

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2005

Review Report of Independent Auditor

To the Board of Directors and Shareholders of
Advanced Information Technology Public Company Limited

I have reviewed the accompanying balance sheet of Advanced Information Technology Public Company Limited as at 30 June 2005, the related statements of earnings for the three-month and six-month periods ended 30 June 2005 and 2004, and the related statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2005 and 2004. 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 engagement. This standard requires that I plan and perform the reviews 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. 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 2004, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 7 February 2005. The balance sheet as at 31 December 2004, as presented herein for comparative purposes, 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.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 21 July 2005

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

BALANCE SHEETS

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 June 2005</u>	<u>31 December 2004</u>
		(Unaudited but reviewed)	(Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		63,240	60,238
Trade accounts receivable - net	2	475,396	574,011
Work in progress - net		204,483	123,033
Inventories - net	3	42,939	32,115
Other current assets			
Undue Input tax		5,712	1,493
Advance to employees		2,369	1,757
Others		4,625	2,610
		<u>12,706</u>	<u>5,860</u>
TOTAL CURRENT ASSETS		<u>798,764</u>	<u>795,257</u>
NON-CURRENT ASSETS			
Restricted bank deposits	8.2	94,634	86,077
Building improvement and equipment - net		28,392	22,885
Equipment held for lease - net		381,789	361,565
Other non-current assets		4,413	3,915
TOTAL NON-CURRENT ASSETS		<u>509,228</u>	<u>474,442</u>
TOTAL ASSETS		<u><u>1,307,992</u></u>	<u><u>1,269,699</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>30 June 2005</u>	<u>31 December 2004</u>
		(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions		100,000	85,648
Trust receipts	4	17,982	-
Trade accounts payable	4	179,832	171,278
Unbilled payable		80,051	129,249
Current portion of long-term loans	5	169,835	79,092
Current portion of financial lease payable		1,079	918
Other current liabilities			
Corporate income tax payable		4,976	16,328
Unearned revenue		5,153	-
Output tax payable		-	7,202
Others		10,702	10,058
		<u>20,831</u>	<u>33,588</u>
TOTAL CURRENT LIABILITIES		<u>569,610</u>	<u>499,773</u>
NON-CURRENT LIABILITIES			
Long-term loans, net of current portion	5	126,500	158,180
Financial lease payable, net of current portion		2,385	2,545
TOTAL NON-CURRENT LIABILITIES		<u>128,885</u>	<u>160,725</u>
TOTAL LIABILITIES		<u>698,495</u>	<u>660,498</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>30 June 2005</u>	<u>31 December 2004</u>
	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY		
Share capital		
Registered		
40,000,000 ordinary shares of Baht 5 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid		
40,000,000 ordinary shares of Baht 5 each	200,000	200,000
Premium on ordinary shares	220,716	220,716
Retained earnings		
Appropriated - statutory reserve	16,170	16,170
Unappropriated	<u>172,611</u>	<u>172,315</u>
TOTAL SHAREHOLDERS' EQUITY	<u>609,497</u>	<u>609,201</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,307,992</u>	<u>1,269,699</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

EARNINGS STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

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

	Note	2005	2004
REVENUES			
Sales and service income		320,810	184,807
Rental and service income for equipment held for lease		48,482	-
Foreign exchange gain		-	1,357
Other income		296	3,475
TOTAL REVENUES		<u>369,588</u>	<u>189,639</u>
EXPENSES			
Cost of sales and service		242,141	134,865
Cost of equipment held for lease		16,756	-
Selling, servicing and administrative expenses		58,647	45,294
Foreign exchange loss		2,929	-
Directors' remuneration		2,539	3,650
TOTAL EXPENSES		<u>323,012</u>	<u>183,809</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX			
		46,576	5,830
INTEREST EXPENSES			
		(714)	(2,121)
CORPORATE INCOME TAX			
	6	<u>(13,964)</u>	<u>(2,044)</u>
NET EARNINGS FOR THE PERIOD			
		<u>31,898</u>	<u>1,665</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>0.80</u>	<u>0.04</u>

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

(UNAUDITED BUT REVIEWED)

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

EARNINGS STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

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

	Note	2005	2004
REVENUES			
Sales and service income		476,727	415,827
Rental and service income for equipment held for lease		78,969	-
Foreign exchange gain		-	1,447
Other income		1,702	8,817
TOTAL REVENUES		<u>557,398</u>	<u>426,091</u>
EXPENSES			
Cost of sales and service		362,270	312,367
Cost of equipment held for lease		27,691	-
Selling, servicing and administrative expenses		100,219	84,235
Foreign exchange loss		2,955	-
Directors' remuneration		2,789	3,740
TOTAL EXPENSES		<u>495,924</u>	<u>400,342</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		61,474	25,749
INTEREST EXPENSES		(3,678)	(4,411)
CORPORATE INCOME TAX	6	(17,500)	(6,769)
NET EARNINGS FOR THE PERIOD		<u>40,296</u>	<u>14,569</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>1.01</u>	<u>0.36</u>

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

(UNAUDITED BUT REVIEWED)

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

	<u>2005</u>	<u>2004</u>
Cash flows from (used in) operating activities:		
Net earnings for the period	40,296	14,569
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities:		
Depreciation	33,786	5,959
Provision for possible loss of work in progress	4,650	-
Provision for diminution in value of inventories	3,150	-
Unrealised (gain) loss on exchange	1,711	(1,055)
	<u>83,593</u>	<u>19,473</u>
Decrease (increase) in operating assets		
Trade accounts receivable	98,615	189,057
Work in progress	(86,100)	52,201
Inventories	(13,974)	2,948
Other current assets	(4,517)	(7,343)
Other non-current assets	(498)	(650)
Increase (decrease) in operating liabilities		
Trade accounts payable	7,605	(81,866)
Unbilled payable	(49,198)	(39,320)
Other current liabilities	(12,757)	(46,372)
Net cash from operating activities	<u>22,769</u>	<u>88,128</u>

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

(UNAUDITED BUT REVIEWED)

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

	<u>2005</u>	<u>2004</u>
Cash flows from (used in) investing activities:		
Increase in advance to employees	(1,878)	(808)
Increase in restricted bank deposits	(8,557)	(809)
Purchase of building improvement and equipment	(11,603)	(6,785)
Purchase of equipments held for lease	(44,635)	(146,141)
Capitalised interest of equipments held for lease	(3,279)	-
Net cash used in investing activities	<u>(69,952)</u>	<u>(154,543)</u>
Cash flows from (used in) financing activities :		
Increase (decrease) in bank overdrafts and short-term loans		
from financial institutions	14,352	(242,800)
Increase in trust receipts	16,769	13,212
Drawn down of long-term loan	95,000	90,000
Payment of long-term loan	(35,936)	(8,182)
Dividend payment	(40,000)	(45,565)
Net cash from (used in) financing activities	<u>50,185</u>	<u>(193,335)</u>
Net increase (decrease) in cash and cash equivalents	3,002	(259,750)
Cash and cash equivalents at beginning of period	<u>60,238</u>	<u>320,452</u>
Cash and cash equivalents at end of period	<u><u>63,240</u></u>	<u><u>60,702</u></u>
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Supplemental cash flows information		
Cash paid during the periods for :		
Interest expenses	6,314	4,674
Corporate income tax	28,853	34,213

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 SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(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 2003	200,000	220,716	12,371	148,886	581,973
Dividend paid	-	-	-	(48,000)	(48,000)
Net earnings for the period	-	-	-	14,569	14,569
Balance as of 30 June 2004	200,000	220,716	12,371	115,455	548,542
Balance as of 31 December 2004	200,000	220,716	16,170	172,315	609,201
Dividend paid (Note 9)	-	-	-	(40,000)	(40,000)
Net earnings for the period	-	-	-	40,296	40,296
Balance as of 30 June 2005	200,000	220,716	16,170	172,611	609,497

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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 AND SIX-MONTH PERIODS ENDED 30 JUNE 2005

1. GENERAL INFORMATION

1.1 Basis for the preparation of interim financial statements

These interim financial statements have been prepared in accordance with the Accounting Standard No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, the statements of earnings, changes in shareholders’ equity, and cash flows as in 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.

1.2 Significant accounting policies

During the current period, the Company has adopted an accounting policy of capitalisation of borrowing costs whereby the interest cost on borrowing, for directly use in construction and installation, has been capitalised as part of the cost of work in progress and equipment held for lease. The Company will cease the capitalisation when the construction and installation is completed or when the construction is suspended until active development resumes.

Except for the above accounting policy adoption, 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 2004.

2. TRADE ACCOUNTS RECEIVABLE

Details of the outstanding balances of trade accounts receivable of the Company, classified by age, are as follows:-

	(Unit: Thousand Baht)	
	30 June	31 December
	2005	2004
		(Audited)
Not yet due	134,517	198,369
Less than 3 months overdue	88,372	54,867
3-6 months overdue	64,480	1,588
6-12 months overdue	505	53,620
More than 12 months overdue	24,104	517
Back to Back basis	163,918	265,550
Total	475,896	574,511
Less: Allowance for doubtful accounts	(500)	(500)
Trade accounts receivable-net	<u>475,396</u>	<u>574,011</u>

Most of the overdue trade accounts receivable balances are those of receivable from government agencies, which are in the progress of inspecting the Company's works. The Company's management believe 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.

3. INVENTORIES

Most of the inventory balance as of 30 June 2005 consist of development costs and computer equipment of projects. The Company is seeking and has been in negotiation with potential parties to be joint ventures or buyers of these projects, but the projects have been outstanding for more than one year. The Company's management have considered the appropriateness of the provision for loss already setaside in the accounts and believe that the net realisable value of these inventories is not less than their net book value

4. TRUST RECEIPTS AND ACCOUNTS PAYABLE

As at 30 June 2005, the Company had outstanding balances of trust receipts and accounts payable denominated in foreign currency totaling of USD 1.6 million and had certain forward exchange contracts which had been made to hedge the future payments of trust receipts and trade accounts payable totaling USD 0.8 million, at exchange rates ranging between Baht 40.03 to 41.16 per USD 1.

5. LONG-TERM LOANS

These represent loans from a local bank detailed as follows:-

Facility (Million Baht)	Interest	Repayment of principle	Secured by	Loan balances	
				30 June 2005	31 December 2004 (Audited)
90	3.5% per annum	Baht 4,091,000 per month starting from May 2004 to February 2006	Transferring the right of the claim for receipts from trade accounts receivable of a contract to lease equipment. The cash receiving value of such contract for approximately 3 years is totaling Baht 240.5 million	21.3	57.3
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, and all principle and interest have to be repaid within September 2007.	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	180	180
210	MLR-1.25% per annum	Baht 10,500,000 per month starting from December 2005 or when receive from customer for a contract to sale computer system and equipments whenever reaches first, and all principle and interest have to be repaid within July 2007	Transferring the right of the claim for receipts from trade accounts receivable of a contract to sale computer system and equipments. The cash receiving value of such contract totaling Baht 301.3 million	95	-
				296.3	237.3
		Less: Current portion of long-term loans		(169.8)	(79.1)
		Long-term loans - net of current portion		126.5	158.2

The Company has capitalised interest costs of the Baht 180 million and Baht 210 million credit facilities as parts of the cost of equipment held for lease and work in progress. The capitalised interest costs, for the six months period ended 30 June 2005, totaling amounted to Baht 3.3 million.

6. CORPORATE INCOME TAX

Corporate income tax is calculated on net earnings for the period after adding back certain non-deductible expenses.

7. FINANCIAL INFORMATION BY SEGMENT

The operations of the Company involve a single industry segment of sales, installation and renting of computers and electronic equipments and are carried on in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements are pertaining to this business segment and geographic area.

8. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2005, the Company had the following commitments and contingent liabilities: -

- 8.1 The Company had outstanding bank guarantees of approximately Baht 253.9 million (31 December 2004: Baht 218.5 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.
- 8.2 As at 30 June 2005, 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 following:-
 - Credit facilities of Baht 1,389 million of which Baht 737 million has been utilised.
 - Forward contracts facilities of USD 5.4 million of which USD 0.8 million has been utilised.
 - Pledged by bank deposits of Baht 94.63 million.
 - Contract financing facilities, of which the utilised facilities are long-term loans as mentioned in Note 4 to the interim financial statements, secured by transferring the rights of the claim of receipts from trade accounts receivable for the whole periods of the contracts.

- 8.3 The Company had 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	5.68	3.83
In 2 to 3 years	-	5.98

- 8.4 The Company has undelivered and unrendered contracts of selling goods and rendering services to its customers of approximately Baht 500 million (31 December 2004: Baht 211 million).

- 8.5 The Company has engaged in various contract with total contract values of Baht 728 million, obliged to carry the services in the future, to lease the electronic equipment to a government agency and various schools. The company has obliged to complete the equipment installation and render maintenance services of these equipment in accordance with conditions stipulated in the contracts.

9. DIVIDEND

At the Annual General Meeting of the Company's Shareholders held on 20 April 2005, it was resolved that a dividend of Baht 1 per share, totaling Baht 40 million, being paid to the shareholders in respect of the year 2004 earnings.

10. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved by the Company's directors.