

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007

Review Report of Independent Auditor

To the Shareholders of Advanced Information Technology Public Company Limited

I have reviewed the accompanying balance sheet of Advanced Information Technology Public Company Limited as at 31 March 2007, the related statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2007 and 2006. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. 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 provide less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

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

I have previously audited the financial statements of Advanced Information Technology Public Company Limited for the year ended 31 December 2006, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 20 February 2007. The balance sheet as at 31 December 2006, as presented herein for comparative purpose, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok: 10 May 2007

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

BALANCE SHEETS

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2007</u>	<u>31 December 2006</u>
		(Unaudited but reviewed)	(Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		46,275	57,614
Trade accounts and notes receivable - net	3	674,690	698,138
Work in progress		246,984	329,806
Inventories - net		506	506
Other current assets		9,939	8,678
TOTAL CURRENT ASSETS		<u>978,394</u>	<u>1,094,742</u>
NON-CURRENT ASSETS			
Restricted bank deposits	10.4	124,080	120,243
Building improvement and equipment - net	4	17,486	17,309
Equipment held for lease - net	4	314,729	344,457
Other non-current assets		4,099	4,081
TOTAL NON-CURRENT ASSETS		<u>460,394</u>	<u>486,090</u>
TOTAL ASSETS		<u><u>1,438,788</u></u>	<u><u>1,580,832</u></u>

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2007</u>	<u>31 December 2006</u>
		(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions		210,032	223,633
Trust receipts		74,833	44,709
Trade accounts payable	5	115,641	243,951
Unbilled payable		99,273	141,375
Current portion of long-term loans	6	29,218	51,718
Current portion of financial lease payable		1,198	1,194
Other current liabilities			
Corporate income tax payable		23,802	15,262
Advance receipts from customer		33,396	36,620
Accrued expenses		18,437	25,223
Others		28,303	31,705
		<u>103,938</u>	<u>108,810</u>
TOTAL CURRENT LIABILITIES		<u>634,133</u>	<u>815,390</u>
NON-CURRENT LIABILITIES			
Financial lease payable, net of current portion		<u>289</u>	<u>600</u>
TOTAL NON-CURRENT LIABILITIES		<u>289</u>	<u>600</u>
TOTAL LIABILITIES		<u>634,422</u>	<u>815,990</u>

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	<u>31 March 2007</u>	<u>31 December 2006</u>
	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY		
Share capital		
Registered		
40,000,000 ordinary shares of Baht 5 each	200,000	200,000
Issued and fully paid		
40,000,000 ordinary shares of Baht 5 each	200,000	200,000
Share premium	220,716	220,716
Retained earnings		
Appropriated - statutory reserve	20,000	20,000
Unappropriated	363,650	324,126
TOTAL SHAREHOLDERS' EQUITY	<u>804,366</u>	<u>764,842</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,438,788</u>	<u>1,580,832</u>
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The accompanying notes are an integral part of the financial statements.

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DIRECTORS

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(UNAUDITED BUT REVIEWED)

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht except basic earnings per share expressed in Baht)

	Note	2007	2006
REVENUES			
Sales and service income		392,972	302,458
Rental and service income for equipment held for lease		67,052	55,457
Foreign exchange gain		966	-
Other income		1,405	608
TOTAL REVENUES		<u>462,395</u>	<u>358,523</u>
EXPENSES			
Cost of sales and service		310,173	238,227
Cost of equipment held for lease		37,236	19,403
Selling, servicing and administrative expenses		54,722	52,646
Foreign exchange loss		-	1,273
TOTAL EXPENSES		<u>402,131</u>	<u>311,549</u>
EARNINGS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX		60,264	46,974
INTEREST EXPENSES		(4,511)	(3,919)
CORPORATE INCOME TAX		(16,229)	(12,513)
NET INCOME FOR THE PERIOD		<u>39,524</u>	<u>30,542</u>
BASIC EARNINGS PER SHARE	7		
Net income (Baht)		<u>0.66</u>	<u>0.51</u>
Weighted average number of ordinary shares (shares)		<u>60,000,000</u>	<u>60,000,000</u>

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

(UNAUDITED BUT REVIEWED)

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Net income	39,524	30,542
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:		
Depreciation	33,918	22,441
Unrealised foreign exchange (gain) loss	894	2,015
Loss (gain) on sales of equipments	(9)	-
Income from operating activities before changes in operation assets and liabilities	<u>74,327</u>	<u>54,998</u>
Operating assets (increase) decrease		
Trade accounts and note receivable	23,448	4,016
Unbilled receivable	-	34,300
Work in progress	82,822	(130,623)
Other current assets	(1,261)	(15,679)
Other non-current assets	(18)	538
Operating liabilities increase (decrease)		
Trade accounts payable	(127,703)	52,785
Unbilled payable	(42,102)	3,400
Other current liabilities	(6,373)	16,344
Net cash flows from operating activities	<u>3,140</u>	<u>20,079</u>

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

(UNAUDITED BUT REVIEWED)

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	<u>2007</u>	<u>2006</u>
Cash flows from investing activities:		
Increase in restricted bank deposits	(3,837)	(79)
Acquisition of building improvement and equipment	(3,004)	(436)
Acquisition of equipment held for lease	(1,814)	(20,638)
Proceed from sales of equipments	460	-
Net cash flows used in investing activities	<u>(8,195)</u>	<u>(21,153)</u>
Cash flows from financing activities:		
Increase (decrease) in bank overdrafts and short-term loans		
from financial institutions	(13,601)	29,843
Increase (decrease) in trust receipts	30,124	(21,442)
Drawn down of long-term loans	-	20,000
Repayments of long-term loans	(22,500)	(48,937)
Decrease in financial lease payable	(307)	(273)
Net cash flows used in financing activities	<u>(6,284)</u>	<u>(20,809)</u>
Net decrease in cash and cash equivalents	(11,339)	(21,883)
Cash and cash equivalents at beginning of period	57,614	67,978
Cash and cash equivalents at end of period	<u>46,275</u>	<u>46,095</u>
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Supplemental cash flows information		
Cash paid during the periods for:		
Interest	3,410	4,829
Corporate income tax	7,690	4,198
Non-cash item:		
Transfer of equipment held for lease under installation to be inventory	-	10,045

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit: Thousand Baht)

	Issued and paid up share capital	Premium on ordinary shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as of 31 December 2005	200,000	220,716	20,000	196,951	637,667
Net income for the period	-	-	-	30,542	30,542
Balance as of 31 March 2006	200,000	220,716	20,000	227,493	668,209
Balance as of 31 December 2006	200,000	220,716	20,000	324,126	764,842
Net income for the period	-	-	-	39,524	39,524
Balance as of 31 March 2007	200,000	220,716	20,000	363,650	804,366

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007

1. GENERAL INFORMATION

1.1 General information

Advanced Information Technology Public Company Limited was incorporated as a public company under Thai laws. The Company operates in Thailand and is principally engaged in sales, designs, provides service and installation of lump sum turnkey of information and communication technology network system and renting of computers and electronic equipments. The Company's registered address is 37/2 Suthisarnvinichai Road, Samsaennok, Huaykwang, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with the Accounting Standard No. 41 "Interim financial statements", with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, statements of income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.3 Significant accounting policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2006.

2. RELATED PARTY TRANSACTIONS

During the three-month period ended 31 March 2007, the Company had expenses for salaries, bonus, meeting allowances and directors' remunerations to its directors and management totaling Baht 17.5 million (the three-month period ended 31 March 2006: Baht 13.8 million)

3. TRADE ACCOUNTS AND NOTES RECEIVABLE

The outstanding balances of trade accounts and note receivable are aged basing on due date as follows:

	(Unit: Thousand Baht)	
	31 March 2007	31 December 2006
<u>Age of receivables</u>		(Audited)
Not yet due	214,880	158,487
Past due		
Up to 3 months	297,319	376,704
3-6 months	146,836	43,061
Over 6-12 months	604	36,334
Over 12 months	2,702	6,513
Back to Back basis	12,849	77,539
Total	675,190	698,638
Less: Allowance for doubtful accounts	(500)	(500)
Trade accounts and notes receivable - net	<u>674,690</u>	<u>698,138</u>

Most of the overdue trade accounts receivable balances are those of receivable from government agencies and companies of which government is a major shareholder. The Company's management expects that the payment of these balances will be received in full and that the above allowance for doubtful accounts is adequate in the current circumstance.

The Company has transferred the right of the claim of receipts of accounts receivable balance as of 31 March 2007 of Bah 286.3 million (31 December 2006: Baht 287.5 million) to secure loans from banks.

4. BUILDING IMPROVEMENT AND EQUIPMENT/EQUIPMENT HELD FOR LEASE

Movements of the building improvement and equipment and equipment held for lease accounts during the three-month period ended 31 March 2007 are summarized below.

	(Unit: Thousand Baht)	
	<u>Building improvement</u>	<u>Equipment held</u>
	<u>and equipment</u>	<u>for lease</u>
Net book value as at 1 January 2007	17,309	344,457
Acquisitions during period	3,004	1,814
Net book value of disposals during period	(451)	-
Depreciation for period	(2,376)	(31,542)
Net book value as at 31 March 2007	<u>17,486</u>	<u>314,729</u>

5. TRADE ACCOUNTS PAYABLE

As at 31 March 2007, the Company had outstanding balances of accounts payable denominated in foreign currency totaling of USD 0.8 million.

6. LONG-TERM LOANS

These represent loans from local banks detailed as follows:

Facility (Million Baht)	Interest	Repayment of principle	Secured by	Loan balances	
				31 March 2007	31 December 2006 (Audited)
180	3.75% per annum until 30 September 2005 and then MLR-1.75% until the loan is fully paid	Before 30 September 2005, equal to amount received from customer for the lease of equipment. Since 30 September 2005, not less than Baht 7.5 million per month.	Transferring the right of the claim for receipts from trade accounts receivable of a contract to lease equipments. The cash receiving value of such contract for approximately 3 years is totaling Baht 425.9 million	29.2	51.7
				29.2	51.7
		Less: Current portion of long-term loans		(29.2)	(51.7)
		Long-term loans - net of current portion		-	-

Movements in the long-term loans account during the three-month period ended 31 March 2007 are summarised below.

	(Unit: Million Baht)
	Amount
Balance as at 1 January 2007	51.7
Less: Repayment	(22.5)
Balance as at 31 March 2007	29.2

7. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the periods by the weighted average number of ordinary shares in issue during the periods, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of stock dividend, as discussed in Note 11.1 to financial statements. The number of ordinary shares of the prior period has been adjusted as if the stock dividend had been distributed at the beginning of the earliest period reported.

8. FINANCIAL INSTRUMENTS

As at 31 March 2007, the Company had certain forward exchange contracts which had been made to hedge the future payments of trade accounts payable totaling USD 1.5 million, at exchange rates ranging between Baht 34.76 to 36.53 per USD 1.

9. SEGMENT INFORMATION

The operations of the Company involve 1) sales and installation 2) renting of computers and electronic equipments and are carried on in Thailand. The financial information by business segment for the three-month periods ended 31 March 2007 and 2006 is as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March					
	Sales and installation		Renting		Total	
	2007	2006	2007	2006	2007	2006
Revenue	393	302	67	56	460	358
Segment operating profit	83	64	30	36	113	100
Unallocated income (expenses)						
Foreign exchange gain					1	-
Other income					1	1
Selling and administrative expenses					(55)	(53)
Foreign exchange loss					-	(1)
Interest expenses					(5)	(4)
Corporate income tax					(16)	(13)
Net income					39	30

10. COMMITMENTS AND CONTINGENT LIABILITIES**10.1 Operating lease commitments**

The Company has commitments in respect of lease of buildings and vehicles, which are payable as follows:

	(Unit: Million Baht)	
<u>Payable</u>	<u>Lease of buildings</u>	<u>Lease of vehicles</u>
Within one year	5.8	3.1
In 2 to 3 years	6.0	1.2

10.2 Obligations relating to undelivered and unrendered contracts

1. The Company has undelivered and unrendered contracts of selling goods and rendering services to its customers of approximately Baht 477 million (31 December 2006: Baht 654 million).
2. The Company has engaged in various contracts with totaling contract values of future service rendering Baht 369 million (31 December 2006: Baht 436 million), obliged to carry the services in the future, to lease the electronic equipment to government agencies and various schools. The Company has obliged to complete the leased equipment installation and render maintenance services of these equipment in accordance with conditions in the contracts.
3. The Company has executed a memorandum with a company to arrange, and install voice mail system equipments and software to that company to render the services to subscriber for a period as from 1 August 2006 to 30 November 2011. The Company will obtain service charges as a percentage of that Company's revenue. The Company, is therefore obliged to complete the equipment installation, render maintenance services of the equipments, pay network connection cost on a monthly basis and abide by others conditions stipulated in the contract. The Company will also transfer ownership of these equipments to such company on the contract's expiration date.

10.3 Guarantees

The Company had outstanding bank guarantees of approximately Baht 638.9 million (31 December 2006: Baht 691.2 million) which have been issued by banks on behalf of the Company in respect of certain performance bonds as required in the ordinary course of its businesses.

10.4 Credit facilities and collaterals

As at 31 March 2007, the Company has been granted credit facilities (the facilities of short-term and long-term loans, overdrafts, trust receipts, and letters of guarantees) from various financial institutions and has collaterals as follows:

- Credit facilities of Baht 3,228.8 million of which Baht 1,313.8 million has been utilised.
- Forward contracts facilities of USD 6.7 million of which USD 1.5 million has been utilised.
- Pledged by bank deposits of Baht 124.1 million.
- Contract financing facilities, are secured by transferring the rights of the claim of receipts from trade accounts receivable with an outstanding balance as at 31 March 2007 of Baht 286.3 million.

11. SUBSEQUENT EVENTS

At the Annual General Meeting of the Company's shareholders held on 20 April 2007, it was resolved the following matters.

11.1 Cash and stock dividends are resolved to pay in respect of the year 2006 income as follows:

- a) A cash dividend of Baht 2 per share, or a total of Baht 80 million, which an interim dividend of Baht 0.75 per share (totaling Baht 30 million) was distributed in September 2006 and a dividend of Baht 1.25 per share (totaling Baht 50 million) will be distributed within 20 May 2007.
- b) A stock dividend of 2 existing share for 1 stock dividend, with par value of Baht 5 each, or a total of Baht 100 million. The stock dividend will be paid within 20 May 2007.

11.2 To pay annual directors' remuneration for the year 2006 of Baht 6 million.

11.3 To issue and offer warrants as follows.

- a) 6 million warrants to existing shareholders, free of charge. These warrants are exercisable for a period of 5 years from issued date in an exercise ratio of 1 warrant for 1 ordinary share with allocation ratio of 10 existing shares to 1 warrant unit. Exercise price of the warrant is Baht 16.5.
- b) 3 million warrants to the Company's directors and employees, free of charge. These warrants are exercisable for a period of 5 years from issued date in an exercise ratio of 1 warrant for 1 ordinary share. Exercise price of the warrant is Baht 10.

(UNAUDITED BUT REVIEWED)

11.4 Increase registered share capital from Baht 200 million (40 million ordinary shares of Baht 5 each) to Baht 345 million (69 million ordinary shares of Baht 5 each), with the additional registered share capital of 29 million shares of Baht 5 each to be allotted as follows:

- a) 20 million shares for the stock dividend.
- b) 9 million shares for the exercise of warrants.

12. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issued by the Company's Board of Directors on 10 May 2007.