

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2006

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 2006, the related statements of earnings for the three-month and six-month periods ended 30 June 2006, and the related statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 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 review.

I conducted my review 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 review, 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.

The financial statements of Advanced Information Technology Public Company Limited for the year ended 31 December 2005 were audited in accordance with generally accepted auditing standards by another auditor in my office who, under his report dated 20 February 2006, expressed an unqualified opinion on those financial statements. The balance sheet as at 31 December 2005, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The related statements of earnings for the three-month and six-month periods ended 30 June 2005, and the related statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2005 of Advanced Information Technology Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under his report dated 21 July 2005, that nothing had come to his attention to cause him to believe that the aforementioned financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok: 10 August 2006

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

BALANCE SHEETS

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 June 2006</u>	<u>31 December 2005</u>
		(Unaudited but reviewed)	(Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		50,816	67,978
Trade accounts receivable - net	2, 11.2	833,596	555,317
Unbilled receivable		-	34,300
Work in progress	3	307,145	232,535
Inventories - net	3	39,607	50,422
Other current assets			
Undue input tax		6,828	1,659
Advance payment for purchase of goods		8,107	73
Others		3,802	6,059
		<u>18,737</u>	<u>7,791</u>
TOTAL CURRENT ASSETS		<u>1,249,901</u>	<u>948,343</u>
NON-CURRENT ASSETS			
Restricted bank deposits	11.2	92,929	92,487
Building improvement and equipment - net	4	20,350	23,852
Equipment held for lease - net	4	345,279	367,910
Other non-current assets		4,182	4,720
TOTAL NON-CURRENT ASSETS		<u>462,740</u>	<u>488,969</u>
TOTAL ASSETS		<u><u>1,712,641</u></u>	<u><u>1,437,312</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 2006</u>	<u>31 December 2005</u>
		(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions		190,000	130,157
Trust receipts		65,734	41,663
Trade accounts payable	5	298,689	241,001
Unbilled payable		118,517	94,718
Current portion of long-term loans	6	201,915	203,317
Current portion of hire purchase payable		1,155	1,118
Other current liabilities			
Corporate income tax payable		22,483	6,645
Unearned revenue		35,193	9,665
Accrued expenses		23,330	2,480
Others		19,549	15,369
		<u>100,555</u>	<u>34,159</u>
TOTAL CURRENT LIABILITIES		<u>976,565</u>	<u>746,133</u>
NON-CURRENT LIABILITIES			
Long-term loans, net of current portion	6	6,718	51,718
Hire purchase payable, net of current portion		1,207	1,794
TOTAL NON-CURRENT LIABILITIES		<u>7,925</u>	<u>53,512</u>
TOTAL LIABILITIES		<u>984,490</u>	<u>799,645</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 2006</u>	<u>31 December 2005</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	20,000	20,000
Unappropriated	<u>287,435</u>	<u>196,951</u>
TOTAL SHAREHOLDERS' EQUITY	<u>728,151</u>	<u>637,667</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,712,641</u>	<u>1,437,312</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 2006 AND 2005

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

	<u>Note</u>	<u>2006</u>	<u>2005</u>
REVENUES			
Sales and service income		724,318	320,810
Rental and service income for equipment held for lease		55,971	48,482
Other income		3,583	296
TOTAL REVENUES		<u>783,872</u>	<u>369,588</u>
EXPENSES			
Cost of sales and service		573,273	251,001
Cost of equipment held for lease		37,662	16,756
Selling, servicing and administrative expenses	3	38,500	49,787
Director's remuneration		3,180	2,539
Foreign exchange loss		365	2,929
TOTAL EXPENSES		<u>652,980</u>	<u>323,012</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX			
		130,892	46,576
INTEREST EXPENSES			
		(5,303)	(714)
CORPORATE INCOME TAX			
	7	(25,647)	(13,964)
NET EARNINGS FOR THE PERIOD		<u>99,942</u>	<u>31,898</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>2.50</u>	<u>0.80</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 2006 AND 2005

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

	<u>Note</u>	<u>2006</u>	<u>2005</u>
REVENUES			
Sales and service income		1,026,775	476,727
Rental and service income for equipment held for lease		111,428	78,969
Other income		4,190	1,702
TOTAL REVENUES		<u>1,142,393</u>	<u>557,398</u>
EXPENSES			
Cost of sales and service		811,500	378,897
Cost of equipment held for lease		57,065	27,691
Selling, servicing and administrative expenses	3	90,986	83,592
Director's remuneration		3,340	2,789
Foreign exchange loss		1,637	2,955
TOTAL EXPENSES		<u>964,528</u>	<u>495,924</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX			
		177,865	61,474
INTEREST EXPENSES			
		(9,222)	(3,678)
CORPORATE INCOME TAX			
	7	(38,159)	(17,500)
NET EARNINGS FOR THE PERIOD		<u>130,484</u>	<u>40,296</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>3.26</u>	<u>1.01</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 2006 AND 2005

(Unit: Thousand Baht)

	<u>2006</u>	<u>2005</u>
Cash flows from (used in) operating activities:		
Net earnings	130,484	40,296
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities:		
Depreciation	50,500	33,786
Provision for (reversal of) loss of work in progress and inventories	(27,000)	7,800
Unrealised foreign exchange loss (gain)	(86)	1,711
	<hr/> 153,898	<hr/> 83,593
Decrease (increase) in operating assets		
Trade accounts receivable	(278,279)	98,615
Unbilled receivable	34,300	-
Work in progress	(28,110)	(86,100)
Inventories	1,360	(13,974)
Other current assets	(10,946)	(6,395)
Other non-current assets	538	(498)
Increase (decrease) in operating liabilities		
Trade accounts payable	57,917	7,605
Unbilled payable	23,799	(49,198)
Other current liabilities	66,253	(12,757)
Net cash from operating activities	<hr/> 20,730	<hr/> 20,891

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 2006 AND 2005

(Unit: Thousand Baht)

	<u>2006</u>	<u>2005</u>
Cash flows from (used in) investing activities:		
Increase in restricted bank deposits	(442)	(8,557)
Purchase of building improvement and equipment	(2,888)	(11,603)
Purchase of equipment held for lease	(30,678)	(44,635)
Capitalised interest of equipment held for lease	(846)	(3,279)
Net cash used in investing activities	<u>(34,854)</u>	<u>(68,074)</u>
Cash flows from (used in) financing activities:		
Increase in bank overdrafts and short-term loans from financial institutions	59,843	14,352
Increase in trust receipts	24,071	16,769
Drawn down of long-term loan	30,000	95,000
Repayment of long-term loans	(76,402)	(35,936)
Repayment of financial lease payable	(550)	-
Dividend paid	(40,000)	(40,000)
Net cash from (used in) financing activities	<u>(3,038)</u>	<u>50,185</u>
Net increase (decrease) in cash and cash equivalents	(17,162)	3,002
Cash and cash equivalents at beginning of period	67,978	60,238
Cash and cash equivalents at end of period	<u><u>50,816</u></u>	<u><u>63,240</u></u>
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Supplemental cash flows information		
Cash paid during the periods for:		
Interest expenses	11,554	6,314
Corporate income tax	22,321	28,853
Non-cash items:		
Transfer of equipment held for lease under installation to be inventory	10,045	-
Transfer of inventory to be work in progress	46,500	-

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 2006 AND 2005

(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 2004	200,000	220,716	16,170	172,315	609,201
Dividend payment (Note 8)	-	-	-	(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
Balance as of 31 December 2005	200,000	220,716	20,000	196,951	637,667
Dividend payment (Note 8)	-	-	-	(40,000)	(40,000)
Net earnings for the period	-	-	-	130,484	130,484
Balance as of 30 June 2006	200,000	220,716	20,000	287,435	728,151

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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 2006

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, installation and renting of computers and electronic equipments. The Company's registered address is 37/2 Suthisarnvinijchai 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, the statements of earnings, 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.

1.2 Significant accounting policies

During the current period, the Company revised the useful lives of equipment held for lease of two projects from 5 years to 3.5 years since the rapid changes in the technology meant that the previous useful lives were inappropriate in the current circumstances. As a result of the changes to these useful lives, future annual depreciation of the assets for lease of these two projects increased from approximately Baht 52 million to Baht 73 million. The change was effective from 1 April 2006.

Except for the above changes in accounting estimates, 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 2005.

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
	2006	2005
	<u> </u>	<u> </u>
		(Audited)
Not yet due	109,619	185,134
Less than 3 months overdue	479,851	219,179
3-6 months overdue	34,983	46,864
More than 6-12 months overdue	88,115	31,167
More than 12 months overdue	927	8,423
Back to Back basis	120,601	65,050
	<u> </u>	<u> </u>
Total	834,096	555,817
Less: Allowance for doubtful accounts	(500)	(500)
	<u> </u>	<u> </u>
Trade accounts receivable - net	<u>833,596</u>	<u>555,317</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 30 June 2006 of Bah 340.2 million (31 December 2005: Baht 98.5 million) to secure loans from banks.

3. INVENTORIES

As at 31 December 2005, there were outstanding costs of a project developing electronic database of Baht 46.5 million which a provision for loss of Baht 27 million was set aside. However, during the second quarter of the year 2006, the Company enter agreement to sell this project to a company at the price not lower than project costs. Therefore, the Company reversed all of the provision for loss in the current period by presenting as a deduction of selling, servicing and administrative expenses and has reclassified the project costs to be work in progress.

4. BUILDING IMPROVEMENT AND EQUIPMENT/EQUIPMENT HELD FOR LEASE

Movements of the building improvement and equipment and equipment held for lease accounts during the six-month period ended 30 June 2006 are summarized below.

(Unit: Thousand Baht)

	<u>Building improvement and equipment</u>	<u>Equipment held for lease</u>
Net book value as at 1 January 2006	23,852	367,910
Acquisitions during period - at cost	2,888	30,678
Capitalised interest	-	846
Transfer to inventory	-	(10,045)
Depreciation for period	(6,390)	(44,110)
Net book value as at 30 June 2006	<u>20,350</u>	<u>345,279</u>

5. TRADE ACCOUNTS PAYABLE

As at 30 June 2006, the Company had outstanding balances of accounts payable denominated in foreign currency totaling of USD 1,244,775.

6. LONG-TERM LOANS

These represent loans from local banks detailed as follows:

(Unit: Million Baht)

Facility (Million Baht)	Interest	Repayment of principle	Secured by	<u>Loan balances</u>	
				30 June 2006	31 December 2005 (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	99.7	144.7
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	108.9	110.3
				<u>208.6</u>	<u>255.0</u>
		Less: Current portion of long-term loans		(201.9)	(203.3)
		Long-term loans - net of current portion		<u>6.7</u>	<u>51.7</u>

Movements in the long-term loans account during the six-month period ended 30 June 2006 are summarised below.

	(Unit: Million Baht)
	<u>Amount</u>
Balance as at 1 January 2006	255.0
Add: Additional borrowings	30.0
Less: Repayment	<u>(76.4)</u>
Balance as at 30 June 2006	<u><u>208.6</u></u>

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 that are under installation. The capitalised interest costs, for the six months period ended 30 June 2006, totaling amounted to Baht 2.8 million.

7. CORPORATE INCOME TAX

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

8. DIVIDEND

Dividends declared consist of the following :-

	<u>Approved by</u>	<u>Dividend per share</u>	<u>Total dividends</u>
		(Baht)	(Million Baht)
Dividend on 2005 earnings	Annual General Meeting of shareholders on 20 April 2006	1.0	40
Dividend on 2004 earnings	Annual General Meeting of shareholders on 20 April 2005	1.0	40

9. FINANCIAL INSTRUMENTS

As at 30 June 2006, the Company had certain forward exchange contracts which had been made to hedge the future payments of trade accounts payable totaling USD 2.1 million, at exchange rates ranging between Baht 37.5 to 39.2 per USD 1.

10. FINANCIAL INFORMATION BY SEGMENT

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 and six-month periods ended 30 June 2006 and 2005 is as follows:-

(Unit: Million Baht)

	For the three-month periods ended 30 June						For the six-month periods ended 30 June					
	Sales and installation		Renting		Total		Sales and installation		Renting		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue	724	321	56	48	780	369	1,027	477	111	79	1,138	556
Segment operating profit	178	62	18	32	196	94	242	90	54	51	296	141
Unallocated income (expenses)												
Other income					4	-					4	2
Selling and administrative expenses					(69)	(44)					(121)	(78)
Foreign exchange loss					-	(3)					(2)	(3)
Interest expenses					(5)	(1)					(9)	(4)
Corporate income tax					(26)	(14)					(38)	(18)
Net income					100	32					130	40

11. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2006, the Company had the following commitments and contingent liabilities:

11.1 The Company had outstanding bank guarantees of approximately Baht 548.4 million (31 December 2005: Baht 301.8 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.

11.2 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 1,945.1 million of which Baht 1,194.2 million has been utilised.
- Forward contracts facilities of USD 6.7 million of which USD 2.1 million has been utilised.
- Pledged by bank deposits of Baht 92.9 million.
- Credit facilities of Baht 70 million for short-term loans from a local bank, with no balance outstanding as of 30 June 2006, secured by transferring the rights of the claim of receipts from trade accounts receivable. Total value of these project are Baht 134.8 million, and there were outstanding accounts receivable, as at 30 June 2006, of these projects of Baht 80.9 million.

(UNAUDITED BUT REVIEWED)

- Contract financing facilities, of which the utilised facilities are long-term loans as mentioned in Note 6 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.

11.3 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	5.8	3.7
In 2 to 3 years	10.2	3.5

11.4 The Company has undelivered and unrendered contracts of selling goods and rendering services to its customers of approximately Baht 866 million (31 December 2005: Baht 666 million). The Company has obliged to perform in accordance with stipulations and conditions in the contracts.

11.5 The Company has engaged in various contracts with total contract values of Baht 541 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 equipment installation and render maintenance services of these equipment in accordance with stipulations and conditions in the contracts.

12. SUBSEQUENT EVENTS

At the Meeting of the Board of Directors held on 10 August 2006, it was resolved that an interim dividend of Baht 0.75 per share, totaling of Baht 30 million, being paid to the shareholders in respect of the earnings of six-month period ended 30 June 2006. Such dividend will be distributed and recorded in the third quarter of the year 2006.

13. RECLASSIFICATION

Certain amounts in the financial statements for the three-month and six-month periods ended 30 June 2005 have been reclassified to conform to the current period's classifications, with no effect on previously reported net earnings or shareholders' equity.

14. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issued by the Board of Directors on 10 August 2006.