

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED  
REPORT AND INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 September 2005, the related statements of earnings for the three-month and nine-month periods ended 30 September 2005 and 2004, and the related statements of changes in shareholders' equity and cash flows for the nine-month periods ended 30 September 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 October 2005

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

BALANCE SHEETS

(Unit: Thousand Baht)

	Note	<u>30 September 2005</u>	<u>31 December 2004</u>
		(Unaudited but reviewed)	(Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		45,561	60,238
Trade accounts receivable - net	2	499,498	574,011
Work in progress - net	3	194,322	123,033
Inventories - net	4	45,962	32,115
Other current assets			
Undue Input tax		1,789	1,493
Advance to employees		2,801	1,757
Others		2,921	2,610
		<u>7,511</u>	<u>5,860</u>
TOTAL CURRENT ASSETS		<u>792,854</u>	<u>795,257</u>
NON-CURRENT ASSETS			
Restricted bank deposits	9.2	93,753	86,077
Building improvement and equipment - net		26,321	22,885
Equipment held for lease - net		378,092	361,565
Other non-current assets		8,572	3,915
TOTAL NON-CURRENT ASSETS		<u>506,738</u>	<u>474,442</u>
TOTAL ASSETS		<u><u>1,299,592</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)

	Note	<u>30 September 2005</u>	<u>31 December 2004</u>
		(Unaudited but reviewed)	(Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans from financial institutions		93,127	85,648
Trust receipts	5	18,201	-
Trade accounts payable	5	137,184	171,278
Unbilled payable		73,482	129,249
Current portion of long-term loans	6	268,277	79,092
Current portion of financial lease payable		1,100	918
Other current liabilities			
Corporate income tax payable		3,716	16,328
Output tax payable		7,038	7,202
Others		14,986	10,058
		<u>25,740</u>	<u>33,588</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>617,111</u>	<u>499,773</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans, net of current portion	6	55,008	158,180
Financial lease payable, net of current portion		2,080	2,545
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>57,088</u>	<u>160,725</u>
<b>TOTAL LIABILITIES</b>		<u>674,199</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 September 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	200,000	200,000
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	188,507	172,315
TOTAL SHAREHOLDERS' EQUITY	<u>625,393</u>	<u>609,201</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,299,592</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 SEPTEMBER 2005 AND 2004

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

	<u>Note</u>	<u>2005</u>	<u>2004</u>
REVENUES			
Sales and service income		292,472	215,294
Rental and service income for equipments held for lease		54,060	7,237
Foreign exchange gain		483	-
Other income		215	7,312
TOTAL REVENUES		<u>347,230</u>	<u>229,843</u>
EXPENSES			
Cost of sales and service		236,512	151,688
Cost of equipments held for lease		18,761	3,957
Selling, servicing and administrative expenses		63,204	46,826
Foreign exchange loss		-	206
Director's remuneration		170	260
TOTAL EXPENSES		<u>318,647</u>	<u>202,937</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX			
		28,583	26,906
INTEREST EXPENSES			
		(3,069)	(1,328)
CORPORATE INCOME TAX			
	7	<u>(9,619)</u>	<u>(7,010)</u>
NET EARNINGS FOR THE PERIOD		<u>15,895</u>	<u>18,568</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>0.40</u>	<u>0.46</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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

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

	<u>Note</u>	<u>2005</u>	<u>2004</u>
REVENUES			
Sales and service income		769,199	631,121
Rental and service income for equipments held for lease		133,029	8,200
Foreign exchange gain		-	1,241
Other income		1,917	15,165
TOTAL REVENUES		<u>904,145</u>	<u>655,727</u>
EXPENSES			
Cost of sales and service		598,782	463,605
Cost of equipments held for lease		46,452	4,406
Selling, servicing and administrative expenses		163,423	131,061
Foreign exchange loss		2,472	-
Director's remuneration		2,959	4,000
TOTAL EXPENSES		<u>814,088</u>	<u>603,072</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		90,057	52,655
INTEREST EXPENSES		(6,746)	(5,739)
CORPORATE INCOME TAX	7	(27,119)	(13,779)
NET EARNINGS FOR THE PERIOD		<u>56,192</u>	<u>33,137</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>1.40</u>	<u>0.83</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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit: Thousand Baht)

	<u>2005</u>	<u>2004</u>
<b>Cash flows from (used in) operating activities:</b>		
Net earnings for the period	56,192	33,137
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities:		
Depreciation	56,071	12,915
Provision for possible loss of work in progress	16,000	-
Unrealised foreign exchange gain	(110)	(537)
	<hr/> 128,153	<hr/> 45,515
Decrease (increase) in operating assets		
Trade accounts receivable	74,513	184,803
Work in progress	(87,289)	51,525
Inventories	(13,847)	2,948
Other current assets	(607)	(8,816)
Other non-current assets	(4,657)	152
Increase (decrease) in operating liabilities		
Trade accounts payable	(34,045)	(89,115)
Unbilled payable	(55,767)	(21,941)
Other current liabilities	(7,569)	(41,261)
Net cash flows from (used in) operating activities	<hr/> (1,115)	<hr/> 123,810

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit: Thousand Baht)

	<u>2005</u>	<u>2004</u>
<b>Cash flows from (used in) investing activities:</b>		
Increase in advance to employees	(1,044)	(443)
Decrease (increase) in restricted bank deposits	(7,676)	13,734
Purchase of building improvement and equipment	(13,055)	(7,328)
Purchase of equipment held for lease	(59,329)	(176,731)
Capital interest of equipments held for lease	(3,650)	-
Net cash flows used in investing activities	<u>(84,754)</u>	<u>(170,768)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in bank overdrafts and short-term loans		
from financial institutions	7,479	(272,969)
Increase in trust receipts	17,983	-
Drawn down of long-term loan	150,000	115,000
Repayment of long-term loans	(63,987)	(20,455)
Decrease in financial lease payable	(283)	-
Dividend payment	(40,000)	(48,000)
Net cash flows from (used in) financing activities	<u>71,192</u>	<u>(226,424)</u>
Net decrease in cash and cash equivalents	(14,677)	(273,382)
Cash and cash equivalents at beginning of period	60,238	320,452
Cash and cash equivalents at end of period	<u>45,561</u>	<u>47,070</u>
	-	
<b>Supplemental cash flows information</b>		
Cash paid during the periods for:		
Interest expenses	10,650	5,900
Corporate income tax	39,731	38,443

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit: Thousand Baht)

	Issued and paid up share capital	Premium on ordinary shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as of 31 December 2003</b>	200,000	220,716	12,371	148,886	581,973
Dividend paid	-	-	-	(48,000)	(48,000)
Net earnings for the period	-	-	-	33,137	33,137
<b>Balance as of 30 September 2004</b>	200,000	220,716	12,371	134,023	567,110
<b>Balance as of 31 December 2004</b>	200,000	220,716	16,170	172,315	609,201
Dividend paid (Note 10)	-	-	-	(40,000)	(40,000)
Net earnings for the period	-	-	-	56,192	56,192
<b>Balance as of 30 September 2005</b>	200,000	220,716	16,170	188,507	625,393

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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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 September	31 December
	2005	2004
		(Audited)
Not yet due	181,517	198,369
Less than 3 months overdue	145,395	54,867
3-6 months overdue	38,331	1,588
6-12 months overdue	53,281	53,620
More than 12 months overdue	16,424	517
Back to Back basis	<u>65,050</u>	<u>265,550</u>
Total	499,998	574,511
Less: Allowance for doubtful accounts	(500)	(500)
Trade accounts receivable-net	<u><u>499,498</u></u>	<u><u>574,011</u></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 believes 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. WORK IN PROGRESS**

The balance as of 30 September 2005 includes Baht 46.5 million costs of a project developing electronic database. This project has been outstanding for more than one year and been under negotiation with one buyer. The Company's management have considered the appropriateness of the provision for loss of Baht 16 million already setaside in the accounts and believe that the net realisable value of the project is not less than its net book value.

**4. INVENTORIES**

Most of the inventory balance as of 30 September 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, lessees or buyers of these projects, but the projects have been outstanding for more than one year. However, the Company's management believes that the net realisable value of these inventories is not less than their net book value.

**5. TRUST RECEIPTS AND ACCOUNTS PAYABLE**

As at 30 September 2005, the Company had outstanding balances of trust receipts and accounts payable denominated in foreign currency totaling of USD 1.2 million and Euro 23,239 and had certain forward exchange contracts which had been made to hedge the future payments of trust receipts and trade accounts payable totaling USD 1.5 million, at exchange rates ranging between Baht 40.9 to 42.10 per USD 1.

**6. LONG-TERM LOANS**

These represent loans from local banks detailed as follows:-

Facility (Million Baht)	Interest	Repayment of principle	Secured by	Loan balances	
				30 September 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	9.1	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	164.2	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	150	-
				323.3	237.3
		Less: Current portion of long-term loans		(268.3)	(79.1)
		Long-term loans - net of current portion		55.0	158.2

In October 2005, the Company received of Baht 81.3 million from the customer of the contract secured against the Baht 210 million facility. Baht 64.2 million of this receipt was repaid the principle of the facility as stipulated in the loan agreement, and then is presented as part of current portion of long-term loans.

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 nine months period ended 30 September 2005, totaling amounted to Baht 4.8 million.

## **7. CORPORATE INCOME TAX**

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

## **8. 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.

## **9. COMMITMENTS AND CONTINGENT LIABILITIES**

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

- 9.1 The Company had outstanding bank guarantees of approximately Baht 390.1 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.
- 9.2 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 1,459 million of which Baht 921 million has been utilised.
  - Forward contracts facilities of USD 5.4 million of which USD 1.5 million has been utilised.
  - Pledged by bank deposits of Baht 93.75 million.
  - Credit facilities of Baht 70 million for short-term loan from a local bank, outstanding as of 30 September 2005 of Baht 18 million, secured by transferring the rights of the claim of receipts from trade accounts receivable from a project. Total value of this project is Baht 126 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.

9.3 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	3.73	3.70
In 2 to 3 years	-	4.83

9.4 The Company has undelivered and unrendered contracts of selling goods and rendering services to its customers of approximately Baht 544 million (31 December 2004: Baht 211 million).

9.5 The Company has engaged in various contracts with total contract values of Baht 678 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 conditions stipulated in the contracts.

## **10. 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.

## **11. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

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