

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 September 2006, the related statements of earnings for the three-month and nine-month periods ended 30 September 2006, and the related statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 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 nine-month periods ended 30 September 2005, and the related statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 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 October 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: 9 November 2006

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED

BALANCE SHEETS

(Unit: Thousand Baht)

	Note	<u>30 September 2006</u>	<u>31 December 2005</u>
		(Unaudited but reviewed)	(Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		109,874	67,978
Trade accounts receivable - net	2, 11.2	624,491	555,317
Unbilled receivable		-	34,300
Work in progress	3.1	311,830	232,535
Inventories - net	3	3,125	50,422
Other current assets			
Undue input tax		4,429	1,659
Advance payment for purchase of goods		5,839	73
Others		3,360	6,059
		<u>13,628</u>	<u>7,791</u>
TOTAL CURRENT ASSETS		<u>1,062,948</u>	<u>948,343</u>
NON-CURRENT ASSETS			
Restricted bank deposits	11.2	98,399	92,487
Building improvement and equipment - net	4	19,159	23,852
Equipment held for lease - net	3.2,4	364,822	367,910
Other non-current assets		4,178	4,720
TOTAL NON-CURRENT ASSETS		<u>486,558</u>	<u>488,969</u>
TOTAL ASSETS		<u><u>1,549,506</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)

	Note	<u>30 September 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		170,392	130,157
Trust receipts		60,858	41,663
Trade accounts payable	5	269,734	241,001
Unbilled payable		127,178	94,718
Current portion of long-term loans	6	82,515	203,317
Current portion of hire purchase payable		1,174	1,118
Other current liabilities			
Corporate income tax payable		4,791	6,645
Unearned revenue		50,785	9,665
Accrued expenses		27,758	2,480
Others		27,456	15,369
		<u>110,790</u>	<u>34,159</u>
TOTAL CURRENT LIABILITIES		<u>822,641</u>	<u>746,133</u>
NON-CURRENT LIABILITIES			
Long-term loans, net of current portion	6	-	51,718
Hire purchase payable, net of current portion		906	1,794
TOTAL NON-CURRENT LIABILITIES		<u>906</u>	<u>53,512</u>
TOTAL LIABILITIES		<u>823,547</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 September 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	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	20,000	20,000
Unappropriated	285,243	196,951
TOTAL SHAREHOLDERS' EQUITY	<u>725,959</u>	<u>637,667</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,549,506</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 SEPTEMBER 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		491,062	292,472
Rental and service income for equipments held for lease		57,933	54,060
Foreign exchange gain		-	483
Other income		1,012	215
TOTAL REVENUES		<u>550,007</u>	<u>347,230</u>
EXPENSES			
Cost of sales and service		403,371	246,026
Cost of equipments held for lease		33,386	18,761
Selling, servicing and administrative expenses		65,256	53,690
Director's remuneration		568	170
Foreign exchange loss		118	-
TOTAL EXPENSES		<u>502,699</u>	<u>318,647</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		47,308	28,583
INTEREST EXPENSES		(5,626)	(3,069)
CORPORATE INCOME TAX	7	(13,875)	(9,619)
NET EARNINGS FOR THE PERIOD		<u>27,807</u>	<u>15,895</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>0.70</u>	<u>0.40</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 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		1,517,837	769,199
Rental and service income for equipments held for lease		169,362	133,029
Other income		5,203	1,917
TOTAL REVENUES		<u>1,692,402</u>	<u>904,145</u>
EXPENSES			
Cost of sales and service		1,214,871	624,923
Cost of equipments held for lease		90,451	46,452
Selling, servicing and administrative expenses	3.1	156,242	137,282
Director's remuneration		3,908	2,959
Foreign exchange loss		1,755	2,472
TOTAL EXPENSES		<u>1,467,227</u>	<u>814,088</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		225,175	90,057
INTEREST EXPENSES		(14,849)	(6,746)
CORPORATE INCOME TAX	7	(52,034)	(27,119)
NET EARNINGS FOR THE PERIOD		<u>158,292</u>	<u>56,192</u>
BASIC EARNINGS PER SHARE			
Net earnings		<u>3.96</u>	<u>1.40</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 2006 AND 2005

(Unit: Thousand Baht)

	<u>2006</u>	<u>2005</u>
Cash flows from (used in) operating activities:		
Net earnings for the period	158,292	56,192
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities:		
Depreciation	78,655	56,071
Increase in provision for possible loss of work in progress and inventories (reversal)	(27,000)	16,000
Unrealised foreign exchange (gain) loss	727	(110)
	<hr/> 210,674	<hr/> 128,153
Decrease (increase) in operating assets		
Trade accounts receivable	(69,174)	74,513
Unbilled receivable	34,300	-
Work in progress	(32,795)	(87,289)
Inventories	7,429	(13,847)
Other current assets	(5,837)	(1,651)
Other non-current assets	542	(4,657)
Increase (decrease) in operating liabilities		
Trade accounts payable	28,991	(34,045)
Unbilled payable	32,460	(55,767)
Other current liabilities	75,646	(7,569)
Net cash flows from (used in) operating activities	<hr/> 282,236	<hr/> (2,159)

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 2006 AND 2005

(Unit: Thousand Baht)

	<u>2006</u>	<u>2005</u>
Cash flows from (used in) investing activities:		
Increase in restricted bank deposits	(5,912)	(7,676)
Purchase of building improvement and equipment	(4,694)	(13,055)
Purchase of equipment held for lease	(44,627)	(59,329)
Capital interest of equipments held for lease	(1,185)	(3,650)
Net cash flows used in investing activities	<u>(56,418)</u>	<u>(83,710)</u>
Cash flows from (used in) financing activities:		
Increase in bank overdrafts and short-term loans from financial institutions	40,235	7,479
Increase in trust receipts	19,195	17,983
Drawn down of long-term loan	30,000	150,000
Repayment of long-term loans	(202,520)	(63,987)
Repayment of financial lease payable	(832)	(283)
Dividend payment	(70,000)	(40,000)
Net cash flows from (used in) financing activities	<u>(183,922)</u>	<u>71,192</u>
Net increase (decrease) in cash and cash equivalents	41,896	(14,677)
Cash and cash equivalents at beginning of period	67,978	60,238
Cash and cash equivalents at end of period	<u>109,874</u>	<u>45,561</u>
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Supplemental cash flows information		
Cash paid during the periods for:		
Interest expenses	17,892	10,650
Corporate income tax	53,888	39,731
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	-
Transfer of inventory to be equipments held for lease	30,413	-

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 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	-	-	-	56,192	56,192
Balance as of 30 September 2005	200,000	220,716	16,170	188,507	625,393
Balance as of 31 December 2005	200,000	220,716	20,000	196,951	637,667
Dividend payment (Note 8)	-	-	-	(70,000)	(70,000)
Net earnings for the period	-	-	-	158,292	158,292
Balance as of 30 September 2006	200,000	220,716	20,000	285,243	725,959

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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 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.

1.3 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:

	<u>30 September 2006</u>	<u>31 December 2005</u>
		(Unit: Thousand Baht) (Audited)
Not yet due	171,834	185,134
Less than 3 months overdue	149,286	219,179
3-6 months overdue	80,316	46,864
More than 6-12 months overdue	93,730	31,167
More than 12 months overdue	2,558	8,423
Back to Back basis	<u>127,267</u>	<u>65,050</u>
Total	624,991	555,817
Less: Allowance for doubtful accounts	<u>(500)</u>	<u>(500)</u>
Trade accounts receivable - net	<u><u>624,491</u></u>	<u><u>555,317</u></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 September 2006 of Baht 255 million (31 December 2005: Baht 98.5 million) to secure loans from banks.

3. INVENTORIES

As at 31 December 2005, the inventories consisted of the following project costs and inventories together which their movement till the current quarter:-

- 3.1 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 by presenting as a deduction of selling, servicing and administrative expenses and has reclassified the project costs to be work in progress.

3.2 Balance of Baht 30.4 million of a project letting a company to use the Company's electronic equipments. The service fees will be based on a contractual percentage of benefits that the company will obtain from using of assets. The contract was engaged in this quarter, the Company, then reclassified the equipment to be equipments held for lease.

4. BUILDING IMPROVEMENT AND EQUIPMENT/EQUIPMENT HELD FOR LEASE

Movements of the building improvement and equipment and equipment held for lease accounts during the nine-month period ended 30 September 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	4,694	44,627
Transfer from inventories	-	30,413
Capitalised interest	-	1,185
Transfer to inventory	-	(10,045)
Depreciation for period	(9,387)	(69,268)
Net book value as at 30 September 2006	<u>19,159</u>	<u>364,822</u>

5. TRADE ACCOUNTS PAYABLE

As at 30 September 2006, the Company had outstanding balances of accounts payable denominated in foreign currency totaling of USD 3.5 million.

6. LONG-TERM LOANS

These represent loans from local banks detailed as follows:

Facility (Million Baht)	Interest	Repayment of principle	Secured by	(Unit: Million Baht)	
				Loan balances	
				30 September 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	74.2	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	8.3	110.3
				<u>82.5</u>	<u>255.0</u>
		Less: Current portion of long-term loans		<u>(82.5)</u>	<u>(203.3)</u>
		Long-term loans - net of current portion		<u>-</u>	<u>51.7</u>

Movements in the long-term loans account during the nine-month period ended 30 September 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>(202.5)</u>
Balance as at 30 September 2006	<u>82.5</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 nine months period ended 30 September 2006, totaling amounted to Baht 3.2 million.

7. CORPORATE INCOME TAX

Corporate income tax were calculated on net earnings before income tax for the period after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective rate for the year.

8. DIVIDEND

Dividends declared consist of the following :-

	<u>Approved by</u>	<u>Dividend per share</u>	<u>Total dividends</u>
		(Baht)	(Million Baht)
- Interim dividend on the earnings of six-month period ended 30 June 2006	Board of Directors Meeting on 10 August 2006	0.75	30
- 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 September 2006, the Company had certain forward exchange contracts which had been made to hedge the future payments of trade accounts payable totaling USD 3.5 million, at exchange rates ranging between Baht 37.3 to 38.2 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 nine-month periods ended 30 September 2006 and 2005 is as follows:-

(Unit: Million Baht)

	For the three-month periods ended 30 September						For the nine-month periods ended 30 September					
	Sales and installation		Renting		Total		Sales and installation		Renting		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue	491	292	58	54	549	346	1,518	769	169	133	1,687	902
Segment operating profit	88	38	25	35	113	73	330	128	79	87	409	215
Unallocated income (expenses)												
Other income					1	-					5	2
Selling and administrative expenses					(66)	(45)					(187)	(124)
Foreign exchange loss					-	-					(2)	(3)
Interest expenses					(6)	(3)					(15)	(7)
Corporate income tax					(14)	(9)					(52)	(27)
Net income					28	16					158	56

11. COMMITMENTS AND CONTINGENT LIABILITIES

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

11.1 The Company had outstanding bank guarantees of approximately Baht 575.6 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 3,050.3 million of which Baht 1,196.7 million has been utilised.
- Forward contracts facilities of USD 6.7 million of which USD 3.5 million has been utilised.
- Pledged by bank deposits of Baht 98.4 million.
- Credit facilities of Baht 70 million for short-term loans from a local bank, with no balance outstanding as of 30 September 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 September 2006, of these projects of Baht 80.9 million.

- 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	5.7	3.6
In 2 to 3 years	8.8	2.6

11.4 The Company has undelivered and unrendered contracts of selling goods and rendering services to its customers of approximately Baht 745 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 484 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.

11.6 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.

12. RECLASSIFICATION

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

13. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issued by the Board of Directors on 9 November 2006.