

TRUE MOVE COMPANY LIMITED

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

31 MARCH 2014



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the accompanying consolidated and company statements of financial position as at 31 March 2014, the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and condensed notes to the interim financial information of True Move Company Limited and its subsidiaries, and of True Move Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter paragraph

I draw attention to Notes 19 and 20 to the interim financial information discussing material uncertainties in respect of outstanding litigations of which the ultimate outcome cannot presently be determined and no adjustment that may result, has been made in the interim financial information. My review report is not qualified in respect of these matters.

A handwritten signature in blue ink, appearing to be 'Kajornkiet Aroonpirodikul', written over a light blue circular stamp.

Kajornkiet Aroonpirodikul
Certified Public Accountant (Thailand) No. 3445
PricewaterhouseCoopers ABAS Ltd.

Bangkok
15 May 2014

True Move Company Limited
Statement of Financial Position
As at 31 March 2014

	Notes	Consolidated		Company	
		Unaudited	Audited	Unaudited	Audited
		31 March	31 December	31 March	31 December
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents		1,354,798,437	2,270,408,808	573,742,819	1,439,807,905
Short-term investments		928,891	909,045	-	-
Trade and other receivables, net	5	12,947,271,655	12,266,907,654	6,638,444,455	7,703,875,642
Short-term loans to a subsidiary	17 (iv)	-	-	3,275,000,000	2,075,000,000
Inventories, net	6	4,005,571,103	4,735,837,265	3,257,116	3,816,191
Claimable value added tax		544,151,558	549,584,411	432,313,516	342,584,170
Other current assets	7	219,251,013	265,772,403	155,915,163	196,873,303
Total current assets		19,071,972,657	20,089,419,586	11,078,673,069	11,761,957,211
Non-current assets					
Restricted cash		290,000	290,000	-	-
Investments in subsidiaries, net	8	-	-	60,774,571	60,774,571
Investment in other company		200,000	200,000	200,000	200,000
Property, plant and equipment, net	9	14,708,934,951	17,629,694,931	13,649,584,014	16,647,177,090
Intangible assets, net	9	569,866,514	606,284,476	517,557,407	552,051,806
Other non-current assets		259,149,067	266,942,593	95,299,031	113,092,333
Total non-current assets		15,538,440,532	18,503,412,000	14,323,415,023	17,373,295,800
Total assets		34,610,413,189	38,592,831,586	25,402,088,092	29,135,253,011

Director _____ Director _____

The accompanying notes are an integral part of this interim financial information.

True Move Company Limited
Statement of Financial Position (Cont'd)
As at 31 March 2014

	Notes	Consolidated		Company	
		Unaudited	Audited	Unaudited	Audited
		31 March	31 December	31 March	31 December
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings - financial institutions	11.1	400,000,000	1,680,000,000	-	-
Trade and other payables	10	12,103,549,219	11,733,969,750	3,896,927,732	4,598,439,909
Current portion of long-term borrowings	11.2	1,698,683,047	1,027,192,491	1,698,683,047	1,027,192,491
Short-term borrowings - related companies	17 (v)	7,795,000,000	6,595,000,000	7,765,000,000	6,565,000,000
Accrued expenses		581,889,497	762,860,841	419,431,011	536,391,833
Accrued cost of agreement for operation		744,471,531	744,471,531	744,471,531	744,471,531
Unearned service income		142,919,163	440,698,638	142,919,163	440,698,638
Other current liabilities		113,686,257	224,595,681	39,815,572	153,066,929
Total current liabilities		23,580,198,714	23,208,788,932	14,707,248,056	14,065,261,331
Non-current liabilities					
Long-term borrowings	11.2	6,524,318,670	7,155,075,658	6,524,318,670	7,155,075,658
Employee benefit obligations		204,796,951	196,988,658	121,344,219	116,949,322
Decommissioning liability		26,381,112	26,042,264	26,381,112	26,042,264
Deferred income tax liabilities	12	961,935,467	1,379,653,079	961,935,467	1,379,653,079
Total non-current liabilities		7,717,432,200	8,757,759,659	7,633,979,468	8,677,720,323
Total liabilities		31,297,630,914	31,966,548,591	22,341,227,524	22,742,981,654

The accompanying notes are an integral part of this interim financial information.

True Move Company Limited
Statement of Financial Position (Cont'd)
As at 31 March 2014

	Note	Consolidated		Company	
		Unaudited	Audited	Unaudited	Audited
		31 March	31 December	31 March	31 December
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital					
Ordinary shares, 6,518,143,915 shares					
at par value of Baht 10 each	13				
(2013: Ordinary shares, 6,518,130,138 shares					
at par value of Baht 10 each)		<u>65,181,439,150</u>	<u>65,181,301,380</u>	<u>65,181,439,150</u>	<u>65,181,301,380</u>
Issued and paid-up share capital					
Ordinary shares, 6,518,143,915 shares					
paid-up at Baht 10 each					
(2013: Ordinary shares, 6,518,130,138 shares					
paid-up at Baht 10 each)		65,181,439,150	65,181,301,380	65,181,439,150	65,181,301,380
Share premium	13	1,858,400,000	1,858,400,000	1,858,400,000	1,858,400,000
Deficits		(63,766,186,544)	(60,452,548,054)	(63,978,978,582)	(60,647,430,023)
Other components of equity		<u>39,129,669</u>	<u>39,129,669</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the parent		<u>3,312,782,275</u>	<u>6,626,282,995</u>	<u>3,060,860,568</u>	<u>6,392,271,357</u>
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>3,312,782,275</u>	<u>6,626,282,995</u>	<u>3,060,860,568</u>	<u>6,392,271,357</u>
Total liabilities and shareholders' equity		<u>34,610,413,189</u>	<u>38,592,831,586</u>	<u>25,402,088,092</u>	<u>29,135,253,011</u>

The accompanying notes are an integral part of this interim financial information.

True Move Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2014

		Consolidated		Company	
		31 March 2014 Baht	31 March 2013 Baht	31 March 2014 Baht	31 March 2013 Baht
	Notes				
Revenues					
Revenues from mobile phone and other services		2,123,496,206	5,916,927,658	1,335,217,030	5,407,963,645
Revenues from product sales		5,472,559,679	4,207,336,015	9,921,194	28,312,685
Total revenues		7,596,055,885	10,124,263,673	1,345,138,224	5,436,276,330
Costs					
Cost of providing services		3,067,377,869	5,135,902,056	2,915,613,982	5,114,706,338
Cost of sales		4,985,597,733	3,911,975,758	7,767,864	21,323,958
Total costs		8,052,975,602	9,047,877,814	2,923,381,846	5,136,030,296
Gross profit (loss)		(456,919,717)	1,076,385,859	(1,578,243,622)	300,246,034
Other income		88,923,452	85,609,577	84,046,806	81,736,100
Selling expenses		(1,092,209,336)	(1,228,942,407)	(108,148,395)	(440,637,057)
Administrative expenses		(344,850,428)	(663,887,498)	(257,802,205)	(622,028,795)
Other expenses	9	(1,651,703,882)	(634,912)	(1,646,464,551)	(1,051)
Finance costs, net	14	(262,089,478)	(652,705,339)	(242,654,204)	(640,444,972)
Loss before income tax expense		(3,718,849,389)	(1,384,174,720)	(3,749,266,171)	(1,321,129,741)
Income tax revenue (expense)	15	405,210,899	(346,386,556)	417,717,612	(332,512,906)
Loss for the period		(3,313,638,490)	(1,730,561,276)	(3,331,548,559)	(1,653,642,647)
Other comprehensive income (expense)		-	-	-	-
Total comprehensive expense for the period		(3,313,638,490)	(1,730,561,276)	(3,331,548,559)	(1,653,642,647)
Loss and comprehensive expense for the period attributable to:					
Owners of the parent		(3,313,638,490)	(1,730,561,276)	(3,331,548,559)	(1,653,642,647)
Non-controlling interests		-	-	-	-
		(3,313,638,490)	(1,730,561,276)	(3,331,548,559)	(1,653,642,647)
Loss per share	16				
Basic loss per share		(0.51)	(0.42)	(0.51)	(0.40)

The accompanying notes are an integral part of this interim financial information.

True Move Company Limited
Statement of Changes in Shareholders' Equity (Unaudited)
For the three-month period ended 31 March 2014

		Consolidated						
		Attributable to owners of the parent					Non-controlling interests	Total
		Issued and paid-up share capital	Share premium	Deficits	Other components of equity			
					Share surplus from business under common control	Total owners of the parent		
Note		Baht	Baht	Baht			Baht	Baht
Opening balance as at 1 January 2013		41,281,301,380	1,858,400,000	(49,503,186,662)	39,129,669	(6,324,355,613)	752	(6,324,354,861)
Total comprehensive expense for the period		-	-	(1,730,561,276)	-	(1,730,561,276)	-	(1,730,561,276)
Closing balance as at 31 March 2013		41,281,301,380	1,858,400,000	(51,233,747,938)	39,129,669	(8,054,916,889)	752	(8,054,916,137)
Opening balance as at 1 January 2014		65,181,301,380	1,858,400,000	(60,452,548,054)	39,129,669	6,626,282,995	-	6,626,282,995
Proceeds from shares issued	13	137,770	-	-	-	137,770	-	137,770
Total comprehensive expense for the period		-	-	(3,313,638,490)	-	(3,313,638,490)	-	(3,313,638,490)
Closing balance as at 31 March 2014		65,181,439,150	1,858,400,000	(63,766,186,544)	39,129,669	3,312,782,275	-	3,312,782,275

The accompanying notes are an integral part of this interim financial information.

True Move Company Limited
Statement of Changes in Shareholders' Equity (Unaudited) (Cont'd)
For the three-month period ended 31 March 2014

	Note	Company			
		Issued and paid-up share capital	Share premium	Deficits	Total
		Baht	Baht	Baht	Baht
Opening balance as at 1 January 2013		41,281,301,380	1,858,400,000	(49,703,838,426)	(6,564,137,046)
Total comprehensive expense for the period		-	-	(1,653,642,647)	(1,653,642,647)
Closing balance as at 31 March 2013		<u>41,281,301,380</u>	<u>1,858,400,000</u>	<u>(51,357,481,073)</u>	<u>(8,217,779,693)</u>
Opening balance as at 1 January 2014		65,181,301,380	1,858,400,000	(60,647,430,023)	6,392,271,357
Proceeds from shares issued	13	137,770	-	-	137,770
Total comprehensive expense for the period		-	-	(3,331,548,559)	(3,331,548,559)
Closing balance as at 31 March 2014		<u>65,181,439,150</u>	<u>1,858,400,000</u>	<u>(63,978,978,582)</u>	<u>3,060,860,568</u>

The accompanying notes are an integral part of this interim financial information.

True Move Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 March 2014

	Note	Consolidated		Company	
		31 March 2014 Baht	31 March 2013 Baht	31 March 2014 Baht	31 March 2013 Baht
Cash flows from operating activities					
Loss before income tax expense		(3,718,849,389)	(1,384,174,720)	(3,749,266,171)	(1,321,129,741)
Adjustments for:					
Interest income		(3,863,153)	(7,290,080)	(14,217,251)	(13,595,148)
Interest expenses		219,043,426	645,880,646	199,608,152	633,620,279
Depreciation charges	9	3,035,121,066	1,183,571,526	2,997,951,845	1,155,375,164
Amortisation of debt issuance costs		44,466,239	24,581,142	44,466,239	24,581,142
Amortisation of intangible assets	9	40,563,374	70,722,507	38,608,922	68,437,273
Unrealised net gain on exchange rate		(22,350,309)	(69,744,466)	(17,621,365)	(70,366,004)
Doubtful accounts		(199,607,599)	48,610,181	(199,829,204)	48,872,436
Loss on disposals of fixed asset		5,287,620	476,246	109,072	622
Employee benefit obligations		7,808,293	6,056,953	4,394,897	4,016,388
Changes in operating assets and liabilities					
- trade and other receivables		(665,815,947)	420,083,501	1,063,598,179	307,480,596
- inventories		730,266,162	954,461,092	559,076	814,998
- claimable value added tax		5,432,853	120,093,843	(89,729,346)	121,792,414
- other current assets		46,521,389	17,851,411	40,958,140	16,056,137
- other non-current assets		7,773,680	(4,906,981)	17,793,302	(477,932)
- trade and other payables		697,785,927	(502,259,580)	(493,302,074)	206,643,278
- accrued expenses		(158,593,849)	(292,575,747)	(96,211,410)	289,690,241
- other current liabilities		(408,688,900)	(783,367)	(411,030,832)	(5,852,720)
- liability under agreement for operation		-	(182,500,000)	-	(182,500,000)
Cash (used in) generated from operations		(337,699,117)	1,048,154,107	(663,159,829)	1,283,459,423
<u>Add</u> Interest received		67,669	169,170	12,104,341	9,007,923
<u>Less</u> Interest paid		(239,691,397)	(599,119,730)	(218,628,041)	(586,725,801)
Income tax paid (withholding tax)		(37,064,119)	(55,961,820)	(20,245,755)	(42,615,328)
Net cash (used in) generated from operating activities		(614,386,964)	393,241,727	(889,929,284)	663,126,217

The accompanying notes are an integral part of this interim financial information.

True Move Company Limited
Statement of Cash Flows (Unaudited) (Cont'd)
For the three-month period ended 31 March 2014

	Notes	Consolidated		Company	
		31 March	31 March	31 March	31 March
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Purchases of intangible assets		(30,889)	(303,800)	-	-
Purchases of non-network assets		(251,764,616)	(108,061,227)	(6,707,900)	(13,706,240)
Purchases of network equipment		(191,301,300)	(520,338,011)	(191,301,300)	(520,338,011)
Proceeds from disposals of equipment		221,735,628	107,036	221,735,628	-
Loans made to related companies	17 (iv)	-	-	(1,200,000,000)	(160,000,000)
Loans repayment received from related companies		-	-	-	150,000,000
Net cash used in investing activities		(221,361,177)	(628,596,002)	(1,176,273,572)	(544,044,251)
Cash flows from financing activities					
Proceeds from issue of ordinary shares	13	137,770	-	137,770	-
Proceeds from short-term borrowings from financial institutions	11.1	400,000,000	-	-	-
Repayments to short-term borrowings from financial institutions	11.1	(1,680,000,000)	-	-	-
Proceeds from short-term borrowings from related company	17 (v)	1,200,000,000	163,000,000	1,200,000,000	160,000,000
Repayments to short-term borrowings from related company		-	(450,000,000)	-	(450,000,000)
Net cash (used in) generated from financing activities		(79,862,230)	(287,000,000)	1,200,137,770	(290,000,000)
Net decrease in cash and cash equivalents		(915,610,371)	(522,354,275)	(866,065,086)	(170,918,034)
Cash and cash equivalents at beginning of the period		2,270,408,808	2,010,655,654	1,439,807,905	978,703,728
Effect of exchange rate change on cash		-	767,090	-	767,090
Cash and cash equivalents at end of the period		<u>1,354,798,437</u>	<u>1,489,068,469</u>	<u>573,742,819</u>	<u>808,552,784</u>

Non-cash transactions

Significant non-cash transactions for the three-month periods ended 31 March 2014 and 2013 comprise:

	Consolidated		Company	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Acquisitions of property and equipment which have not been paid	26.35	63.35	1.26	34.29

The accompanying notes are an integral part of this interim financial information.

1 General information

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

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

For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

This interim consolidated and company financial information was authorised for issue by the Company’s directors on 15 May 2014.

This interim consolidated and company financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

This interim consolidated and company financial information was prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34 (revised 2012), “Interim Financial Reporting”.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2013.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

The following amendments and related interpretations are effective for the periods beginning on or after 1 January 2014 and are relevant to the Group.

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of cash flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee benefits
TAS 21 (Revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (Revised 2012)	Related party disclosures
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible assets
TFRS 2 (Revised 2012)	Share-based payment
TFRS 3 (Revised 2012)	Business combinations
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under TAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Web site costs

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies about intangible assets acquired in a business combination that is separable. Intangible assets should be recognised separately from goodwill. Complementary assets may only be recognised as a single asset if they have similar useful lives. This standard has no impact to the Group.

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The management is currently assessing the impact of TRIC 4. This interpretation has no impact to the Group.

TSIC 27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS17 "Leases". This guidance explains examples that individually demonstrate that an arrangement may not, in substance, involve a lease under TAS 17. The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS38 "Intangible Assets". This interpretation has no impact to the Group.

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

4 Segment information

The Group's management has determined segment information in respect of the Group's business and geographic segments as follows:

Business segments

The Group operates in a single business being mobile telecommunications business. Therefore, the management considers that the Group has only one major business segment.

Geographic segments

Management considers that the Group operates in a single geographic area, being Thailand, and has, therefore, only one major geographic segment.

5 Trade and other receivables, net

	Consolidated		Company	
	31 March 2014 Baht	31 December 2013 Baht	31 March 2014 Baht	31 December 2013 Baht
Unbilled receivables	1,897,717,941	1,610,875,911	1,852,845,131	1,562,149,454
Trade accounts receivable				
- related companies (Note 17)	4,549,259,245	4,342,685,271	2,603,577,974	3,659,313,187
- third parties	2,143,332,073	2,379,064,623	1,581,150,632	1,883,367,293
Total trade accounts receivable	8,590,309,259	8,332,625,805	6,037,573,737	7,104,829,934
<u>Less</u> Allowance for doubtful accounts	<u>(1,595,517,582)</u>	<u>(1,700,702,923)</u>	<u>(1,564,337,405)</u>	<u>(1,669,759,863)</u>
Trade accounts receivable, net	6,994,791,677	6,631,922,882	4,473,236,332	5,435,070,071
Amounts due from related companies (Note 17)	4,434,369,288	4,313,980,148	1,151,597,801	1,275,913,532
Accounts receivable - others	169,870,568	180,305,388	136,956,637	136,352,916
Prepaid expenses	553,395,735	552,248,347	463,006,836	465,868,646
Advance payment	307,887,832	142,223,789	7,341,582	6,723,945
Prepaid withholding tax	482,044,021	444,979,902	402,926,284	382,680,529
Others	4,912,534	1,247,198	3,378,983	1,266,003
Trade and other receivables, net	<u>12,947,271,655</u>	<u>12,266,907,654</u>	<u>6,638,444,455</u>	<u>7,703,875,642</u>

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6 Inventories, net

	Consolidated		Company	
	31 March 2014 Baht	31 December 2013 Baht	31 March 2014 Baht	31 December 2013 Baht
Finished goods	3,122,836,156	4,156,672,063	4,501,728	5,821,170
<u>Less</u> Allowance for obsolete finished goods	<u>(269,357,273)</u>	<u>(284,658,468)</u>	<u>(1,244,612)</u>	<u>(2,004,979)</u>
Finished goods, net	2,853,478,883	3,872,013,595	3,257,116	3,816,191
Cash cards	1,152,092,220	863,823,670	-	-
Inventories, net	<u>4,005,571,103</u>	<u>4,735,837,265</u>	<u>3,257,116</u>	<u>3,816,191</u>

7 Other current assets

	Consolidated		Company	
	31 March 2014 Baht	31 December 2013 Baht	31 March 2014 Baht	31 December 2013 Baht
Input tax not yet due	219,226,513	265,747,903	155,890,663	196,848,803
Others	24,500	24,500	24,500	24,500
	<u>219,251,013</u>	<u>265,772,403</u>	<u>155,915,163</u>	<u>196,873,303</u>

8 Investments in subsidiaries, net

	Company	
	31 March 2014 Baht	31 December 2013 Baht
Investments in subsidiaries, net	<u>60,774,571</u>	<u>60,774,571</u>

Movement of investments in subsidiaries can be analysed as follows:

	Company Baht
For the three-month period ended 31 March 2014	
Opening net book amount	60,774,571
Additional investments	-
Closing net book amount	<u>60,774,571</u>

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8 Investments in subsidiaries, net (Cont'd)

At 31 March 2014 and 31 December 2013

At 31 March 2014 and 31 December 2013

Type of business	Company					
	Paid-up share capital Baht	Percentage of holding %	Cost method Baht	Allowance for impairment Baht	Investment, net Baht	
Investments in subsidiaries						
True Distribution and Sales Co., Ltd.	Trading and providing services for telecommunication equipment	1,501,000,000	99.99	1,501,000,000	1,501,000,000	-
True Music Co., Ltd.	Content Provider	200,000	99.97	149,949	149,949	-
True International Communication Co., Ltd.	Providing international telephone service or International Direct Dialing (IDD) services	849,994	99.99	60,774,571	-	60,774,571
Total investments in subsidiaries, net				1,561,924,520	1,501,149,949	60,774,571

As at 31 March 2014, the investment in True Distribution and Sales Co., Ltd. has been pledged to secure long-term borrowings of the Company (Note 11).

9 Property, plant, equipment and intangible assets, net

	Consolidated		Company	
	Property, plant and equipment Baht	Intangible assets Baht	Property, plant and equipment Baht	Intangible assets Baht
For the three-month period ended 31 March 2014				
Opening net book amount	17,629,694,931	606,284,476	16,647,177,090	552,051,806
Additions	123,763,229	30,889	4,582,364	-
Disposals	(5,287,620)	-	(109,072)	-
Transfers/adjustments	(4,114,523)	4,114,523	(4,114,523)	4,114,523
Depreciation and amortisation	(3,035,121,066)	(40,563,374)	(2,997,951,845)	(38,608,922)
Closing net book amount	<u>14,708,934,951</u>	<u>569,866,514</u>	<u>13,649,584,014</u>	<u>517,557,407</u>

The Agreement for Operation of a nationwide cellular network under the Build-Transfer-Operate Agreement granted by CAT Telecom Public Company Limited ("CAT") to the Company expired on 15 September 2013. On 16 August 2013, the National Broadcasting and Telecommunications Commission ("NBTC") (formerly, the National and Telecommunications Commission ("NTC")) officially announced the regulation in respect of protection of mobile customers using mobile service on networks whose concessions expire. The regulation requires the Company to act as a "caretaker" to continue providing mobile service on the 1800 MHz spectrum for a one-year period after the expiry of the concession. The useful life of the related network assets was shortened to one year and will end on 15 September 2014.

In the statement of comprehensive income, the difference between normal depreciation and the accelerated depreciation of network assets amounting to Baht 1,588.10 million is presented in other expenses to reflect the unusual nature of the depreciation.

	Consolidated Million Baht	Company Million Baht
Capital commitments		
As at 31 March 2014	291.30	121.58
As at 31 December 2013	342.50	133.12

10 Trade and other payables

	Consolidated		Company	
	31 March 2014 Baht	31 December 2013 Baht	31 March 2014 Baht	31 December 2013 Baht
Trade accounts payable				
- related companies (Note 17)	8,800,915,746	7,987,864,152	2,518,941,244	2,614,995,425
- third parties	1,931,845,821	2,077,890,431	1,055,087,915	1,558,771,228
Amounts due to related companies (Note 17)	1,190,306,763	1,200,514,573	272,659,724	253,354,583
Income tax payable	35,338,748	22,832,035	-	-
Others	145,142,141	444,868,559	50,238,849	171,318,673
Trade and other payables	<u>12,103,549,219</u>	<u>11,733,969,750</u>	<u>3,896,927,732</u>	<u>4,598,439,909</u>

11 Borrowings

11.1 Short-term borrowings

	Consolidated	
	31 March 2014 Baht	31 December 2013 Baht
Bank and financial institutions	400,000,000	1,680,000,000

The movements in short-term borrowings are as follows:

	Consolidated Baht
For the three-month period ended 31 March 2014	
Opening net book amount	1,680,000,000
Addition	400,000,000
Repayments	(1,680,000,000)
Closing net book amount	400,000,000

The short-term borrowings are in form of close-ended promissory notes. The short-term borrowings carry interest at MLR plus an applicable margin, and will be repayable on a monthly basis on the last business day of each period.

11.2 Long-term borrowings

	Consolidated and Company	
	31 March 2014 Baht	31 December 2013 Baht
Current		
- Banks and financial institutions	1,350,000,000	675,000,000
- US Dollar notes	348,683,047	352,192,491
Total current	1,698,683,047	1,027,192,491
Non-current		
- Banks and financial institutions	6,524,318,670	7,155,075,658
Total non-current	6,524,318,670	7,155,075,658
Total long-term borrowings	8,223,001,717	8,182,268,149

11 Borrowings (Cont'd)

11.2 Long-term borrowings (Cont'd)

11.2.1 Long-term borrowings from banks and financial institutions

	Consolidated and Company	
	31 March 2014 Baht	31 December 2013 Baht
Current	1,350,000,000	675,000,000
Non-current	6,524,318,670	7,155,075,658
Total borrowings	<u>7,874,318,670</u>	<u>7,830,075,658</u>

The movements in long-term borrowings from banks and financial institutions are as follows:

	Consolidated and Company Baht
For the three-month period ended 31 March 2014	
Opening net book amount	7,830,075,658
Amortisation of debt issuance costs	<u>44,243,012</u>
Closing net book amount	<u>7,874,318,670</u>

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

11.2.2 US Dollar notes

	Consolidated and Company	
	31 March 2014 Baht	31 December 2013 Baht
Current	348,683,047	352,192,491
Total borrowings	<u>348,683,047</u>	<u>352,192,491</u>

The movements in US Dollar notes are as follows:

	Consolidated and Company Baht
For the three-month period ended 31 March 2014	
Opening net book amount	352,192,491
Amortisation of debt issuance costs	435,516
Currency translation	<u>(3,944,960)</u>
Closing net book amount	<u>348,683,047</u>

12 Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and using a principal tax rate of 20% (2013: 20%). The deferred taxation relates to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarised below:

	Consolidated and Company		
	31 December 2013 Baht	Charged to profit or loss Baht	31 March 2014 Baht
Deferred income tax liabilities			
Network assets	1,146,583,993	(399,971,161)	746,612,832
Debt issuance cost	82,738,365	(8,935,706)	73,802,659
Depreciation of network assets	150,330,721	(8,810,745)	141,519,976
Deferred income tax liabilities	<u>1,379,653,079</u>	<u>(417,717,612)</u>	<u>961,935,467</u>

Movement in deferred income taxes can be analysed as follows:

	Consolidated and Company Baht
For the three-month period ended 31 March 2014	
Opening amount	1,379,653,079
Charged to profit or loss	<u>(417,717,612)</u>
Closing amount	<u>961,935,467</u>

13 Share capital and premium on share capital

	Consolidated and Company			
	Number of shares	Ordinary shares Baht	Share premium Baht	Total Baht
Opening amount as at 1 January 2014	6,518,130,138	65,181,301,380	1,858,400,000	67,039,701,380
Issue of shares	13,777	137,770	-	137,770
Closing amount as at 31 March 2014	<u>6,518,143,915</u>	<u>65,181,439,150</u>	<u>1,858,400,000</u>	<u>67,039,839,150</u>
Opening amount as at 1 January 2013	4,128,130,138	41,281,301,380	1,858,400,000	43,139,701,380
Issue of shares	-	-	-	-
Closing amount as at 31 March 2013	<u>4,128,130,138</u>	<u>41,281,301,380</u>	<u>1,858,400,000</u>	<u>43,139,701,380</u>

The total number of authorised ordinary shares is 6,518,143,915 shares (2013: 6,518,130,138 shares) with a par value of Baht 10 per share (2013: Baht 10 per share). All issued shares are fully paid.

On 30 October 2013, the shareholders at the Extraordinary Shareholders' Meeting No.1/2013 passed a resolution to approve an increase of authorised share capital from 4,128,130,138 ordinary shares with a par value of Baht 10 per share to 7,131,130,138 ordinary shares with a par value of Baht 10 per share. On 25 December, 2013, the Company received subscription of 2,390,000,000 additional ordinary shares at Baht 10 per share and registered the increased share capital with the Ministry of Commerce on 27 December 2013. On 17 February, 2014, the Company subsequently received subscription of 13,777 additional ordinary shares at Baht 10 per share and registered the increased share capital with the Ministry of Commerce on 21 February 2014.

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14 Finance costs, net

For the three-month period ended	Consolidated		Company	
	31 March 2014 Baht	31 March 2013 Baht	31 March 2014 Baht	31 March 2013 Baht
Net foreign exchange gain	(3,944,960)	(20,782,347)	(3,944,960)	(20,782,347)
Interest expenses	219,043,426	645,880,646	199,608,152	633,620,279
Other finance costs	46,991,012	27,607,040	46,991,012	27,607,040
Finance costs, net	<u>262,089,478</u>	<u>652,705,339</u>	<u>242,654,204</u>	<u>640,444,972</u>

15 Income tax (revenue) expense

For the three-month period ended	Consolidated		Company	
	31 March 2014 Baht	31 March 2013 Baht	31 March 2014 Baht	31 March 2013 Baht
Current tax	12,506,713	13,873,650	-	-
Deferred income taxes (Note 12)	(417,717,612)	332,512,906	(417,717,612)	332,512,906
Income tax (revenue) expense	<u>(405,210,899)</u>	<u>346,386,556</u>	<u>(417,717,612)</u>	<u>332,512,906</u>

16 Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders of the Company by the weighted average number of paid-up ordinary shares in issue during the period.

For the three-month period ended	Consolidated		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Loss attributable to ordinary shareholders (Baht)	(3,313,638,490)	(1,730,561,276)	(3,331,548,559)	(1,653,642,647)
Weighted average number of paid-up ordinary shares in issue (Shares)	6,518,136,108	4,128,130,138	6,518,136,108	4,128,130,138
Basic loss per share (Baht)	(0.51)	(0.42)	(0.51)	(0.40)

17 Related party transactions

The Company is owned by Bangkok Inter Teletech Public Company Limited ("BITCO"), incorporated in Thailand, at 99.95% of the Company's ordinary shares. BITCO is owned by Real Future Co., Ltd. ("RF"), incorporated in Thailand, at 98.29% of BITCO's ordinary shares. RF is controlled by True Corporation Public Company Limited ("True") which owns 100.00% of RF's total ordinary shares. True is the ultimate parent company.

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

The following transactions were carried out with related parties:

i) Sales of goods and services

For the three-month period ended	Consolidated		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Sales of goods to:				
- ultimate parent company	3.69	4.51	-	-
- parent company	378.61	-	-	-
- related companies	1,465.39	164.80	9.92	0.66
	<u>1,847.69</u>	<u>169.31</u>	<u>9.92</u>	<u>0.66</u>
Sales of cash cards to:				
- ultimate parent company	0.02	-	-	-
- related companies	250.66	208.97	-	-
	<u>250.68</u>	<u>208.97</u>	<u>-</u>	<u>-</u>
Sales of services to:				
- ultimate parent company	24.24	33.19	11.87	21.51
- parent company	126.71	-	107.57	-
- subsidiaries	-	-	20.42	39.36
- related companies	789.84	549.13	103.62	79.94
	<u>940.79</u>	<u>582.32</u>	<u>243.48</u>	<u>140.81</u>

17 Related party transactions (Cont'd)

ii) Purchase of goods and services

For the three-month period ended	Consolidated		Company	
	31 March 2014 Million Baht	31 March 2013 Million Baht	31 March 2014 Million Baht	31 March 2013 Million Baht
Purchase of goods from:				
- subsidiaries	-	-	0.04	17.25
- related companies	264.02	110.24	-	-
	<u>264.02</u>	<u>110.24</u>	<u>0.04</u>	<u>17.25</u>
Purchase of cash cards from:				
- related companies	1,267.26	59.99	-	-
	<u>1,267.26</u>	<u>59.99</u>	<u>-</u>	<u>-</u>
Purchase of services from:				
- ultimate parent company	25.91	36.74	18.90	27.75
- parent company	2.56	-	1.91	-
- subsidiaries	-	-	41.55	183.87
- related companies	568.10	924.08	467.52	725.72
	<u>596.57</u>	<u>960.82</u>	<u>529.88</u>	<u>937.34</u>

17 Related party transactions (Cont'd)

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

	Consolidated		Company	
	31 March 2014 Million Baht	31 December 2013 Million Baht	31 March 2014 Million Baht	31 December 2013 Million Baht
Trade accounts receivable				
- ultimate parent company	2.56	5.32	1.31	0.81
- parent company	859.83	366.54	427.34	327.89
- subsidiaries	-	-	798.70	785.11
- related companies	3,686.87	3,970.83	1,376.23	2,545.50
	<u>4,549.26</u>	<u>4,342.69</u>	<u>2,603.58</u>	<u>3,659.31</u>
Amounts due from related companies				
- ultimate parent company	75.37	74.21	50.97	39.61
- parent company	91.85	76.14	91.85	76.07
- subsidiaries	-	-	90.13	81.57
- related companies	4,267.15	4,163.63	918.65	1,078.66
	<u>4,434.37</u>	<u>4,313.98</u>	<u>1,151.60</u>	<u>1,275.91</u>
Trade accounts payable				
- ultimate parent company	56.46	51.01	-	-
- parent company	13.25	17.58	12.89	17.11
- subsidiaries	-	-	820.05	918.29
- related companies	8,731.21	7,919.27	1,686.00	1,679.60
	<u>8,800.92</u>	<u>7,987.86</u>	<u>2,518.94</u>	<u>2,615.00</u>
Amounts due to related companies				
- ultimate parent company	193.04	176.30	193.04	176.30
- related companies	997.27	1,024.21	79.62	77.05
	<u>1,190.31</u>	<u>1,200.51</u>	<u>272.66</u>	<u>253.35</u>

Trade accounts receivable and payable related to cash cards business included in the consolidated statement of financial position as at 31 March 2014 were amounting to Baht 173.03 million and Baht 6,462.33 million, respectively (31 December 2013: Baht 177.47 million and Baht 5,397.13 million, respectively).

17 Related party transactions (Cont'd)

iv) Short-term loans to a subsidiary

	Company	
	31 March 2014 Million Baht	31 December 2013 Million Baht
Short-term loans to a subsidiary	3,275.00	2,075.00

Movement of short-term loans to a subsidiary can be analysed as follows:

	Company Million Baht
For the three-month period ended 31 March 2014	
Opening net book amount	2,075.00
Additions	1,200.00
Closing net book amount	3,275.00

The Company made loans to a subsidiary under "Subordinated Loan Agreement" whereby the Company is the "Subordinated Lender". The interest will be repayable to the Subordinated Lender on a monthly basis on the last business day of each period. This loan is due for repayment on demand.

The loans carry interest at the Company's cost of fund plus an applicable margin.

v) Short-term borrowings from related companies

	Consolidated		Company	
	31 March 2014 Million Baht	31 December 2013 Million Baht	31 March 2014 Million Baht	31 December 2013 Million Baht
Short-term borrowings from:				
- parent company	7,765.00	6,565.00	7,765.00	6,565.00
- a related company	30.00	30.00	-	-
	7,795.00	6,595.00	7,765.00	6,565.00

17 Related party transactions (Cont'd)

v) Short-term borrowings from related companies (Cont'd)

Short-term borrowings from parent company

Movement of short-term borrowings from parent company can be analysed as follows:

	Consolidated and Company Million Baht
For the three-month period ended 31 March 2014	
Opening net book amount	6,565.00
Additions	<u>1,200.00</u>
Closing net book amount	<u><u>7,765.00</u></u>

The Company borrows from parent company under "Subordinated Loan Agreement" whereby the parent company is the "Subordinated Lender". The interest will be repayable to the Subordinated Lender on a monthly basis on the last business day of each period. This loan is due for repayment on demand.

The borrowings carry interest at lender cost of fund plus an applicable margin.

Short-term borrowings from a related company

Movement of short-term borrowings from a related company can be analysed as follows:

	Consolidated Million Baht
For the three-month period ended 31 March 2014	
Opening net book amount	30.00
Addition	<u>-</u>
Closing net book amount	<u><u>30.00</u></u>

The short-term borrowings from a related company are in form of promissory note. The interest will be repayable to a related company on a monthly basis on the last business day of each period. This loan is due for repayment on demand.

18 Bank guarantees

At 31 March 2014, there are outstanding bank guarantees of Baht 1,461.69 million (31 December 2013: Baht 1,462.19 million) on the consolidated basis, issued by local banks on behalf of the Group in the normal course of business.

19 Dispute over TOT access charges

Refer to Note 31 to the 2013 annual financial statements, in 2006, the Company issued a written notification informing TOT Public Company Limited ("TOT") (formerly, Telephone Organization of Thailand) and CAT that it will cease payment of access charges under the Access Charge Agreement on the basis that the rate and the collection of access charges under the Access Charge Agreement were contrary to the law in a number of respects. In 2011, TOT has filed a lawsuit against CAT and the Company, claiming for the access charges totalling Baht 41,540.27 million.

If the Company has to pay such access charges, the Company would record additional expenses and be liable to accrue additional access charges for the period from 18 November 2006 to 15 September 2013 as follows:

	Accrued access charges Million Baht	Net effect to the statement of comprehensive income, net of revenue sharing to CAT Million Baht
For the period from 18 November 2006 to 15 September 2013	32,344.56	23,762.55
Total	32,344.56	23,762.55

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

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

20 Litigations and arbitration disputes

Except as set forth, there is no new development in the litigations and arbitration disputes disclosed in Note 32.7 to the 2013 annual financial statements. The progress of litigations occurred during the quarter ended 31 March 2014 is summarised as follows:

Pertaining to the dispute between the Company and NBTC regarding the collection of information and detail of pre-paid mobile telephone customers. On 3 March 2014, the Company paid Baht 34.96 million as the administrative fine of Baht 80,000 per day calculated from 6 July 2012 to 15 September 2013. However, the aforementioned payment should not be interpreted that the administrative order and fine are lawful. If the final judgement is in favour of the Company, the Company shall redeem the amount paid.

Pertaining to the dispute between the Company and NTC together with the Secretary of the NBTC in relation to their order to prohibit of any manner which forces the prepaid mobile phone customer to use the service within the specific period (Validity). On 20 February 2014, the Company paid Baht 23.30 million as the administrative fine of Baht 100,000 per day calculated from 30 May 2012 to 17 January 2013. However, the aforementioned payment should not be interpreted that the administrative order and fine are lawful. If the final judgement is in favour of the Company, the Company shall redeem the amount paid.

The ultimate outcome of the litigations and arbitration disputes are presently unable to be determined, and accordingly, no provision for liability has been made in the interim financial information.