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# TT&T Public Company Limited and its Subsidiaries

Interim financial statements

and

Review report of Certified Public Accountant

For the three-month and six-month periods ended

30 June 2006

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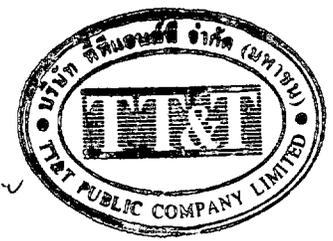
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## Review report of Certified Public Accountant

### To the Board of Directors of TT&T Public Company Limited

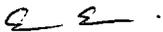
I have reviewed the accompanying consolidated balance sheet of TT&T Public Company Limited and its subsidiaries as at 30 June 2006, the consolidated statements of income for each of the three-month and six-month periods ended 30 June 2006 and 2005, and the consolidated statements of changes in shareholders' equity and cash flows for each of the six-month periods ended 30 June 2006 and 2005. I have also reviewed the balance sheet of TT&T Public Company Limited as at 30 June 2006, the statements of income for each of the three-month and six-month periods ended 30 June 2006 and 2005, and the statements of changes in shareholders' equity and cash flows for each of the six-month periods ended 30 June 2006 and 2005. The management of TT&T Public Company Limited is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

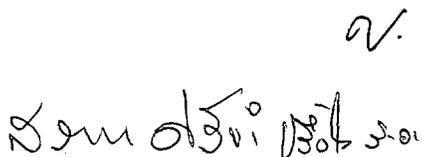
I draw attention to Note 12.2 to the financial statements. The Company earns income from other value added services, for which some of the income sharing rates are pending agreement of, and/or under consideration by, TOT Plc. Furthermore, note 15.4 to the financial statements outlines the Company's dispute with TOT Plc.

I have previously audited the consolidated financial statements of TT&T Public Company Limited and its subsidiaries for the year ended 31 December 2005, and the financial statements of TT&T Public Company Limited for the same period in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 17 February 2006, with emphasis on the impact of the uncertainty of income sharing rate of other value added services which are pending agreement of, and/or under consideration by, TOT Plc. and the dispute with TOT Plc. The consolidated balance sheet and the balance sheet of TT&T Public Company Limited as at 31 December 2005, which have been presented herein for comparative purpose, are components of those financial statements which I have audited and reported thereon. I have not performed any audit procedures subsequent to the date of that report.



(Somboon Supasiripinyo)  
Certified Public Accountant  
Registration number 3731

KPMG Phoomchai Audit Ltd.  
Bangkok  
7 August 2006




**Balance sheets**
**As at 30 June 2006 and 31 December 2005**

Assets	Note	Consolidated		The Company	
		30 June 2006 (Unaudited)	31 December 2005	30 June 2006 (Unaudited)	31 December 2005
<i>(in thousand Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	14	1,277,949	1,609,680	1,057,882	1,360,045
Trade accounts receivable, net	5	1,242,086	1,143,695	1,172,327	1,114,822
Accounts receivable from subsidiaries	4	-	-	83,103	71,901
Other accounts receivable, net		51,582	57,071	25,128	34,061
Inventories, net		365,822	387,635	360,043	383,746
Accrued income from telephone services		121,227	139,078	121,227	139,078
Accrued income from long distance telephone services		32,289	31,374	32,289	31,374
Prepaid long distance circuit rental		47,335	44,882	47,335	44,882
Prepaid expenses		38,678	22,197	37,358	18,813
Deposits & advance payments to subcontractors		53,087	32,769	6,495	11,622
Other current assets, net		38,488	30,896	13,233	20,679
<b>Total current assets</b>		<b>3,268,543</b>	<b>3,499,277</b>	<b>2,956,420</b>	<b>3,231,023</b>
<b>Non-current assets</b>					
Advances for purchase of equipment	4	329,472	226,213	329,472	226,213
Investments accounted for using the equity method	6	-	-	178,632	189,273
Assets not used in operations, net		49,673	49,487	49,673	49,487
Property, plant and equipment, net	4	5,284,150	5,498,756	5,182,763	5,420,501
Cost of telephone service expansion project transferred to TOT Plc., net		27,444,036	28,474,597	27,558,126	28,589,277
Prepaid withholding income tax		291,591	395,006	264,556	374,735
Deposits and others		59,773	51,759	38,456	31,908
<b>Total non-current assets</b>		<b>33,458,695</b>	<b>34,695,818</b>	<b>33,601,678</b>	<b>34,881,394</b>
<b>Total assets</b>		<b>36,727,238</b>	<b>38,195,095</b>	<b>36,558,098</b>	<b>38,112,417</b>

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

**Balance sheets**
**As at 30 June 2006 and 31 December 2005**

Liabilities and shareholders' equity	Note	Consolidated		The Company	
		30 June 2006 (Unaudited)	31 December 2005	30 June 2006 (Unaudited)	31 December 2005
<i>(in thousand Baht)</i>					
<b>Current liabilities</b>					
Trade accounts payable	4	575,873	429,070	430,071	338,617
Other accounts payable		42,061	72,010	36,660	66,633
Current portion of long-term loans	7	2,133,174	2,082,195	2,133,174	2,082,195
Accounts payable to subsidiary	4	-	-	65,134	60,135
Accrued income tax expense		9,601	-	-	-
Accrued long distance circuit rental expenses		116,367	109,585	116,367	109,585
Accrued conduit rental expenses		9,118	9,138	9,118	9,138
Accrued interest expense		1,694	3,395	1,694	3,395
Accrued expenses		194,614	226,430	162,464	210,816
Advance revenue from data communication network		39,153	38,707	39,153	38,707
Other current liabilities		105,013	85,225	83,374	74,264
<b>Total current liabilities</b>		<b>3,226,668</b>	<b>3,055,755</b>	<b>3,077,209</b>	<b>2,993,485</b>
<b>Non-current liabilities</b>					
Long-term loans	7	18,631,914	20,387,747	18,631,914	20,387,747
Warrants exercised pending share registration	9	168,675	-	168,675	-
Other non-current liabilities		19,681	20,408	-	-
<b>Total non-current liabilities</b>		<b>18,820,270</b>	<b>20,408,155</b>	<b>18,800,589</b>	<b>20,387,747</b>
<b>Total liabilities</b>		<b>22,046,938</b>	<b>23,463,910</b>	<b>21,877,798</b>	<b>23,381,232</b>
<b>Shareholders' equity</b>					
<i>Share capital</i>					
Authorized share capital		70,000,000	70,000,000	70,000,000	70,000,000
Issued and paid-up share capital	10	32,255,535	32,255,461	32,255,535	32,255,461
Share premium		9,360,300	9,360,300	9,360,300	9,360,300
Share discount		(8,881,434)	(8,881,396)	(8,881,434)	(8,881,396)
<i>Retained earnings (Deficit)</i>					
Legal reserve		63,358	63,358	63,358	63,358
Unappropriated		(18,117,459)	(18,066,538)	(18,117,459)	(18,066,538)
<b>Total shareholders' equity</b>		<b>14,680,300</b>	<b>14,731,185</b>	<b>14,680,300</b>	<b>14,731,185</b>
<b>Total liabilities and shareholders' equity</b>		<b>36,727,238</b>	<b>38,195,095</b>	<b>36,558,098</b>	<b>38,112,417</b>

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

**Statements of income**
**For the three-month periods ended 30 June 2006 and 2005 (Unaudited)**

	<i>Note</i>	<b>Consolidated</b>		<b>The Company</b>	
		2006	2005	2006	2005
<i>(in thousand Baht)</i>					
<b>Revenues</b>					
Income from Telephone Services					
Expansion and Joint - Investment Agreement		1,279,423	1,484,120	1,296,879	1,459,437
Income from telecommunication service		160,167	7,812	-	-
Sales and service income		68,196	98,768	68,814	75,824
Interest income		12,623	7,341	10,652	6,530
Foreign exchange gain, net		161,745	-	161,745	-
Other income	4	36,751	30,456	63,350	38,744
Share of profits from investments accounted for using the equity method		-	-	5,495	3,315
<b>Total revenues</b>		<b>1,718,905</b>	<b>1,628,497</b>	<b>1,606,935</b>	<b>1,583,850</b>
<b>Expenses</b>					
Costs of sale of goods and rendering of services		135,627	88,039	47,887	41,570
Operating, administrative and general expenses	4	675,681	619,271	660,287	620,767
Foreign exchange loss, net		-	642,148	-	642,148
Depreciation and amortization		874,296	819,749	875,061	821,549
Directors' remuneration		2,166	2,253	2,166	2,253
<b>Total expenses</b>		<b>1,687,770</b>	<b>2,171,460</b>	<b>1,585,401</b>	<b>2,128,287</b>
<b>Profit (loss) before interest and     income tax expenses</b>					
		<b>31,135</b>	<b>(542,963)</b>	<b>21,534</b>	<b>(544,437)</b>
Interest expense		(390,446)	(328,840)	(390,446)	(328,841)
Income tax expense		(9,601)	(1,475)	-	-
<b>Net loss</b>		<b>(368,912)</b>	<b>(873,278)</b>	<b>(368,912)</b>	<b>(873,278)</b>
<b>Basic loss per share (Baht)</b>	13	<b>(0.11)</b>	<b>(0.28)</b>	<b>(0.11)</b>	<b>(0.28)</b>

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

**Statements of income**
**For the six-month periods ended 30 June 2006 and 2005 (Unaudited)**

	Note	Consolidated		The Company	
		2006	2005	2006	2005
<i>(in thousand Baht)</i>					
<b>Revenues</b>					
Income from Telephone Services					
Expansion and Joint - Investment Agreement		2,716,448	3,062,359	2,742,817	3,021,910
Income from telecommunication service		261,139	7,971	-	-
Sales and service income		153,884	203,391	146,146	154,014
Interest income		21,737	11,853	18,032	9,921
Foreign exchange gain, net		762,726	-	762,726	-
Other income	4	75,371	68,150	126,819	82,036
Share of profits from investments accounted for using the equity method		-	-	-	8,582
<b>Total revenues</b>		<b>3,991,305</b>	<b>3,353,724</b>	<b>3,796,540</b>	<b>3,276,463</b>
<b>Expenses</b>					
Costs of sale of goods and rendering of services		265,012	158,595	96,370	79,519
Operating, administrative and general expenses	4	1,273,497	1,255,319	1,244,295	1,258,120
Foreign exchange loss, net		-	651,744	-	651,054
Depreciation and amortization		1,735,409	1,619,779	1,737,448	1,623,414
Directors' remuneration		4,444	4,501	4,444	4,501
Share of losses from investments accounted for using the equity method		-	-	10,641	-
<b>Total expenses</b>		<b>3,278,362</b>	<b>3,689,938</b>	<b>3,093,198</b>	<b>3,616,608</b>
<b>Profit (loss) before interest and     income tax expenses</b>					
Income tax expenses		712,943	(336,214)	703,342	(340,145)
Interest expense		(754,263)	(638,642)	(754,263)	(638,642)
Income tax expense		(9,601)	(3,931)	-	-
<b>Net loss</b>		<b>(50,921)</b>	<b>(978,787)</b>	<b>(50,921)</b>	<b>(978,787)</b>
<b>Basic loss per share (Baht)</b>	13	<b>(0.02)</b>	<b>(0.31)</b>	<b>(0.02)</b>	<b>(0.31)</b>

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

**Statements of changes in shareholders' equity**
**For the six-month periods ended 30 June 2006 and 2005 (Unaudited)**

	<b>Consolidated</b>						
	Note	Issued and paid-up share capital	Share premium	Share discount	<u>Retained earnings (Deficit)</u>		Total shareholders' equity
					Legal reserve	Unapprop- riated	
<i>(in thousand Baht)</i>							
<b>Balance at 1 January 2005</b>		<b>31,244,047</b>	<b>9,360,300</b>	<b>(8,881,253)</b>	<b>63,358</b>	<b>(16,313,977)</b>	<b>15,472,475</b>
Net loss		-	-	-	-	(978,787)	(978,787)
Common shares		452,303	-	(122)	-	-	452,181
<b>Balance at 30 June 2005</b>		<b>31,696,350</b>	<b>9,360,300</b>	<b>(8,881,375)</b>	<b>63,358</b>	<b>(17,292,764)</b>	<b>14,945,869</b>
<b>Balance at 1 January 2006</b>		<b>32,255,461</b>	<b>9,360,300</b>	<b>(8,881,396)</b>	<b>63,358</b>	<b>(18,066,538)</b>	<b>14,731,185</b>
Net loss		-	-	-	-	(50,921)	(50,921)
Common shares	10	74	-	(38)	-	-	36
<b>Balance at 30 June 2006</b>		<b>32,255,535</b>	<b>9,360,300</b>	<b>(8,881,434)</b>	<b>63,358</b>	<b>(18,117,459)</b>	<b>14,680,300</b>
	<b>The Company</b>						
	Note	Issued and paid-up share capital	Share premium	Share discount	<u>Retained earnings (Deficit)</u>		Total equity of the Company's shareholders
					Legal reserve	Unapprop- riated	
<i>(in thousand Baht)</i>							
<b>Balance at 1 January 2005</b>		<b>31,244,047</b>	<b>9,360,300</b>	<b>(8,881,253)</b>	<b>63,358</b>	<b>(16,313,977)</b>	<b>15,472,475</b>
Net loss		-	-	-	-	(978,787)	(978,787)
Common shares		452,303	-	(122)	-	-	452,181
<b>Balance at 30 June 2005</b>		<b>31,696,350</b>	<b>9,360,300</b>	<b>(8,881,375)</b>	<b>63,358</b>	<b>(17,292,764)</b>	<b>14,945,869</b>
<b>Balance at 1 January 2006</b>		<b>32,255,461</b>	<b>9,360,300</b>	<b>(8,881,396)</b>	<b>63,358</b>	<b>(18,066,538)</b>	<b>14,731,185</b>
Net loss		-	-	-	-	(50,921)	(50,921)
Common shares	10	74	-	(38)	-	-	36
<b>Balance at 30 June 2006</b>		<b>32,255,535</b>	<b>9,360,300</b>	<b>(8,881,434)</b>	<b>63,358</b>	<b>(18,117,459)</b>	<b>14,680,300</b>

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

**Statements of cash flows**
**For the six-month periods ended 30 June 2006 and 2005 (Unaudited)**

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Net loss	(50,921)	(978,787)	(50,921)	(978,787)
<b><i>Adjustments for</i></b>				
Depreciation and amortization	1,747,898	1,630,087	1,737,448	1,623,414
Interest income	(21,737)	(11,853)	(18,032)	(9,921)
Interest expense	754,263	638,642	754,263	638,642
Income tax	9,601	3,931	-	-
Allowance for loss of VAT refundable	2,081	3,912	2,081	3,912
Allowance for doubtful accounts	93,501	14,085	86,569	14,085
Allowance for devaluation of inventories	7,435	-	7,435	-
(Gain) loss on exchange rates	(771,530)	647,184	(771,530)	647,184
Share of (profits) losses from subsidiaries	-	-	10,641	(8,582)
Gain on disposal of equipment	(342)	(2,873)	(342)	(2,764)
<b>Profit provided by operating activities before changes in operating assets and liabilities</b>	<b>1,770,249</b>	<b>1,944,328</b>	<b>1,757,612</b>	<b>1,927,183</b>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(188,861)	(223,752)	(140,809)	(223,752)
Accounts receivable from subsidiaries	-	-	(11,201)	(4,508)
Other accounts receivable	2,458	9,881	5,668	15,435
Inventories	(16,920)	(131,412)	(15,029)	(128,057)
Refundable income tax	191,238	219,971	191,049	219,971
Refundable value added tax	(4,102)	(96)	(2,706)	(96)
Other current assets	(33,022)	47,567	5,615	31,098
Trade accounts payable	148,113	(173,049)	92,764	(156,071)
Other accounts payable	(29,949)	87,946	(29,973)	88,085
Accounts payable to subsidiaries	-	-	4,999	(8,914)
Accrued long distance circuit rental expenses	6,782	40,000	6,782	40,000
Accrued conduit rental expenses	(20)	9,138	(20)	9,138
Other current liabilities	(12,308)	2,877	(38,796)	(6,754)
	1,833,658	1,833,399	1,825,955	1,802,758
Withholding tax paid	(87,823)	(96,274)	(80,871)	(84,704)
<b>Net cash provided by operating activities</b>	<b>1,745,835</b>	<b>1,737,125</b>	<b>1,745,084</b>	<b>1,718,054</b>

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

**Statements of cash flows**

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	22,769	17,060	18,845	14,885
Decrease in short-term investments	-	430,321	-	429,500
Proceed form return of advance payment for share subscription	-	-	-	400,000
Proceeds from sale of equipment	538	6,191	538	5,419
Purchase of property, plant and equipment	(201,135)	(646,510)	(167,553)	(613,481)
Increase in advances for purchase of equipment	(298,580)	(90,167)	(298,580)	(90,127)
Increase in cost of telephone service expansion project transferred to TOT Plc.	(75,359)	(84,125)	(74,768)	(84,705)
Decrease (increase) in deposits and others	(3,912)	(5,780)	(3,842)	486
<b>Net cash provided by (used in) investing activities</b>	<b><u>(555,679)</u></b>	<b><u>(373,010)</u></b>	<b><u>(525,360)</u></b>	<b><u>61,977</u></b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(518,091)	(508,739)	(518,091)	(508,739)
Repayment of long-term loans	(1,003,832)	(821,465)	(1,003,832)	(821,465)
Proceeds from issue of shares	36	115	36	115
<b>Net cash used in financing activities</b>	<b><u>(1,521,887)</u></b>	<b><u>(1,330,089)</u></b>	<b><u>(1,521,887)</u></b>	<b><u>(1,330,089)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	<b>(331,731)</b>	<b>34,026</b>	<b>(302,163)</b>	<b>449,942</b>
Cash and cash equivalents at beginning of period	<u>1,609,680</u>	<u>1,564,672</u>	<u>1,360,045</u>	<u>1,008,186</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>1,277,949</u></b>	<b><u>1,598,698</u></b>	<b><u>1,057,882</u></b>	<b><u>1,458,128</u></b>

**Non-cash transactions**

For the six-month periods ended 30 June 2006 and 2005, the Tranche C warrant holders had exercised their rights by converting Tranche C loans amounting to approximately Baht 169 million and Baht 452 million, respectively to share capital.

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

**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2006 (Unaudited)**

These notes form an integral part of the financial statements.

The interim financial statements were authorized for issue by the directors on 7 August 2006.

**1 General information**

TT&T Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 252/30 Muang Thai-Phatra Complex Tower 1, Floor 24, Ratchadaphisek Road, Huaykwang, Bangkok 10320.

The Company was listed on the Stock Exchange of Thailand in May 1994.

As at 30 June 2006, the immediate and ultimate holding company was Jasmine International Public Company Limited which was incorporated in Thailand.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are to operate telecommunication services.

On 23 February 2006, the National Telecommunications Commission granted a type-three license to Triple T Broadband Company Limited, valid for 20 years from the date of being granted the license. Triple T Broadband Company Limited has to pay annual license fee at the rate of 3 % of revenue before deduction of any expenses, and also the fee for Universal Service Organization Fund (USO) at the rate of 4 % of revenue before deduction of any expenses.

**2 Basis of preparation of financial statements**

The interim financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers.

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 41 *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King, applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The interim financial statements have been prepared to provide an update on the financial statements for the year ended 31 December 2005. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2005.

Accounting policies and methods of computation applied in the interim financial statements for the three-month and six-month periods ended 30 June 2006 are consistent with those applied in the financial statements for the year ended 31 December 2005.

**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2006 (Unaudited)**

The consolidated interim financial statements of the Company comprise the Company and its subsidiaries. Details of the Company's subsidiaries are as follows:

	Type of business	Country of incorporation	% Ownership interest	
			30 June 2006	31 December 2005
<i>Direct subsidiaries</i>				
TT&T Subscriber Services Co., Ltd. (TT&T SS)	Installation of dropwire and sale of telephone equipment and installation to subscribers and internet services.	Thailand	99.99%	99.99%
Triple T Broadband Co., Ltd. (TTT BB)	Telecommunication service, fixed line and mobile telephone service, data communication network and internet services.	Thailand	99.99%	99.99%
Triple T Global Net Co., Ltd. (TTT GN)	Telecommunication service, fixed line and mobile telephone service, data communication network and internet services.	Thailand	99.99%	99.99%
<i>Indirect subsidiary</i>				
Triple T Telecom Co., Ltd. (TTT TC)	Telecommunication service, fixed line and mobile telephone service, data communication network and internet services.	Thailand	99.99%	99.99%

Significant intra-group transactions between the Company and its subsidiaries are eliminated from consolidation.

### **3 Results of operations**

Following the agreement on debt restructuring with financial creditors and major creditors in 2001, the management believe that the Company will be able to comply with the conditions of the related debt restructuring agreements. Also, the Company has taken certain measures such as increasing telephone services income as well as value added service income, especially on data communication and internet related services, by concentration on a marketing strategy in order to increase subscribed lines, especially for the business sector and reducing operating expenses, etc. Nevertheless, the situation is uncertain and this may have an effect on the Company's success in future operations and ability to generate sufficient cash flows from operations to meet the conditions of the debt restructuring agreements. The ultimate outcome of this matter cannot presently be determined. The financial statements reflect management's current assessments of the impact to date of the situation on the financial position of the Company. Actual results could differ from the management's current assessments and such differences could be material.

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### 4 Related party transactions and balances

Related parties are those parties linked to the Group and the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The pricing policies for particular types of transactions are explained further below:

	<b>Pricing policies</b>
Rental and service income	Agreed in the agreement
Sales of goods	Cost plus margin 0.2% - 5%
Purchase and installation dropwire	Agreed in the agreement
Maintenance	Agreed in the agreement
Commission	Agreed in the agreement
Other expense	Actual incurred

Significant transactions for the three-month and six-month periods ended 30 June 2006 with related parties are summarized as follows:

	<b>Consolidated</b>		<b>The Company</b>	
	Three-month	Six-month	Three-month	Six-month
	<i>(in thousand Baht)</i>			
<b><i>Subsidiaries</i></b>				
Consultancy service income	-	-	12,715	17,215
Office building rental and service income	-	-	1,392	2,784
Advisory for internet service income	-	-	12,071	29,730
Sales of goods	-	-	26,126	46,230
Late submission fee for dropwire installation	-	-	226	1,324
Purchase and installation dropwire	-	-	28,779	67,197
Purchase and outside plant maintenance	-	-	18,797	36,407
Purchase and maintenance equipment	-	-	1,405	2,562
Vehicles and equipment rental	-	-	23,301	46,234
<b><i>Related person and companies</i></b>				
Commission income	1,090	2,309	1,090	2,309
Network maintenance service income	-	8,100	-	8,100
Lease circuit	14,873	30,145	1,293	2,585
Data communication network	2,104	4,476	2,104	4,476
Purchase equipment project CC&B	-	71,654	-	71,654
Purchase and maintenance network equipment	149,057	290,785	149,057	290,785
Lease land and building	160	160	-	-

**Notes to the interim financial statements**

**For the three-month and six-month periods ended 30 June 2006 (Unaudited)**

Significant transactions for the three-month and six-month periods ended 30 June 2005 with related parties are summarized as follows:

	<b>Consolidated</b>		<b>The Company</b>	
	Three-month	Six-month	Three-month	Six-month
	<i>(in thousand Baht)</i>			
<b><i>Subsidiaries</i></b>				
Consultancy service income	-	-	4,500	9,000
Office building rental and service income	-	-	1,392	2,784
Advisory for internet service income	-	-	2,451	2,451
Sales of goods	-	-	2,813	3,032
Purchase and installation dropwire	-	-	41,848	77,208
Purchase and outside plant maintenance	-	-	21,178	48,059
Purchase and maintenance equipment	-	-	9,571	15,348
Vehicles and equipment rental	-	-	22,188	44,452
In-house wiring and protector installation	-	-	93	373
<b><i>Related companies</i></b>				
Commission income	1,990	3,771	1,990	3,771
Lease circuit	5,281	6,904	1,293	2,585
Data communication network	2,488	7,162	2,488	7,162
Purchase equipment project CC&B	103,194	308,230	308,230	308,230
Purchase and maintenance network equipment	173,082	250,269	173,082	250,269

Balances as at 30 June 2006 and 31 December 2005 are as follows:

	<b>Consolidated</b>		<b>The Company</b>	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
<b><i>Receivable from subsidiary companies</i></b>				
- TT&T Subscriber Services Co., Ltd.	-	-	70,007	71,844
- Triple T Broadband Co., Ltd.	-	-	13,096	50
- Triple T Global Net Co., Ltd.	-	-	-	7
<b>Total</b>	<b>-</b>	<b>-</b>	<b>83,103</b>	<b>71,901</b>
<b><i>Advances for purchase of equipment</i></b> (Part of the advances for purchase of equipment in the balance sheets)				
- Loxbit Public Company Limited	-	17,097	-	17,097
- Loxdata Company Limited	30,400	30,400	30,400	30,400
- Jasmine Telecom Systems Public Company Limited	255,608	125,939	255,608	125,939
<b>Total</b>	<b>286,008</b>	<b>173,436</b>	<b>286,008</b>	<b>173,436</b>
<b><i>Work under installation</i></b> (Part of the property, plant and equipment in the balance sheets)				
- Siam Teltech Computer Co., Ltd.	489,111	417,457	489,111	417,457
<b><i>Payable to subsidiary companies</i></b>				
- TT&T Subscriber Services Co., Ltd.	-	-	65,134	60,135

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
<b><i>Payable to related companies</i></b>				
<i>(Part of the trade accounts payable in the balance sheets)</i>				
- Smart Highway Co., Ltd.	7,861	7,394	7,861	7,394
- Loxbit Public Company Limited	412	21,175	412	21,175
- Jasmine Telecom Systems Public Company Limited	231,131	24,367	231,131	24,367
- Jasmine Internet Co., Ltd.	9,496	9,721	-	-
- Acumen Co., Ltd.	9,594	26,647	9,594	26,647
- Siam Teltech Computer Co., Ltd.	9,569	57,944	9,569	57,944
- Professional Computer Co., Ltd.	1,680	-	1,680	-
<b>Total</b>	<b>269,743</b>	<b>147,248</b>	<b>260,247</b>	<b>137,527</b>

***Significant agreements with related parties***

The Company entered into purchase and installation equipment agreements under the Telephone Services Expansion Project for 1.5 million numbers with various related companies. Under the terms of the agreements, the related companies will supply and install the equipment in the system including providing extra services relating to the investment project of 1.5 million numbers. The prices are determined through a bidding process and will be used as reference prices in the next pricing. As at 30 June 2006 the Company had commitments for payment of equipment under the aforesaid agreements in the amount of approximately Baht 256 million (31 December 2005: Baht 110 million)

The Company provides the fixed line telephone, leased circuit and ADSL services to the subsidiaries and various related companies.

Effective on 1 April 2005, the Company had novated a contract for the supply of the Customer Care and Billing System (CC&B) and the related contracts for the End User Software License Agreement which TT&T SS had agreed with a consortium between Siam Teltech Computer Company Limited, a shareholder, and Convergys Information Management Group, Inc. in the amount of USD 26 million and the Support and Maintenance Agreement in the amount of USD 3.1 million per year. As at 30 June 2006, the Company had commitment for payment of those equipment and services under the terms and conditions stipulated in the contracts in the amount of USD 13.7 million.

The Company entered into car and equipment leasing contracts with TT&T SS to provide fault complaint reception and dropwire maintenance services. The rental fee is Baht 7.4 million per month. The agreement is valid for one year and is renewable on an annual basis. The contract parties may terminate it by giving advance notice to the other of not less than 15 days.

The Company entered into service and consultancy service agreements with TT&T SS. The Company will provide technical assistance and financial, legal and marketing consultancy services to TT&T SS. Under the terms of the agreement, the Company will receive a service fee of Baht 1.5 million per month. The agreement is valid for one year and is renewable on an annual basis. The contract parties may terminate it by giving advance notice to the other of not less than 30 days.

On 16 November 2005, TT&T SS had entered into a contract to acquire leased line Hi-speed internet service from a related company in order to provide internet service to TT&T SS's customers with a contract term of one year and at the monthly fee based on market price.

TTT BB has entered into an agreement to provide Telecom Network with TT&T SS on 21 June 2006. TT&T SS agreed to pay monthly service fee as specified in the agreement. The contract parties may terminate it by giving advance notice to the other of not less than 60 days.

The Company entered into an agreement with TT&T SS on 1 April 2005 to provide technical and advisory services for internet services to TT&T SS's customers. The Company will provide services as follows:

- Will act as a call center attending to all complaints, and providing required information for TT&T SS clients, including help solving all the problems requested.
- Arrange the printing of receipts and/or invoices.
- Provide engineering services, such as technical advisory services in setting up the system and equipment to support the clients.

The Company will receive monthly service fee based on type of clients and at the rate stated in the agreement. The agreement is valid for one year and is renewable on an annual basis. Either signatory to the agreement may terminate it by giving advance notice to the other of not less than 60 days. In 2<sup>nd</sup> quarter 2006, TT&T SS has given written notice to terminate the agreement effective on 30 April 2006.

TTT BB has entered into an agreement on 20 June 2006 to purchase system equipment for Broadband Service Network and Transport Network from a related company, in the amount of USD 34.93 million, which will arrange the procurement, installation, and maintenance of the equipment, as well as conduct a training course for the users of the said equipment. TTT BB has an obligation to pay for the cost of the said equipment, in 36 monthly installments, starting from the signing date which consists of Corporate Guarantee Agreements, Equipment Pledge and Deferred Payment Facility.

TT&T SS had long-term land and building lease agreements with the Company and a related person for periods of 1-3 years for its operating sites with a rental fee of approximately Baht 564,000 per month.

In 2<sup>nd</sup> quarter 2006, the Company recorded the following services fees which agreements are being drafted by a legal advisor:

1. management, financial, legal, accounting and marketing services including personnel to TTT BB amounting to Baht 8 million.
2. telecommunication network services to TTT BB amounting to Baht 24 million.
3. technical and advisory services for internet services to TTT BB amounting to Baht 4 million.

TT&T SS had provided coin telephone service since the first quarter of 2006, which is operated by the Company and there is no service charge made between them.

**5 Trade accounts receivable, net**

As at 30 June 2006 and 31 December 2005, trade accounts receivable are classified by their aging, as follows:

As at 30 June 2006	Consolidated				Total
	Current - 3 months	3-6 months	6-12 months	Over 12 months	
	<i>(in thousand Baht)</i>				
The telephone service subscriber receivable under the Concession Agreement					
- Billed	140,740	-	-	-	140,740
- Billed for other value added services (see note 12.2)	54,114	63,083	129,295	162,327	408,819
- Unbilled	502,219	60,549	64,510	206,404	833,682
VAT on the assets transferred	402	385	2,086	9,865	12,738
Receivables from internet service	69,831	4,064	2,292	-	76,187
Trade receivables – others	<u>58,312</u>	<u>3,857</u>	<u>2,116</u>	<u>9,740</u>	<u>74,025</u>
	825,618	131,938	200,299	388,336	1,546,191
Less Allowance for doubtful debts					<u>(304,105)</u>
<b>Accounts receivable – net</b>					<u><b>1,242,086</b></u>
As at 31 December 2006	Current - 3 months	3-6 months	6-12 months	Over 12 months	Total
	<i>(in thousand Baht)</i>				
The telephone service subscriber receivable under the Concession Agreement					
- Billed	116,904	-	-	-	116,904
- Billed for other value added services (see note 12.2)	110,285	59,028	55,732	106,595	331,640
- Unbilled	529,037	72,514	51,934	144,357	797,842
VAT on the assets transferred	1,250	984	817	9,047	12,098
Receivables from internet service	28,374	499	-	-	28,873
Trade receivables – others	<u>45,379</u>	<u>11,268</u>	<u>9,993</u>	<u>3,334</u>	<u>69,974</u>
	831,229	144,293	118,476	263,333	1,357,331
Less Allowance for doubtful debts					<u>(213,636)</u>
<b>Accounts receivable – net</b>					<u><b>1,143,695</b></u>

**Notes to the interim financial statements**

**For the three-month and six-month periods ended 30 June 2006 (Unaudited)**

As at 30 June 2006	The Company				Total
	Current - 3 months	3-6 months	6-12 months	Over 12 months	
	<i>(in thousand Baht)</i>				
The telephone service subscriber receivable under the Concession Agreement					
- Billed	140,740	-	-	-	140,740
- Billed for other value added services (see note 12.2)	54,114	63,083	129,295	162,327	408,819
- Unbilled	502,219	60,549	64,510	206,404	833,682
VAT on the assets transferred	402	385	2,086	9,865	12,738
Trade receivables – others	<u>57,574</u>	<u>3,857</u>	<u>2,116</u>	<u>9,740</u>	<u>73,287</u>
	755,049	127,874	198,007	388,336	1,469,266
Less Allowance for doubtful debts					<u>(296,939)</u>
<b>Accounts receivable – net</b>					<u><b>1,172,327</b></u>
As at 31 December 2005	Current - 3 months	3-6 months	6-12 months	Over 12 months	Total
	<i>(in thousand Baht)</i>				
The telephone service subscriber receivable under the Concession Agreement					
- Billed	116,904	-	-	-	116,904
- Billed for other value added services (see note 12.2)	110,285	59,028	55,732	106,595	331,640
- Unbilled	529,037	72,514	51,934	144,357	797,842
VAT on the assets transferred	1,250	984	817	9,047	12,098
Trade receivables – others	<u>45,379</u>	<u>11,268</u>	<u>9,993</u>	<u>3,334</u>	<u>69,974</u>
	802,855	143,794	118,476	263,333	1,328,458
Less Allowance for doubtful debts					<u>(213,636)</u>
<b>Accounts receivable – net</b>					<u><b>1,114,822</b></u>

As at 30 June 2006, the allowances for doubtful receivables were set up at approximately Baht 304.1 million (31 December 2005: Baht 213.6 million) in the consolidated financial statements and 296.9 million (31 December 2005: Baht 213.6 million) in the Company financial statements. The management believes that the allowance is adequate to cover the possible loss from uncollectible amounts. Besides, the Company has certain means to accelerate the collection of receivables, including the issuance of legal notices to follow-up the long outstanding balances and referring the cases to Legal Division of TOT Plc. "TOT".

As at 30 June 2006, the receivables under the Joint Undertaking and Joint Investment Agreement for the telephone service extension, for which invoices have been issued, included the receivables being provided with other value added services, i.e. T-Pin, T-SMS and ADSL, for instance, amounting to Baht 409 million (31 December 2005: Baht 331 million). The Company has not received its share of income from TOT. The Company has recorded the income sharing at the same rates initially agreed with TOT. (See Note 12.2 to the financial statements).



# TT&T Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and six-month periods ended 30 June 2006 (Unaudited)

Investments accounted for using the equity method as at 30 June 2006 and 31 December 2005 are as follows:

	The Company							
	% Ownership interest		Paid-up capital		Cost method		Equity method	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
<i>Subsidiaries</i>								
TT & T Subscriber Services Co., Ltd. and its subsidiary	99.99	99.99	50,000	50,000	50,000	50,000	152,004	186,502
Triple T Broadband Co., Ltd.	99.99	99.99	2,500	2,500	2,500	2,500	25,867	1,868
Triple T Global Net Co., Ltd.	99.99	99.99	1,000	1,000	1,000	1,000	761	903
<b>Total</b>			<b>53,500</b>	<b>53,500</b>	<b>53,500</b>	<b>53,500</b>	<b>178,632</b>	<b>189,273</b>

(in thousand Baht)

**7 Long-term loans**

As at 30 June 2006 and 31 December 2005, long-term loans consisted of:

	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>	
US Dollar loan	9,962,032	11,137,394
Baht loan	<u>10,803,056</u>	<u>11,332,548</u>
<b>Total</b>	<b>20,765,088</b>	<b>22,469,942</b>
Less portion due within one year	<u>(2,133,174)</u>	<u>(2,082,195)</u>
<b>Total Long-Term Loans – Net</b>	<b><u>18,631,914</u></b>	<b><u>20,387,747</u></b>

***USD Loan Agreement***

The objective of this agreement is to restructure the existing USD debts that the Company owed to creditors amounting to approximately USD 418.1 million without incurring any new indebtedness. The Company is obliged to repay USD principal in semi-annual installments, according to the proportion specified in the agreement. The first installments shall commence on 30 June 2002 and the last installment on 30 June 2017. The USD interest payment calculation shall be divided into market and sub-market portions based on fixed rate and LIBOR plus the agreed rate specified in the agreement.

***Baht Loan Agreement***

The objective of this agreement is to restructure the existing Baht debts that the Company owed to creditors of Baht 13,926.9 million without incurring any new indebtedness. The Company is obliged to repay Baht principal in semi-annual installments, according to the proportion specified in the agreement. The first installments shall commence on 30 June 2002 and the last installment on 30 June 2017. The Baht interest payment calculation shall be divided into market and sub-market portion, based on MLR plus or minus the agreed rate specified in the agreement.

**8 Restructuring plan warrants (“RPW”)**

Under the debt restructuring agreements, the Company has issued warrants in an amount equal to 10% of the total grossed-up number of common shares of the Company after the debt restructuring of the financial creditors, the major suppliers and the Company’s existing shareholders after the Closing Date. These warrants will be granted 50% to creditors and 50% to existing shareholders. These warrants will be exercisable within 5 years after 1 October 2001. Such warrants can only be exercised by means of a cash payment to the Company.

The details of Restructuring Plan Warrants are as follows:

Type of warrant	:	Warrant to purchase new common shares of the Company in named certificates.
Number of units	:	284 million units
Maturity	:	5 years
Offering	:	Offer to creditors of the Company and existing shareholders in their entirety pursuant to the Company’s rehabilitation plan.
Offering price	:	Baht 0 per unit
Exercise price	:	Baht 4.85 per share
Exercise right per unit	:	1 unit to 1 common share
Number of common shares allotted and reserved for the warrants	:	284 million shares

**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2006 (Unaudited)**

Secondary market : The Company registered the warrants as listed securities on the Stock Exchange of Thailand.

During the fourth quarter of 2001, the Company issued 281,155,610 warrant units which will be recorded when the warrant holders exercise their right to buy the Company's common shares. Up to 30 June 2006, holders of 78,462 warrant units had exercised their rights to buy the Company's common shares. During the period ended 30 June 2006, warrant unit holders had exercised their right to buy the Company's common shares as follows:

Exercise period	Warrants Exercised (Units)	Common shares issued (shares)	Cash receipt from exercise (Baht)	Registration date of increase of share capital
March 2006	50	50	242	12 April 2006
April 2006	6,109	6,109	29,629	9 May 2006
June 2006	1,200	1,200	5,820	7 July 2006
	<b>7,359</b>	<b>7,359</b>	<b>35,691</b>	

The balances of unexercised warrants are as follows:

Year 2006	Units			Exercise price (Baht/share)	Expiry date
	Warrants unexercised at 1 January	Warrants exercised during the period	Warrants unexercised at 30 June		
RPW	281,084,507	7,359	281,077,148	4.85	1 October 2006

As at 30 June 2006, the latest bidding price of the warrants was Baht 0.30 per unit.

**9 Tranche C warrants ("TCW1" and "TCW2")**

The details of Tranche C warrants are as follows:

Type of warrant : Warrant to purchase new common shares of the Company in named certificates.  
Maturity : 5 years  
Offering : Offer to certain group of creditors of the Company pursuant to the Company's rehabilitation plan.  
Offering price : Baht 0 per unit  
Exercise right per unit : 1 unit to 1 common share  
Number of common shares allotted and reserved for the warrants : 3,758 million shares  
Secondary market : The Company will not register the warrants as listed securities on the Stock Exchange of Thailand.

At the Extraordinary General Meeting of Shareholders No. 1/2003 held on 30 September 2003, a resolution was passed approving the issuance and offering of the Company's share warrants or Tranche C Warrants to Tranche C Creditors as specified in the Company's Rehabilitation Plan in two separate portions. The first portion shall be offered at 25% of total Tranche C Loans as at the date 24 months after the Closing Date (First Trigger Date), which was 3 September 2001, and issued by 31 December 2003. The second portion shall be offered at 75% of total Tranche C Loans as at the date 30 months after the Closing Date (Second Trigger Date) and issued by March 2004. These warrants are exercisable within 5 years from the issuing date at the exercise price of Baht 10 per share by cash payment or by exchanging with Tranche C Loans, an exercise ratio at 1 unit of warrant to 1 common share.

On 31 December 2003, the Company issued the first portion of Tranche C Warrants ("TCW 1") to Tranche C Creditors in the amount of 148,777,887 units. Up to 30 June 2006, holders of 108,703,391 warrant units had exercised their rights to buy the Company's common shares. During the period ended 30 June 2006, no warrant holders had exercised their rights.

On 31 March 2004, the Company issued the second portion of Tranche C Warrants ("TCW 2") to Tranche C Creditors in the amount of 443,995,171 units. Up to 30 June 2006, holders of 284,167,281 warrant units had exercised their rights to buy the Company's common shares. During the period ended 30 June 2006, warrant holders had exercised their rights to buy the Company's common shares as follows:

<u>Exercise period</u>	<u>Warrants Exercised (Units)</u>	<u>Common shares issued (shares)</u>	<u>Exercise by Equity Conversion (Baht/share)</u>	<u>Registration date of increase of share capital</u>
June 2006	16,867,527	16,867,527	168,675	7 July 2006

In June 2006, holders of 16,867,527 warrant units had exercised their rights to buy the Company's common shares by exchanging with Tranche C loans in the amount of Baht 169 million. On 30 June 2006, the Company is in the process of issuing shares and registering the shareholders and therefore recorded as "Warrants exercised pending share registration" in non-current liabilities.

The balances of unexercised warrants are as follows:

Year	<u>Units</u>				<u>Exercise by Cash or Debt/ Equity Conversion (Baht/share)</u>	<u>Expiry date</u>
	<u>Warrants unexercised at 1 January</u>	<u>Warrants Issued</u>	<u>Warrants Exercised</u>	<u>Warrants unexercised at 30 June</u>		
2006						
TCW 1	40,074,496	-	-	40,074,496	10	30 December 2008
TCW 2	176,695,417	-	16,867,527	159,827,890	10	30 March 2009

## 10 Share capital

### Authorized and issued share capital

	2006	
	No. of Shares	In Thousand Baht
<i>Authorized:</i>		
Common shares of Baht 10 each At 1 January and 30 June	<u>7,000,000,000</u>	<u>70,000,000</u>
<i>Issued and fully paid</i>		
Common shares of Baht 10 each At 1 January	3,225,546,129	32,255,461
Issues on exercise of warrants		
RPW	7,359	74
TCW 1	-	-
TCW 2	-	-
At 30 June	<u>3,225,553,488</u>	<u>32,255,535</u>

### Unissued share capital

	No. of shares		
	<u>Unissued at 1 January 2006</u>	<u>Issued during the period</u>	<u>Unissued at 30 June 2006</u>
Common shares of Baht 10 each allotted for			
a) debt/equity conversion to Class 7 Creditors	2,011,054	-	2,011,054
b) debt/equity conversion to Class 8 Creditors	851,860	-	851,860
c) debt/equity conversion to Class 1 & 2 Creditors	814,447	-	814,447
d) exercise of Restructuring Plan Warrants	283,928,897	7,359	283,921,538
e) offer to directors and employees of the Group	142,000,000	-	142,000,000
f) offer to			
- reserved for exercise of Tranche C Warrant	295,996,855	-	295,996,855
- reserved for exercise of the Company's warrant	39,000,000	-	39,000,000
- investors on a private placement	3,009,850,758	-	3,009,850,758
	<u>3,774,453,871</u>	<u>7,359</u>	<u>3,774,446,512</u>

### Equity Stock Option Plan (ESOP) offer to the directors and the executives of the Company

The 2005 Annual General Meeting of Shareholders approved the allocation of warrants to purchase the Company's ordinary shares to the directors and the executives of the Company (ESOP 2005). However, the Company has not issued and offered such warrants to its directors and executives. The Company withdrew the application for issuance and offering of such warrants from the Securities and Exchange Commission (SEC) as a result of the falling market price, whereas the exercise price remained at a high level that might not be attractive pursuant to the previous approved purpose. Besides, certain particulars require adjustment and amendment by the Company. Thus, the Remuneration Committee, at its meeting no. 1/2006, reconsidered the matter and was of the opinion that the exercise price be adjusted such that it remains higher than the market price. Therefore, the exercise price of the previous ESOP 2005/1 (or new ESOP 2006/1) of Baht 6 was adjusted to Baht 5 and the exercise price of the previous ESOP 2005/2 (or new ESOP 2006/2) of Baht 10 was adjusted to Baht 7 to appropriately reflect the market price adjustment. The allocation method of such warrants remained the same, as previously resolved, namely 100 million units. The changes were approved by the 2006 Annual General Meeting of Shareholders on 28 April 2006. The preliminary details of ESOP 2006 are as follows:

Type of warrant	: Bearer and non-transferable right to purchase common shares of the Company
Amount of warrants offered	: 63.5 million units for ESOP warrant 2006/1 : 36.5 million units for ESOP warrant 2006/2
Offering price per unit	: Baht 0 per unit
Exercise ratio	: 1 warrant : 1 common share
Exercise price	: ESOP warrant 2006/1 - Baht 5 : ESOP warrant 2006/2 - Baht 7
Number of common shares allotted and reserved for the warrants	: 63.5 million shares for ESOP warrant 2006/1 : 36.5 million shares for ESOP warrant 2006/2
Term of issuing and offering warrants	: within 1 year from the date of approval by the office of the Securities and Exchange Commission
Maturity of warrants	: 5 years from the issuing and offering date
Proportion of warrants allowed for exercised	In year 1 : exercisable up to 20% of the total warrants allocated. In year 2 : exercisable up to 40% of the total warrants allocated. In year 3 : exercisable up to 60% of the total warrants allocated. In year 4 : exercisable up to 80% of the total warrants allocated. In year 5 : exercise of the remaining warrants allocated.

Furthermore, the Meeting also considered the common shares allocation by allocating 100,000,000 shares (allotment e) in reserve for the exercise of right under the warrants to purchase the Company's common shares under ESOP 2006 plan and should allocate the remaining 42,000,000 shares in reserve for additional exercise of right under such warrants as a result of an adjustment of right of the warrants.

**TT&T Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2006 (Unaudited)**

**11 Segment information**

Segment information is presented in respect of the Group's business. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment revenue and results for the six-month periods ended 30 June are as follows:

	Fixed line telephone service and value added services		Sales of goods		Internet services		Cable wiring service and others		Unallocated		Total		Elimination		Total
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Revenue	2,743	3,022	200	207	343	8	236	225	-	-	3,522	3,462	(391)	(188)	3,131
Interest income	-	-	-	-	-	-	22	12	-	-	22	12	-	-	22
Other income	-	-	-	-	-	-	127	82	763	9	890	91	(51)	(23)	839
<b>Total revenue</b>	<b>2,743</b>	<b>3,022</b>	<b>200</b>	<b>207</b>	<b>343</b>	<b>8</b>	<b>385</b>	<b>319</b>	<b>763</b>	<b>9</b>	<b>4,434</b>	<b>3,565</b>	<b>(442)</b>	<b>(211)</b>	<b>3,992</b>
Cost of sales	-	-	139	121	274	9	200	186	-	-	613	316	(348)	(157)	265
Depreciation and amortization	1,738	1,623	-	-	-	-	-	-	2	-	1,740	1,623	(4)	(4)	1,736
Unallocated other expenses	-	-	-	-	-	-	-	-	1,379	1,953	1,379	1,953	(101)	(41)	1,278
<b>Total expenses</b>	<b>1,738</b>	<b>1,623</b>	<b>139</b>	<b>121</b>	<b>274</b>	<b>9</b>	<b>200</b>	<b>186</b>	<b>1,381</b>	<b>1,953</b>	<b>3,732</b>	<b>3,892</b>	<b>(453)</b>	<b>(202)</b>	<b>3,279</b>
<b>Profit (loss) before interest and income tax expenses</b>	<b>1,005</b>	<b>1,399</b>	<b>61</b>	<b>86</b>	<b>69</b>	<b>(1)</b>	<b>185</b>	<b>133</b>	<b>(618)</b>	<b>(1,944)</b>	<b>702</b>	<b>(327)</b>	<b>11</b>	<b>(9)</b>	<b>713</b>
<b>Total assets</b>	<b>32,741</b>	<b>34,920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,517</b>	<b>6,372</b>	<b>37,258</b>	<b>41,292</b>	<b>(531)</b>	<b>(1,520)</b>	<b>36,727</b>

(in million Baht)

## 12 International long-distance telephone income from the neighbouring countries and other value added service income

### 12.1 International long-distance telephone income from the neighbouring countries

In accordance with the TOT income computation, income from long-distance telephone services provided to neighbouring countries was computed based on the difference between the number of calls from and to the neighbouring countries through the TOT Gateway. It is the Company's policy to recognize revenue from international long-distance calls from and to neighbouring countries only when such revenue can be reliably estimated. The following table summarises details of the revenue recognized from this source and the financial periods in which such revenue was recognized.

Period in which calls were made/received.	Income (in million Baht)	Period in which revenue was recognized.
January 1994 to July 2000	53	2 <sup>nd</sup> quarter of 2004
August 2000 to December 2001	80	4 <sup>th</sup> quarter of 2002
January 2002 to March 2003	13	4 <sup>th</sup> quarter of 2003

Income from calls between January 1994 and July 2000 amounting to approximately Baht 53 million was recognized in the second quarter of 2004, in accordance with the letters from TOT, dated 21 May and 25 June 2004. The income from international long-distance calls from neighbouring countries for periods subsequent to March 2003 will be recognized as soon as it can be reasonably and reliably estimated.

### 12.2 Other Value Added Service Income

The Company earns income from other value added services, i.e. T-Pin (Postpaid) service, T-Card (Prepaid) service, T-SMS ADSL, and Freephone 1800 service, etc, the rates of income sharing for which are pending agreement of and/or being considered by TOT. Therefore, the Company has recorded the income sharing at the same rates applied to the value added services or at the rate initially agreed with TOT.

## 13 Loss per share

### Basic loss per share

Basic loss per share is determined by dividing the net loss for the periods by the weighted average number of shares outstanding during the periods, calculated as follows:

Periods ended 30 June 2006	Consolidated		The Company	
	Three-month	Six-month	Three-month	Six-month
Net loss for common shareholders (In Thousand Baht)	(368,912)	(50,921)	(368,912)	(50,921)
Weighted average number of shares (Thousand Shares)	3,225,550	3,225,548	3,225,550	3,225,548
Basic loss per share (Baht)	(0.11)	(0.02)	(0.11)	(0.02)

Periods ended 30 June 2005	Consolidated		The Company	
	Three-month	Six-month	Three-month	Six-month
Net loss for common shareholders (In Thousand Baht)	(873,278)	(978,787)	(873,278)	(978,787)
Weighted average number of shares (Thousand Shares)	3,169,633	3,159,637	3,169,633	3,159,637
Basic loss per share (Baht)	(0.28)	(0.31)	(0.28)	(0.31)



15.4 *Dispute between the Company and TOT****Change in status of the TOT***

The Company filed a lawsuit against TOT requesting the Central Administrative Court to order TOT to act in compliance with the Joint Undertaking Agreement Clause 37, which states that “In case of any change in the status of the TOT, all powers and authorities held by the TOT, including the power to stipulate the maintenance standards, shall not be transferred to any private agency to the extent that the private agency would have the power to supervise and control TT&T. In such event, all of the powers and authorities held by the TOT shall be vested in the Ministry of Transport and Communications”. The Court accepted the Company's case into consideration on 5 August 2003. On 10 May 2005, the Central Administrative Court decided that the Company won the case. At present, TOT has made an appeal against this decision and the case is being considered by the Supreme Administrative Court.

***Network Utilization or access charged***

On 8 April 2005, the Company submitted an arbitration claim with the Thai Arbitration Institute, the Alternative Dispute Resolution Office, and the Office of the Judiciary, in order to claim against TOT for the network utilization and access charged and amounts which should have been charged by TOT from the mobile operators according to the Joint Operate and Joint Investment Agreement between TOT and the Company. The Company's claim, as of 30 June 2005, is in the amount of Baht 28,096 million, including interest at a rate of MLR+1% on the aforementioned amount until payment is made in full. The Company's claim also requests the normal payment by TOT of the access charges commencing from 1 April 2005 onwards until the expiry of the period under the Joint Operate and Joint Investment Agreement. TOT had requested five extensions of the period for submitting their objection since the Company submitted its claim and finally submitted their objection on 30 August 2005. Subsequently on 28 November 2005, the parties had sent their letter of appointment of Arbitrators to the Thai Arbitration Institute. On 19 January 2006, which was the date of the case settlement meeting, the parties could not reach any consensus. Therefore The Thai Arbitration Institute is now proceeding in the process of selection of the Chairman of Arbitrators.

***The reduction of tariff for domestic long-distance telephone service***

According to TOT, True Corporation Plc.(former name :Telecom Asia Corporation Plc.) and the Company had mutually agreed on a scheme for tariff reduction for market testing for domestic long-distance telephone calls by applying a service fee rate that was lower than the basic rate as stated in the Joint Undertaking Agreement. This scheme commenced from 1 September 2003 and was extended twice and finally ended on 30 June 2004. Subsequently, TOT has advised the Company that TOT will further extend the use of the flexible service fee rate for the market testing commencing from 1 July 2004 to 31 December 2004, however, the Company did not agree to this and therefore, all three contracting parties were obliged to revert back to using the tariff rate as stipulated in the concession agreement. However, TOT continued to use the reduced rate even after the extension agreement expired. Under the Joint Undertaking Agreement, the Company which has been authorized by TOT to issue invoices for the service fees, is required to issue invoices at the same rate as TOT. Consequently, the adjustment of the service fee rate, under the Joint Undertaking Agreement, has caused a severe reduction in the Company's share of income, thereby causing significant impact on the Company's financial position and the operations under the Joint Undertaking Agreement. After discussions with TOT, the Company sent a letter to TOT advising them of the impact. Despite this, TOT still continued with the adjustment of the service fee rate. Therefore, the Company issued a letter dated 24 January 2005, requesting TOT to reimburse the domestic long-distance fee income for the period from July 2004 to December 2004, amounting to Baht 493 million, together with compensation for the reduction in income from December 2004 onwards, until such time that TOT cancels the service fee reduction. On the other hand, TOT denied any breach of agreement and has counterclaimed that the Company should pay for the revenue loss based on the normal rate.

The Company's legal advisor has given the opinion that the Company has charged the telephone service fee at the same rate as that charged by TOT in compliance with the terms of the Joint Undertaking Agreement. Therefore, TOT has no right to claim that the Company was in breach of the agreement and therefore could not claim for any related loss.

The Company has issued a claim to TOT for compensation on domestic long-distance fee as well as the reduction of revenue sharing from international calls from CAT to the Arbitrator for consideration on 21 October 2005, with the amount of claim being Baht 754 million. TOT had requested for extension of counterclaim 6 times. On 11 April 2006, TOT filed a defence and a counterclaim to the Thai Arbitration Institute in order to cancel the claim and requested the Company to pay for the revenue loss from 1 July 2004 to 31 May 2005 amount of Baht 457 million including interest and revenue which are going to occurred from 1 June 2005 onwards. The Thai Arbitration Institute passed on the counterclaim and request to the Company on 21 April 2006. The Company requested and the Thai Arbitration Institute allowed the Company to extend a defence to 12 July 2006. On 6 July 2006 the Company had submitted a defence to the Thai Arbitration Institute.

#### ***Logo on Public Payphone Booth***

On 27 September 2005, TOT submitted the case to the Thai Arbitration Institute demanding the Company affix the TOT logo on public telephones and telephone booths, as well as payment for all damages resulting from affixing TT&T logo on the payphones and booths, commencing from October 1997 to September 2005, inclusive, totalling Baht 382 million, plus related interest of 7.5% per annum until final payment. The Company considers that the fixing of the Company's logo on the public phone booths was not done primarily for the purpose of business advertising but rather was for the purpose of maintenance of the assets as the logo identifies who is responsible for repairing the equipment. Therefore pending the outcome of this matter, the Company has not made any provision for any claim in the Company's financial statements in this fiscal year. On 16 December 2005, the Company had filed a defence and a counterclaim to the Thai Arbitration Institute. TOT filed defence of the Company's counterclaim on 9 February 2006. The Thai Arbitration Institute summoned both parties to compromise with each other and requested them to report the progress to the Institute. At present, both parties requested for extension to 25 October 2006.

#### ***Equipment Transferred***

On 10 October 2005, TOT sent a letter to the Company, requesting payment of compensation for loss of benefit and the cost of damages caused by non-transfer of equipment for the additional extension of the network of 122 telephone exchanges and non-transfer of the SDH equipment totalling Baht 162 million and Baht 3,263 million respectively. Further to receiving this request the Company sent a letter to TOT requesting them to provide the Company with the details of the loss of benefit and the cost of damages for investigation, since the Company considered that the basis of this claim was not clear. On 20 December 2005, TOT sent a letter which informed the Company only the method of compensation for loss of benefit, with no mention of the cost of equipment. At present, the Company is in discussion with TOT regarding the form and the procedures for improving property registration by focusing on speedy and accurate action since after the transfer of ownership of property, the Company has sole right to use, to occupy and to maintain, as well as the sole right to seek interests in the property. The Company has the duty to send all received revenue to TOT and in turn TOT shall allot to the Company from all revenue actually received. In the past, both companies had correctly performed the said duty. The Company believes that on the basis of details provided, the claim from TOT regarding this matter is unjustified and can be defended and accordingly no provision has been made in respect of this claim in these financial statements.

*Building of DLC System*

On 11 January 2006, TOT submitted an arbitration claim with the Thai Arbitration Institute, the Alternative Dispute Resolution Office, and the Office of the Judiciary, in order to claim against the Company for the building of DLC System and the Company's non-authorized use of telephone numbering in the Samutsakhorn Industrial Estate without any approval by TOT. TOT has claimed for damages of Baht 39.8 million covering the period from April 2003 to December 2005.

On 19 January 2006, the Company received a copy of TOT's arbitration claim. The Executive Department of the Company considers that according to the Joint Operate and Joint Investment Agreement between TOT and the Company, it has acted fully within its rights and it is because of this, the Company has sent all received revenue to TOT, so there is no damages to be claimed by TOT. Therefore no provision has been made in respect of this claim in the financial statements in this fiscal year. On 2 March 2006 the Company filed a defence to such claim to the Thai Arbitration Institute. The Thai Arbitration Institute summoned both parties to compromise and requested them to report its progress to the Institute. At present, both parties requested to extension to 25 October 2006.

*Revenues from long-distance telephone service at economic price and other value added services*

During the first quarter of 2006, the Company received correspondence from TOT regarding the Y-Tel 1234 service income, the submission of revenue sharing of T-Pin, T-SMS, ADSL and T-Card. The Company is in the process of providing clarification or finding a conclusion for the said matters.

**16 Reclassification of accounts**

Certain accounts in the 2005 interim and annual financial statements have been reclassified to conform with the presentation in the 2006 interim financial statements.