactions, which may involve a high significant conflict of interest with the Company. The Committee consists of the following members:

- | | | |
|-----------------|--------------|------------------------|
| 1. Mr. Narong | Srisa-an | Independent Director |
| 2. Mr. Joti | Bhokavanij | Independent Director |
| 3. Mr. Andreas | Klocke | KfW-nominated Director |
| 4. Mr. Supachai | Chearavanont | CP-nominated Director |
| 5. Mr. Athueck | Asvanund | CP-nominated Director |

In the case of any major shareholder having a conflict of interest, Directors nominated by the said shareholder will abstain from the Independent Committee Meeting when considering such case.

3) Compensation and Nominating Committee

The Compensation and Nominating Committee is responsible for determining the compensation and considering the nomination of the directors of the Company. The committee consists of the following members:

1. Mr. Dhanin Chearavanont
2. Mr. Heinrich Heims
3. Mr. Soopakij Chearavanont
4. Mr. Umroong Sanphasitvong

4) Finance Committee

The Finance Committee assists the Company in reviewing and monitoring the financial management of the Company. The committee consists of the following members:

1. Dr. Ajva Taulananda
2. Mr. Chaleo Souvannakitti
3. Mr. Heinrich Heims (alternates being Mr. Andreas Klocke)
4. Mr. Umroong Sanphasitvong

5) Corporate Governance Committee

Corporate Governance Committee is responsible for setting policy on Corporate Governance of the Company. The Committee consists of the following members:

1. Dr. Ajva Taulanada
2. Mr. Vitthya Vejjajiva
3. Mr. Athueck Asvanund
4. Mr. Supachai Chearavanont
5. Mr. William Harris

C. The Executive Officers

As of 31st December 2005, the Executive Officers of the Company are as follows:

Name		Position
1. Mr. Supachai	Chearavanont	Director, President and Chief Executive Officer
2. Mr. Vichaow	Rakphongphairoj	Director, Managing Director and Chief Operating Officer
3. Mr. Chatchaval	Jiaravanon	Director and Managing Director-Group Investment
4. Mr. Athueck	Asvanund	Vice Chairman, Group General Counsel and Acting Company Secretary
5. Mr. William	Harris	Chief Financial Officer
6. Mr. Thiti	Nantapatsiri	Managing Director, Home / Consumer Solution & Highspeed Access
7. Mr. Adhiruth	Thothaveesansuk	Managing Director, Office / SME Solution & Wireless Access
8. Mr. Songtham	Phianpattanawit	Managing Director, Corporate Solution, Wholesales & Data

Remark: Executive Officers mean Directors, President or persons with managerial authority who are among the top four ranking individuals in the Company, after the President, and all other persons who occupy a position equivalent to such a top four ranking individuals.

All the Executive Officer qualifications have been prescribed by laws and they have not been forbidden pursuant to the laws and the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Authority and Responsibility of the President

The President has the authority to supervise and carry on the Company's day-to-day business, and in case any matter/transaction is important, the President will submit said matter/transaction to the independent directors and/or the relevant Committee (such as the Finance Committee, the Compensation and Nominating Committee or the Independent Committee) and/or the Board of Directors, as the case may be, to approve said matter/transaction. In addition, the President has no authority to approve any matter/transaction that he or the person who may have a conflict of interest or any other form of conflict, which the Company or the Company's subsidiaries have or propose to enter into, with the Company or the Company's subsidiaries. In such case, such matter/transaction shall have to be approved by the independent directors and/or the relevant Committee and/or the Board of Directors, as the case may be.

Remuneration for the Company's Directors and the Executive Officers

(1) Remuneration

(1.1) Remuneration of the Directors

The 20 Directors of the Company (2 Directors resigned during the year) are remunerated Baht 34.0 million for the year 2005.

	Remuneration per person (Baht/Year)	Total (Baht/Year)
Group 1		
- Chairman (Mr. Dhanin Chearavanont)	3,600,000	
- Independent Director who is also the Chairman of the Committee (Mr. Vitthya Vejajiva)	3,600,000	
Total		7,200,000
Group 2		
- Independent Director who is also the member in the Committee (Mr. Narong Srisa-an, Dr. Kosol Petchsuwan and Mr. Joti Bhokavanij)	2,400,000	
Total		7,200,000
Group 3		
- Vice Chairman (Mr. Sumet Jiaravanon, Dr. Ajva Taulananda, Mr. Chaleo Souvannakitti and Mr. Athueck Asvanund)	1,800,000	
Total		7,200,000
Group 4		
- Director (Mr. Supachai Chearavanont, Mr. Soopakij Chearavanont, Mr. Chatchaval Jiaravanon, Mr. Vichaow Rakphongphairoj, Mr. Umroong Sanphasitvong, Mr. Heinrich Heims, Mr. Andreas Klocke, Mr. Harald Link and Dr. Lee G. Lam)	1,200,000	
- Director who resigned during the year (Mr. Klaus Tuengeler and Mr. Claus Stadler)	800,000	
Total		12,400,000
Grand Total		34,000,000

(1.2) Remuneration of the Executive Officers

The 8 Executives at the top level received remuneration totaling Baht 103.43 million for the Year 2005 from January to December, which included Baht 85.20 million for salary, Baht 14.20 million for performance pay and Baht 4.03 million for provident fund.

(2) Other Compensation

Other Compensation of the Directors and the Executive Officers of the Company are Employee Stock Option Plan 4 Projects details are as follows:

- (2.1) Employee Stock Option Plan 2004
- (2.2) Employee Stock Option Plan 2003
- (2.3) Employee Stock Option Plan 2002
- (2.4) Employee Stock Option Plan 2000

In addition, the Company has executed the project named ESOP 2005. At the moment, it is under review to grant the approval to issue and offer the sale of the warrant under the said ESOP 2005 project and it is expected to obtain the approval from the Securities and Exchange Commission ("SEC") in early year 2006.

Details of Employee Stock Option Plan

(2.1) Employee Stock Option Plan 2004

The Extraordinary General Shareholders Meeting No. 2/2547 of the Company for the year 2004 held on 10th June 2004 has approved the issuance and the offer of non-transferable warrants to purchase the Company's ordinary shares to certain Directors and employees at executive level totaling not exceeding 35 persons. Summary details are as follows:

Number of Warrants Issued and Outstanding	:	18,274,444 units
Date of Issuance	:	7 th February 2005
Maturity	:	5 years from the issuance date
Date of Expiry	:	6 th February 2010
Exercise Period	:	Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the whole amount of warrants allotted and shall be exercisable for subscribing ordinary shares as follow: The 1 st Certificate: Warrant Holders shall be starting exercising from 7 th February 2006 until its expiration. The 2 nd Certificate: Warrant Holders shall be starting exercising from 7 th February 2007 until its expiration. The 3 rd Certificate: Warrant Holders shall be starting exercising from 7 th February 2008 until its expiration.
Exercise Ratio	:	One unit of warrants entitles to purchase one ordinary share at Baht 11.20

(2.2) Employee Stock Option Plan 2003

The Annual General Shareholders Meeting of the Company for the year 2003 held on April 11, 2003 has approved the issuance and the offer of non-transferable warrants to purchase the Company's ordinary shares to certain Directors and employees at executive level totaling not exceeding 35 persons. Summary details are as follows:

Number of Warrants Issued and Outstanding (as of 28 th February 2006)	:	14,547,189 units
Date of Issuance	:	17 th June 2003
Maturity	:	5 years from the issuance date
Date of Expiry	:	16 th June 2008
Exercise Period	:	Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the whole amount of warrants allotted and shall be exercisable for subscribing ordinary shares as follow: The 1 st Certificate: Warrant Holders shall be starting exercising from 17 th June 2004 until its expiration. The 2 nd Certificate: Warrant Holders shall be starting exercising from 17 th June 2005 until its expiration. The 3 rd Certificate: Warrant Holders shall be starting exercising from 17 th June 2006 until its expiration.
Exercise Ratio	:	One unit of warrants entitles to purchase one ordinary share at Baht 5.20

(2.3) Employee Stock Option Plan 2002

The Annual General Shareholders Meeting of the Company for the year 2002 held on April 12, 2002 has approved the issuance and the offer of non-transferable warrants to purchase the Company's ordinary shares to certain Directors and employees at executive level totaling not exceeding 35 persons. Summary details are as follows:

Number of Warrants Issued and Outstanding	:	37,131,597 units
Date of Issuance	:	14 th June 2002
Maturity	:	5 years from the issuance date
Date of Expiry	:	13 th June 2007

Exercise Period	:	Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the whole amount of warrants allotted and shall be exercisable for subscribing ordinary shares as follow: The 1 st Certificate: Warrant Holders shall be starting exercising from 14 th June 2003 until its expiration. The 2 nd Certificate: Warrant Holders shall be starting exercising from 14 th June 2004 until its expiration. The 3 rd Certificate: Warrant Holders shall be starting exercising from 14 th June 2005 until its expiration.
Exercise Ratio	:	One unit of warrants entitles to purchase one ordinary share at Baht 10.60

(2.4) Employee Stock Option Plan 2000

The Annual General Shareholders Meeting of the Company for the year 2000 held on April 27, 2000 has approved the issuance and offer of non-transferable warrants to purchase the Company's ordinary shares to certain Directors and employees at executive level totaling not exceeding 35 persons. Summary details are as follows:

Number of Warrants Issued and Outstanding	:	36,995,000 units
Date of Issuance	:	9 th June 2000
Maturity	:	10 years from the issuance date
Date of Expiry	:	9 th June 2010
Exercise Period	:	(a) Warrant Type 1: Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the whole amount of warrants allotted and is exercisable for subscribing ordinary shares starting from June 30, 2000, 2001 and 2002 respectively. (b) Warrant Type 2: Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the whole amount of warrants allotted and is exercisable for subscribing ordinary shares starting from December 31, 2000, 2001 and 2002 respectively.
Exercise Ratio	:	One unit of warrants entitles to purchase one ordinary share at Baht 10.60

Details of Warrant-holding under ESOP Plan

Name		Warrants under ESOP 2004		Warrants under ESOP 2003		Warrants under ESOP 2002		Warrants under ESOP 2000	
		No. of warrants	% of project	No. of warrants	% of project	No. of warrants	% of project	No. of warrants	% of project
1. Dr. Ajva	Taulananda	-	-	-	-	-	-	2,240,000	6.06
2. Mr. Soopakij	Chearavanont	-	-	-	-	-	-	4,130,000	11.16
3. Mr. Supachai	Chearavanont	2,434,077	12.74	3,696,402	18.61	7,058,824	19.01	6,510,000	17.60
4. Mr. Vichaow	Rakphongphairoj	1,277,890	6.69	1,617,176	8.14	3,088,235	8.32	2,800,000	7.57
5. Mr. Chatchaval	Jiaravanon	1,277,890	6.69	1,940,611	9.77	3,705,882	9.98	4,130,000	11.16
6. Mr. Athueck	Asvanund	1,331,136	6.97	2,021,470	10.18	3,860,294	10.40	5,320,000	14.38
7. Mr. William	Harris	1,277,890	6.69	1,297,838	6.53	3,000,000	8.08	945,000	2.55
8. Mr. Adhiruth	Thothaveesansuk	1,277,890	6.69	850,404	4.28	1,503,662	4.05	-	-
9. Mr. Thiti	Nantapatsiri	1,277,890	6.69	-	-	-	-	-	-
10. Mr. Songtham	Phianpattanawit	1,277,890	6.69	-	-	-	-	-	-

Insider Trading Policy

The Board of Directors has been aware of the importance to protect the taking of insider trading of the Company for the personal interests. The Company has a code of conduct regarding inside information and insider trading together with using applicable laws to monitor and prevent the personal use of confidential information of the Company by its management and related person. In addition, the Company has protected not to permit the Director and the senior management having the close relation to the information of the Company, to take the inside information acknowledged from being a Director and senior management for any interest to violate its own responsibilities to the Company and Shareholders and consequently stated to be the principle for strictly compliance. Material information which has not yet been disclosed will be kept confidential but will be disclosed only to the relevant senior management of the Company. As for the purchases, sales, transfers and assigned of the securities issued by the Company, the Director and senior

management have to inform the Securities and Exchange Commission ("SEC") within 3 days commencing from the date the transaction has been executed together with the submission of a copy of the said report to the Company for record. In this regard, the Director and senior management are required to arrange an accurate report of securities holder and submit within the required period which will be deemed as the one of the material obligation the senior management of the Company must have been aware and careful. It is for the confidence that the Director and senior management have been able to manage and proceed the business with the trustworthy, clarity, transparency and consistency with the measurement relating to the Good Corporate Governance Policy and it also grants the shareholders including general investor the confidence to the senior management of the Company.

Internal Controls

After an assessment of the Company's internal controls with the Audit Committee, the Board of Directors has an opinion that the Company's internal controls are adequate and suitable. Moreover, the external auditor has an opinion that they/it did not encounter any matter involving internal controls and its operation which are considered to be material weaknesses that could have a material effect on the financial statements. The Board also emphasized the development of the Company's Corporate Governance in order to improve the internal controls within the Company on a continuing basis.

Personnel

As of 31st December 2005, the total number of employees is as follows:

Work Group and Classification	No. of Employees
Management	85
Service Area & Network Operation	2,165
Marketing & Sales	953
Information Technology	247
Customer Services	507
Finance & Accounting	188
Supporting	275
Total	4,420

Source : the Company

Remuneration for the Company's Employees

Remuneration

In 2005, the total remuneration for employees was approximately Baht 2,411.77 million which consists of wages, salaries, bonus, overtime compensation, commission, provident fund and others. (please see details in the note 28 to the financial statements)

Other Compensation & Benefits

- Health Plans and Employee Welfare

- ➔ In-house clinic
- ➔ Annual Medical Check-up
- ➔ New Employees' Medical Check-up
- ➔ Group Health Insurance
- ➔ Group Accident Insurance
- ➔ Group life Insurance
- ➔ Social Security Fund
- ➔ Provident Fund

- Annual Leave

- The employee shall be entitled to paid annual leave of 10, 12 or 15 working days per calendar year upon the position level or the number of service year of the employee as follows;

- Assistant Director or equivalent level and upwards 15 working days
- Below Assistant Director or equivalent level;
 - Pass probation to less than 3 years 10 working days
 - 3 years upwards to less than 5 years 12 working days
 - 5 years upwards 15 working days

- The employee is required to take all annual leave entitlements by 31st December of each year otherwise the unused annual leave can not be accumulated to the subsequent year.

- In case of urgent of work and no permission for leaving, unused annual leave can be accumulated and carried over to the subsequent year at the limit of half of the entitlement but not exceed 5, 6 or 7 working day accordingly. This matter is to be approved by authorized superior and the employee is required to take the accumulated days within the first quarter of that year.

- **Compensation**

- ➡ Monthly Salary
- ➡ Annual Performance Pay: between 0-4 times of monthly salary, subject to the Company's performance and financial status.
- ➡ Retirement: the employee must be at the age of 60 years or early retirement by agreement of the Company and employee, severance pay will be paid accord to the labor law.

Employee Training and Development

Employee Training and Development Policy

To encourage all employees to develop their knowledge, skills and attitude to be able to perform their jobs effectively and to be more competent for career advancement, which assists the Company in achieving its corporate strategy and goals. At present, the Company provides employees with continuous series of training and development programs. For Core Competency program, there are various courses such as Effective Communication, Planning to Increase Work Efficiency and Effective Self Development, etc. For Functional Competency Program, the Company offers numerous courses such as Memo, Letter and Meeting Minutes Writing, Contract Management and Sale Planning and Management, etc. In the part of Core Business Program, there are courses like Basic Datacommunication, True Products and Services and Cisco Certified Network Associate (CCNA), etc.

Directors' Information (as of 31st December 2005)

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Narong Srisa-an	Independent Director	77	10,000 shares	-	Honorary Master Degree of Economics, Thammasat University Related training programs held by the Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP)	1998-Present Independent Director Present True Corporation Public Company Limited Vice Chairman and Vice Executive Chairman Thai Beverage Public Company Limited Vice Chairman and Executive Chairman Beer Thai (1991) Public Company Limited Chairman, Thai Alcohol Public Company Limited Chairman, Sura Banyeeckhan Company Limited Chairman, Athimart Company Limited Chairman, S.S. Karnsura Company Limited Chairman, Kankwan Company Limited Chairman, Theparunotai Company Limited Chairman, Bionic Humus Company Limited Chairman, Maharas Agri Company Limited Chairman, Thai Molasses Company Limited Chairman, Additive Food Company Limited Chairman, Pan International (Thailand) Company Limited Chairman, Charun Business 52 Company Limited Chairman, Thai Cooperage Company Limited Chairman, Dhanasindhi Company Limited Chairman, Bangna Logistic Company Limited Chairman of Executive Board, Thai Beverage Can Limited Vice Chairman and Vice Chairman of Executive Board, Berli Jucker Public Company Limited Chairman, BJC Cellox Limited Chairman, BJC Foods Limited Chairman, Berli Jucker Logistics Limited Chairman, Rubia Industries Limited Chairman, Thai Glass Industries Public Company Limited Chairman, Thanakorn Vegetable Oil Products Company Limited Chairman, Prida Pramote Company Limited Chairman, Advance Agro Public Company Limited Chairman, Eastern Seaboard Industrial Estate (Rayong) Company Limited Chairman of Executive Board, Siam Food Products Public Company Limited Vice Chairman, General Tobacco Company Limited Executive Director, Com-link Company Limited

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Vitthya Vejjajiva	Independent Director and Chairman of the Audit Committee	69	-	-	<p>Master Degree of Laws Harvard University, U.S.A.</p> <p>Master Degree of Arts University of Cambridge, London</p> <p>Bachelor of Laws University of Cambridge, London</p> <p>English Barrister Gray's Inn Association</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD)</p> <ul style="list-style-type: none"> - Chairman 2000 	<p>1998-Present Independent Director and Chairman of the Audit Committee, True Corporation Public Company Limited Chairman K Line (Thailand) Company Limited and its subsidiaries</p> <p>1991-1992 Permanent Secretary of the Ministry of Foreign Affairs</p> <p>1988 Ambassador Extraordinary and Plenipotentiary of the United States of America</p> <p>1984 Ambassador Extraordinary and Plenipotentiary of Belgium and the European Community</p> <p>1981 Ambassador Extraordinary and Plenipotentiary of Canada</p> <p>1979 Director, General of Department of Economic Affairs</p>
Dr. Kosol Petchsuwan	Independent Director and Member of the Audit Committee	66	-	-	<p>Doctorate of Engineering, University of London, England</p> <p>Bachelor of Engineering, University of London, England</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD)</p> <ul style="list-style-type: none"> - Director Accreditation Program (DAP) - Audit Committee Program (ACP) - Chairman 2000 	<p>1999-Present Independent Director and Member of the Audit Committee True Corporation Public Company Limited</p> <p>2004-Present Independent Director and Chairman of the Audit Committee ACL Bank Public Company Limited</p> <p>2001-Present Director, Mahidol Wittayanusorn School (Public Organization)</p> <p>2001-2005 President, The Telecommunications Association of Thailand under Royal Patronage</p> <p>2000-2001 Chairman, The Aeronautical Radio of Thailand Limited</p> <p>1986-1992 Rector, King Mongkut's Institute of Technology Ladkrabang</p>
Mr. Joti Bhokavanij	Independent Director and Member of the Audit Committee	63	-	-	<p>Fellow of the Association of Chartered Certified Accountants, England</p> <p>Programme for Management Development, Harvard Business School, U.S.A.</p> <p>Marketing Management Programme, Stanford University, Graduate School of Business, U.S.A.</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD)</p> <ul style="list-style-type: none"> - Director Accreditation Program (DAP) - Chairman 2000 	<p>1999-Present Independent Director and Member of the Audit Committee True Corporation Public Company Limited</p> <p>2002-Present Director, True Move Company Limited</p> <p>2000-2001 Executive Chairman, TISCO Finance Public Company Limited</p> <p>1994-1997 President & CEO, Thai Wah Group of Companies</p> <p>1992-1994 Managing Director and Consul-General of Denmark for Bangkok</p> <p>The East Asiatic (Thailand) Company Limited</p>

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Dhanin Chearavanont	Chairman	66	-	Mr. Supachai's and Mr. Soopakij's father	Commercial School Hong Kong Shantou Secondary School The People's Republic of China National Defence College Related training programs held by the Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP)	Present Chairman, True Corporation Public Company Limited and its subsidiaries Chairman, True Move Company Limited Chairman and Chief Executive Officer, Charoen Pokphand Group Company Limited and its subsidiaries Chairman, Charoen Pokphand Foods Public Company Limited and its subsidiaries Chairman, C.P. Seven Eleven Public Company Limited and its subsidiaries Honorary Chairman, Siam Makro Public Company Limited
Mr. Sumet Jiaravanon	Vice Chairman	71	150,000 shares	Mr.Chatchaval's father	Secondary School Sarasilphitayalai, Ratchaburi	1993-Present Vice Chairman, True Corporation Public Company Limited Executive Chairman, Charoen Pokphand Group Company Limited
Dr. Ajva Taulananda	Vice Chairman	68	-	-	Honorary Doctorate of Engineering Ramkhamhaeng University Honorary Doctorate of Engineering Chulalongkorn University Doctorate of Industrial Engineering and System, Illinois Institute of Technology, U.S.A. Master Degree of Industrial Engineering, Iowa State of University, U.S.A. Bachelor of Industrial Engineering, Chulalongkorn University Special Certificate: Public - Private joint defence curriculum, Class 1, The National Defence College of Thailand Related training programs held by the Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP) - Chairman 2000 - Director Certification Program (DCP)	1992-Present Vice Chairman, True Corporation Public Company Limited Vice Chairman, Charoen Pokphand Group Company Limited Honorary Chairman The Thai Chamber of Commerce and Board of Trade of Thailand 1993-1999 Director and President, True Corporation Public Company Limited 1991-1992 Deputy Minister, Ministry of Agriculture and Cooperatives

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Chaleo Souvannakitti	Vice Chairman	77	3,500,000 shares	-	Master Degree of Business Administration Indiana University, U.S.A. Bachelor of Accounting The faculty of Commerce and Accountancy, Chulalongkorn University	1992-Present Vice Chairman, True Corporation Public Company Limited Director, Telecom Holding Company Limited
Mr. Athueck Asvanund*	Vice Chairman and Group General Counsel	54	673,823 shares	-	Master Degree of Laws, specialized in International Legal Studies New York University, U.S.A. Bachelor of Laws (Honours), Thammasat University Related training programs held by the Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP)	1997-Present Vice Chairman and Group General Counsel, True Corporation Public Company Limited and its subsidiaries Group General Counsel, Charoen Pokphand Group Company Limited and its subsidiaries Advisor to the Board of Directors, C.P. Seven Eleven Public Company Limited Director, United Broadcasting Corporation Public Company Limited and its subsidiaries 2002-Present Director, True Move Company Limited Present Director, Aqua-Agri Foods International, Inc. 2001-2006 Associate Judge, Central Intellectual Property and International Trade Court 1978-1997 Baker & McKenzie Present Part-time Lecturer, Business Law, Faculty of Law, Chulalongkorn University
Mr. Supachai Chearavanont*	Director, President and Chief Executive Officer	38	1,240,000 shares	Dhanin's son/ Soopakij's younger brother	Bachelor of Business Administration in Financial Management Boston University, U.S.A.	1999-Present Director, President and Chief Executive Officer True Corporation Public Company Limited 2001-Present Director and CEO, True Move Company Limited 1992-1999 Director and Senior Executive Vice President True Corporation Public Company Limited

*Authorized Signatory

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Soopakij Chearavanont*	Director	42	-	Dhanin's son/ Supachai's elder brother	Bachelor of Business Administration New York University, U.S.A.	Present Director, True Corporation Public Company Limited Co-Chairman, Shanghai Kinghill Limited - Super Brand Mall Chairman, Lucent Network Technology (Thailand) Limited Chairman, Chia Tai Enterprises International Limited Chairman, United Broadcasting Corporation Public Company Limited Executive Chairman, Telecom Holding Company Limited Chief Executive Officer, Real Estate & Land Development Business (China), Charoen Pokphand Group Company Limited Vice Chairman, Automotive industrial Products and Finance Business, Charoen Pokphand Group Company Limited Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Company Limited Vice Chairman, Marketing and Distribution Business (China), Charoen Pokphand Group Company Limited Director, C.P. Seven Eleven Public Company Limited Director, True Move Company Limited
Mr. Chatchaval Jiaravanon*	Director and Managing Director Group Investment	43	-	Mr.Sumet's son	Bachelor of Science Business Administration University of Southern California, U.S.A. Related training programs held by the Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP)	1993-Present Director and Managing Director-Group Investment True Corporation Public Company Limited 2001-Present Director and Member of Audit Committee Ticon Industrial Connection Public Company Limited 2000-Present President and CEO, Telecom Holding Company Limited 1998-Present Executive Chairman, Cambodia Mobile Telephone Company Limited 1997-Present CEO, True Multimedia Company Limited, True Internet Company Limited and Asia Infonet Company Limited 1992-Present Director, Thai Kodama Company Limited 1990-Present Director, Metro Machinery Public Company Limited

*Authorized Signatory

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Vichaow Rakphongphairoj*	Director Managing Director and Chief Operating Officer	48	-	-	<p>Master Degree of Business Administration Pepperdine University, U.S.A.</p> <p>Master Degree of Electrical Engineering University of Wisconsin, U.S.A.</p> <p>Bachelor of Electrical Engineering Arizona State University, U.S.A.</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD) - Director Certification Program (DCP)</p>	<p>2000-Present Director, Managing Director and Chief Operating Officer, True Corporation Public Company Limited</p> <p>1998-2000 E.V.P., Business & Enterprise True Corporation Public Company Limited</p> <p>1997-1998 E.V.P., Central Operation & Information Technology True Corporation Public Company Limited</p> <p>1996-1997 Region Director, Bangkok-Southeast Region True Corporation Public Company Limited</p> <p>1995-1996 Region Director, Bangkok-West Region True Corporation Public Company Limited</p>
Mr. Umroong Sanphasitvong	Director	53	234,000 shares	-	<p>Master Degree of Accounting, Thammasat University</p> <p>Bachelor of Accounting, Thammasat University</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD) - Director Certification Program (DCP)</p>	<p>2001-Present Director, True Corporation Public Company Limited</p> <p>Present Deputy Group CFO, Charoen Pokphand Group Company Limited Director, C.P. Seven Eleven Public Company Limited Director, Ayudhya Allianz C.P. Public Company Limited Director, CPPC Public Company Limited</p>
Mr. Heinrich Heims	Director	53	-	-	<p>Abitur at Schiller Gymnasium, Hameln. Studies at the Freie University Berlin : Educational Sciences.</p> <p>Studies at the Freie University Berlin, with State Examination. (Graduate in Economics)</p>	<p>2000-Present Director, True Corporation Public Company Limited</p> <p>2002-Present Director, True Move Company Limited</p> <p>2004-Present COO and Member of the Board of Managing Directors of KfW IPEX-Bank</p> <p>1998-Present Senior Vice President - Export and Project Finance KfW</p> <p>1978-1998 Export Finance, KfW</p>

*Authorized Signatory

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Andreas Klocke	Director	49	-	-	M.A. International Relations, University of KANSAS, U.S.A. DIPLOMA VOLKSWIRT University of Hamburg, Germany	2000-Present Present Director, True Corporation Public Company Limited Head of KfW's South-East Asia Regional office in Bangkok in Charge of KfW Affairs in Thailand and South-East Asia Region
Mr. Harald Link	Director	50	50,000 shares	-	MBA, St. Gallen University, Switzerland	2000-Present 1987-Present 1981-1986 1979-1980 Director, True Corporation Public Company Limited Managing Partner, B. Grimm & Co. R.O.P. Chairman, B. Grimm Group of Companies Director, Executive Committee B. Grimm & Co. R.O.P. Assistant to Managing Partner B. Grimm & Co. R.O.P.
Dr. Lee G. Lam	Director	46	-	-	Doctorate of Philosophy from the University of Hong Kong Master Degree of Systems Science and MBA from the University of Ottawa, Canada Bachelor of Sciences and Mathematics from the University of Ottawa, Canada Post-graduate Diploma of Public Administration from Carleton University, Canada Post-graduate Diploma in English and Hong Kong Law from the Manchester Metropolitan University	2003-Present 2001-2003 1999-2001 1998-1999 1996-1998 1993-1995 1989-1993 1981-1989 Director, True Corporation Public Company Limited President & CEO / Vice Chairman of the Board Chia Tai Enterprises International Limited Managing Director BOC International Holdings Limited ("BOCI") Executive Director Singapore Technologies Telemedia Partner-in-charge, Heidrick & Struggles President & CEO Millicom International Cellular Asia Pacific Operations Managing Partner, A.T. Kearney, Inc. General Manager, Cable & Wireless/Hongkong Telecom Senior Executive, Bell Canada

Executive Officers' Information (as of 31st December 2005)

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Supachai Chearavanont	Director, President and Chief Executive Officer	38	1,240,000 shares	Dhanin's son/ Soopakij's younger brother	Bachelor of Business Administration in Financial Management Boston University, U.S.A.	1999-Present Director, President and Chief Executive Officer True Corporation Public Company Limited 2001-Present Director and CEO, True Move Company Limited 1992- 1999 Director and Senior Executive Vice President True Corporation Public Company Limited
Mr. Vichaow Rakphongphairoj	Director Managing Director and Chief Operating Officer	48	-	-	Master Degree of Business Administration Pepperdine University, U.S.A. Master Degree of Electrical Engineering University of Wisconsin, U.S.A. Bachelor of Electrical Engineering Arizona State University, U.S.A. Related training programs held by the Thai Institute of Directors Association (IOD) - Director Certification Program (DCP)	2000-Present Director, Managing Director and Chief Operating Officer True Corporation Public Company Limited 1998-2000 E.V.P., Business & Enterprise True Corporation Public Company Limited 1997-1998 E.V.P., Central Operation & Information Technology True Corporation Public Company Limited 1996-1997 Region Director, Bangkok-Southeast Region True Corporation Public Company Limited 1995-1996 Region Director, Bangkok-West Region True Corporation Public Company Limited
Mr. Chatchaval Jiaravanon	Director and Managing Director Group Investment	43	-	Mr.Sumet's son	Bachelor of Science Business Administration University of Southern California, U.S.A. Related training programs held by the Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP)	1993-Present Director and Managing Director-Group Investment True Corporation Public Company Limited 2001-Present Director and member of Audit Committee Ticon Industrial Connection Public Company Limited 2000-Present President and CEO, Telecom Holding Company Limited 1998-Present Executive Chairman, Cambodia Mobile Telephone Company Limited 1997-Present CEO, True Multimedia Company Limited, True Internet Company Limited and Asia Infonet Company Limited 1992-Present Director, Thai Kodama Company Limited 1990-Present Director, Metro Machinery Public Company Limited

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Athueck Asvanund	Vice Chairman and Group General Counsel	54	673,823 shares	-	<p>Master Degree of Laws, specialized in International Legal Studies New York University, U.S.A.</p> <p>Bachelor of Laws (Honours), Thammasat University</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP)</p>	<p>1997-Present Vice Chairman and Group General Counsel, True Corporation Public Company Limited and its subsidiaries Group General Counsel, Charoen Pokphand Group Company Limited and its subsidiaries Advisor to the Board of Directors, C.P. Seven Eleven Public Company Limited Director, United Broadcasting Corporation Public Company Limited and its subsidiaries</p> <p>2002-Present Director, True Move Company Limited Present Director, Aqua-Agri Foods International, Inc.</p> <p>2001-2006 Associate Judge, Central Intellectual Property and International Trade Court</p> <p>1978-1997 Baker & McKenzie Present Part-time Lecturer, Business Law, Faculty of Law, Chulalongkorn University</p>
Mr. William Harris	Chief Financial Officer	44	252,612 shares	-	<p>Master Degree of Business Administration, Major in Finance and Marketing, Wharton School of the University of Pennsylvania</p> <p>Bachelor of Science in Economics, Wharton School of the University of Pennsylvania</p>	<p>2001-Present Chief Financial Officer True Corporation Public Company Limited</p> <p>1998-2000 Executive Vice President-Corporate Finance True Corporation Public Company Limited</p> <p>1993-1998 Director Credit Policy, Verizon Communications, Philadelphia</p>
Mr. Adhiruth Thothaveesansuk	Managing Director Office / SME Solution & Wireless Access	42	-	-	<p>Master Degree of Finance & Marketing, Indiana University of Pennsylvania, U.S.A.</p> <p>Bachelor of Industrial Management, Thammasat University</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD) - Director Certification Program (DCP)</p>	<p>2003-Present Managing Director, Office / SME Solution & Wireless Access, True Corporation Public Company Limited Acting President, Asia Wireless Communication Company Limited President, True Money Company Limited Director, United Broadcasting Corporation Public Company Limited</p> <p>2002 Chief Commercial Officer, TA Orange Company Limited 2001 Executive Vice President, True Corporation Public Company Limited</p> <p>1998-2002 General Manager, Wire & Wireless Company Limited</p> <p>1998-2001 President, Asia Wireless Communication Company Limited</p>

Name	Position	Age (year)	True Share Ownership (31/12/05)	Family Relationship	Education	Experience
Mr. Songtham Phianpattanawit	Managing Director Corporate Solution, Wholesales & Data	47	700 Shares	-	<p>Bachelor of Science (Computer Science) University of South Alabama, U.S.A.</p> <p>Related training programs held by the Thai Institute of Directors Association (IOD) - Director Certification Program (DCP)</p>	<p>Present Managing Director - Corporate Solution ,Wholesales & Data True Corporation Public Company Limited Executive Director-Corporate Solution True Move Company Limited Acting President, True Multimedia Company Limited Acting President, Wire & Wireless Company Limited President, True Internet Data Center Company Limited Executive Committee, Pantavanij Company Limited Director, Freewill Solution Company Limited</p> <p>2001-2003 Country General Manager / MD, IBM Thailand Company Limited Chairman, IBM Solution Delivery Company Limited</p> <p>2001-2002 2000 Director, IBM Storage Product Thailand Company Limited Director- Sales & Marketing, IBM Thailand Company Limited Country-Manager System Sales, IBM Thailand Company Limited</p> <p>1998 Country- Manager Finance & Administration and CFO IBM Thailand Company Limited</p> <p>1997 Service Business Executive, IBM Thailand Company Limited</p>
Mr. Thiti Nantapatsiri	Managing Director Home / Consumer Solution & Highspeed Access	51	-	-	<p>Bachelor Degree of Engineering (Electrical) King Mongkut's Institute of Technology, Ladkrabang Campus</p>	<p>Present Managing Director-Home / Consumer Solution & Highspeed Access True Corporation Public Company Limited</p> <p>1999-2003 Executive Vice President, Loxley Public Company Limited</p> <p>2001-2002 President & CEO Hutchison CAT Wireless Multimedia Company Limited</p> <p>1992-2000 President & CEO Hutchison Telecommunications (Thailand) Company Limited</p> <p>1997-1999 First Senior Vice President Loxley Public Company Limited</p>

The Company Directors' Shareholding in True's affiliates as at 31st December 2005 are as follows:

Director	Company	Change in 2005	Outstanding Share (s)
Mr. Dhanin Chearavanont	Telecom Holding Co., Ltd.	-	1
	Bangkok Inter Teletech Public Company Limited	-	1
Mr. Sumet Jiaravanon	Bangkok Inter Teletech Public Company Limited	-	1
Mr. Chaleo Souvannakitti	Telecom Holding Co., Ltd.	-	1
	Telecom International Co., Ltd.	-	1
	Telecom Equipment Manufacturing Co., Ltd.	-	1
Dr. Ajva Taulananda	Telecom International Co., Ltd.	-	1
	Telecom Training and Development Co., Ltd.	-	1
	Telecom Equipment Manufacturing Co., Ltd.	-	1
	True Touch Co., Ltd.	-	1
	(Formerly named U-Net Co., Ltd.)	-	-
	True Multimedia Co., Ltd.	-	1
	Asia DBS Public Company Limited	-	1
	Asia Infonet Co., Ltd.	-	1
	Asia Wireless Communication Co., Ltd.	-	1
Mr. Chatchaval Jiaravanon	True Internet Co., Ltd.	-	1
	Telecom International Co., Ltd.	-	1
	Telecom Equipment Manufacturing Co., Ltd.	-	1
	Wire & Wireless Co., Ltd.	-	5
	True Touch Co., Ltd.	-	1
	(Formerly named U-Net Co., Ltd.)	-	-
	True Internet Co., Ltd.	-	1

Director	Company	Change in 2005	Outstanding Share (s)
	Asia DBS Public Company Limited	-	1
	Asia Infonet Co., Ltd.	-	1
	Asia Wireless Communication Co., Ltd.	-	1
	True Multimedia Co., Ltd.	-	1
	True Lifestyle Retail Co., Ltd.	-	1
	(Formerly named Yai Kaew Co., Ltd.)		
	True Internet Data Center Co., Ltd.	-	1
Mr. Soopakij Chearavanont	Telecom International Co., Ltd.	-	1
	Telecom Equipment Manufacturing Co., Ltd.	-	1
	True Touch Co., Ltd.	-	1
	(Formerly named U-Net Co., Ltd.)		
	True Internet Co., Ltd.	-	1
	Asia DBS Public Company Limited	-	1
	Asia Infonet Co., Ltd.	-	1
	Asia Wireless Communication Co., Ltd.	-	1
	True Multimedia Co., Ltd.	-	1
Mr. Supachai Chearavanont	Telecom Holding Co., Ltd.	-	1
	Telecom International Co., Ltd.	-	1
	Telecom Training and Development Co., Ltd.	-	1
	Telecom Equipment Manufacturing Co., Ltd.	-	1
	Wire & Wireless Co., Ltd.	-	5
	True Touch Co., Ltd.	-	1
	(Formerly named U-Net Co., Ltd.)		
	True Internet Co., Ltd.	-	1

Director	Company	Change in 2005	Outstanding Share (s)
	Asia DBS Public Company Limited	-	1
	Asia Infonet Co., Ltd.	-	1
	Asia Wireless Communication Co., Ltd.	-	1
	True Multimedia Co., Ltd.	-	1
	True Money Co., Ltd.	-	1
	(Formerly named T Pay Co., Ltd.)		
	NC True Co., Ltd.	-	1
	True Internet Data Center Co., Ltd.	-	1
Mr. Athueck Asvanund	True Money Co., Ltd. (Formerly named T Pay Co., Ltd.)	-	1
Mr. Harald Link	Telecom Equipment Manufacturing Co., Ltd.	-	480,000
Mr. Vichaow Rakphongphairoj	Telecom International Co., Ltd.	-	1
	Telecom Equipment Manufacturing Co., Ltd.	-	1
	True Touch Co., Ltd.	-	1
	(Formerly named U-Net Co., Ltd.)		
	True Internet Co., Ltd.	-	1
	Asia DBS Public Company Limited	-	1
	Asia Infonet Co., Ltd.	-	1
	Asia Wireless Communication Co., Ltd.	-	1
	True Multimedia Co., Ltd.	-	1
	K.I.N. (Thailand) Ltd.	-	1
	True Money Co., Ltd. (Formerly named T Pay Co., Ltd.)	-	1

During 2005, the Group carried out the transactions with subsidiaries, associates, joint ventures and related companies and persons as disclosed in the Note 4, Note 9, Note 12, Note 18, Note 23 and Note 33 to financial statements for year ended 31st December 2005.

Measures and Procedures for Approving the Entering into of Connected Transactions

The Company has measures and procedures for approving the entering into the connected transactions in compliance with the Rules and Regulations of the office of Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand ("SET"), and the provisions of the Public Companies Act, i.e. related party transactions must obtain approval from the Independent Directors to be processed according to the internal procedure relating to the related party transactions of which details have been stipulated by the Independent Directors. If any related party transaction is deemed to be a connected transaction, said transaction must obtain approval from the Audit Committee, the Board of Directors and/or Shareholders Meeting as the case may be, according to the Regulation of the Stock Exchange of Thailand. Moreover, the Company must comply with the terms and conditions of the Shareholders Agreement executed with Kreditanstalt für Wiederaufbau dated 22nd December 1999 specify that the Company shall have to disclose the entering into any connected transactions of the major shareholders or its affiliates.

Policy for Future Connected Transactions

In addition, in order to strictly comply with the rules and regulations of the SEC and the SET, the Company has applied said rules and regulations in implementing an internal guideline for connected transactions by undertaking a comparative study of the connected transactions guidelines from various foreign institutions to enhance transparency and create parallel understanding with foreign analysts and investors. With regard to future connected transactions, the Company anticipates that there will be connected transactions in the ordinary course of business of the Company with its affiliates and the Company shall proceed with such transactions in a transparent manner pursuant to the good corporate governance policy of the Company as well as all relevant regulations.

1. Audit fees

The Company and subsidiaries paid for audit fees of Baht 14,936,158 for the year 2005 to the appointed auditing firm.

2. Other non-audit fees

The Company paid for other non-audit fees, i.e. agree-upon procedures and tax consulting service to the appointed auditing firm. The fees of Baht 6,839,390 were paid during the year and the remaining fees of Baht 10,102,228 will be paid in the following year upon the completion of work.

Report of the Audit Committee for the Year 2005

By virtue of a resolution of the Board of Directors of the Company passed at its meeting No. 1/2546 held on 27th February 2003, the Audit Committee was re-appointed to perform duties and discharge responsibilities under the charter for the Audit committee. During the year 2005, the Audit Committee proceeded as follows:

1. held 9 committee meetings in 2005 in order to discharge its functions as assigned by the Board of Directors. The management was invited to provide extra information in certain agenda items. The Audit Committee reported its activities to the Board of Directors on a quarterly basis;
2. considered and proposed the appointment and remuneration of PricewaterhouseCoopers ABAS Limited as the Company's external auditor for the year 2006;
3. reviewed the quarterly and annual financial reports of the Company and its subsidiaries to ensure correctness, reliability and adequacy of information disclosed, reflecting good corporate governance;
4. acknowledged the Audit Plan and external auditor's findings and provided recommendations;
5. considered the internal audit plan under risk-based approach and the monthly, quarterly and annual results as well as submitted suggestions on actions to be taken by the management, and also on following up the progress of these actions;
6. regularly reviewed the Company's and its subsidiaries' practices relating to connected transactions to ensure compliance with the regulations of the Stock Exchange of Thailand;
7. closely monitored the work progress of Internal Audit Department in order to enhance effectiveness of the internal audit function and continuously ensured that the Company improved its internal controls system to enhance efficiency and effectiveness and ensure appropriate compliance with applicable regulatory requirements;
8. initiated a synergic combination of TRUE and TA Orange Internal Audit functions. In view of such synergy, the combined Internal Audit Department will be further strengthened and more effective towards attaining its goals;

In this connection, the result of synergy of True Group Internal Audit, by the recommendation of the Audit Committee, is well-established and functioning well.

The Audit Committee has independence in performing the duties as assigned. In this regard, the Audit Committee has received good collaboration from the management, met and discussed with the independent auditors to be informed on the auditor's comments on the financial statements and internal controls system. The independent auditors, internal auditors, and management of the Company have not brought any matter to the attention of the Audit Committee that would indicate material weaknesses in the internal controls system or legal non-compliance.



(Mr. Vitthya Vejajiva)

Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for Financial Statements 2005

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Principles, using appropriate accounting policy consistently employed by the Company as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

The Board of Directors has provided and maintained an efficient internal controls system to ensure that accounting records are accurate, complete and adequate to protect its assets.

To accomplish this task, the Board of Directors has appointed an Audit Committee, which consists of Independent Directors responsible for the quality of financial statements and internal controls system, whose comments on these issues are readily included in the Audit Committee Report in this Annual Report.

The Board of Directors is of the opinion that the Company's overall internal controls system is adequate and suitable and has rendered credibility and reliability to the financial statements of the Company and its subsidiaries for the year ended 31st December 2005.

Management's Discussion and Analysis

CONSOLIDATED RESULTS OF OPERATIONS

True posted strong results from ongoing operations in FY 2005, driven by strong performances at its mobile operator True Move (formerly TA Orange) and its Broadband and Internet businesses.

Normalized consolidated service revenue grew 36.5 percent to Baht 41.5 billion and Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased 21.5 percent to Baht 15.7 billion. Total revenue increased 35.0 percent to Baht 44.2 billion. These were also partly assisted by the full consolidation of True Move since Q4, 2004 following the purchase of an additional 39 percent shareholding in the company to 82.86 percent.

True Move's service revenue contribution grew 139.0 percent to Baht 19.5 billion. EBITDA contribution more than tripled to Baht 5.7 billion in FY 2005 (from Baht 1.8 billion in FY 2004) with EBITDA margin improving to 26.2 percent (from 18.4 percent in FY 2004). True Move did not reach bottom line breakeven in FY 2005 due to intense price competition within the cellular market during the second quarter.

Since the third quarter of 2005, True Move has recovered from the intense period of price competition, and is approaching bottom line breakeven with its net loss contribution reducing to Baht 154 million in Q4.

Strong growth in Consumer Broadband revenue helped non-True Move service revenue to grow further.

Consumer Broadband revenue increased 182 percent in FY 2005 to Baht 2.0 billion (from Baht 725 million in FY 2004). Non-True Move service revenues grew 1.8 percent as increased revenues from Broadband, Internet and DDN fully offset a decline in the combined revenue of the wireline and PCT businesses.

In 2005, True's revenue profile changed significantly as True Move's contribution dramatically increased and accounted for 49 percent of total revenue, compared with 30 percent in 2004. Wireline's revenue contribution declined to 33 percent, from 50 percent in a year earlier. The contribution from Data/ Broadband and Internet increased to 11 percent (from 10 percent in FY 2004).

Consolidated EBITDA increased 21.5 percent. EBITDA margin, however, decreased 397 bps to 35.5 percent due to a higher contribution from True Move, which has a lower margin, and a lower margin at non-True Move businesses due mainly to increased operating expenses.

Consolidated operating expenses increased 36.1 percent to Baht 43.0 billion due mainly to the full consolidation of TA Orange since Q4, 2004 and True Move's expanded operations. Operating expenses related to Consumer Broadband business, mainly leased circuit and international bandwidth rental, also increased. True has applied to the NTC for an international Internet gateway license, which, if granted, would reduce bandwidth charges.

Depreciation and amortization increased 22.9 percent to Baht 14.5 billion due mainly to True Move, data and broadband network depreciation, partly offset by a decline in fixed line depreciation.

Interest expenses increased 13.6 percent to Baht 4.8 billion on the full consolidation of True Move, partly offset by decreased interest expenses at the fixed line business due to repayment of loans.

Consolidated losses from ongoing operations increased Baht 659 million to Baht 3.9 billion due mainly to higher depreciation and interest expenses from the full consolidation of True Move.

True posted a net loss of Baht 4.3 billion for FY 2005 (compared to a Baht 605 million profit in FY 2004) after non-recurring items, mainly the Baht 2.0 billion impairment in network assets – a non-cash item and accounting adjustment that has no impact on valuation. The impairment was partially offset by a Baht 1.2 billion gain from debt restructuring and the settlement of Deferred Payment Notes. The Baht 605 million profit in FY 2004 was due mainly to a gain from debt restructuring.

Non-recurring items. The results of operations are discussed on a normalized basis without non-recurring items, which are disclosed in the consolidated profit and loss statements on an adjusted basis. Non-recurring items can be summarized as follows:

In FY 2005, True recorded a net loss of Baht 503 million from non-recurring items. Major items included a loss from the impairment of network assets (Baht 2.0 billion), a gain from PCT debt restructuring (Baht 801 million), a gain from the settlement of Deferred Payment Notes (Baht 370 million) and other income (Baht 253 million), mainly from a gain on the sale of fixed assets.

FY 2005 reported regulatory costs for True Move included a downward adjustment of Baht 493 million due to a change in the calculation method in Q2, 2005, from a conservative basis (on the face amount of each scratch card sold) to a matching basis with revenue recognition (on the used proportion of each scratch card sold). The adjustment represented the overbooked amount made in prior years based on the new calculation method; therefore it was stripped out from adjusted results from ongoing operations.

In Q4, 2005, the Company made a downward adjustment to fixed line's international call revenue of Baht 617 million for over-accrued amounts during 2004 – 2005 (Baht 282 million for 2004 and Baht 335 million for 2005) as the accrued revenue was based on historically higher traffic than actual. FY 2005 results were normalized to exclude the downward adjustments for the year 2004 (Baht 282 million in revenue and Baht 48 million in related revenue sharing). FY 2004 results were also retroactively adjusted for comparative purposes.

Key non-recurring items for the year 2004 also included gains from PCT debt restructuring (Baht 2.7 billion) and the settlement of DPN (Baht 157 million). Other income totaled Baht 454 million, mainly gains from other debt settlement (Baht 166 million) and a gain from asset sales (Baht 100 million).

Consolidated Results of Operations - Adjusted Basis

(Unaudited) (Baht in millions unless otherwise indicated)	FY 2005	FY 2004	% Change
Revenues			
Revenues from telephone and other services ^{1/}	41,452	30,366	36.5
Revenues from product sales	2,742	2,362	16.1
Total revenues	44,193	32,728	35.0
Operating expenses			
Cost of services	29,713	22,047	34.8
Depreciation and amortization	12,390	10,438	18.7
Revenue sharing and access charges ^{1/ 2/}	9,876	6,441	53.3
Network operating expenses	7,447	5,167	44.1
Cost of sales	2,520	2,040	23.6
Selling and administrative expenses	10,744	7,497	43.3
Total operating expenses	42,977	31,583	36.1
EBITDA	15,705	12,930	21.5
Depreciation & amortization	14,488	11,785	22.9
Operating profit	1,217	1,145	6.3
Interest income	104	41	151.9
Interest expense	(4,785)	(4,213)	13.6
Tax	(172)	(88)	96.3
Income from continuing operations	(3,637)	(3,114)	(16.8)
Share of results in subsidiaries, joint ventures and associates	(260)	(124)	(109.7)
Net income (loss) from continuing operations including share of results in subsidiaries, joint ventures and associates	(3,897)	(3,238)	(20.3)
Non recurring items			
Gain (loss) on foreign exchange	(503)	3,826	NM
Downward adjustment-International call revenue	(146)	255	NM
Impact from change in the calculation method of	(235)	235	NM
True Move's regulatory fee	493	-	NM
Other (expenses) income	253	454	(44.2)
Gain from DPN buy-back	370	157	136.3
Loss on impairment of network assets	(2,040)	-	NM
Gain from debt restructuring	801	2,726	(70.6)
Net profit (loss) before minority interest	(4,400)	588	NM
(Income) loss attributable to minority interest	131	17	682.2
Net profit (loss) for the period	(4,269)	605	NM

Remark:

^{1/} FY 2005 revenues from telephone and other services and revenue sharing were adjusted to exclude an out-of-period accounting adjustment for over accrued amounts recorded in the year 2004 of Baht 282 million and Baht 48 million respectively for fixed line's international calls. FY 2004 service revenue and revenue sharing were retroactively adjusted downwards with the same amounts for comparative purposes.

^{2/} Reported revenue sharing for FY 2005 was adjusted upwards by Baht 493 million for the impact to prior years from the change in the calculation method of the regulatory fee on prepaid service implemented in Q2 2005.

Results by Segment - Adjusted Basis

(Baht in millions)	Turnover ^{1/}			Segment Results ^{2/ 3/}		
	2005	2004	% Change	2005	2004	% Change
Wireline - voice	14,602	16,349	(10.7)	3,700	5,078	(27.1)
Basic (POTS)	11,964	12,930	(7.5)			
Value-added services	2,638	3,419	(22.9)			
Digital Data Network (DDN)	1,142	1,029	11.1	653	618	5.6
Wireless ^{4/}	23,887	11,730	103.6	(1,474)	(1,374)	(7.3)
WE PCT	2,243	1,799	24.7			
Mobile (True Move)	21,644	9,930	118.0			
Internet	1,270	888	43.1	74	286	(74.1)
Multimedia/Broadband	2,295	1,409	62.9	479	62	670.3
Others	997	1,324	(24.7)	315	358	(12.0)
Group	44,193	32,728	35.0	3,747	5,028	(25.5)
Unallocated Costs				(3,824)	(3,429)	11.5

Remark:

^{1/} FY 2005 turnover was adjusted to exclude an out-of-period accounting adjustment for over accrued revenue from fixed line's international calls of Baht 282 million recorded in the year 2004. FY 2004 turnover was retroactively adjusted downwards by the same amount for comparative purposes.

^{2/} Segment results for wireline and DDN businesses represent gross profit but those for wireless, multimedia and Internet segments represent operating profit.

^{3/} FY 2005 segment results were adjusted to exclude out-of-period accounting adjustments in revenue sharing of Baht 48 million for fixed line's international calls and Baht 493 million for True Move's prepaid service.

^{4/} Including product sales.

Fixed Line Telephone

Normalized wireline revenue fell 10.7 percent in FY 2005 to Baht 14.6 billion due to declines in revenue from basic fixed line and value added services (principally public phones and duct rental).

FY 2005 ARPU declined 8.5 percent to Baht 493, due mainly to the continued migration of traffic from fixed to mobile services.

Growth in the Consumer Broadband business helped preserve the fixed line subscriber base, adding 45,143 net new fixed line subscribers in FY 2005 and taking total subscribers to 1.99 million at year-end.

DDN

In FY 2005, DDN revenue increased 11.1 percent to Baht 1.1 billion due to a 13.5 percent increase in circuits billed to 10,216 as a result of increased marketing efforts, which offset a 5.5 percent decline in ARPU to Baht 10,411 (from Baht 11,014 in FY 2004). In 2005, True expanded its upcountry DDN network and began offering MPLS technology, which will help to grow its DDN business further.

WE PCT

The launch of the Baht 300 package with Baht 3 per call tariff and free on-net calls, and a change of strategy to focus on families and students helped drive revenue growth at WE PCT in FY 2005.

FY 2005 service revenue increased 10.3 percent to Baht 1.8 billion, as ARPU increased 18.7 percent to Baht 318 (from Baht 268 in FY 2004) with the new package. Including handset sales, WE PCT revenue increased 24.7 percent to Baht 2.2 billion in FY 2005.

WE PCT's subscriber base remained stable at 469,125 at year-end 2005 with subscriber losses slowing to only 3,721 (compared with 76,449 in FY 2004).

True Move (formerly TA Orange)

Despite a challenging year that included intense price competition in Q2 and a temporary shortage of available mobile phone numbers, True Move added 1.1 million net new subs in FY 2005 and expanded its subscriber base to 4.5 million – a 31.9 percent increase on 3.4 million subscribers at year-end 2004.

Market share increased to 15.1 percent at year-end 2005 (from 12.8 percent at year-end 2004) and share in net adds increased to 33.8 percent (from 32.8 percent in FY 2004).

True Move capped off the year with 358,689 net adds in Q4, reflecting a strong recovery from intense price competition in Q2. As a result, share in market net adds increased to 34.4 percent (from 9.5% in Q3).

True Move's full year net adds, however, were down compared with FY 2004 (1.6 million) due to the impact on the overall cellular market of the intense price competition in Q2 and a weaker economic situation.

FY 2005 ARPU declined 10.1 percent to Baht 393, with prepaid ARPU down 7.8 percent and postpaid ARPU down 11.6 percent.

True Move's full year service revenue contribution increased 139.0 percent to Baht 19.5 billion, due to its improved performance and full consolidation since Q4, 2004.

Non-voice revenues grew 136.2 percent in 2005 to Baht 1.3 billion, accounting for 6.8 percent of service revenue, up from 4.3 percent in 2004. GPRS subscribers more than doubled to approximately 800,000 at year-end 2005 (from 300,000 at year-end 2004). Ring back Tone subscribers reached 22 percent of total subscribers, above industry average, with approximately 970,000 subscribers signed up in the first twelve months.

True Move had capacity for 5.6 million subscribers at year-end 2005, with 88 percent population coverage. We are increasing population coverage and expect to achieve 92 percent by mid-2006. This will put True Move's network on par with a key competitor.

True expects the Thai cellular market to add 4 million subscribers in 2006 and is targeting a one-third share of market net adds.

Internet

True group held the No. 1 ISP position with 716,763 total internet subscribers (incl. Consumer Broadband), down from 1.2 million at year-end 2004 due mainly to the transfer of dial-up into Broadband subscribers and a change in calculation of dial-up subscribers.

Internet revenue increased 43.1 percent to Baht 1.3 billion aided by strong Consumer Broadband revenue growth.

True also has the most extensive network of Wi-Fi hot spots, with 2,000 hot spots nationwide.

Multimedia and Broadband

Multimedia revenue increased 62.9 percent to Baht 2.3 billion, mainly from increased broadband revenue. Consumer Broadband revenue almost tripled (up 182.1 percent) in FY 2005 to Baht 2.0 billion (from Baht 725 million in FY 2004). With the expansion into the mass market, ARPU declined 29.7 percent but remained high at Baht 739. A majority portion of Consumer Broadband revenues for ADSL network access have been booked under the Multimedia segment (Baht 1,339 million in 2005, Baht 471 million in 2004), while the remainder, which relates to revenue from Internet access, has been recorded under the Internet segment.

True group added 135,547 net new Consumer Broadband subscribers during the year to 300,322, an increase of 82.3 percent on year-end 2004, giving True group an 80 percent market share in the Bangkok Metropolitan Area.

Factors behind the strong Consumer Broadband growth include: low barriers to entry through promotions offering free broadband modem and wireline connections; differentiation through higher service quality on True's more modern and fiber-rich fixed line network; value added services, such as Wi-Fi; and rich content on Trueworld.net.

Consolidated Balance Sheets and Cash Flows

(Unaudited) (Baht in millions unless otherwise indicated)	FY 2005	FY 2004	% Change
Balance Sheets			
Current assets	28,957	19,803	46.2
Property, plant and equipment, net	71,975	75,674	(4.9)
Total assets	108,058	102,625	5.3
Current liabilities	32,465	16,314	99.0
Long term borrowings	74,984	79,971	(6.2)
Total liabilities	107,751	97,888	10.1
Total shareholder's equity	307	4,738	(93.5)
Cash Flows			
Cash flows from operating activities	11,604	7,381	57.2
Cash flows from investing activities	(16,905)	(907)	1,763.0
Cash flows from financing activities	9,214	(4,821)	NM
Ending cash balance	8,328	4,469	86.4

FINANCIAL POSITON

True's consolidated assets amounted to Baht 108.1 billion as at December 2005, an increase of 5.3 percent (Baht 5.4 billion) on year-end 2004, due mainly to increases in cash and restricted cash to Baht 17.5 billion (from Baht 6.2 billion in 2004). This was due largely to the withdrawal of a bridging loan amounting to USD 291.1 million at the end of the year to fund the UBC acquisition.

Trade accounts receivables (net) increased 5.9 percent on year-end 2004 to Baht 6.6 billion, due mainly to the expanded operations of True Move. The average collection period improved to 52 days in 2005, compared with 64 days in 2004.

As at December 2005, the Company and a certain subsidiary recognized impairment losses for certain network assets in accordance with the Thai Accounting Standard in order to adjust the value of asset to be consistent with its economic value. The impairment losses amounting to Baht 2.0 billion were recognized under "Other expenses" in the audited financial statements and were adjusted as non-recurring item for adjusted results. The impairment losses partly contributed to a decline in Property, Plant and Equipment to Baht 72.0 billion at the end of 2005 (from Baht 75.7 billion at the end of 2004).

True's consolidated liabilities increased Baht 9.9 billion to Baht 107.8 billion at year-end 2005 mainly from the bridging loan of USD 291.1 million (or Baht 12.0 billion) for the UBC acquisition. In December 2005, the Company's subsidiary borrowed USD 291.1 million in bridging loans for the UBC acquisition, most of which was hedged. This bridging loan will be replaced by take-out financing of USD 191 million from UBC, while the remainder will be repaid by UBC cash, expected in Q2, 2006.

Consolidated trade accounts payable and borrowings increased Baht 8.2 billion in FY 2005 to Baht 95.4 billion (before debt issuance cost), due to the bridging loan, which has increased short-term borrowing to Baht 13.2 billion. During the year 2005, True and its subsidiaries repaid Baht 4.5 billion in loans and long-term account payables. In addition, True's debt was also reduced by Baht 1.2 billion from debt

forgiveness following the settlement of Deferred Payment Notes and PCT debt restructuring. In the first quarter of 2005, True settled a portion of its Deferred Payment Notes, posting a gain of Baht 370 million. In the fourth quarter, the Company's subsidiary completed PCT debt restructuring with a gain of Baht 801 million. True Move's debts remained stable at Baht 32.8 billion, before debt issuance cost.

Shareholders' equity decreased from Baht 4.7 billion at year-end 2004 to Baht 307 million at year-end 2005. This was due to the Baht 4.3 billion full year net loss.

Liquidity. True's consolidated net cash flow from operations increased Baht 4.2 billion or 57.2 percent to Baht 11.6 billion due mainly to True Move. Free cash flows (cash flow from operations less capex) decreased Baht 2.1 billion to Baht 1.3 billion due to increase in capital expenditure (Baht 6.3 billion), mainly at True Move.

During FY 2005, True and its subsidiaries invested in capex (property, plant and equipment) of Baht 10.3 billion, of which Baht 7.2 billion was at True Move. In addition, True and its subsidiaries also invested in computer software (Baht 101 million) and increased its investment in subsidiaries (Baht 514 million), mainly UBC. In FY 2005, True repaid Baht 4.5 billion in loans and long-term account payables, all of which was at non-True Move businesses.

True group's sources of funds included cash flows from operations, the issuance of new debt (Baht 1.7 billion) by subsidiaries and cash and cash equivalent carried forward from 2004 (Baht 7.6 billion, including short-term investments). True Move, expansion was funded by its internal cash flows and additional funding from True of Baht 1 billion. The UBC acquisition will be funded mainly by the bridging loan.

Conclusion

True's financial position is improving with debt reducing and net debt to EBITDA ratios improving. EBITDA interest coverage ratio increased to 3.3 times, compared with 3.1 times in 2004. Our fixed line business continued to generate strong free cash flows (cash flows from operations less capex) of Baht 4.2 billion, providing a strong foundation for de-leveraging.

True maintained its commitment to deleveraging with the consolidated net debt to EBITDA ratio declining to 4.9 times (from 6.1 times in FY 2004), excluding the bridging loan for the UBC acquisition. Excluding True Move, the net debt to EBITDA ratio declined to 4.3 times. True ended FY 2005 with cash and cash equivalents of Baht 17.5 billion, including approximately Baht 12.0 billion for the UBC acquisition.

RECENT DEVELOPMENTS

UBC Acquisition

On November 4, 2005, True's Board of Directors agreed to buy 231,121,441 shares or a 30.59 percent stake in United Broadcasting Corporation Public Company Limited (UBC) from MIH (UBC) HOLDINGS B.V. (MIH) at the total purchase price of USD 150 million (or approximately USD 0.649 per share). This triggered a tender offer for the remaining 205,055,929 UBC shares (a 27.14 percent shareholding) owned by the public. The price for the tender offer was set at Baht 26.50 per share. In addition, the Board agreed to buy all of MIH's shares in MKSC, which owns a 40 percent stake in the Internet Service Provider KSC at a purchase price of USD 10,628,000, and all outstanding warrants relating to the Executive Stock Option Plan totaling 14,481,600 units from UBC employees at Baht 16.50 per unit.

On December 13, 2005, UBC shareholders approved the delisting of the company from the SET, and True shareholders approved the acquisition.

On January 6, 2006, K.I.N. (Thailand) Limited ("K.I.N."), True's subsidiary, purchased UBC shares from MIH at Baht 26.5 per share, and True Multimedia Co., Ltd ("TM") purchased all 20,000 common shares of MKSC, including the seller's rights as creditors under the loan. K.I.N later bought warrants from UBC employees.

K.I.N. started the tender offer for UBC shares held by the public at Baht 26.50 per share on January 12, 2006. The tender offer will be completed on March 16, 2006 and the delisting of UBC is expected to be completed in the second quarter of 2006. As at the end of February 2006, True held an approximately 93 percent shareholding in UBC. UBC and MKSC became True's subsidiaries and True will consolidate their results starting from the beginning of 2006.

With the acquisition of UBC, True has taken a significant step forward in achieving its vision to become a fully integrated communications solutions provider and lifestyle enabler with leadership in voice, video and data services.

True wins arbitration claim against TOT on access charges

On August 21, 2002, True filed an arbitration claim regarding a dispute arising from the wireline concession between the Company and TOT. The terms of the wireline concession provide that the Company is entitled to additional consideration from TOT if TOT provides or allows any third party to provide 'special services' over True's network.

On January 17, 2006, the Arbitration Tribunal ruled in favor of the Company. True is entitled to benefits derived from TOT's provision of special services on True's network, or from permission granted by TOT for other parties to provide special services on True's network. As a result, TOT is required to pay the benefits accrued from the start of the concession to August 22, 2002, in the amount of Baht 9,175.8 million plus interest at a rate of 7.5 percent p.a. from August 22, 2002 until the payment is made, which must be within 60 days from the receipt of the arbitration award. From August 23, 2002, TOT must pay to True 50% of the benefits derived from mobile networks accessing True's network.

As of the date of writing, True had yet to decide whether to book the Arbitrators' award in its accounts.

TOT's Board of Directors stated that they would challenge the Arbitration Tribunal's award. Articles published in newspapers reported that TOT was investigating means to terminate True's concession, claiming that True had breached the concession agreements. True responded that it had abided by the terms and conditions of the concession, and therefore there were no issues or grounds for TOT to terminate the

concession contract. In addition, the concession agreement clearly states that any disputes between the concession grantor and the concessionaire are to be settled by the Arbitration Tribunal, whose ruling will be final.

Financial Statements

31st December 2005

True Corporation Public Company Limited

Financial Statements

31 December 2005

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 2005 and 2004 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 2005 and 2004 and the consolidated and company results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.



KAJORNKIET AROONPIRODKUL
Certified Public Accountant
(Thailand) No. 3445
PricewaterhouseCoopers ABAS Limited

Bangkok
23 February 2006

True Corporation Public Company Limited
Balance Sheets
As at 31 December 2005 and 2004

	Notes	Consolidated		Company	
		31 December 2005 Baht	31 December 2004 Baht	31 December 2005 Baht	31 December 2004 Baht
Assets					
Current assets					
Cash and cash equivalents	5	8,328,329,856	4,469,146,302	290,072,054	1,199,749,825
Restricted cash	6	9,141,280,594	1,739,247,996	1,795,425,776	1,317,384,878
Short-term investments	7	159,367,118	1,357,652,504	-	789,217,747
Trade accounts receivable, net	8	6,635,707,456	6,264,259,234	4,207,173,432	4,655,506,585
Loan to subsidiary	9	-	-	150,000,000	-
Inventories, net	10	1,111,212,636	984,225,263	312,446,401	400,439,078
Income tax deducted at source		1,311,997,911	861,209,454	1,028,191,617	519,106,290
Claimable value added tax		387,370,803	2,569,865,586	3,412,570	3,412,570
Other current assets	11	1,881,657,010	1,557,750,519	643,778,040	672,393,459
Total current assets		<u>28,956,923,384</u>	<u>19,803,356,858</u>	<u>8,430,499,890</u>	<u>9,557,210,432</u>
Non-current assets					
Investments:					
- Investments in subsidiaries, joint ventures and associates	12	4,035,970,618	3,645,416,807	15,467,573,410	15,884,308,094
- Other long-term investments	7	94,682,395	97,071,404	42,500,000	42,500,000
- Investment property	13	53,873,898	53,873,898	-	-
Property, plant and equipment, net	14	71,975,161,975	75,674,472,705	25,386,832,892	31,355,278,818
Other assets:					
- Intangible assets, net	15	2,529,378,756	2,947,676,881	1,130,200,671	1,283,643,979
- Other non-current assets	16	412,374,583	403,311,676	257,803,657	269,062,352
Total non-current assets		<u>79,101,442,225</u>	<u>82,821,823,371</u>	<u>42,284,910,630</u>	<u>48,834,793,243</u>
Total assets		<u>108,058,365,609</u>	<u>102,625,180,229</u>	<u>50,715,410,520</u>	<u>58,392,003,675</u>

The accompanying notes on pages 105 to 186 are an integral part of these financial statements.

True Corporation Public Company Limited
Balance Sheets
As at 31 December 2005 and 2004

		Consolidated		Company	
		31 December 2005 Baht	31 December 2004 Baht	31 December 2005 Baht	31 December 2004 Baht
Notes					
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings	17	13,174,336,811	217,657,893	598,976,735	-
Trade accounts payable		4,917,460,782	4,108,554,656	879,114,389	1,788,228,578
Current portion of long-term borrowings	18	7,153,321,975	4,449,677,306	4,188,952,000	2,429,751,200
Unearned income		1,065,390,216	1,353,122,105	162,150,973	174,335,965
Accrued expenses	19	3,918,406,755	3,902,939,149	1,216,909,462	1,122,383,034
Other current liabilities	20	2,235,909,952	2,281,706,406	887,774,741	890,525,535
Total current liabilities		<u>32,464,826,491</u>	<u>16,313,657,515</u>	<u>7,933,878,300</u>	<u>6,405,224,312</u>
Non-current liabilities					
Long-term borrowings	18	74,984,280,234	79,970,767,686	42,405,294,334	47,268,999,932
Long-term trade account payable	21	-	1,246,349,702	-	-
Other non-current liabilities	22	302,312,348	356,853,015	292,521,252	351,162,452
Total non-current liabilities		<u>75,286,592,582</u>	<u>81,573,970,403</u>	<u>42,697,815,586</u>	<u>47,620,162,384</u>
Total liabilities		<u>107,751,419,073</u>	<u>97,887,627,918</u>	<u>50,631,693,886</u>	<u>54,025,386,696</u>
Shareholders' equity					
Share capital	23				
Authorised share capital					
Preferred shares		6,994,055,190	6,994,654,860	6,994,055,190	6,994,654,860
Common shares		<u>39,780,159,650</u>	<u>39,588,738,330</u>	<u>39,780,159,650</u>	<u>39,588,738,330</u>
Issued and fully paid-up share capital					
Preferred shares		6,994,055,190	6,994,654,860	6,994,055,190	6,994,654,860
Common shares		33,953,398,340	33,930,617,280	33,953,398,340	33,930,617,280
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		(1,492,936,320)	(1,493,070,693)	(1,492,936,320)	(1,493,070,693)
Common shares		(3,271,974,299)	(3,260,733,717)	(3,271,974,299)	(3,260,733,717)
Foreign currency translation adjustment		104,344,130	104,344,130	104,344,130	104,344,130
Unrealised gain (loss) on changes of fair value on available-for-sale securities		(415,425)	24,622,475	(415,425)	24,622,475
Retained earnings (deficit)					
Appropriated legal reserve	24	34,880,969	34,880,969	34,880,969	34,880,969
Deficit		<u>(47,669,682,413)</u>	<u>(43,400,744,787)</u>	<u>(47,669,682,413)</u>	<u>(43,400,744,787)</u>
Total parent's shareholders' equity		<u>83,716,634</u>	<u>4,366,616,979</u>	<u>83,716,634</u>	<u>4,366,616,979</u>
Minority interest in subsidiaries	25	223,229,902	370,935,332	-	-
Total shareholders' equity		<u>306,946,536</u>	<u>4,737,552,311</u>	<u>83,716,634</u>	<u>4,366,616,979</u>
Total liabilities and shareholders' equity		<u>108,058,365,609</u>	<u>102,625,180,229</u>	<u>50,715,410,520</u>	<u>58,392,003,675</u>

The accompanying notes on pages 105 to 186 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Income
For the years ended 31 December 2005 and 2004

	Notes	Consolidated		Company	
		31 December 2005 Baht	31 December 2004 Baht	31 December 2005 Baht	31 December 2004 Baht
Revenues	26				
Revenues from telephone and other services		41,169,191,459	30,648,683,676	18,661,823,419	19,970,685,126
Revenues from product sales		2,741,754,187	2,361,555,858	646,160,310	573,614,161
Total revenues		<u>43,910,945,646</u>	<u>33,010,239,534</u>	<u>19,307,983,729</u>	<u>20,544,299,287</u>
Costs					
Cost of providing services	27	29,172,274,852	22,094,270,870	13,111,493,655	13,481,549,582
Cost of sales		2,520,057,283	2,039,604,888	623,617,980	507,666,239
Total costs		<u>31,692,332,135</u>	<u>24,133,875,758</u>	<u>13,735,111,635</u>	<u>13,989,215,821</u>
Gross profit		12,218,613,511	8,876,363,776	5,572,872,094	6,555,083,466
Selling and administrative expenses		10,743,501,988	7,497,004,256	3,855,760,879	3,667,074,142
Profit from sales and providing services		1,475,111,523	1,379,359,520	1,717,111,215	2,888,009,324
Other revenues		396,743,016	633,058,041	107,700,505	267,623,960
Other expenses	14	(2,183,535,840)	(179,371,505)	(243,418,815)	(165,455,098)
Operating results	28	(311,681,301)	1,833,046,056	1,581,392,905	2,990,178,186
Share of results in subsidiaries, joint ventures and associates		(260,313,481)	(124,143,684)	(5,004,674,046)	(2,530,034,180)
Other non-operating income	18	370,238,808	156,695,184	370,238,808	156,695,184
Profit (loss) before interest and tax		(201,755,974)	1,865,597,556	(3,053,042,333)	616,839,190
Interest income		103,918,098	41,251,379	357,133,353	94,829,234
Interest expense		(4,785,369,287)	(4,212,697,393)	(2,710,396,673)	(2,760,121,123)
Foreign exchange gain (loss)		(146,015,884)	255,222,133	336,367,313	(72,939,067)
Loss before income tax		(5,029,223,047)	(2,050,626,325)	(5,069,938,340)	(2,121,391,766)
Income tax		(171,777,023)	(87,521,399)	-	-
Loss before extraordinary item		(5,201,000,070)	(2,138,147,724)	(5,069,938,340)	(2,121,391,766)
Extraordinary item					
Gain from debt restructuring	21	801,000,714	2,726,304,978	801,000,714	2,726,304,978
Profit (loss) before minority interest		(4,399,999,356)	588,157,254	(4,268,937,626)	604,913,212
Loss attributable to minority interest	25	131,061,730	16,755,958	-	-
Net profit (loss) for the year		<u>(4,268,937,626)</u>	<u>604,913,212</u>	<u>(4,268,937,626)</u>	<u>604,913,212</u>
Basic and diluted loss per share	29				
Loss from ordinary activities		(1.70)	(0.93)	(1.70)	(0.93)
Extraordinary item					
Gain from debt restructuring	21	0.24	0.90	0.24	0.90
Net loss for the year		<u>(1.46)</u>	<u>(0.03)</u>	<u>(1.46)</u>	<u>(0.03)</u>

The accompanying notes on pages 105 to 186 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2005 and 2004

	Consolidated									
	Unrealised gain									Total
	(loss) on changes									
	Issued and fully paid-up		Premium on shares	Discount on shares	Foreign currency translation adjustment	of fair value on		Minority interest in subsidiaries		
	Preferred shares Baht	Common shares Baht				available-for-sale securities Baht	Legal reserve Baht		Deficit Baht	
Opening balance as at 1 January 2005	6,994,654,860	33,930,617,280	11,432,046,462	(4,753,804,410)	104,344,130	24,622,475	34,880,969	(43,400,744,787)	370,935,332	4,737,552,311
Conversion of shares (Note 23)	(599,670)	599,670	-	-	-	-	-	-	-	-
Issue of shares (Note 23)	-	22,181,390	-	(11,106,209)	-	-	-	-	-	11,075,181
Realised gain on disposal of available-for-sale securities (Note 7)	-	-	-	-	-	(25,037,900)	-	-	-	(25,037,900)
Addition investment in subsidiary	-	-	-	-	-	-	-	-	(16,643,700)	(16,643,700)
Net loss for the year	-	-	-	-	-	-	-	(4,268,937,626)	-	(4,268,937,626)
Share of loss of subsidiaries	-	-	-	-	-	-	-	-	(131,061,730)	(131,061,730)
Closing balance as at 31 December 2005	6,994,055,190	33,953,398,340	11,432,046,462	(4,764,910,619)	104,344,130	(415,425)	34,880,969	(47,669,682,413)	223,229,902	306,946,536
Opening balance as at 1 January 2004	6,996,485,490	29,948,486,650	11,432,046,462	(3,436,954,232)	104,344,130	4,548,851	34,880,969	(44,005,657,999)	416,882,791	1,495,063,112
Conversion of shares	(1,830,630)	1,830,630	-	-	-	-	-	-	-	-
Issue of shares (Note 23)	-	3,980,300,000	-	(1,316,850,178)	-	-	-	-	-	2,663,449,822
Additional shares call up by a subsidiary (Note 25)	-	-	-	-	-	-	-	-	15,300,100	15,300,100
Acquisition of subsidiary (Note 4)	-	-	-	-	-	-	-	-	(44,491,601)	(44,491,601)
Unrealised gain on changes of fair value on available-for-sale securities (Note 7)	-	-	-	-	-	20,073,624	-	-	-	20,073,624
Net profit for the year	-	-	-	-	-	-	-	604,913,212	-	604,913,212
Share of loss of subsidiaries	-	-	-	-	-	-	-	-	(16,755,958)	(16,755,958)
Closing balance as at 31 December 2004	6,994,654,860	33,930,617,280	11,432,046,462	(4,753,804,410)	104,344,130	24,622,475	34,880,969	(43,400,744,787)	370,935,332	4,737,552,311

The accompanying notes on pages 105 to 186 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Changes in Shareholders' Equity (Continued)
For the years ended 31 December 2005 and 2004

	Company								
					Unrealised gain (loss) on changes of fair value on				
	Issued and fully paid-up		Premium on shares Baht	Discount on shares Baht	Foreign currency translation adjustment Baht	available-for-sale securities Baht	Legal reserve Baht	Deficit Baht	Total Baht
	Preferred shares Baht	Common shares Baht							
Opening balance as at 1 January 2005	6,994,654,860	33,930,617,280	11,432,046,462	(4,753,804,410)	104,344,130	24,622,475	34,880,969	(43,400,744,787)	4,366,616,979
Conversion of shares (Note 23)	(599,670)	599,670	-	-	-	-	-	-	-
Issue of shares (Note 23)	-	22,181,390	-	(11,106,209)	-	-	-	-	11,075,181
Realised gain on disposal of available-for-sale securities (Note 7)	-	-	-	-	-	(25,037,900)	-	-	(25,037,900)
Net loss for the year	-	-	-	-	-	-	-	(4,268,937,626)	(4,268,937,626)
Closing balance as at 31 December 2005	6,994,055,190	33,953,398,340	11,432,046,462	(4,764,910,619)	104,344,130	(415,425)	34,880,969	(47,669,682,413)	83,716,634
Opening balance as at 1 January 2004	6,996,485,490	29,948,486,650	11,432,046,462	(3,436,954,232)	104,344,130	4,548,851	34,880,969	(44,005,657,999)	1,078,180,321
Conversion of shares	(1,830,630)	1,830,630	-	-	-	-	-	-	-
Issue of shares (Note 23)	-	3,980,300,000	-	(1,316,850,178)	-	-	-	-	2,663,449,822
Unrealised gain on changes of fair value on available-for-sale securities (Note 7)	-	-	-	-	-	20,073,624	-	-	20,073,624
Net profit for the year	-	-	-	-	-	-	-	604,913,212	604,913,212
Closing balance as at 31 December 2004	6,994,654,860	33,930,617,280	11,432,046,462	(4,753,804,410)	104,344,130	24,622,475	34,880,969	(43,400,744,787)	4,366,616,979

The accompanying notes on pages 105 to 186 are an integral part of these financial statements.

True Corporation Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2005 and 2004

	Notes	Consolidated		Company	
		31 December 2005 Baht	31 December 2004 Baht	31 December 2005 Baht	31 December 2004 Baht
Cash flows from operating activities	30	11,604,117,513	7,381,371,841	5,141,292,982	7,641,434,770
Cash flows from investing activities					
Withdrawal (deposit) in restricted cash		(7,402,032,597)	81,037,040	(478,040,898)	(261,953,240)
Withdrawal in short-term investment - time deposit		816,353,073	2,401,189,673	789,217,747	2,426,782,253
Acquisition of intangible assets	15	(101,622,253)	(163,924,061)	(101,162,653)	(157,911,599)
Acquisition of property, plant and equipment		(10,269,232,884)	(3,962,575,573)	(893,815,895)	(1,497,941,394)
Acquisition of subsidiaries, net of cash acquired	4	-	613,688,941	-	-
Additional share call up on other long-term investments		-	(21,500,000)	-	(21,250,000)
Additional investments in subsidiaries and associate	12	(514,062,527)	(64,005,000)	(2,753,499,960)	(4,208,055,829)
Loan made to subsidiary	9	-	-	(1,250,000,000)	(5,000,000,000)
Proceeds from loan to subsidiary		-	-	100,000,000	-
Proceeds from sale of available-for-sale securities		26,277,400	-	-	-
Proceeds from sale of investment in other company		1,250,000	-	-	-
Proceeds from disposals of property, plant and equipment		537,737,518	208,664,835	476,799,826	240,230
Net cash used in investing activities		(16,905,332,270)	(907,424,145)	(4,110,501,833)	(8,720,089,579)
Cash flows from financing activities					
Proceeds (repayments) from short-term borrowings		12,993,855,926	(548,262,585)	598,976,735	-
Issue of common shares	23	11,075,181	2,663,449,822	11,075,181	2,663,449,822
Proceeds from borrowings, net of cash paid for debt issuance cost	18	2,029,084,186	10,059,584,149	-	2,386,462,715
Proceeds received from minority from share call up by a subsidiary	25	-	15,300,100	-	-
Repayments on long-term trade accounts payable	21	(585,662,417)	(4,078,754,450)	-	-
Repayments on borrowings	18	(5,234,014,068)	(12,931,987,905)	(2,550,520,836)	(3,844,507,054)
Net cash received from (used in) financing activities		9,214,338,808	(4,820,670,869)	(1,940,468,920)	1,205,405,483
Net increase (decrease) in cash and cash equivalents		3,913,124,051	1,653,276,827	(909,677,771)	126,750,674
Opening balance		4,469,146,302	2,815,869,475	1,199,749,825	1,072,999,151
Effect of changed exchange rate on cash		(53,940,497)	-	-	-
Closing balance		8,328,329,856	4,469,146,302	290,072,054	1,199,749,825

Non-cash transaction

The significant non-cash transaction is as follows:

- The acquisition of property, plant and equipment using finance leases and accounts payable for the year ended 31 December 2005 amounting to Baht 894.85 million (2004: Baht 441.02 million) and Baht 927.99 million (2004: Nil), respectively.

The accompanying notes on pages 105 to 186 are an integral part of these financial statements.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

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 the "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"), and Cellular Telephone Service.

The Group's activities include those carried out under concession agreements with State Enterprises, as set out in Note 2.

2. Concession agreements

Telephone services

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

The Concession, a Build Transfer Operate ("BTO") concession, 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 Concession, TOT and the Company share the gross revenues collected from operating the networks according to stipulated percentages.

2. Concession agreements (Continued)

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 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 certain local bank in favour of TOT amounting to Baht 5 million to guarantee the Group's compliance with the terms of the agreement.

Internet services

In October 1996, the Group entered into the Joint Investment in the Internet Services Agreement (the "Agreement") with the Communications Authority of Thailand ("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.

On 18 August 2005, a subsidiary, True Internet Co., Ltd. ("TI") was granted Type I licence for internet providing from National Telecommunication Commission ("NTC"). TI is entitled to maintain right and obligation according to Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 17 August 2006.

The Group has placed letters of guarantee issued by certain local banks in favour of CAT totaling Baht 0.5 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. (formerly "TA Orange Co., Ltd.") ("True Move"). True Move is an operator of a nationwide cellular network under a Build Transfer Operate concession granted by CAT dated 20 June 1996 which was subsequently amended on 8 September 2001.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

2. Concession agreements (Continued)

Cellular telephone services (Continued)

Under the terms of the Concession 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. 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 totaling Baht 341.70 million to guarantee the Group's compliance with the terms of the agreement.

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.

As a result of the Federation of Accounting Profession (FAP) approval of three new accounting standards on 12 May 2005, the Company has adopted TAS 52, "Events After Balance Sheet Date", TAS 53, "Provisions, Contingent Liabilities, and Contingent Assets" and TAS 54, "Discontinuing Operations" in the second quarter of 2005. The adoption of these new accounting standards did not have a material impact to the financial statements presented.

The consolidated and Company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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.

3. Accounting policies (Continued)

a) Basis of preparation (Continued)

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

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.

b) Group accounting

(1) Subsidiary undertakings

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations are consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interests in the consolidated balance sheet and statement of income.

Subsidiary undertakings are reported by using the equity method of accounting in the Company's separate financial statements.

A list of the Group's principal subsidiary undertakings is set out in Note 12.

(2) Associate undertakings

Investments in associate undertakings are accounted for by the equity method of accounting. These are undertakings in which the Group generally has between 20% and 50% of the voting rights, or over which the Group otherwise has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associate undertakings are eliminated to the extent of the Group's interest in the associate undertakings; unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired associate undertakings at the date of acquisition. Goodwill on acquisitions of associate undertakings is amortised using the straight-line method over its estimated useful life of 15 years.

3. Accounting policies (Continued)

(2) Associate undertakings (Continued)

The Group's investment in associate undertakings includes goodwill net of accumulated amortisation on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate undertakings reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate undertakings.

Associate undertakings are reported by using the equity method of accounting in the Company's separate financial statements.

Details of the Group's principal associate undertakings is set out in Note 12.

(3) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. Under this method the Group includes its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows in the relevant components of the consolidated financial statements. In the Company financial statements the equity method is applied for interests in joint ventures.

Details of the Group's principal joint ventures are set out in Note 33.

c) Financial instruments

Financial instruments carried in the balance sheet include cash and bank balances, investments, receivables, trade creditors, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is also party to financial instruments that reduce exposure to fluctuations in foreign currency exchange. These instruments which mainly comprise foreign currency forward contracts 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 and liability will be settled. Any increase or decrease in the amount required to settle the asset or liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

3. Accounting policies (Continued)

d) Foreign currency translation

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 31 December. Exchange differences arising from the translation of the net investment in foreign subsidiaries 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. Exchange differences which have been deferred are not recognised as income or expenses until the disposal of the operation.

Statements of income of foreign operations that are integral to the operations of the Group are translated into the Group's reporting currency at average exchange rates for the year and the monetary items are translated at the exchange rates ruling on 31 December, while the non monetary items are translated at the date of the transactions. Exchange differences arising from the translation have been recorded as income or expense for the year.

Foreign currency transactions in the Group are accounted for at the exchange rates prevailing at the date of the transactions. 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. Such balances are translated at year-end exchange rates.

e) Financial risk management

(1) Financial risk factors

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

(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. 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.

3. Accounting policies (Continued)

e) Financial risk management (Continued)

(1) Financial risk factors (Continued)

(1.2) Interest rate risk

The BITCO Group has no significant interest-bearing assets. The Group maintains its certain borrowings in fixed rate instruments. The BITCO 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 BITCO Group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the BITCO Group borrowed at fixed rates directly. Under the interest rate swaps, The BITCO Group agrees with the other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts 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.

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 individuals, including the spectrum of distribution and retail and have a variety of end markets in which they sell. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade accounts receivable.

(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.

3. Accounting policies (Continued)

e) Financial risk management (Continued)

(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 fee 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 31.

f) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call at banks, short-term deposits with banks and financial institutions with original maturity of 3 months or less, other short-term highly liquid investments and bank overdrafts. In the balance sheet, bank overdrafts are included in short-term borrowings in current liabilities.

3. Accounting policies (Continued)

g) Investments

The Group classifies its investments 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 rates, 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 equity securities that are not listed in the stock exchange 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 purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value, whilst held-to-maturity investments are carried at amortised cost using the effective yield method. General investments are carried at original cost. 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.

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 from the weighted carrying amount of the total holding of the investment.

h) 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 when identified.

3. Accounting policies (Continued)

i) 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.

j) Investment properties

Investment properties, principally comprising land, are 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.

k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. 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 if shorter, the lease term as follows:

	Years
Land	Nil
Land improvement	10
Buildings and improvements	5 - 20
Leasehold building improvements	Lease period
Furniture, fixtures, tools and office equipment	5 - 10
Power supply and computer	5
Multimedia network equipment	8 - 15
Vehicle	5

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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

3. Accounting policies (Continued)

k) Property, plant and equipment (Continued)

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

Included in property, plant and equipment in network equipment is property, plant and equipment held under Concessions and Agreements as described in Note 2. This property, plant and equipment are depreciated over the shorter of their useful lives or the remaining concession periods, as follows:

	Years
Land	Nil
Land improvement	10
Buildings	10 - 20
Telephone network equipment	
- Switching equipment	12
- Transmission	10
- Outside plant	10 - 25
- Mobile phone network equipment	10
PCT network equipment	
- Outside plant and buildings	20
- Cable and drop wire	15
- Inside plant	5 - 12
Public phone	7
Power supply and computer	5
Network management systems	10

Borrowing costs to finance the construction of property, plant and equipment and assets under the Concessions and 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.

3. Accounting policies (Continued)

l) Accounting for 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 borrowing. 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.

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 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.

Accounting for 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.

m) Intangible assets

(1) Goodwill and negative goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary (previously joint venture) at the date of acquisition. Goodwill on acquisition is reported in the consolidated and Company balance sheets as intangible assets and is amortised using the straight-line method over its estimated useful life of 5 years or the remaining concession periods.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of an acquisition. Negative goodwill is presented separately in the balance sheet. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in the statement of income when the future losses and expenses are recognised.

3. Accounting policies (Continued)

m) Intangible assets (Continued)

(2) Computer software development costs

Generally, costs associated with developing or maintaining computer software programs are recognised as expenses as incurred. However, 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 5 years.

(3) Trademarks and licences

Expenditure on trademarks and licences acquired by a subsidiary is capitalised and amortised using the straight-line method over their estimated useful lives of 5 years. Trademarks and licences are not revalued. The carrying amounts of such trademarks and licences are reviewed annually and adjusted for impairment where they are considered necessary.

(4) Customer list

Customer list represents the fair value of mobile phone subscriber list arising from the acquisition in BITCO (Note 4). 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 5 years.

(5) 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.

(6) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of intangible assets is assessed annually and written down immediately to its recoverable amount.

3. Accounting policies (Continued)

n) 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 are amortised over the contract period. Subscriber acquisition cost are reviewed annually for impairment. Subscriber acquisition cost are included in other current assets.

o) 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.

p) Troubled debt restructuring - where the group company 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. Such gains are recognised as extraordinary 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.

q) Provisions

Provisions 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, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3. Accounting policies (Continued)

r) 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 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 do not recognise a provision for post employee benefits, payable to employees under the Thai Labour Law.

s) Deferred income taxes

The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

t) 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.

3. Accounting policies (Continued)

u) Construction contracts

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised when incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to proportion of work completed to total contract works for each contract and the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as a expense immediately.

In determining costs incurred up to the year end, any costs relating to future activity on a contract are excluded and shown as contract work in progress. The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end.

Where costs incurred and recognised profits less recognised losses exceed progress billings, the balance is shown as due from customers on construction contracts under receivables and prepayments. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on construction contracts under trade and other payables.

v) Revenue recognition

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 ratably over the service period. Annual revenues from DDN service billed but unearned 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

3. Accounting policies (Continued)

v) Revenue recognition (Continued)

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

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 the customers made calls.

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

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

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

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.

4. Acquisition

On 29 September 2004, the Group acquired an additional 39.00% of equity interest in BITCO resulting in the Group's equity interest in BITCO becoming 82.86%.

Details of net liabilities acquired and goodwill are as follows:

	29 September 2004 Baht
Purchase consideration:	
- Cash paid	10,035,719
Fair value of net liabilities acquired	844,711,174
Goodwill	854,746,893

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

4. Acquisition (Continued)

The proportional assets and liabilities arising from the additional acquisition are as follows:

	29 September 2004 Baht
Cash and cash equivalents	623,724,660
Restricted cash	164,118
Trade accounts receivable	465,801,935
Inventories	157,603,052
Other current assets	1,688,389,531
Property and equipment, net	
- Network equipment	15,991,494,708
- Non-network equipment	2,594,691,322
Intangible assets, net	
- Trademarks, net	70,864,202
- Customer list	400,140,000
Other assets	138,320,533
Borrowings	(18,284,174,312)
Trade accounts payable	(2,538,383,272)
Accrued expenses	(1,295,338,247)
Other current liabilities	(902,501,005)
Minority interest	44,491,601
Fair value of net liabilities acquired	<u>(844,711,174)</u>

Cash inflow from this acquisition is shown below:

Cash and cash equivalents acquired	623,724,660
Less: Cash paid for directly attributable acquisition costs	<u>(10,035,719)</u>
Net cash inflow from the acquisition	<u>613,688,941</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

5. Cash and cash equivalents

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash on hand	162,290,560	87,862,628	14,285,928	16,139,725
Deposits held at call with banks	8,166,039,296	4,381,283,674	275,786,126	1,183,610,100
	<u>8,328,329,856</u>	<u>4,469,146,302</u>	<u>290,072,054</u>	<u>1,199,749,825</u>

The average effective interest rate on cash at banks were 0.31% and 0.45% in 2005 and 2004, respectively. These deposits have an average maturity of 27 days.

6. Restricted cash

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Saving deposits	9,077,408,670	1,663,568,353	1,795,104,375	1,317,065,047
Time deposits	63,871,924	75,679,643	321,401	319,831
	<u>9,141,280,594</u>	<u>1,739,247,996</u>	<u>1,795,425,776</u>	<u>1,317,384,878</u>

The average effective interest rates for time deposit accounts were 0.21% and 0.34% in 2005 and 2004, respectively. These deposits have an average maturity of 48 days.

The consolidated restricted cash included a subsidiary's cash advanced from customers amounting to Baht 19.96 million represents cash receipts from selling of cash cards, being deposited at bank. In order to comply with the Notification of the Bank of Thailand applicable to the electronic card business, the balance of the deposit has to be maintained at the outstanding value of the cash cards on hands of the customers as the minimum.

Under the terms of loan, financing and supplier agreements the Company and certain subsidiaries have pledged these deposits as collateral with the contracted parties.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

7. Investments

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Investments				
Current	159,367,118	1,357,652,504	-	789,217,747
Non-current	94,682,395	97,071,404	42,500,000	42,500,000
Total	<u>254,049,513</u>	<u>1,454,723,908</u>	<u>42,500,000</u>	<u>831,717,747</u>
Current:				
Trading securities	157,523,483	505,037,996	-	-
Available-for-sale securities	794,610	35,212,412	-	-
General investments - Fixed deposits	1,049,025	28,184,349	-	-
Held to maturity	-	789,217,747	-	789,217,747
Total	<u>159,367,118</u>	<u>1,357,652,504</u>	<u>-</u>	<u>789,217,747</u>
Non-current:				
General investments - Non-marketable equity securities	94,682,395	97,071,404	42,500,000	42,500,000
Total	<u>94,682,395</u>	<u>97,071,404</u>	<u>42,500,000</u>	<u>42,500,000</u>

Available-for-sale securities

Movement of available-for-sale securities:

For the years ended 31 December	Consolidated	
	2005 Baht	2004 Baht
Current:		
Opening net book value	35,212,412	15,178,937
Disposals	(9,420,200)	-
Realised gain on available-for-sale securities	(25,037,900)	-
Unrealised gain on changes of fair value	-	20,073,624
Currency translation	40,298	(40,149)
Closing net book value	<u>794,610</u>	<u>35,212,412</u>

Available-for-sale investments, comprising marketable securities, are fair valued annually at the close of business on 31 December. Fair value is determined by reference to Stock Exchange quoted bid prices.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

8. Trade accounts receivable, net

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Receivable from TOT	1,116,382,998	1,318,314,525	1,116,382,998	1,318,314,525
Billed customers	6,204,198,102	6,114,650,422	3,856,430,521	4,279,009,579
Receivable from related parties (Note 9)	1,236,740,454	909,952,463	676,935,336	854,514,252
	8,557,321,554	8,342,917,410	5,649,748,855	6,451,838,356
Less: Allowance for doubtful accounts	(1,921,614,098)	(2,078,658,176)	(1,442,575,423)	(1,796,331,771)
Trade accounts receivable, net	6,635,707,456	6,264,259,234	4,207,173,432	4,655,506,585

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

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Current	5,310,946,724	4,588,478,295	2,957,268,394	3,027,891,960
Less than 3 months	938,910,080	972,857,435	564,816,480	482,398,583
3 - 6 months	535,262,959	477,506,005	321,646,146	492,200,505
6 - 12 months	552,490,939	626,879,172	116,776,746	784,857,335
More than 12 months	1,219,710,852	1,677,196,503	1,689,241,089	1,664,489,973
	8,557,321,554	8,342,917,410	5,649,748,855	6,451,838,356
Less: Allowance for doubtful accounts	(1,921,614,098)	(2,078,658,176)	(1,442,575,423)	(1,796,331,771)
Trade accounts receivable, net	6,635,707,456	6,264,259,234	4,207,173,432	4,655,506,585

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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. 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

For the years ended 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Sales of goods:				
Subsidiaries:				
True Internet Co., Ltd.	-	-	198,355.32	83,596.65
BITCO Group of companies	-	-	114,109.55	-
True Lifestyle Retail Co., Ltd.	-	-	4,753.68	-
True Digital Entertainment Co., Ltd.	-	-	100.52	-
True Multimedia Co., Ltd.	-	-	41.51	214.00
Asia Wireless Communication Co., Ltd.	-	-	1.24	3,135.48
Joint ventures:				
BITCO Group of companies	-	3,639.01	-	8,766.87
Asia Infonet Co., Ltd.	268.10	858.21	143.10	75.00
True Internet Data Center Co., Ltd.	9.09	1.18	30.30	-
Associate:				
UBC Cable Network Public Co., Ltd.	19.38	93.15	-	81.00
Related companies:				
CP Group of companies	66,338.61	13,721.43	-	1,437.21
	<u>66,635.18</u>	<u>18,312.98</u>	<u>317,535.22</u>	<u>97,306.21</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

i) Sales of goods and services (Continued)

For the years ended 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Sales of services:				
Subsidiaries:				
True Multimedia Co., Ltd.	-	-	1,408,408.37	692,269.70
True Internet Co., Ltd.	-	-	78,742.18	117,763.00
True Fleet Management Co., Ltd.	-	-	60,022.75	1,242.00
True Money Co., Ltd.	-	-	23,547.73	-
BITCO Group of companies	-	-	17,466.08	-
Asia Wireless Communication Co., Ltd.	-	-	5,033.99	2,607.00
True Properties Co., Ltd.	-	-	3,792.00	1,896.00
True Digital Entertainment Co., Ltd.	-	-	603.13	288.00
True Touch Co., Ltd.	-	-	24.00	24.00
Wire & Wireless Co., Ltd.	-	-	-	904.35
Joint ventures:				
BITCO Group of companies	-	186,295.95	-	17,466.43
Asia Infonet Co., Ltd.	55,012.51	132,996.48	12,989.16	28,474.49
True Internet Data Center Co., Ltd.	2,635.60	6,334.87	739.27	354.00
Associates:				
UBC Cable Network Public Co., Ltd.	859,211.64	854,193.45	55.86	826.24
NC True Co., Ltd.	7,397.24	677.70	-	-
Related companies:				
CP Group of companies	3,528,456.05	1,881,094.69	9,334.44	3,386.82
NEC Communication System (Thailand) Co., Ltd	241.58	-	241.58	-
	<u>4,452,954.62</u>	<u>3,061,593.14</u>	<u>1,621,000.54</u>	<u>867,502.03</u>

Sales to related companies were carried out on commercial terms and conditions and at market prices.

Sales to a joint venture were carried out at market price, net of the agreed discounted rate.

CP Group of companies are the major shareholders of the Company.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

ii) Purchased of goods and services

For the years ended 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Purchases of goods:				
Subsidiaries:				
Asia Wireless Communication Co., Ltd.	-	-	162,302.20	127,345.49
BITCO Group of companies	-	-	138,716.43	-
Wire & Wireless Co., Ltd.	-	-	35,248.26	179,385.00
True Internet Co., Ltd.	-	-	-	779,802.16
True Properties Co., Ltd.	-	-	-	39.16
Telecom Holding Co., Ltd.	-	-	-	18.20
Joint ventures:				
Asia Infonet Co., Ltd.	479.04	221.30	663.50	585.67
True Internet Data Center Co., Ltd.	4.50	-	15.00	-
BITCO Group of companies	-	40,149.92	-	217,553.08
Associate:				
NC True Co., Ltd.	819.88	-	-	-
Related companies:				
NEC Corporation (Thailand) Co., Ltd.	7,950.20	14,455.46	7,950.20	14,455.46
CP Group of companies	6,987.20	-	5,588.00	-
	<u>16,240.82</u>	<u>54,826.68</u>	<u>350,483.59</u>	<u>1,319,184.22</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

ii) Purchased of goods and services (Continued)

For the years ended 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Purchases of services:				
Subsidiaries:				
Asia Wireless Communication Co., Ltd.	-	-	1,024,217.74	929,185.70
True Properties Co., Ltd.	-	-	305,392.25	311,728.09
True Fleet Management Co., Ltd.	-	-	160,047.93	160,817.61
True Internet Co., Ltd.	-	-	25,725.95	30,009.79
Wire & Wireless Co., Ltd.	-	-	24,818.13	37,982.20
BITCO Group of companies	-	-	13,692.49	-
Telecom Training and Development Co., Ltd.	-	-	6,000.00	9,000.00
True Digital Entertainment Co., Ltd.	-	-	2,540.06	-
True Multimedia Co., Ltd.	-	-	712.46	263.09
True Touch Co., Ltd.	-	-	279.76	533.41
True Money Co., Ltd.	-	-	35.45	4.17
Telecom Holding Co., Ltd.	-	-	-	5.70
Joint ventures:				
Asia Infonet Co., Ltd.	221,092.14	47,524.06	130.24	61.94
True Internet Data Center Co., Ltd.	9,365.54	1,951.82	18,088.58	1,664.78
BITCO Group of companies	-	3,728.09	-	4,986.54
Associates:				
UBC Cable Network Public Co., Ltd.	62,092.88	36,330.10	25,054.62	17,022.17
NC True Co., Ltd.	1,230.92	-	744.14	-
Related companies:				
CP Group of companies	255,968.70	102,882.58	54,416.65	58,994.20
NEC Corporation (Thailand) Co., Ltd.	2,798.83	5,547.41	2,798.83	5,172.91
	<u>552,549.01</u>	<u>197,964.06</u>	<u>1,664,695.28</u>	<u>1,567,432.30</u>

Purchases from related companies were carried out on commercial terms and conditions and at the actual costs plus margin.

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

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

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

As at 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Receivables from related parties: (included in "Trade accounts receivable")				
Subsidiaries:				
True Multimedia Co., Ltd.	-	-	334,016.23	568,786.77
True Internet Co., Ltd.	-	-	95,546.90	109,184.07
True Fleet Management Co., Ltd.	-	-	64,872.59	1,287.05
Asia Wireless Communication Co., Ltd.	-	-	51,411.63	48,530.56
True Properties Co., Ltd.	-	-	32,606.09	31,537.65
BITCO Group of companies	-	-	27,701.30	38,969.68
True Money Co., Ltd.	-	-	22,239.53	40.66
K.I.N. (Thailand) Co., Ltd. (foreign company)	-	-	10,035.72	10,035.72
Wire & Wireless Co., Ltd.	-	-	9,805.57	6,889.25
True Lifestyle Retail Co., Ltd.	-	-	5,170.30	-
K.I.N. (Thailand) Co., Ltd.	-	-	2,140.00	-
True Digital Entertainment Co., Ltd.	-	-	1,001.43	289.93
Telecom Holding Co., Ltd.	-	-	696.96	760.29
True Touch Co., Ltd.	-	-	252.49	2.14
Joint ventures:				
Asia Infonet Co., Ltd.	92,311.34	105,337.14	15,167.88	32,103.06
True Internet Data Center Co., Ltd.	846.58	5,934.58	1,110.28	369.79
Associates:				
UBC Cable Network Public Co., Ltd.	85,055.57	80,990.66	2.85	31.31
NC True Co., Ltd.	4,973.82	4,945.72	199.63	1,986.84
Related companies:				
CP Group of companies	1,053,545.36	712,744.36	2,950.17	3,709.49
NEC Corporation (Thailand) Co., Ltd.	7.79	-	7.79	-
Total (Note 8)	1,236,740.46	909,952.46	676,935.34	854,514.26
Less: Allowance for doubtful accounts	(391.41)	(391.41)	-	-
Receivables, net	1,236,349.05	909,561.05	676,935.34	854,514.26

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

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

As at 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Receivables from related parties: (included in "Other current assets")				
Subsidiaries:				
True Internet Co., Ltd.	-	-	-	281,546.98
True Touch Co., Ltd.	-	-	1,000.00	-
Related companies:				
CP Group of companies	63.52	75.55	-	-
NEC Corporation (Thailand) Co., Ltd.	562.86	-	562.86	-
	<u>626.38</u>	<u>75.55</u>	<u>1,562.86</u>	<u>281,546.98</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

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

As at 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Payables to related parties:				
(included in "Trade accounts payable")				
Subsidiaries:				
Asia Wireless Communication Co., Ltd.	-	-	346,620.16	526,597.46
True Properties Co., Ltd.	-	-	38,147.20	35,663.45
True Fleet Management Co., Ltd.	-	-	26,773.74	15,527.75
True Internet Co., Ltd.	-	-	20,194.86	580,112.85
BITCO Group of companies	-	-	16,147.53	61,262.23
Telecom Holding Co., Ltd.	-	-	14,369.17	14,379.34
Wire & Wireless Co., Ltd.	-	-	6,926.86	63,194.91
True Digital Entertainment Co., Ltd.	-	-	2,090.06	412.15
True Multimedia Co., Ltd.	-	-	1,545.76	67.02
Telecom Training and Development Co., Ltd.	-	-	1,070.00	535.00
True Touch Co., Ltd.	-	-	180.40	110.69
Tele Engineering and Services Co., Ltd.	-	-	170.13	170.13
True Money Co., Ltd.	-	-	12.71	14.27
Joint ventures:				
Asia Infonet Co., Ltd.	44,623.82	4,628.03	416.22	3,281.64
True Internet Data Center Co., Ltd.	1,723.06	390.37	6,206.00	1,060.06
Associates:				
UBC Cable Network Public Co., Ltd.	25,826.68	7,378.06	20,873.00	6,168.33
NC True Co., Ltd.	1,207.01	-	744.14	-
Related companies:				
CP Group of companies	19,554.37	11,360.83	5,967.21	4,028.22
NEC Corporation (Thailand) Co., Ltd.	3,651.22	3,487.21	3,651.22	3,092.81
	<u>96,586.16</u>	<u>27,244.50</u>	<u>512,106.37</u>	<u>1,315,678.31</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

iv) Loans from a related party

As at 31 December

Loans from Kreditanstalt fuer Wiederaufbau

Current

Non-current

Total (Note 18)

Consolidated	
2005	2004
Baht'000	Baht'000
366,480.28	-
6,296,797.55	6,232,475.65
<u>6,663,277.83</u>	<u>6,232,475.65</u>

Movement of loans can be analysed as follows:

For the year ended 31 December 2005

Opening net book value

Addition during the year (net of debt issuance cost)

Currency translation

Amortisation of debt issuance cost

Closing net book value

Consolidated
Baht'000
6,232,475.65
(582.95)
335,257.00
96,128.13
<u>6,663,277.83</u>

The loans are presented net of unamortised debt issuance cost of Baht 336.40 million.

On 29 September 2004, a subsidiary of BITCO has entered into the Commercial Facility Agreement and French Export Credit Agreement with KfW to loan USD 170.00 million. 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 18. The first repayment will be due in September 2006 and the final maturity date will be on 31 December 2011 or if Concession Conversion does not occur on or prior to 31 December 2007, the final maturity date will be on 30 June 2011. Under the terms and conditions of the agreements the BITCO Group must comply with certain significant conditions at the specific period as stipulated in the agreements.

The related interest expenses were Baht 332.72 million and Baht 90.57 million for the years ended 31 December 2005 and 2004, respectively. These loans are presented in the balance sheet as part of borrowings (Note 18).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

iv) Loans from a related party (Continued)

Maturity of loans from related party:

As at 31 December 2005

Between 1 and 2 years

Between 2 and 5 years

Over 5 years

Consolidated
Baht'000
839,961.84
4,689,786.94
1,084,950.71
<u>6,614,699.49</u>

v) Loans to a subsidiary

As at 31 December

Loans to a subsidiary

Current

Total

Company	
2005	2004
Baht'000	Baht'000
150,000.00	-
<u>150,000.00</u>	<u>-</u>

Movement of loan can be analysed as follows:

For the year ended 31 December 2005

Opening net book value

Loan advanced during the year

Loan repayment during the year

Closing net book value

Company
Baht'000
-
250,000.00
(100,000.00)
<u>150,000.00</u>

On 1 May 2005, the Company entered into the Shareholder Loan Agreement with a subsidiary, True Fleet Management Company Limited ("TFM"). According to the agreement, the Company will provide loan facility of Baht 1,192.00 million to TFM. The loan is unsecured and carries interest at the fixed rate of 6.0% per annum. The related interest income for the year ended 31 December 2005 was Baht 6.84 million.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

vi) Loans to a subsidiary (included in "Investments in subsidiaries, joint ventures and associates")

As at 31 December	Company	
	2005 Baht'000	2004 Baht'000
Loans to a subsidiary		
Non-current	6,000,000.00	5,000,000.00
Total	<u>6,000,000.00</u>	<u>5,000,000.00</u>

Movement of loans can be analysed as follows:

For the year ended 31 December 2005

Opening net book value	5,000,000.00
Loan advanced during the year	1,000,000.00
Closing net book value	<u>6,000,000.00</u>

On 27 August 2004 and 27 September 2004 the Company entered into the Shareholder Loan Facility Agreement with BITCO in accordance with Sponsor Support Agreement (Note 32). The Company has to provide cash loan to BITCO amounting to Baht 6,000.00 million. The loans carry interest at Minimum Lending Rate quoted by Bangkok Bank Public Company Limited. The maturity date will be on 31 December 2011. The related interest income were Baht 332.33 million and Baht 60.65 million for the years ended 31 December 2005 and 2004, respectively.

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

As at 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Interest receivable: (included in "Other current assets")				
Subsidiaries	-	-	396,036.99	60,650.68
	<u>-</u>	<u>-</u>	<u>396,036.99</u>	<u>60,650.68</u>
Interest payable: (included in "Accrued expenses")				
Related company:				
Kreditanstalt fuer Wiederaufbau	2,332.24	1,910.80	-	-
	<u>2,332.24</u>	<u>1,910.80</u>	<u>-</u>	<u>-</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

9. Related party transactions (Continued)

viii) Directors and key management's remuneration

Directors and key management of the Company are listed in the Annual Report.

In 2005 the total remuneration of the directors of the Company and the Group was Baht 34.00 million and Baht 46.98 million (2004: Baht 37.20 million and Baht 45.56 million), respectively. Besides the aforementioned remuneration the key management of the Company received compensation in the form of salaries and other benefits in 2005 and 2004 of Baht 103.43 million and Baht 96.05 million, respectively.

ix) Equity warrants granted to directors and senior executives

During 2005, the Company granted 18.27 million units of warrants to directors and senior executives. The outstanding number of stock options granted to directors and senior executives of the Company at 31 December 2005 was 101.93 million units (2004: 85.87 million units).

10. Inventories, net

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Spareparts for networks (at cost)	684,750,998	703,858,479	428,069,809	505,860,414
Allowance for decline in value	(319,695,509)	(378,895,882)	(232,793,868)	(228,748,845)
Spareparts for networks - net	365,055,489	324,962,597	195,275,941	277,111,569
Merchandise (at cost)	994,253,877	804,807,505	291,140,126	201,351,024
Allowance for decline in value	(258,442,355)	(147,485,561)	(173,969,666)	(78,136,317)
Merchandise - net	735,811,522	657,321,944	117,170,460	123,214,707
Work in process (at cost)	10,345,625	864,525	-	-
Goods in transit (at cost)	-	1,076,197	-	112,802
Inventories, net	1,111,212,636	984,225,263	312,446,401	400,439,078

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

11. Other current assets

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Advances to contractors	630,215,331	887,914,157	62,700,739	104,928,433
Value added tax pending receipt of tax invoices	260,914,165	247,169,591	51,032,248	90,840,143
Subscriber acquisition cost, net	66,643,542	38,164,364	1,172,503	19,592,268
Interest receivable	64,901,194	42,465,491	434,560,095	98,791,597
Regulatory cost	442,488,969	-	-	-
Others	416,493,809	342,036,916	94,312,455	358,241,018
	<u>1,881,657,010</u>	<u>1,557,750,519</u>	<u>643,778,040</u>	<u>672,393,459</u>

Subscriber acquisition cost is the cost of PCT handsets and modems distributed to subscribers free of charge under a 3-year and a 1-year usage contract campaign, respectively. Subscriber acquisition cost is amortised over the contract period. The amortisations for the year recorded under "Cost of services" in the consolidated and Company financial statements are Baht 88.71 million and Baht 16.31 million, respectively (2004: Baht 110.35 million and Baht 87.08 million, respectively).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

12. 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 Co., Ltd. (82.86%) (formerly "Bangkok Inter Teletech Co., Ltd.")	Invested in cellular operator	Thailand
K.I.N. (Thailand) Co., Ltd. (99.99%)	Holding company	Thailand
Song Dao Co., Ltd. (82.80%)	Inactive	Thailand
Tele Engineering and Services Co., Ltd. (99.99%)	Construction and distributor	Thailand
Telecom Equipment Manufacturing Co., Ltd. (59.99%)	Telecom equipment manufacturer	Thailand
Telecom Holding Co., Ltd. (99.99%)	Holding company	Thailand
Telecom International Co., Ltd. (99.99%)	Holding company	Thailand
Telecom Training and Development Co., Ltd. (99.99%)	Training service	Thailand
True Digital Entertainment Co., Ltd. (99.99%)	Online game	Thailand
True Distribution and Sales Co., Ltd. (82.70%) (formerly "TA Orange Retail Co., Ltd.")	Retail services	Thailand
True Fleet Management Co., Ltd. (99.99%)	Rental services	Thailand
True Internet Co., Ltd. (99.99%)	Internet solution provider	Thailand
True Lifestyle Retail Co., Ltd. (99.99%) (formerly "Yai Kaew Co., Ltd.")	Internet café and related services	Thailand
True Money Co., Ltd. (99.99%) (formerly "T Pay Co., Ltd.")	Payment service center	Thailand
True Move Co., Ltd. (82.76%) (formerly "TA Orange Co., Ltd.")	Cellular operator	Thailand
True Multimedia Co., Ltd. (90.45%)	NON-POTS and multimedia services	Thailand
True Properties Co., Ltd. (99.99%)	Rental services	Thailand
True Touch Co., Ltd. (99.99%) (formerly "U-Net Co., Ltd.")	Call center services	Thailand
Wire & Wireless Co., Ltd. (87.50%)	Construction	Thailand
K.I.N. (Thailand) Co., Ltd. (99.99%) (a foreign company)	Holding company	British Virgin Islands
Nilubon Co., Ltd. (99.99%) (a foreign company)	Holding company	British Virgin Islands
TA Orient Telecom Investment Co., Ltd. (99.99%)	Holding company	British Virgin Islands
Telecom Asia (China) Co., Ltd. (99.99%)	Communication	British Virgin Islands
Telecom International China Co., Ltd. (99.99%)	Communication	British Virgin Islands

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

12. Investments in subsidiaries, joint ventures and associates (Continued)

Subsidiary undertakings (Continued)

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 Holding Co., Ltd., the subsidiary of the Company, is 97.21% and 2.79% directly and indirectly owned by the Company, respectively.

On 28 February 2005, the Company has made an additional investment in True Fleet Management Co., Ltd. amounting to Baht 500.00 million.

On 21 April 2005, the Group acquired additional 51% interest in True Money Co., Ltd. (being a subsidiary). Apart from this acquisition, the Company and two subsidiaries made additional investments in True Money Co., Ltd., amounting to Baht 83.30 million and Baht 86.70 million, respectively. Consequently True Money Co., Ltd. is a wholly owned subsidiary of the Group. The net cash outflow for the acquisition was Baht 15.35 million.

On 9 September 2005, the Company has made additional investments in True Digital Entertainment Co., Ltd. ("TDE") and True Internet Co., Ltd. amounting to Baht 134.20 million and Baht 274.80 million, respectively, resulting in TDE becoming the Company's directly and indirectly owned subsidiary at 82.03% and 17.97% of equity interest, respectively.

On 26 October 2005 and 6 December 2005, the Company made an additional investment in Telecom Holding Co., Ltd. amounting to Baht 86.00 million and Baht 550.00 million, respectively.

During November 2005 and December 2005, the Company made an additional investment in K.I.N. (Thailand) Co., Ltd. ("K.I.N.") amounting to Baht 1,100.00 million, resulting in K.I.N. becoming the Company's directly and indirectly owned at 93.62% and 6.38% of equity interest, respectively.

Joint ventures

Name of joint ventures	Business	Country of incorporation
Asia Infonet Co., Ltd. (65.00%)	Internet provider	Thailand
True Internet Data Center Co., Ltd. (70.00%)	Internet Data Center	Thailand

Details of the joint ventures are set out in Note 33.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

12. Investments in subsidiaries, joint ventures and associates (Continued)

Associate undertakings

Name of associates (holding interest)	Business	Country of incorporation
United Broadcasting Corporation Public Company Limited ("UBC") (40.59%)	Pay Television	Thailand
NC True Co., Ltd. ("NC True") (40.00%)	Developer and service provider of games online	Thailand

On 16 March 2005, the Company made an additional investment amounting to Baht 25.20 million, representing 40.00% of equity interest in NC True.

On 4 November 2005, K.I.N. (Thailand) Limited ("K.I.N."), a subsidiary of the Company, entered into the Share Purchase Agreement to purchase shares in UBC with MIH (UBC) Holdings B.V. ("MIH"). Pursuant to the said Share Purchase Agreement, K.I.N. would purchase 231,121,441 common shares of UBC from MIH, representing 30.58% of total issued shares of UBC at the price of USD 0.649 per share (par value is Baht 3.00 per share), totaling USD 150.00 million. As a result, the Company would indirectly owns 69.11% equity interest in UBC and UBC would become a subsidiary of the Company.

On 4 November 2005, True Multimedia Co., Ltd. ("TM"), a subsidiary of the Company, entered into the Share Purchase Agreement to purchase shares in MKSC World Dot Com Co., Ltd. ("MKSC") with M-WEB Thailand Holdings B.V. ("M-WEB Holdings") and MWEB Thailand Limited ("MWEB Thailand"). Pursuant to the said Share Purchase Agreement, TM will purchase all 20,000 common shares of MKSC at par value of Baht 10 per share, representing a 100% equity interest in MKSC, from M-WEB Holdings and MWEB Thailand, including the taking of the assignment of the two sellers' rights as the creditors under the loans, in the aggregate amount of USD 10,628,000. As a result, the Company will indirectly own 90.45% equity interest in MKSC and MKSC would become a subsidiary of the Company.

The purchasing of the aforementioned transactions were completed on 6 January 2006.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

12. Investments in subsidiaries, joint ventures and associates (Continued)

Associate undertakings (Continued)

Investments comprise:

At 31 December 2005

At 31 December 2005		Consolidated				
Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Investment -at equity method Baht'000	
Associates						
United Broadcasting Corporation Public Company Limited NC True Co., Ltd.	Pay Television Developer and service provider of games online	Shareholder	7,555,740	40.59	5,093,266	3,994,739
		Shareholder	174,912	40.00	89,205	41,232
Total investments in associates					5,182,471	4,035,971

At 31 December 2004

At 31 December 2004		Consolidated				
Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Investment -at equity method Baht'000	
Associates						
United Broadcasting Corporation Public Company Limited NC True Co., Ltd.	Pay Television Developer and service provider of games online	Shareholder	7,524,749	39.24	4,619,750	3,587,097
		Shareholder	125,500	40.00	64,005	58,320
Total investments in associates					4,683,755	3,645,417

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

12. Investments in subsidiaries, joint ventures and associates (Continued)

At 31 December 2005

		Company						
	Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Investment -at equity method Baht'000	Loan to subsidiary Baht'000	Net investment -at equity method Baht'000
Subsidiaries								
Telecom Holding Co., Ltd.	Investment Holding	Shareholder	17,225,246	97.21	16,745,245	9,202,425	-	9,202,425
True Internet Co., Ltd.	Internet solution provider	Shareholder	511,202	99.99	448,282	393,024	-	393,024
Bangkok Inter Teletech Public Co., Ltd.	Invested in cellular operator	Shareholder	21,000,000	43.86	5,907,623	(2,753,272)	6,000,000	3,246,728
True Money Co., Ltd.	Payment service center	Shareholder	200,000	49.00	98,000	60,327	-	60,327
True Fleet Management Co., Ltd.	Rental services	Shareholder	650,000	99.99	1,024,999	1,189,268	-	1,189,268
Wire & Wireless Co., Ltd.	Construction and distributor	Shareholder	100,000	87.50	292,250	270,057	-	270,057
True Digital Entertainment Co., Ltd.	Online game	Shareholder	207,700	82.03	134,200	89,898	-	89,898
K.I.N. (Thailand) Co., Ltd.	Holding company	Shareholder	1,175,000	93.62	1,100,000	974,614	-	974,614
Total investment in subsidiaries					<u>25,750,599</u>	<u>9,426,341</u>	<u>6,000,000</u>	<u>15,426,341</u>
Associate								
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	174,912	40.00	89,205	41,232	-	41,232
Total investment in associate					<u>89,205</u>	<u>41,232</u>	<u>-</u>	<u>41,232</u>
Total investments in subsidiaries and associate					<u>25,839,804</u>	<u>9,467,573</u>	<u>6,000,000</u>	<u>15,467,573</u>

At 31 December 2004

		Company						
	Business	Relationship	Paid-up capital Baht'000	% Ownership interest	Investment -at cost method Baht'000	Investment -at equity method Baht'000	Loan to subsidiary Baht'000	Net investment -at equity method Baht'000
Subsidiaries								
Telecom Holding Co., Ltd.	Investment Holding	Shareholder	16,589,246	97.11	16,109,245	10,143,407	-	10,143,407
True Internet Co., Ltd.	Internet solution provider	Shareholder	236,402	99.99	173,482	274,640	-	274,640
Bangkok Inter Teletech Public Co., Ltd.	Invested in cellular operator	Shareholder	21,000,000	43.86	5,907,623	(500,163)	5,000,000	4,499,837
True Money Co., Ltd.	Payment service center	Shareholder	30,000	49.00	14,700	16,362	-	16,362
True Fleet Management Co., Ltd.	Rental services	Shareholder	150,000	99.99	524,999	586,933	-	586,933
Wire & Wireless Co., Ltd.	Construction and distributor	Shareholder	100,000	87.50	292,250	304,809	-	304,809
Total investment in subsidiaries					<u>23,022,299</u>	<u>10,825,988</u>	<u>5,000,000</u>	<u>15,825,988</u>
Associate								
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	125,500	40.00	64,005	58,320	-	58,320
Total investment in associate					<u>64,005</u>	<u>58,320</u>	<u>-</u>	<u>58,320</u>
Total investments in subsidiaries and associate					<u>23,086,304</u>	<u>10,884,308</u>	<u>5,000,000</u>	<u>15,884,308</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

12. Investments in subsidiaries, joint ventures and associates (Continued)

Movement of investments is as follows:

For the years ended 31 December	Consolidated		Company	
	2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Opening net book value	3,645,417	3,623,336	15,884,308	6,401,431
Additional investment	498,716	64,005	2,753,500	4,208,056
Loan to a subsidiary	-	-	1,000,000	5,000,000
Share of results	(108,162)	(41,924)	(4,946,198)	(2,471,558)
Fair value gain on available-for-sale securities	-	-	-	20,074
Extraordinary item - gain from debt restructuring	-	-	801,001	2,726,305
Realised gain on available-for sale securities	-	-	(25,038)	-
Closing net book value	<u>4,035,971</u>	<u>3,645,417</u>	<u>15,467,573</u>	<u>15,884,308</u>

The share of results in the consolidated statements of income includes the amortisation charge of goodwill amounting to Baht 380.06 million (2004: Baht 380.06 million) arisen from the acquisition of associate-undertakings. Investments in associates undertaking as at 31 December 2005 included goodwill of Baht 2,883.09 million, net of accumulated amortisation of Baht 4,756.80 million (2004: Baht 3,263.16 million, net of accumulated amortisation of Baht 4,376.74 million).

In addition, the share of results in the consolidated and Company statements of income for the year ended 31 December 2005 included amortisation of goodwill (Note 15) amounting to Baht 153.45 million and Baht 58.48 million, respectively (2004: Baht 82.22 million and Baht 58.48 million, respectively).

Investments in associate and subsidiaries at a carrying value of Baht 4,073.79 million are secured against a subsidiary's borrowings (Note 17, 18 and Note 32).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

13. Investment property

For the years ended 31 December

Opening net book value

Closing net book value

As at 31 December

Cost

Less: Allowance for decline in value

Net book value

Consolidated	
2005 Baht	2004 Baht
53,873,898	53,873,898
53,873,898	53,873,898
2005 Baht	2004 Baht
121,867,845	121,867,845
(67,993,947)	(67,993,947)
53,873,898	53,873,898

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

14. Property, plant and equipment, net

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Network equipment				
Opening net book value	67,627,519,656	57,331,847,501	30,656,812,105	35,349,232,386
Additions	9,009,226,101	3,041,365,043	677,621,329	1,145,126,621
Acquisition of subsidiary (Note 4)	-	15,991,494,708	-	-
Disposals	(52,098,056)	(20,112,913)	(708,774,610)	(11,672,233)
Adjustments/Reclassifications	296,243,170	728,771,651	223,805,656	418,586,645
Depreciation charge	(11,091,207,793)	(9,406,816,525)	(6,001,485,487)	(6,205,431,505)
Impairment charge	(2,047,972,326)	(39,029,809)	(77,008,947)	(39,029,809)
Closing net book value	63,741,710,752	67,627,519,656	24,770,970,046	30,656,812,105
Non-network equipment				
Opening net book value	8,046,953,049	5,687,112,184	698,466,713	589,830,700
Additions	3,082,844,866	1,716,036,766	216,194,566	352,814,773
Acquisition of subsidiary (Note 4)	-	2,594,691,322	-	-
Disposals	(298,797,431)	(115,521,780)	(9,063,991)	(7,266,588)
Adjustments/Reclassifications	(69,361,594)	(246,890,733)	(10,127,631)	3,565,009
Depreciation charge	(2,528,187,667)	(1,619,174,709)	(279,606,811)	(240,477,181)
Reverse of impairment charge	-	30,699,999	-	-
Closing net book value	8,233,451,223	8,046,953,049	615,862,846	698,466,713
Total	71,975,161,975	75,674,472,705	25,386,832,892	31,355,278,818

14. Property, plant and equipment (Continued)

Network equipment

Borrowing costs of Baht 228.51 million (2004: Baht 353.81 million) were capitalised as cost of assets during the year included in "Additions".

As at 31 December 2005, the Company and a certain subsidiary recognised impairment losses for certain network assets in accordance with the Thai Accounting Standard No. 36 "Impairment of Assets". The impairment losses amounting to Baht 2,039.74 million and Baht 72.16 million were recognised under "Other expenses" in the consolidated and Company statements of income, respectively.

Network equipment in the consolidated financial statements at net book value of Baht 23,912.50 million (2004: Baht 30,951.58 million) were transferred to the parties under the concession agreements (Note 2). According to the agreement, the Company has the right to operate and maintain these assets over the concession periods.

Borrowings in Thai Baht are secured by the right to operate network equipment of the Group.

Non-network equipment

Additions include Baht 894.85 million (2004: Baht 441.02 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	
	2005 Baht	2004 Baht
Cost - capitalised finance leases	1,993,742,139	1,785,371,206
Less: Accumulated depreciation	(730,451,132)	(755,337,347)
Net book value	<u>1,263,291,007</u>	<u>1,030,033,859</u>

Borrowings are secured by buildings included in non-network equipment at a net book value of Baht 1,073.86 million (2004: Baht 754.01 million) (Note 18 and Note 32).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

14. Property, plant and equipment (Continued)

	Consolidated								
Network equipment	Land & Land Improvement Baht	Building & Improvement Baht	Telephone Network Equipment Baht	Wireless Network Equipment Baht	Public Phones Baht	Multimedia Network Equipment Baht	Power Supply and Computers Baht	Work in Progress Baht	Total Baht
Year ended 31 December 2004									
Opening net book value	1,863,466,070	1,340,598,964	28,132,745,729	22,016,963,838	1,160,915,512	2,007,059,489	459,436,982	350,660,917	57,331,847,501
Additions	-	1,712,986	766,011,915	2,048,504,285	4,351,700	114,516,320	1,752,909	104,514,928	3,041,365,043
Acquisition of subsidiary (Note 4)	-	-	-	15,991,494,708	-	-	-	-	15,991,494,708
Disposals	-	-	(9,503,573)	(805,808)	(1,786,257)	(7,634,872)	-	(382,403)	(20,112,913)
Adjustments/Reclassifications	(15,284,997)	(128,831,169)	915,757,914	1,242,149	232,045,592	2,384,397	84,148,582	(362,690,817)	728,771,651
Depreciation charge	-	(95,229,976)	(5,273,437,176)	(3,086,876,103)	(345,947,848)	(399,429,846)	(205,895,576)	-	(9,406,816,525)
Impairment charge	-	-	(8,432,353)	(30,597,456)	-	-	-	-	(39,029,809)
Closing net book value	<u>1,848,181,073</u>	<u>1,118,250,805</u>	<u>24,523,142,456</u>	<u>36,939,925,613</u>	<u>1,049,578,699</u>	<u>1,716,895,488</u>	<u>339,442,897</u>	<u>92,102,625</u>	<u>67,627,519,656</u>
At 31 December 2004									
Cost	1,848,181,073	1,906,703,142	69,390,416,021	52,146,575,917	2,369,995,848	5,535,036,084	3,831,594,392	92,102,625	137,120,605,102
Less: Accumulated depreciation	-	(778,676,842)	(44,779,763,738)	(13,312,304,944)	(1,320,417,149)	(3,663,440,596)	(3,175,113,428)	-	(67,029,716,697)
Allowance for impairment	-	(9,775,495)	(87,509,827)	(1,894,345,360)	-	(154,700,000)	(317,038,067)	-	(2,463,368,749)
Net book value	<u>1,848,181,073</u>	<u>1,118,250,805</u>	<u>24,523,142,456</u>	<u>36,939,925,613</u>	<u>1,049,578,699</u>	<u>1,716,895,488</u>	<u>339,442,897</u>	<u>92,102,625</u>	<u>67,627,519,656</u>
Year ended 31 December 2005									
Opening net book value	1,848,181,073	1,118,250,805	24,523,142,456	36,939,925,613	1,049,578,699	1,716,895,488	339,442,897	92,102,625	67,627,519,656
Additions	-	6,072,132	380,791,652	7,695,920,279	196,553	21,891,575	24,650,107	879,703,803	9,009,226,101
Disposals	-	-	(23,472,583)	-	(95,222)	(904,848)	-	(27,625,403)	(52,098,056)
Adjustments/Reclassifications	-	7,599,377	464,614,246	(48,628,952)	93,231,109	656,214,877	17,974,478	(894,761,965)	296,243,170
Depreciation charge	-	(95,959,351)	(5,116,090,329)	(4,888,880,208)	(354,190,131)	(475,568,493)	(160,519,281)	-	(11,091,207,793)
Impairment charge	-	-	(4,845,170)	(2,039,736,728)	(3,390,428)	-	-	-	(2,047,972,326)
Closing net book value	<u>1,848,181,073</u>	<u>1,035,962,963</u>	<u>20,224,140,272</u>	<u>37,658,600,004</u>	<u>785,330,580</u>	<u>1,918,528,599</u>	<u>221,548,201</u>	<u>49,419,060</u>	<u>63,741,710,752</u>
At 31 December 2005									
Cost	1,848,181,073	1,920,374,652	70,080,084,712	59,797,101,536	2,463,279,542	6,121,277,199	3,874,176,315	49,419,060	146,153,894,089
Less: Accumulated depreciation	-	(874,636,194)	(49,763,589,443)	(18,204,419,445)	(1,674,558,534)	(4,048,048,600)	(3,335,590,047)	-	(77,900,842,263)
Allowance for impairment	-	(9,775,495)	(92,354,997)	(3,934,082,087)	(3,390,428)	(154,700,000)	(317,038,067)	-	(4,511,341,074)
Net book value	<u>1,848,181,073</u>	<u>1,035,962,963</u>	<u>20,224,140,272</u>	<u>37,658,600,004</u>	<u>785,330,580</u>	<u>1,918,528,599</u>	<u>221,548,201</u>	<u>49,419,060</u>	<u>63,741,710,752</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

14. Property, plant and equipment (Continued)

Non - network equipment	Consolidated						Total Baht
	Land & Land Improvement Baht	Building & Improvement Baht	Furniture, Fixtures and Equipment Baht	Power Supply & Computers Baht	Vehicles Baht	Work in Progress Baht	
Year ended 31 December 2004							
Opening net book value	230,328,538	1,126,139,212	617,608,970	1,980,268,969	1,337,415,045	395,351,450	5,687,112,184
Additions	-	34,923,728	146,895,172	298,241,385	747,591,353	488,385,128	1,716,036,766
Acquisition of subsidiary (Note 4)	63,473,545	306,594,272	139,675,139	1,999,864,681	4,228,072	80,855,613	2,594,691,322
Disposals	-	(4,500,399)	(11,531,339)	(596,306)	(98,893,736)	-	(115,521,780)
Adjustments/Reclassifications	-	66,130,437	(5,475,127)	585,314,632	-	(892,860,675)	(246,890,733)
Depreciation charge	(704,966)	(152,975,773)	(199,382,387)	(827,287,358)	(438,824,225)	-	(1,619,174,709)
Impairment charge	-	-	-	-	-	30,699,999	30,699,999
Closing net book value	<u>293,097,117</u>	<u>1,376,311,477</u>	<u>687,790,428</u>	<u>4,035,806,003</u>	<u>1,551,516,509</u>	<u>102,431,515</u>	<u>8,046,953,049</u>
At 31 December 2004							
Cost	314,977,773	2,493,122,092	2,137,945,682	7,422,111,632	2,488,422,410	102,431,515	14,959,011,104
Less: Accumulated depreciation	(7,539,667)	(1,109,362,140)	(1,444,208,520)	(3,386,305,629)	(936,905,901)	-	(6,884,321,857)
Allowance for impairment	(14,340,989)	(7,448,475)	(5,946,734)	-	-	-	(27,736,198)
Net book value	<u>293,097,117</u>	<u>1,376,311,477</u>	<u>687,790,428</u>	<u>4,035,806,003</u>	<u>1,551,516,509</u>	<u>102,431,515</u>	<u>8,046,953,049</u>
Year ended 31 December 2005							
Opening net book value	293,097,117	1,376,311,477	687,790,428	4,035,806,003	1,551,516,509	102,431,515	8,046,953,049
Additions	248,340,000	98,876,069	413,229,227	246,212,573	852,777,975	1,223,409,022	3,082,844,866
Disposals	-	(2,910,395)	(25,323,313)	(6,210,892)	(143,367,603)	(120,985,228)	(298,797,431)
Adjustments/Reclassifications	-	11,279,128	41,461,801	827,554,798	-	(949,657,321)	(69,361,594)
Depreciation charge	(222,950)	(200,323,432)	(276,552,295)	(1,546,128,925)	(504,960,065)	-	(2,528,187,667)
Closing net book value	<u>541,214,167</u>	<u>1,283,232,847</u>	<u>840,605,848</u>	<u>3,557,233,557</u>	<u>1,755,966,816</u>	<u>255,197,988</u>	<u>8,233,451,223</u>
At 31 December 2005							
Cost	563,317,773	2,538,434,564	2,509,922,662	8,424,417,229	2,799,646,343	255,197,988	17,090,936,559
Less: Accumulated depreciation	(7,762,617)	(1,247,753,242)	(1,663,370,080)	(4,867,183,672)	(1,043,679,527)	-	(8,829,749,138)
Allowance for impairment	(14,340,989)	(7,448,475)	(5,946,734)	-	-	-	(27,736,198)
Net book value	<u>541,214,167</u>	<u>1,283,232,847</u>	<u>840,605,848</u>	<u>3,557,233,557</u>	<u>1,755,966,816</u>	<u>255,197,988</u>	<u>8,233,451,223</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

14. Property, plant and equipment (Continued)

Network equipment	Company							Total Baht
	Land & Land Improvement Baht	Building & Improvement Baht	Telephone Network Equipment Baht	Wireless Network Equipment Baht	Public Phones Baht	Power Supply and Computers Baht	Work in Progress Baht	
Year ended 31 December 2004								
Opening net book value	1,863,466,070	1,340,598,964	28,212,421,930	1,961,732,010	1,160,915,513	459,436,982	350,660,917	35,349,232,386
Additions	-	1,712,986	792,234,357	226,716	4,351,698	1,752,909	344,847,955	1,145,126,621
Disposals	-	-	(9,503,573)	-	(1,786,257)	-	(382,403)	(11,672,233)
Adjustments/Reclassifications	(15,284,997)	(128,831,169)	915,757,914	1,242,149	167,136,020	84,148,582	(605,581,854)	418,586,645
Depreciation charge	-	(95,229,976)	(5,290,764,011)	(275,054,759)	(338,487,183)	(205,895,576)	-	(6,205,431,505)
Impairment charge	-	-	(8,432,353)	(30,597,456)	-	-	-	(39,029,809)
Closing net book value	<u>1,848,181,073</u>	<u>1,118,250,805</u>	<u>24,611,714,264</u>	<u>1,657,548,660</u>	<u>992,129,791</u>	<u>339,442,897</u>	<u>89,544,615</u>	<u>30,656,812,105</u>
At 31 December 2004								
Cost	1,848,181,073	1,906,703,142	69,616,855,712	5,376,555,524	2,302,120,791	3,831,594,392	89,544,615	84,971,555,249
Less: Accumulated depreciation	-	(778,676,842)	(44,917,631,621)	(1,831,824,324)	(1,309,991,000)	(3,175,113,428)	-	(52,013,237,215)
Allowance for impairment	-	(9,775,495)	(87,509,827)	(1,887,182,540)	-	(317,038,067)	-	(2,301,505,929)
Net book value	<u>1,848,181,073</u>	<u>1,118,250,805</u>	<u>24,611,714,264</u>	<u>1,657,548,660</u>	<u>992,129,791</u>	<u>339,442,897</u>	<u>89,544,615</u>	<u>30,656,812,105</u>
Year ended 31 December 2005								
Opening net book value	1,848,181,073	1,118,250,805	24,611,714,264	1,657,548,660	992,129,791	339,442,897	89,544,615	30,656,812,105
Additions	-	6,072,132	387,691,792	6,597,800	196,554	24,650,107	252,412,944	677,621,329
Disposals	-	-	(681,053,985)	-	(95,222)	-	(27,625,403)	(708,774,610)
Adjustments/Reclassifications	-	7,599,376	408,106,132	-	49,839,391	17,974,478	(259,713,721)	223,805,656
Depreciation charge	-	(95,959,351)	(5,134,594,328)	(271,040,634)	(339,371,893)	(160,519,281)	-	(6,001,485,487)
Impairment charge	-	-	(4,845,170)	(72,163,777)	-	-	-	(77,008,947)
Closing net book value	<u>1,848,181,073</u>	<u>1,035,962,962</u>	<u>19,587,018,705</u>	<u>1,320,942,049</u>	<u>702,698,621</u>	<u>221,548,201</u>	<u>54,618,435</u>	<u>24,770,970,046</u>
At 31 December 2005								
Cost	1,848,181,073	1,920,374,651	69,586,465,419	5,383,153,324	2,352,012,768	3,874,176,315	54,618,435	85,018,981,985
Less: Accumulated depreciation	-	(874,636,194)	(49,907,091,717)	(2,102,864,958)	(1,649,314,147)	(3,335,590,047)	-	(57,869,497,063)
Allowance for impairment	-	(9,775,495)	(92,354,997)	(1,959,346,317)	-	(317,038,067)	-	(2,378,514,876)
Net book value	<u>1,848,181,073</u>	<u>1,035,962,962</u>	<u>19,587,018,705</u>	<u>1,320,942,049</u>	<u>702,698,621</u>	<u>221,548,201</u>	<u>54,618,435</u>	<u>24,770,970,046</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

14. Property, plant and equipment (Continued)

Non - network equipment	Company					Total Baht
	Leasehold and Improvement Baht	Furniture, Fixtures and Equipment Baht	Power Supply & Computers Baht	Vehicles Baht	Work in Progress Baht	
Year ended 31 December 2004						
Opening net book value	51,889,194	217,687,328	317,357,433	718,073	2,178,672	589,830,700
Additions	31,753,222	43,518,306	187,721,153	-	89,822,092	352,814,773
Disposals	(127,236)	(6,554,406)	(584,946)	-	-	(7,266,588)
Adjustments/Reclassifications	24,374,866	7,111,423	12,033,217	-	(39,954,497)	3,565,009
Depreciation charge	(26,353,997)	(48,792,315)	(165,101,605)	(229,264)	-	(240,477,181)
Closing net book value	81,536,049	212,970,336	351,425,252	488,809	52,046,267	698,466,713
At 31 December 2004						
Cost	166,490,463	545,606,846	1,160,982,556	1,148,850	52,046,267	1,926,274,982
Less: Accumulated depreciation	(84,954,414)	(332,636,510)	(809,557,304)	(660,041)	-	(1,227,808,269)
Net book value	81,536,049	212,970,336	351,425,252	488,809	52,046,267	698,466,713
Year ended 31 December 2005						
Opening net book value	81,536,049	212,970,336	351,425,252	488,809	52,046,267	698,466,713
Additions	18,237,930	64,769,676	120,476,326	-	12,710,634	216,194,566
Disposals	(493,881)	(2,392,219)	(6,177,891)	-	-	(9,063,991)
Adjustments/Reclassifications	6,532,037	(7,526,403)	48,138,015	-	(57,271,280)	(10,127,631)
Depreciation charge	(37,852,918)	(53,435,865)	(188,088,763)	(229,265)	-	(279,606,811)
Closing net book value	67,959,217	214,385,525	325,772,939	259,544	7,485,621	615,862,846
At 31 December 2005						
Cost	173,743,909	564,634,886	1,258,828,452	1,148,850	7,485,621	2,005,841,718
Less: Accumulated depreciation	(105,784,692)	(350,249,361)	(933,055,513)	(889,306)	-	(1,389,978,872)
Net book value	67,959,217	214,385,525	325,772,939	259,544	7,485,621	615,862,846

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

15. Intangible assets, net

	Consolidated						
	Goodwill Baht	Trademark Baht	Computer software Baht	Right to operate NON-POTS Baht	Right to hang Dropwire Baht	Customer list Baht	Total Baht
Year ended 31 December 2004							
Opening net book value	224,160,232	107,730,046	1,126,750,152	263,227,410	165,189,500	-	1,887,057,340
Additions	-	-	163,924,061	-	-	-	163,924,061
Acquisition of subsidiary (Note 4)	854,746,893	70,864,202	-	-	-	400,140,000	1,325,751,095
Adjustments/Reclassifications	-	-	48,834,727	-	-	-	48,834,727
Amortisation charge	(82,219,557)	(119,653,527)	(227,797,135)	(19,074,450)	(9,138,673)	(20,007,000)	(477,890,342)
Closing net book value	996,687,568	58,940,721	1,111,711,805	244,152,960	156,050,827	380,133,000	2,947,676,881
At 31 December 2004							
Cost	1,146,686,915	295,229,078	1,936,696,806	381,489,000	227,325,000	400,140,000	4,387,566,799
Less: Accumulated amortisation	(149,999,347)	(236,288,357)	(824,985,001)	(137,336,040)	(71,274,173)	(20,007,000)	(1,439,889,918)
Net book value	996,687,568	58,940,721	1,111,711,805	244,152,960	156,050,827	380,133,000	2,947,676,881
Year ended 31 December 2005							
Opening net book value	996,687,568	58,940,721	1,111,711,805	244,152,960	156,050,827	380,133,000	2,947,676,881
Additions	-	-	101,622,253	-	-	-	101,622,253
Adjustments/Reclassifications	-	-	29,070,082	-	-	-	29,070,082
Amortisation charge	(153,448,466)	(58,940,721)	(228,405,823)	(19,074,450)	(9,093,000)	(80,028,000)	(548,990,460)
Closing net book value	843,239,102	-	1,013,998,317	225,078,510	146,957,827	300,105,000	2,529,378,756
At 31 December 2005							
Cost	1,146,686,914	-	2,062,409,869	381,489,000	227,325,000	400,140,000	4,218,050,783
Less: Accumulated amortisation	(303,447,812)	-	(1,048,411,552)	(156,410,490)	(80,367,173)	(100,035,000)	(1,688,672,027)
Net book value	843,239,102	-	1,013,998,317	225,078,510	146,957,827	300,105,000	2,529,378,756

Trademark represents the consideration paid by a subsidiary to use a shareholder's trademark in Thailand for the period from September 2000 to December 2020 or the expiry of the mobile phone concession period. As a result of acquisition of subsidiary as aforementioned in Note 4, the former shareholder in the subsidiary who owns the trademark has allowed the subsidiary to use its trademark for another 3 years without charge. Therefore, the subsidiary has changed the estimated useful life of trademark in order that the trademark would be fully amortised by September 2005 to be in accordance with the economic substance and benefits expected to derive from the trademark.

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

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

15. Intangible assets, net (Continued)

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.

The customer list was derived from additional acquisition of 39.00% equity interest in BITCO (Note 4).

	Goodwill Baht	Company Computer software Baht	Total Baht
Year ended 31 December 2004			
Opening net book value	224,160,232	1,141,179,801	1,365,340,033
Additions	-	157,911,599	157,911,599
Adjustments/Reclassifications	-	48,834,727	48,834,727
Amortisation charge	(58,476,588)	(229,965,792)	(288,442,380)
Closing net book value	<u>165,683,644</u>	<u>1,117,960,335</u>	<u>1,283,643,979</u>
At 31 December 2004			
Cost	291,940,022	1,948,721,404	2,240,661,426
Less: Accumulated amortisation	(126,256,378)	(830,761,069)	(957,017,447)
Net book value	<u>165,683,644</u>	<u>1,117,960,335</u>	<u>1,283,643,979</u>
Year ended 31 December 2005			
Opening net book value	165,683,644	1,117,960,335	1,283,643,979
Additions	-	101,162,653	101,162,653
Adjustments/Reclassifications	-	35,700,479	35,700,479
Amortisation charge	(58,476,588)	(231,829,852)	(290,306,440)
Closing net book value	<u>107,207,056</u>	<u>1,022,993,615</u>	<u>1,130,200,671</u>
At 31 December 2005			
Cost	291,940,022	2,085,584,536	2,377,524,558
Less: Accumulated amortisation	(184,732,966)	(1,062,590,921)	(1,247,323,887)
Net book value	<u>107,207,056</u>	<u>1,022,993,615</u>	<u>1,130,200,671</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

16. Other non-current assets

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Value added tax pending receipt of tax invoices related to debt restructuring	196,274,438	221,489,351	196,274,438	221,489,351
Deposits	216,100,145	181,722,326	61,529,219	47,573,001
Others	-	99,999	-	-
Total	412,374,583	403,311,676	257,803,657	269,062,352

17. Short-term borrowings

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Trust receipt	116,759,500	147,657,893	-	-
Banks loans	12,458,600,576	70,000,000	-	-
Bill of exchange	598,976,735	-	598,976,735	-
Total	13,174,336,811	217,657,893	598,976,735	-

On 7 December 2005, a subsidiary entered into the Facility Agreement ("FA") with a local bank and foreign banks to provide short-term loans for the acquisition of UBC's shares. The loans are denominated in USD amounting to USD 291.10 million. The loans carry interest at LIBOR plus a fixed percentage per annum. The repayments are within twelve months after the date of utilisation. The loans are secured by pledge of shares in UBC which were purchased and to be purchased and the investment in certain subsidiaries, (Note 32). Under the terms and conditions of the FA, the subsidiary must comply with certain conditions as stipulated in the agreements.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

18. Borrowings

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

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Current				
- Banks and financial institutions	2,368,654,157	1,852,705,233	200,000,000	200,000,000
- Finance leases	429,063,818	367,220,873	-	-
- Debentures	4,355,604,000	2,229,751,200	3,988,952,000	2,229,751,200
Total Current	7,153,321,975	4,449,677,306	4,188,952,000	2,429,751,200
Non-current				
- Banks and financial institutions	53,038,597,216	54,307,536,725	21,751,854,138	21,912,136,477
- Finance leases	639,122,036	306,367,506	-	-
- Debentures	17,375,763,829	20,628,195,953	16,722,643,042	20,628,195,953
- Suppliers Credit	3,930,797,153	4,728,667,502	3,930,797,154	4,728,667,502
Total Non-current	74,984,280,234	79,970,767,686	42,405,294,334	47,268,999,932
Total Borrowings	82,137,602,209	84,420,444,992	46,594,246,334	49,698,751,132

Movement of borrowings can be analysed as follows:

Year ended 31 December 2005	Consolidated Baht	Company Baht
Opening net book value	84,420,444,992	49,698,751,132
Additional borrowings:		
- principal (net of debt issuance cost)	2,029,084,186	-
- non-cash finance leases	894,851,342	-
- interest	8,582,697	8,582,697
Repayment of loans:		
- cash transactions	(5,234,014,068)	(2,550,520,836)
- non-cash transaction: gain from settlement of borrowings	(362,188,279)	(362,188,279)
Amortisation of debt issuance costs	369,079,469	123,116,750
Currencies translations	11,761,870	(323,495,130)
Closing net book value	82,137,602,209	46,594,246,334

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

18. Borrowings (Continued)

Borrowings are net of unamortised debt issuance costs of Baht 1,162.78 million for consolidation (2004: Baht 1,443.58 million) and Baht 320.15 million for the Company (2004: Baht 443.27 million).

Maturity of non-current borrowings (excluding finance lease liabilities):

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Between 1 and 2 years	11,145,724,285	6,463,284,923	6,574,722,000	4,188,952,000
Between 2 and 5 years	48,950,826,876	42,252,355,021	26,507,835,610	23,423,256,450
Over 5 years	15,365,975,572	32,392,345,926	9,642,886,706	20,100,058,214
	<u>75,462,526,733</u>	<u>81,107,985,870</u>	<u>42,725,444,316</u>	<u>47,712,266,664</u>

Finance lease liabilities - minimum lease payments:

As at 31 December	Consolidated	
	2005 Baht	2004 Baht
Not later than 1 year	481,888,926	395,563,988
Later than 1 year and not later than 5 years	672,600,983	320,754,364
	<u>1,154,489,909</u>	<u>716,318,352</u>
Future finance charges on finance leases	(86,304,055)	(42,729,973)
Present value of finance lease liabilities	<u>1,068,185,854</u>	<u>673,588,379</u>
Representing lease liabilities:		
- current	429,063,818	367,220,873
- non-current	639,122,036	306,367,506
	<u>1,068,185,854</u>	<u>673,588,379</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

18. Borrowings (Continued)

The present value of finance lease liabilities is as follows:

As at 31 December	Consolidated	
	2005 Baht	2004 Baht
Not later than 1 year	429,063,818	367,220,873
Later than 1 year and not later than 5 years	639,122,036	306,367,506
	<u>1,068,185,854</u>	<u>673,588,379</u>

The interest rate exposure of the borrowings of the Group is as follows:

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Total borrowings				
- at fixed rates	43,249,302,375	40,522,974,723	40,164,396,316	38,669,611,232
- at floating rates	40,051,084,293	45,341,055,960	6,750,000,000	11,472,406,631
	<u>83,300,386,668</u>	<u>85,864,030,683</u>	<u>46,914,396,316</u>	<u>50,142,017,863</u>

As at 31 December	Consolidated		Company	
	2005	2004	2005	2004
Weighted average effective interest rates:				
- banks and financial institutions	6.29%	5.23%	5.84%	4.41%
- lease liabilities	6.21%	6.52%	-	-
- debentures	6.11%	5.42%	6.15%	5.42%

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

18. Borrowings (Continued)

Secured liabilities

Borrowings include secured liabilities being loans under leases, and loans from banks and financial institutions of Baht 78.05 billion (2004: Baht 79.69 billion) and Baht 42.67 billion (2004: Baht 44.97 billion) in the consolidated and Company financial statements, respectively. The bank borrowings are secured with certain available-for-sale securities, shares of subsidiaries and associates, network equipment, and land and building of the Group, guarantee by a subsidiary of the Group (Note 32). Lease liabilities are effectively secured as the rights to the leased assets 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 6.66 billion (2004: Baht 6.67 billion) from Kreditanstalt fuer Wiederaufbau ("KfW") (Note 9).

Baht debentures

On 25 June 2004, the Company issued secured debentures with periodic payment, True Corporation Public Company Limited No. 1/2547, which are due in 2011. The Company issued 2.413 million units of debentures at par value of Baht 1,000 per unit, totalling Baht 2,413 million. The debentures carry interest at the fixed rate of 6.80% per annum, payable on an quarterly basis commencing from 7 October 2004 through 7 October 2011. The principal of debentures will be redeemed by installment on every interest payment date commencing on 7 October 2008 onwards. The issuance costs of these debentures amounted to Baht 25.02 million.

On 30 March 2005, a subsidiary issued secured debentures with periodic payment, True Multimedia Co., Ltd. No. 1/2548 amounting to Baht 1,100.00 million (Tranch 1) and Baht 200.00 million (Tranch 2) which are due in 2008 and 2009, respectively, totaling of 1.30 million units at par value of Baht 1,000.00 per unit. The debentures carry interest at the fixed rate of 5.00% and 5.95% per annum, respectively, payable on an quarterly basis commencing on 30 June 2005. The principal will be repaid by installment on every interest payment date commencing on 30 June 2005 and on 30 June 2008 for Tranch 1 and for Tranch 2, respectively. The issuance costs of these debentures were Baht 9.14 million.

18. Borrowings (Continued)

Refinancing of subsidiaries

On 29 September 2004, a subsidiary of BITCO Group entered into the Amendment and Restatement Agreement with its onshore financial institutions to amend its existing loans to be long-term borrowings. As a result, loans previously presented as current liabilities are classified as non-current liabilities at 31 December 2004. The long-term borrowings amounting to Baht 31,368.75 million represent long-term loans from local and overseas financial institutions for financing the construction of BITCO Group's mobile phone network equipment and other equipment. The loans are denominated in both Thai Baht and United States Dollars and secured against investments in subsidiaries, mortgage of land and building of a subsidiary of BITCO Group, guarantee by another subsidiary of BITCO Group, pledge of right to deposits of BITCO Group and other assignments and other conditional assignment of specific securities specified in the agreements with the lenders. The loans carry interest at LIBOR plus a fixed percentage per annum, the reference rate (THBFIX) and MLR plus a fixed percentage per annum. The first repayment will be due in September 2006. The final maturity date will be due on 31 December 2011 or if concession conversion does not occur on or prior to 31 December 2007, the final maturity date will be on 30 June 2011. Under the terms and conditions of the loan agreements, the subsidiary of BITCO Group must comply with certain conditions at specified date as stipulated in the agreements.

On 7 October 2004, a subsidiary entered into a new loan agreement with a local bank to refinance its existing loan amount of Baht 743.48 million and be granted another facility of Baht 220 million. The loans carry interest at fixed percentage per annum, MLR minus a fixed percentage and MLR for the specific periods as stipulated in the agreement. The repayments are due by monthly instalments starting from December 2004 and the final instalment will be due in September 2012. The loans are secured against land and buildings of the subsidiary. Under the terms and conditions of the loan agreement, the subsidiary must comply with certain conditions as stipulated in the agreements.

Settlement of Deferred Payment Notes obligation

The Company and certain unsecured creditors entered into and executed the Agreement to Settle Obligation Pursuant to the Deferred Payment Notes Agreement and the Unsecured Creditors Restructuring Agreement dated 22 December 1999 ("DPN Agreement"). Under the terms of the DPN Agreement, the Company agreed to pay the Settlement Price of Baht 120.77 million (2004: Baht 42.44 million) as stipulated in the DPN Agreement and the unsecured creditors agreed to return the deferred Payment Notes of Baht 491.00 million (2004: Baht 199.13 million) to the Company and released all outstanding liabilities. Consequently, a gain on repayment of borrowings amounting to Baht 370.24 million was recognised under "Other non-operating income" in the consolidated and Company statements of income for the year ended 31 December 2005 (2004: Baht 156.69 million).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

18. Borrowings (Continued)

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

	Carrying amounts		Fair values	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Non-current bank borrowings	47,357,791,088	48,825,061,369	46,225,432,159	48,969,404,346
Debentures	17,375,763,829	20,889,832,000	17,036,685,279	18,769,554,680
Loans from a related company (Note 9)	6,614,699,490	6,664,425,000	6,619,951,515	6,508,581,193
Suppliers credit	3,930,797,153	4,728,667,502	3,530,354,458	4,326,053,422

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 carrying amounts of current borrowings and lease obligations approximate to their fair values.

Facilities:

The Group has the following undrawn committed borrowing facilities:

	Consolidated	
	2005 Baht	2004 Baht
Floating rate		
- expiring within one year	59,500,000	140,000,000
- expiring beyond one year	319,825,898	990,823,439
	<u>379,325,898</u>	<u>1,130,823,439</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

19. Accrued expenses

Accrued expenses comprise:

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Revenue sharing	1,400,666,839	1,605,839,440	575,813,976	602,294,015
Access charge	482,613,740	534,171,876	-	-
Performance pay	438,855,902	317,436,967	227,651,536	142,244,549
Network facility expenses	423,524,515	234,581,966	49,740,671	36,546,901
Interest expenses	341,414,529	467,058,182	282,833,653	305,821,961
Others	831,331,230	743,850,718	80,869,626	35,475,608
Total	3,918,406,755	3,902,939,149	1,216,909,462	1,122,383,034

20. Other current liabilities

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Other payables	1,274,578,137	1,328,644,457	609,788,186	676,117,954
Output VAT pending tax invoice	208,351,623	218,687,748	51,668,915	54,650,024
Others	752,980,192	734,374,201	226,317,640	159,757,557
Total	2,235,909,952	2,281,706,406	887,774,741	890,525,535

21. Long-term trade account payable

This account represents trade account payable pertaining to the supply and installation of the PCT project.

On 29 March 2004, certain subsidiaries of the Group entered into the New Restructuring Agreement ("NRA") with their major creditor, pertaining to the Repayment Terms Agreement ("RTA") dated 5 November 1999, the Restructuring Agreement and MCP Amendment Agreement ("MCP") dated 30 July 2002, to restructure the long-term trade account payable amounting to Japanese Yen 10,576.92 million or Baht 4,011.09 million equivalent. According to the terms of aforementioned agreements, the concerned subsidiary made cash payment of Baht 1,500.00 million on 29 March 2004 to its creditor and was granted a principal reduction of Japanese Yen 3,428.49 million or Baht 1,300.00 million equivalent, as stipulated in the MCP.

On 22 September 2004, the subsidiaries entered into a Memorandum of Understanding ("MOU") with the creditor in respect of the extension of the NRA final completion date from 31 August 2004 to 31 December 2004. On 4 November 2004 and 15 December 2004, prior to the extended NRA final completion date, the Group made payments of Japanese Yen 2,668.09 million or Baht 1,000.00 million equivalent and Japanese Yen 4,235.96 million or Baht 1,586.79 million equivalent, respectively, to the creditor and was granted forgiveness of all outstanding debt amounting to Japanese Yen 7,325.09 million or Baht 2,530.82 million equivalent. All securities pledged to its creditor were also released. The Group recognised Baht 2,726.30 million (or Baht 0.90 per share) included waived accrued interest amounting to Baht 216.10 million as gain from debt restructuring in the consolidated and Company statements of income for the year ended 31 December 2004. The gain was presented netted of related debt restructuring expenses amounting to Baht 20.62 million.

On 9 December 2005 the subsidiaries entered into a Sale and Purchase Agreement ("SPA") with the creditor in respect of debt restructuring. Under the terms of SPA, a subsidiary made a first payment amounting to Baht 546.75 million which equal to 40% of total outstanding debt and was granted forgiveness of 50% of the outstanding debt. The remaining amount will be paid on the final payment date on 20 September 2006 together with interest at the rate of MLR per annum. The Group recognised Baht 801.00 million (or Baht 0.24 per share) included waived accrued interest amounting to Baht 135.09 million as gain from debt restructuring, in the consolidated and Company statements of income for the year ended 31 December 2005. The gain was presented netted of related debt restructuring expenses amounting to Baht 10.59 million.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

21. Long-term trade account payable (Continued)

The outstanding restructured trade account payable are as follows:

	Interest rate	Consolidated	
		2005 Baht Million	2004 Baht Million
Current (included in "Trade accounts payable")			
Average MLR		143.63	159.44
Non-current			
Average MLR		-	1,246.35
Total		143.63	1,405.79

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

Year ended 31 December	Consolidated	
	2005 Baht Million	2004 Baht Million
Opening net book value	1,405.79	8,210.84
Repayments	(585.66)	(4,274.23)
Forgiveness of accrued interest expense (included in "Accrued expenses")	135.09	216.10
Gain from debt restructuring	(811.59)	(2,746.92)
Closing net book value	143.63	1,405.79

22. Other non-current liabilities

As at 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Valued added tax pending receipt of tax invoice related to debt restructuring	196,274,438	235,320,218	196,274,438	235,320,218
Withholding tax related to debt restructuring	96,246,814	115,842,234	96,246,814	115,842,234
Deposit received from customers	9,791,096	5,690,563	-	-
Total	302,312,348	356,853,015	292,521,252	351,162,452

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

23. 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 2003	3,694.50	29,948.48	6,996.49	7,995.09	44,940.06
- Conversion of preferred shares	-	1.83	(1.83)	-	-
- Issue of common shares	398.03	3,980.30	-	(1,316.85)	2,663.45
At 31 December 2004	4,092.53	33,930.61	6,994.66	6,678.24	47,603.51
- Conversion of preferred shares	-	0.60	(0.60)	-	-
- Issue of common shares	2.22	22.18	-	(11.11)	11.07
At 31 December 2005	4,094.75	33,953.39	6,994.06	6,667.13	47,614.58

The total authorised number of shares is 4,677.42 million shares (2004: 4,658.34 million shares) with a par value of Baht 10 per share (2004: Baht 10 per share). All issued shares are fully paid.

On 10 June 2004, at the Extraordinary General Shareholders Meeting No. 2/2547 of the Company, the shareholders approved the reduction of the authorised share capital from Baht 43,892,281,600 to Baht 38,096,415,400 by cancelling the authorised common shares which were not yet issued totaling 579,586,620 shares in order to be in accordance with the provision of the Public Company Limited Act. In addition, an increase of authorised share capital from Baht 38,096,415,400 to Baht 43,083,393,190 by issuing 498,697,779 new common shares at a par value of Baht 10 each was approved. The Company registered the reduction and the increase of authorised share capital with the Ministry of Commerce on 24 June 2004 and 25 June 2004, respectively.

On 23 September 2004, at the Extraordinary General Shareholders Meeting No. 3/2547 of the Company, the shareholders approved the reduction of the authorised share capital from Baht 43,083,393,190 to Baht 38,096,415,400 by cancelling the authorised common shares which were not yet issued totaling 498,697,779 shares in order to be in accordance with the provision of the Public Company Limited Act. In addition, an increase of authorised share capital from Baht 38,096,415,400 to Baht 46,583,393,190 by issuing 848,697,779 new common shares at a par value of Baht 10 each was approved. The Company registered the reduction and the increase of authorised share capital with the Ministry of Commerce on 5 October 2004 and 6 October 2004, respectively.

23. Share capital, premium and discount on share capital (Continued)

On 15 July 2005, at the Extraordinary General Shareholders Meeting No. 1/2548 of the Company, the shareholders approved the reduction of the authorised shares capital from Baht 46,583,393,190 to Baht 42,267,526,990 by canceling the authorised common shares which were not yet issued totaling of 431,586,620 shares in order to be in accordance with the provision of the Public Limited Company Act. In addition, an increase of authorised share capital from Baht 42,267,526,990 to Baht 46,774,214,840 by issuing 450,668,785 new common shares at a par value of Baht 10 each was approved. The authorised share capital consist of preferred shares of Baht 6,994,055,190 and common shares of Baht 39,780,159,650. The Company registered the reduction and the increase of authorised share capital with the Ministry of Commerce on 28 July 2005 and 29 July 2005, respectively.

In 2005, the total 2,218,139 units of equity warrants under the ESOP 2003 project were exercised by the Company's directors and senior executives at the exercise price of Baht 5.20 per share. The Company completed the registration of 2,218,139 paid-up common shares with the Ministry of Commerce on the relevant dates.

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 2005, the undeclared cumulative dividends were Baht 4,028.10 million (2004: Baht 3,328.65 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 during any period from the 2nd to the 8th anniversary of the issuance of the preferred shares. To the extent that the preferred shareholders have not exercised, their conversion right will expire.

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

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

23. Share capital, premium and discount on share capital (Continued)

Preferred shares (Continued)

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 2005 and 30 September 2005, which were the exercise dates, the qualified shareholders exercised the purchase rights of KfW of 38,705 shares and 21,262 shares, respectively. The Company completed the registration of the conversion of the preference shares into the common shares with the Ministry of Commerce on 12 April 2005 and 11 October 2005, respectively.

Equity warrants

On 7 February 2005, the Company issued 18,274,444 units of equity warrants. One unit of equity warrant will be entitled to purchase one common share at the exercise price of Baht 11.20 per share and such equity warrants will be expired on 6 February 2010.

On 15 July 2005, at the Extraordinary General Shareholders Meeting No. 1/2548 of the Company, the shareholders approved the issuance and offering of the equity warrants to directors and employees at executive level to purchase the Company's common shares in the total number not exceeding 18,774,429 units. One unit of equity warrant will be entitled to purchase one common share at the exercise price of Baht 9.73 per share and such equity warrants are under the process of issuance. As at 31 December 2005, the Company has not yet issued the said warrants.

Movements in the number of outstanding warrants are as follows:

	2005 (thousand's)	2004 (thousand's)
At beginning of year	93,960	93,990
Granted	18,274	-
Exercised	(2,218)	(30)
At end of year	<u>110,016</u>	<u>93,960</u>

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

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

23. Share capital, premium and discount on share capital (Continued)

Equity warrants (Continued)

Warrants outstanding at the year ended have the following terms:

	Exercise price Baht	31 December 2005 (thousand's)	31 December 2004 (thousand's)
Expiry date			
13 June 2007	10.60	37,132	37,132
16 June 2008	5.20	17,615	19,833
9 June 2010	10.60	36,995	36,995
6 February 2010	11.20	18,274	-
		<u>110,016</u>	<u>93,960</u>

24. 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 income for the year until the reserve reaches 10% of the authorised share capital. This reserve is not available for dividend distribution.

25. Minority interests

	Consolidated	
As at 31 December	2005 Baht	2004 Baht
Opening net book value	370,935,332	416,882,791
Addition	-	15,300,100
Acquisition of subsidiary	(16,643,700)	(44,491,601)
Share of net loss of subsidiaries	(131,061,730)	(16,755,958)
Closing net book value	<u>223,229,902</u>	<u>370,935,332</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

26. Consolidated segment information

Primary reporting format - business segments

For the year ended 31 December 2005	Wireline	Wireless	Multimedia	DDN	Internet	Other	Baht : Million Group
Revenues	14,319.32	23,887.02	2,294.55	1,142.46	1,270.13	997.46	43,910.94
Segment results	3,465.93	(1,474.33)	479.47	652.56	73.83	314.75	3,512.21
Unallocated costs							(3,823.89)
Operating results							(311.68)
Finance cost							(4,827.47)
Share of associates							(260.31)
Other non-operating income	370.24						370.24
Loss before tax							(5,029.22)
Income tax							(171.78)
Loss before extraordinary item							(5,201.00)
Extraordinary item - gain from debt restructuring		801.00					801.00
Loss before minority interest							(4,400.00)
Minority interest							131.06
Net loss for the year							(4,268.94)
Segment assets	27,232.39	47,743.19	5,016.94	1,149.65	1,292.67	18,566.65	101,001.49
Investments in joint ventures, associates and other							4,184.53
Unallocated assets							2,872.35
Consolidated total assets							108,058.37
Segment liabilities	48,914.78	39,570.66	1,344.45	251.02	768.02	15,981.55	106,830.48
Unallocated liabilities							920.94
Consolidated total liabilities							107,751.42
Capital expenditure	694.50	8,189.35	1,290.53	14.33	264.94	1,621.30	12,074.95
Unallocated capital expenditure							118.74
Consolidated total capital expenditure							12,193.69
Depreciation and amortisation	(5,638.62)	(6,463.51)	(793.77)	(170.93)	(75.54)	(666.05)	(13,808.42)
Unallocated depreciation and amortisation							(206.52)
Consolidated total depreciation and amortisation							(14,014.94)

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

26. Consolidated segment information (Continued)

Primary reporting format - business segments

For the year ended 31 December 2004	Wireline	Wireless	Multimedia	DDN	Internet	Other	Baht : Million Group
Revenues	16,631.78	11,729.65	1,408.73	1,028.66	887.64	1,323.78	33,010.24
Segment results	5,312.46	(1,373.80)	62.25	618.15	285.54	357.66	5,262.26
Unallocated costs							(3,429.22)
Operating results							1,833.04
Finance cost							(3,916.23)
Share of associates							(124.14)
Other non operating expenses							156.70
Loss before tax							(2,050.63)
Income tax							(87.52)
Loss before extraordinary item							(2,138.15)
Extraordinary item - gain from debt restructuring							2,726.30
Profit before minority interest							588.15
Minority interest							16.76
Net profit for the year							604.91
Segment assets	31,813.07	51,436.82	4,319.71	1,423.97	1,038.14	3,785.29	93,817.00
Investments in joint ventures, associates and other							3,742.49
Unallocated assets							5,065.69
Consolidated total assets							102,625.18
Segment liabilities	51,144.74	40,431.91	1,643.50	264.37	894.47	2,385.87	96,764.86
Unallocated liabilities							1,122.77
Consolidated total liabilities							97,887.63
Capital expenditure	641.42	2,388.00	620.89	18.06	82.01	897.67	4,648.05
Unallocated capital expenditure							1,128.02
Consolidated total capital expenditure							5,776.07
Depreciation and amortisation	(5,873.31)	(3,948.67)	(452.71)	(152.12)	(231.16)	(583.07)	(11,241.04)
Unallocated depreciation and amortisation							(180.62)
Consolidated total depreciation and amortisation							(11,421.66)

26. Consolidated business segment (Continued)

The Group is organised into five main business segments:

- Wireline - to install and provide services of 2.6 million fixed lines including public telephone and related value added service;
- Wireless - to provide Personal Communication Telephone (PCT) and cellular telephone services, sales of handsets and related accessories;
- Multimedia - to provide multimedia services, NON-POTS and broadband access;
- DDN - to provide a lease line connecting two places in the form of voice, data and image; and
- Internet - to provide internet services both narrow band and broadband, online-portal in name of ClickTA.com and corporate network and technology services.

Other operations of the Group mainly consist of investment holding and providing vehicle and building rental services, neither of which are of a sufficient size to be reported separately.

Sales transactions between business segments are eliminated. Unallocated costs represent corporate expenses. 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 consists of additions to property, plant and equipment (Note 14) and intangible assets (Note 15), including additions resulting from acquisition through business combinations (Note 4, Note 14 and Note 15).

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

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

27. Cost of services

Cost of services includes major operating and administrative expenses directly related to the provision of telephone and other services.

For the years ended 31 December	Consolidated		Company	
	2005 Baht Million	2004 Baht Million	2005 Baht Million	2004 Baht Million
Cost of services:				
Depreciation and amortisation	12,390.25	10,437.67	6,327.24	6,585.72
Revenue sharing and access charge	9,335.39	6,489.13	4,111.98	4,333.05
Network operating expenses	7,446.63	5,167.47	2,672.27	2,562.78
Total	<u>29,172.27</u>	<u>22,094.27</u>	<u>13,111.49</u>	<u>13,481.55</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

28. Operating results

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

For the years ended 31 December	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Depreciation on property, plant and equipment (Note 14)				
- owned assets	13,106,304,778	10,582,288,148	6,281,092,298	6,445,908,685
- owned assets (vehicles) leased out under operating leases	207,212,213	154,356,982	-	-
- leased assets under finance leases	305,878,469	289,346,104	-	-
Impairment (included in "Other expenses")				
- Property, plant and equipment (Note 14)	2,047,972,326	8,329,810	77,008,947	39,029,809
(Gain)loss on disposals of property, plant and equipment	(186,842,031)	(73,030,142)	16,747,477	18,698,591
Repair and maintenance expenditure on property, plant and equipment	1,461,691,584	962,596,008	639,979,554	547,182,631
Amortisation of intangible assets (included in "selling administrative expenses and cost of services")	395,541,994	395,670,785	231,829,852	229,965,792
Operating lease rentals				
- building	363,610,699	260,714,544	421,318,514	387,843,967
- vehicles	65,986,611	42,709,747	160,780,122	166,258,319
Obsolete inventories	72,419,830	26,454,551	99,878,372	21,417,345
Trade accounts receivable				
- doubtful accounts	923,460,008	558,421,089	339,021,651	353,947,091
Staff cost				
- Wages and salaries	4,046,194,715	3,038,190,656	2,225,966,102	1,828,547,302
- Social security cost	82,622,949	64,584,158	45,564,389	39,805,773
- Provident fund	131,291,900	106,715,867	77,204,212	73,343,392
- Other benefits	93,068,661	101,890,649	63,034,376	85,194,388

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

28. Operating results (Continued)

The number of persons employed by the Group at the end of years are as follows:

	Consolidated		Company	
	2005	2004	2005	2004
Full time	8,363	8,071	4,459	4,337
Part time	2,390	1,730	1,724	1,210
	<u>10,753</u>	<u>9,801</u>	<u>6,183</u>	<u>5,547</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

29. Basic and diluted earnings (loss) per share

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 (2005: 3,394.92 million shares and 2004: 3,014.55 million shares).

	2005 Baht Million	2004 Baht Million
Net profit (loss) attributable to shareholders	(4,268.94)	604.91
Cumulative dividend of preferred shares	(699.45)	(699.60)
Net loss used to determine basic loss per share	(4,968.39)	(94.69)
Weighted average number of common shares in issue (million shares)	3,394.92	3,014.55
Basic loss per share (Baht per share)	(1.46)	(0.03)

Diluted earnings (loss) per share for the year ended 31 December 2005 includes the effect of 699.45 million shares (2004: 699.60 million shares) of convertible preferred shares and 110.40 million units (2004: 93.98 million units) of stock options on an as-if-converted method. The results of their inclusion are antidilutive. Therefore, the basic loss per share and diluted loss per share are the same.

Supplementary information - earnings per share data excludes the extraordinary item (for this purpose the weighted average shares number is not changed).

	2005 Baht Million	2004 Baht Million
Net profit (loss) attributable to shareholders	(4,268.94)	604.91
Cumulative dividend of preferred shares	(699.45)	(699.60)
Extraordinary item (Note 21)	(801.00)	(2,726.30)
Net loss used to determine basic loss per share	(5,769.39)	(2,820.99)
Weighted average number of common shares in issue (million shares)	3,394.92	3,014.55
Basic loss per share excluding extraordinary item (Baht per share)	(1.70)	(0.93)

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

30. Cash flows from operating activities

Reconciliation of loss before minority interest to cash flows from operating activities:

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
Profit (loss) before minority interest		(4,399,999,356)	588,157,254	(4,268,937,626)	604,913,212
Add: Interest expense		4,785,369,287	4,212,697,393	2,710,396,673	2,760,121,123
Income tax		171,777,023	87,521,399	-	-
Profit (loss) before interest and tax		557,146,954	4,888,376,046	(1,558,540,953)	3,365,034,335
Adjustments for:					
Depreciation and amortisation		14,488,298,764	11,785,067,837	6,652,344,578	6,921,696,212
(Gain) loss on disposals of property, plant and equipment	28	(186,842,031)	(73,030,142)	16,747,477	18,698,591
Doubtful accounts	28	923,460,008	558,421,089	339,021,651	353,947,091
Impairment charge of fixed assets	14	2,047,972,326	8,329,810	77,008,947	39,029,809
Obsolete inventories	28	72,419,830	26,454,551	99,878,372	21,417,345
Other operating assets and liabilities written-off		63,786,975	22,890,575	(1,628,560)	21,596,603
Gain from sales of investment in other company		(960,991)	-	-	-
Gain on sale of available-for-sale securities		(16,857,200)	-	-	-
Unrealised (gain) loss on foreign exchange		(3,882,752)	(566,825,920)	(329,454,628)	73,753,158
Gain from debt restructuring	21	(801,000,714)	(2,726,304,978)	(801,000,714)	(2,726,304,978)
Gain on repayment of borrowings	18	(370,238,808)	(156,695,184)	(370,238,808)	(156,695,184)
Gain from forgiveness		-	(165,044,275)	-	-
Share of loss in subsidiaries, joint ventures and associates		260,313,481	124,143,684	5,004,674,046	2,530,034,180
Changes in operating assets and liabilities					
- Trade accounts receivable		(1,322,122,588)	(851,859,480)	78,369,324	(316,252,664)
- Short-term investment - trading securities		347,514,512	(200,855,797)	-	-
- Inventories		(509,634,455)	(469,247,104)	(252,224,261)	(400,702,138)
- Other current assets		2,137,961,298	1,030,723,252	9,809,913	684,442,936
- Other non-current assets		(22,227,527)	200,756,708	(1,805,927)	23,194,642
- Trade accounts payable		125,469,990	(1,100,735,493)	(641,658,022)	773,920,582
- Accrued expenses and other current liabilities		(281,501,860)	1,353,217,222	81,019,614	(334,574,263)
- Other non-current liabilities		(25,502,420)	(815,355,790)	(29,602,953)	(15,295,031)
Cash generated from operations		17,483,572,792	12,872,426,611	8,372,719,096	10,876,941,226
Less: Interest paid		(5,137,565,412)	(4,758,224,301)	(2,722,340,787)	(2,716,400,166)
Income tax paid		(741,889,867)	(732,830,469)	(509,085,327)	(519,106,290)
Net cash from operating activities		11,604,117,513	7,381,371,841	5,141,292,982	7,641,434,770

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

31. 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 and is projected six months forward. Exchange rates are monitored and forecasting 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.

At 31 December 2005 and 2004, the Group had outstanding foreign currency assets and liabilities as follows:

	Consolidated		Company	
	2005 Currency Million	2004 Currency Million	2005 Currency Million	2004 Currency Million
Assets				
US Dollar	161.65	21.18	-	-
Euro	-	0.62	-	-
Liabilities				
US Dollar	509.49	196.14	0.45	-
Japanese Yen	11,196.14	12,482.95	11,196.14	12,482.95
Great British Pound Sterling	2.07	2.48	-	-
Euro	1.87	2.27	0.12	-

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.

31. Financial instruments (Continued)

i) Objective and significant terms and conditions (continued)

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.

At 31 December 2005, the latest settlement date of open forward contracts will be on 29 September 2011. The Baht amounts to be received and contractual exchange rates of the Group's outstanding contracts were as follows:

	Consolidated	
	2005 Million Baht	2004 Million Baht
US Dollar 263.96 million (2004: US Dollar 136.97 million) at averaged rates of Baht 40.70/US Dollar (2004: Baht 41.55/US Dollar)	10,743.73	5,691.32

Net fair values

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

	Consolidated	
	2005 Million Baht	2004 Million Baht
Favourable (unfavourable) forward foreign exchange contracts	62.35	(339.14)

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

31. Financial instruments (Continued)

ii) Interest rate exposures

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2005 was Baht 1,317.28 million.

At 31 December 2005, the fixed interest rates was ranging from 5.00% to 7.00% and the floating rates are LIBOR plus certain margins.

At 31 December 2005, the latest settlement date on interest rates swap contracts is 30 June 2011.

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

	Consolidated	
	2005	2004
	Million Baht	Million Baht
Favourable interest rates swap contracts	103.90	-

iii) Credit risk

The Group has no significant concentrations of credit risk of receivables overdue as discussed in Note 8. Derivative instruments are entered into with, and cash is placed with substantial financial institutions. The credit exposure of derivatives are represented by the net fair values of the contracts as disclosed above.

iv) Other fair values

Certain financial assets and liabilities which are accounted for at historical cost are carried at values which may differ materially from the fair values. The carrying amounts of cash, trade receivables, trade payables, other payables, short-term borrowings, floating rate long-term borrowings, preference shares and dividends payable approximate to their fair values. Information on the fair values of borrowings and foreign currency forward exchange contracts is included in Note 18 and in section (i) of this note, respectively.

32. Contracts and commitments

32.1 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 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.

32.2 Agreement for PCT operation

According to the Concession Agreement and the PCT Supplemental Agreement ("the Concession 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 Concession 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 Concession 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

32. Contracts and commitments (Continued)

32.3 The certain subsidiaries and a joint venture have agreements with state enterprises, the Communications Authority of Thailand ("CAT") and the Telephone Organisation of Thailand ("TOT") to provide nationwide cellular telephone service, the lease of long distance circuits and internet 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 TOT and CAT 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.

In addition, the subsidiaries and joint venture are contingently liable to certain foreign and local banks for letters of guarantee totaling Baht 347.20 million issued by said banks in favor of TOT and CAT. The letters of guarantee cover the guarantee for the subsidiaries and joint venture in compliance with the provisions of the agreements referred to above.

32.4 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 amounting to Baht 46.66 million for the Company and Baht 118.42 million for the subsidiaries and joint ventures. The subsidiary has a contingent liability to certain local banks amounting to Baht 66.15 million.

32.5 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					
	Consolidated				Company	
			Mortgaged Value			
	2005 Baht Million	2004 Baht Million	2005 Baht Million	2004 Baht Million	2005 Baht Million	2004 Baht Million
Fixed and saving deposits	9,141.28	1,739.25	-	-	1,795.43	1,317.38
Investments in shares of subsidiaries, joint ventures and associates (excluding investment in shares of certain subsidiaries pledged as collateral, which have been eliminated in the consolidated financial statements)	4,073.79	1,574.60	-	-	-	-
Land, building and machinery	1,073.86	754.01	1,196.48	893.48	-	-

In addition, the Group and the Company's rights to operate network assets are secured against borrowings (Note 18).

32. Contracts and commitments (Continued)

32.6 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 services agreements related to office spaces, shops, vehicles, base stations and payroll maintenance software. Total commitments as at 31 December 2005 were approximately Baht 527.33 million for the Company and Baht 8,603.45 million for the subsidiaries (2004: Baht 628.36 million and Baht 6,269.86 million, respectively). In addition the Company has commitments with TOT to construct and transfer building and network equipment amounting to approximately Baht 130.00 million (2004: Baht 140.00 million).

32.7 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:

32.7.1 In the case of regulatory sponsor support to governmental authorities arising out the mobile phone concession: where True Move experiences cash shortfalls for its normal operations due to regulatory costs as specified in the SSA, the sponsors shall provide financial support on a quarterly basis for the amount of the shortfall caused by the excess regulatory costs.

32.7.2 In the case of general cash deficiency sponsor support: where the cash flows of True Move are insufficient for its normal operations or debt repayments pursuant to the terms of the financing documents with its lenders, the 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

33. Interests in joint ventures

The Group has a 65.00% interest in a joint venture, Asia Infonet Co., Ltd., ("AI") which operates as an Internet provider; and a 70.00% interest in True Internet Data Center Co., Ltd. ("TIDC") which engages in providing internet data center services. Prior to 29 September 2004, Bangkok Inter Teletech Public Co., Ltd. (formerly "Bangkok Inter Teletech Co., Ltd.") ("BITCO") was a joint venture. As described in Note 12, on 29 September 2004, there was a change in the status of BITCO to subsidiary. The following amounts represent the Group's share of the assets and liabilities and revenues and expenses of the joint ventures included in the consolidated balance sheets and statements of income:

	2005			2004	
	AI	TIDC	BITCO	AI	TIDC
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million
Cash and restricted cash	49.63	5.37	-	158.38	1.90
Current assets	39.73	20.67	-	123.14	9.77
Non-current assets	24.63	2.47	-	11.91	0.79
Property, plant and equipment	25.72	58.26	-	35.36	59.34
Intangible assets, net	-	0.02	-	-	-
Total assets	139.71	86.79	-	328.79	71.80
Current liabilities	(163.96)	(4.99)	-	(131.60)	(6.61)
Non-current liabilities	(1.16)	-	-	(0.84)	-
Total liabilities	(165.12)	(4.99)	-	(132.44)	(6.61)
Net assets	(25.41)	81.80	-	196.35	65.19
Sales	107.90	12.26	4,659.18	242.70	3.33
Operating results	(407.34)	(32.93)	(1,450.45)	(50.21)	(14.18)
Financial income	0.17	0.02	2.29	0.12	-
Income tax	(5.05)	-	-	(1.08)	-
Net loss	(412.22)	(32.91)	(1,448.16)	(51.17)	(14.18)
Depreciation and amortisation	12.68	15.48	1,455.78	11.13	7.37

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

33. Interests in joint ventures (Continued)

	2005			2004	
	AI	TIDC	BITCO	AI	TIDC
	Baht	Baht	Baht	Baht	Baht
	Million	Million	Million	Million	Million
Proportionate interest in joint venture capital commitments	nil	nil	nil	nil	nil
Proportionate interest in joint venture contingent liabilities	1.71	0.25	-	1.23	0.92

The number of employees in the joint ventures in 2005 was 134 persons (2004: 152 persons).

34. Litigation and Arbitration disputes

34.1 Litigations outstanding, Administrative Court

34.1.1 Litigation case files by the Company against TOT

On 11 October 2001, the Company filed lawsuit against TOT with The Central Administrative Court claimed damages totalling Baht 1,197.63 million in relation to call tariff reduction campaign, "Y-Tel 1234". The Company claimed the reduction of call tariffs was a breach of the wireline concession that required tariffs under TOT's network to be set at the same rate as those under our 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.

34.1.2 Litigation case files by TOT against the Company

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 amounting to 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. The lawsuit is currently in the judicial process of the Administrative Court.

The ultimate outcomes of the aforementioned lawsuits are presently unable to determine, accordingly, no provision for possible liability has been made in the Company's financial statements.

34. Litigation and Arbitration disputes (Continued)

34.2 Arbitration disputes outstanding, Thai Arbitration Institute

34.2.1 Arbitration cases filed by the Company against TOT

Dispute in relation to the access charge. On 21 August 2002, the Company filed an arbitration claim regarding a dispute arising from the wireline concession between the Company and TOT. The terms of the wireline concession provided that the Company is entitled to additional consideration 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 give the Company the additional consideration. The Company claimed for its' portion of revenue sharing regarding access charges received by TOT starting from October 1992 amounting to Baht 25,419.40 million. The hearing of evidences and witnesses has been completed. The case is now pending arbitral award by the tribunal.

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 others to provided 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.

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 concession. The Company claimed damages in the amount of Baht 5,000.00 million for the 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. The arbitration proceeding is scheduled to commence on 14 March 2006.

34. Litigation and Arbitration disputes (Continued)

34.2 Arbitration disputes outstanding, Thai Arbitration Institute (Continued)

34.2.2 Arbitration cases filed by TOT against the Company

Dispute in relation to the use of True 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 amounting to Baht 433.85 million. On 30 November 2005, the Company submitted the statement of objection. The first meeting of the arbitral proceedings has been scheduled on 13 January 2006. The arbitration proceeding is scheduled to commence on 7 February 2006 onwards.

Dispute in relation to the use of True's name and logo on invoices/receipts. On 13 December 2004, TOT filed an arbitration claim against the Company, claiming the advertisement compensation for the unauthorised publication of True's name and logo on TOT's invoices/receipts to customers at the rate of Baht 4 per invoice/receipt from August 2001 until August 2004 for the total of Baht 785.64 million plus interest. However, on 11 March 2005, TOT claimed another damages amounting to Baht 106.80 million and Baht 1,030.50 million for changing of invoices pattern to A4 size. The Company submitted the statement of objection on 25 November 2005. The first meeting of the arbitral proceedings has been scheduled on 26 December 2005. The arbitration proceeding is scheduled to commence on 5 June 2006 onwards.

Dispute in relation to the lease of telephone conduits. 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 the statement of objection on 19 September 2005. The first conciliation meeting of the parties was held on 25 October 2005, but the parties could not resolve the dispute. Accordingly, each party must nominate their respective arbitrators by 9 December 2005. The first meeting of the arbitral proceedings has been scheduled on 7 March 2006.

Dispute in relation to TA1234 campaign. On 30 June 2005, TOT filed an arbitration claim alleging that it suffered damages from the loss of revenue sharing from 16 November 2000 to March 2005 of Baht 15,804.18 million as a result of the Company's invoices of 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 concession. The Company submitted the statement of objection on 4 January 2006 and waiting for the next schedule from the Arbitration Institute.

34. Litigation and Arbitration disputes (Continued)

34.2 Arbitration disputes outstanding, Thai Arbitration Institute (Continued)

34.2.2 Arbitration cases filed by TOT against the Company (Continued)

Dispute in relation to high speed internet (ADSL) service. On 28 October 2005, TOT filed the arbitration claim against the Company, claiming that the Company were in breach of the wireline concession by allowing other parties to provide high speed internet service (ADSL). TOT claimed for the 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. The Company requested for extension of submitted the statement of objection to be on 22 February 2006.

The ultimate outcomes of the aforementioned arbitration are presently unable to determine, accordingly, no provision for possible liability has been made in the Company's financial statements.

35. Concession conversion

Under the National Telecommunication Master Plan adopted since November 1997 regarding the privatisation of TOT and CAT and the conversion of the concessions under their operations, the National Telecommunication Commission ("NTC") has to be established to regulate and oversee the country's telecommunication business. In August 2004, the 7 members of NTC were appointed by the Senate. The concession conversion process is under the determination to find suitable framework, the outcome of which is unpredictable. As a result, no determination can be made at the date of these financial statements of the likely outcome and the impact of conversion on the consolidated and Company's financial statements.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

36. Post balance sheet events

1. During January and February 2006, the total 3,067,401 units of equity warrants under the ESOP 2003 project were exercised by the Company's directors and senior executives at the exercise price of Baht 5.20 per share. The Company completed the registration of 3,067,401 paid-up common shares with the Ministry of Commerce on the relevant dates.
2. On 23 February 2006, the Board of Directors of the Company approved the issuance and offering of warrants to purchase the Company's common shares granted to directors and the employees at executives level of the Company and/or its subsidiaries ("ESOP 2006 Project") in the total number not exceeding 36,051,007 units. In addition, the Board of Directors of the Company approved the reduction of the authorised share capital from Baht 46,774,214,840 to Baht 42,455,271,280 by cancelling the authorised common shares which were not yet issued totaling of 431,894,356 shares in order to be in accordance with the provision of the Public Limited Company Act. In addition, an increase of authorised share capital from Baht 42,455,271,280 to Baht 47,134,724,910 was approved by issuing 467,945,363 new common shares at par value of Baht 10 each. The aforementioned matters shall be proposed to the Extraordinary General Shareholders Meeting for further consideration and approval.
3. The Company's Board of Directors approved these financial statements for issue on 23 February 2006.

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