

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2007 AND 2006

## **Report of Independent Auditor**

To the Shareholders of Advanced Information Technology Public Company Limited

I have audited the accompanying consolidated balance sheet of Advanced Information Technology Public Company Limited and its subsidiary as at 31 December 2007, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate balance sheets of Advanced Information Technology Public Company Limited as at 31 December 2007 and 2006, the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the management of the Company and its subsidiary as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advanced Information Technology Public Company Limited and its subsidiary as at 31 December 2007, the results of their operations, and cash flows for the year then ended, as well as the financial position of Advanced Information Technology Public Company Limited as at 31 December 2007 and 2006, the results of its operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok: 15 February 2008

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	<u>Note</u>	Consolidated	Separated	
		<u>financial statement</u>	<u>financial statements</u>	
		<u>2007</u>	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		30,073,175	22,678,756	57,613,955
Trade accounts and notes receivable - net	6	517,232,536	517,232,536	698,138,296
Work in progress		422,789,358	422,789,358	329,806,335
Inventories - net		506,244	506,244	506,244
Other current assets		12,538,709	12,446,156	8,678,289
<b>TOTAL CURRENT ASSETS</b>		<b>983,140,022</b>	<b>975,653,050</b>	<b>1,094,743,119</b>
<b>NON-CURRENT ASSETS</b>				
Restricted bank deposits	7	92,483,318	92,483,318	120,242,806
Investments in subsidiary	8	-	5,499,700	-
Building improvement and equipment - net	9	13,441,358	12,416,538	17,309,074
Equipment for lease - net	10	177,957,420	177,957,420	344,456,545
Intangible assets - net	11	1,534,980	1,534,980	-
Other non-current assets		3,991,976	3,879,566	4,080,756
<b>TOTAL NON-CURRENT ASSETS</b>		<b>289,409,052</b>	<b>293,771,522</b>	<b>486,089,181</b>
<b>TOTAL ASSETS</b>		<b>1,272,549,074</b>	<b>1,269,424,572</b>	<b>1,580,832,300</b>

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated	Separated	
		financial statement	financial statements	
		<u>2007</u>	<u>2007</u>	<u>2006</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts and short-term loans from financial institutions	12	40,000,000	40,000,000	223,632,730
Trust receipts		14,922,154	14,922,154	44,709,383
Trade accounts payable		257,078,606	257,078,606	243,951,357
Unbilled payable		85,159,102	85,159,102	141,374,884
Current portion of long-term loan	13	-	-	51,718,000
Current portion of financial lease payable		600,255	600,255	1,193,537
Other current liabilities				
Corporate income tax payable		25,458,789	25,458,789	15,262,175
Advance receipts from customer		5,856,657	5,856,657	36,619,653
Accrued expenses		9,816,672	9,816,672	25,223,402
Others		21,131,869	20,880,816	31,705,386
TOTAL CURRENT LIABILITIES		<u>460,024,104</u>	<u>459,773,051</u>	<u>815,390,507</u>
NON-CURRENT LIABILITIES				
Financial lease payable, net of current portion		-	-	600,255
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>	<u>600,255</u>
TOTAL LIABILITIES		<u>460,024,104</u>	<u>459,773,051</u>	<u>815,990,762</u>

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated	Separated	
		financial statement	financial statements	
		<u>2007</u>	<u>2007</u>	<u>2006</u>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital				
Registered				
69,000,000 ordinary shares of Baht 5 each				
(2006: 40,000,000 ordinary shares of Baht 5 each)	14	345,000,000	345,000,000	200,000,000
Issued and fully paid				
60,000,000 ordinary shares of Baht 5 each				
(2006: 40,000,000 ordinary shares of Baht 5 each)	14	300,000,000	300,000,000	200,000,000
Share premium		220,715,902	220,715,902	220,715,902
Retained earnings				
Appropriated - statutory reserve	16	24,800,000	24,800,000	20,000,000
Unappropriated		263,240,900	264,135,619	324,125,636
<b>EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS</b>		<b>808,756,802</b>	<b>809,651,521</b>	<b>764,841,538</b>
<b>MINORITY INTEREST - equity attributable to minority shareholders</b>				
of subsidiary		3,768,168	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>812,524,970</b>	<b>809,651,521</b>	<b>764,841,538</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,272,549,074</b>	<b>1,269,424,572</b>	<b>1,580,832,300</b>
		-	-	-

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

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 DIRECTORS  
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ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated	Separated	
		financial statement	financial statements	
		<u>2007</u>	<u>2007</u>	<u>2006</u>
<b>REVENUES</b>				
Sales and service income		1,396,498,709	1,396,498,709	2,032,679,992
Rental and service income from equipment for lease		241,643,047	241,643,047	235,917,296
Other income		8,454,364	8,453,967	9,863,236
<b>TOTAL REVENUES</b>		<u>1,646,596,120</u>	<u>1,646,595,723</u>	<u>2,278,460,524</u>
<b>EXPENSES</b>				
Cost of sales and service		1,063,398,832	1,063,398,832	1,615,079,142
Cost of equipment for lease		149,789,877	149,789,877	138,687,091
Selling, servicing and administrative expenses		230,549,215	228,921,967	237,944,989
Impairment loss on equipment for lease	10	40,000,000	40,000,000	-
<b>TOTAL EXPENSES</b>		<u>1,483,737,924</u>	<u>1,482,110,676</u>	<u>1,991,711,222</u>
<b>INCOME BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX</b>				
		162,858,196	164,485,047	286,749,302
<b>INTEREST EXPENSES</b>		(7,800,824)	(7,800,824)	(19,204,545)
<b>CORPORATE INCOME TAX</b>		(61,875,214)	(61,875,214)	(70,369,897)
<b>INCOME AFTER CORPORATE INCOME TAX</b>		<u>93,182,158</u>	<u>94,809,009</u>	<u>197,174,860</u>
<b>NET LOSS ATTRIBUTABLE TO MINORITY INTEREST</b>		732,132	-	-
<b>NET INCOME FOR THE YEAR</b>		<u>93,914,290</u>	<u>94,809,009</u>	<u>197,174,860</u>
<b>EARNINGS PER SHARE</b>				
18				
<b>Basic earnings per share</b>				
Net income		<u>1.57</u>	<u>1.58</u>	<u>3.29</u>
<b>Diluted earnings per share</b>				
Net income		<u>1.55</u>	<u>1.56</u>	<u>3.29</u>

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated	Separated	
	financial statement	financial statements	
	<u>2007</u>	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>			
Net income	93,914,290	94,809,009	197,174,860
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	142,079,105	142,016,476	117,798,010
Doubtful debts	2,489,211	2,489,211	-
Reversal of allowance for loss of inventories	-	-	(27,000,000)
Impairment loss on equipment for lease	40,000,000	40,000,000	-
Gain on sales of equipment	(44,876)	(44,876)	(700)
Unrealised loss on exchange	275,364	275,364	1,983,074
Net loss attributable to minority interest	(732,132)	-	-
Income from operating activities before changes in operating assets and liabilities	277,980,962	279,545,184	289,955,244
Operating assets (increase) decrease			
Trade accounts and note receivable	178,416,549	178,416,549	(142,821,074)
Unbilled receivable	-	-	34,300,000
Work in progress	(92,983,023)	(92,983,023)	(50,771,329)
Inventories	-	-	10,046,755
Other current assets	(3,860,420)	(3,767,867)	(887,119)
Other non-current assets	88,780	201,190	639,157
Operating liabilities increase (decrease)			
Trade accounts payable	13,271,229	13,271,229	3,661,894
Unbilled payable	(56,215,782)	(56,215,782)	46,657,348
Other current liabilities	(46,965,973)	(47,217,026)	71,955,888
Net cash flows from operating activities	269,732,322	271,250,454	262,736,764

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated	Separated	
	financial statement	financial statements	
	<u>2007</u>	<u>2007</u>	<u>2006</u>
<b>Cash flows from investing activities</b>			
Decrease (increase) in restricted bank deposits	27,759,488	27,759,488	(27,755,328)
Proceeds from minority shareholders of subsidiary	4,500,300	-	-
Cash payment for investment in subsidiary	-	(5,499,700)	-
Cash payment for purchase of building improvement and equipment	(5,587,331)	(4,499,882)	(5,534,862)
Proceeds from sales of equipment	496,163	496,163	2,804
Cash payment for purchase of equipment for lease	(6,543,426)	(6,543,426)	(60,815,969)
Payment for capitalised interest of equipment for lease	-	-	(1,084,245)
Cash payment for purchase software	(1,567,774)	(1,567,774)	-
Net cash flows from (used in) investing activities	<u>19,057,420</u>	<u>10,144,869</u>	<u>(95,187,600)</u>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans			
from financial institutions	(183,632,730)	(183,632,730)	93,475,741
Increase (decrease) in trust receipts	(29,787,229)	(29,787,229)	3,046,362
Cash receipt of long-term loans	-	-	30,000,000
Repayment of long-term loans	(51,718,000)	(51,718,000)	(233,316,686)
Repayment of financial lease payable	(1,193,537)	(1,193,537)	(1,118,102)
Cash dividend paid	(50,000,000)	(50,000,000)	(70,000,000)
Proceeds from sale of remaining dividend shares	974	974	-
Net cash flows used in financing activities	<u>(316,330,522)</u>	<u>(316,330,522)</u>	<u>(177,912,685)</u>
Net decrease in cash and cash equivalents	(27,540,780)	(34,935,199)	(10,363,521)
Cash and cash equivalents at beginning of year	57,613,955	57,613,955	67,977,476
Cash and cash equivalents at end of year	<u>30,073,175</u>	<u>22,678,756</u>	<u>57,613,955</u>
	-	-	-
Supplemental cash flows information:			
Cash paid during the years for			
Interest paid	7,963,769	7,963,769	22,370,378
Corporate income tax	51,678,600	51,678,600	61,753,054
Non - cash items			
Transfer of inventories to be work in progress	-	-	46,500,396
Transfer of inventories to be equipment for lease under installation	-	-	30,413,321
Transfer of equipment for lease under installation to be inventories	-	-	10,044,586

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



ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

(Unit: Baht)

	Consolidated financial statement						
	Issued and fully				Minority interest -		
	paid up		Share	Retained earnings		equity attributable to	Total
	Note	share capital		Premium	Appropriated	Unappropriated	
<b>Balance as at 31 December 2006</b>		200,000,000	220,715,902	20,000,000	324,125,636	-	764,841,538
Transfer to statutory reserve	16	-	-	4,800,000	(4,800,000)	-	-
Cash dividend paid	21	-	-	-	(50,000,000)	-	(50,000,000)
Stock dividend paid	21	99,999,026	-	-	(99,999,026)	-	-
Proceeds from sale of remaining dividend shares	21	974	-	-	-	-	974
Net income for the year		-	-	-	93,914,290	-	93,914,290
Minority interest - equity attributable to minority shareholders of subsidiary		-	-	-	-	3,768,168	3,768,168
<b>Balance as at 31 December 2007</b>		<b>300,000,000</b>	<b>220,715,902</b>	<b>24,800,000</b>	<b>263,240,900</b>	<b>3,768,168</b>	<b>812,524,970</b>

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

Separate financial statements						
	Note	Issued and fully		Retained earnings		Total
		paid up	Share			
		share capital	Premium	Appropriated	Unappropriated	
<b>Balance as at 31 December 2005</b>		200,000,000	220,715,902	20,000,000	196,950,776	637,666,678
Cash dividend paid	21	-	-	-	(70,000,000)	(70,000,000)
Net income for the year		-	-	-	197,174,860	197,174,860
<b>Balance as at 31 December 2006</b>		200,000,000	220,715,902	20,000,000	324,125,636	764,841,538
Transfer to statutory reserve	16	-	-	4,800,000	(4,800,000)	-
Cash dividend paid	21	-	-	-	(50,000,000)	(50,000,000)
Stock dividend paid	21	99,999,026	-	-	(99,999,026)	-
Proceeds from sale of remaining dividend shares	21	974	-	-	-	974
Net income for the year		-	-	-	94,809,009	94,809,009
<b>Balance as at 31 December 2007</b>		<u>300,000,000</u>	<u>220,715,902</u>	<u>24,800,000</u>	<u>264,135,619</u>	<u>809,651,521</u>

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

ADVANCED INFORMATION TECHNOLOGY PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

**1. GENERAL INFORMATION**

Advanced Information Technology Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the sale, design, service and installation of lump sum turnkey of information and communication technology network systems and the renting of computers and electronic equipment. Its registered address is 37/2 Suthisarnvinijchai Road, Samsaennok, Huaykwang, Bangkok.

**2. BASIS OF PREPARATION**

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statement includes the financial statements of the Company and the following subsidiary company:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	Assets as a percentage to the consolidated total assets as at 31 December	Revenues as a percentage to the consolidated total revenues for the year ended 31 December
			<u>2007</u>	<u>2007</u>	<u>2007</u>
			Percent	Percent	Percent
Maple Plus Co., Ltd.	Sale and installation of computer, software and telecom equipment	Thailand	55	0.7	-

b) Investments in the subsidiary company as recorded in the Company's books of account is eliminated against the equity of the subsidiary company.

2.3 The separate financial statements, which present investments in subsidiary have been prepared solely for the benefit of the public.

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

**a) Thai Accounting Standards which are effective for the current year**

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007.

**b) Thai Accounting Standards which are not effective for the current year**

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Revenue and expenses recognition

#### a) Revenues

##### *Sales and service income*

Revenues from the sale, design, service and installation of lump sum turnkey of information and communication technology network systems are recognised on the basis of percentage of completion, as assessed by the Company's engineers/the project manager. Recognised revenues, that are not yet due per the contracts are presented under the caption of "Unbilled receivable" in the balance sheets.

Service income is recognised when the services are rendered.

##### *Rental and service income*

Rental income and related service income are recognised over the period of rental and service.

##### *Interest income*

Interest income is recognised as interest accrues based on the effective rate method.

#### b) Expenses

Costs of contract sales, design, service and installation of lump sum turnkey of information and communication technology network systems are recognised in accordance with the percentage of work completed, for which revenue has already recognised, based on total estimated costs. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as "work in progress" under current assets and "unbilled payable" under current liabilities.

Other expenses are recognised on an accrual basis.

### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

#### **4.4 Inventories**

Inventories are valued at the lower of cost (first in, first out method) and net realisable value.

#### **4.5 Work in progress**

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress consists of cost of materials, labour, subcontract work and other relevant expenses.

#### **4.6 Investments**

Investments in subsidiary is accounted for in the separate financial statements using the cost method.

#### **4.7 Building improvement, equipment and equipment for lease and depreciation**

Building improvement, equipment and equipment for lease are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building improvement, equipment and equipment for lease are calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building improvement	5 years
Furniture, fixtures and office equipment	5 years
Computers	3, 5 years
Vehicles	5 years
Equipment for lease	3.5, 5 years

Depreciation is included in determining income.

During the year 2006, the Company revised the useful lives of equipment for lease of two projects from 5 years to 3.5 years since rapid changes in 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.

#### **4.8 Intangible asset and amortisation**

Intangible assets is stated at cost less accumulated depreciation. Amortisation is calculated by reference to cost on a straight-line basis over the period, for which the assets is expected to generate economic benefit, as follows:-

Software	10 years
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The amortisation is included in determining income.

#### **4.9 Capitalisation of borrowing costs**

The interest cost on borrowing for direct use in installation, is capitalised as part of the cost of work in progress and equipment for lease. The Company will cease the capitalisation when those assets are ready for use or when it is suspended, until active development resumes.

#### **4.10 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority over the planning and direction of the Company's operations.

#### **4.11 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

#### **4.12 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.13 Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

#### **4.14 Employee benefits**

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **4.15 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.16 Income tax**

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

#### **4.17 Derivatives**

##### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in determining income.

#### **4.18 Use of accounting estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.



## 5. DIRECTORS AND MANAGEMENT'S REMUNERATION TRANSACTIONS

During the year ended 31 December 2007 and 2006, the Company had transactions with related parties. The table below is a summary of the transactions.

Related parties	Related transactions	(Unit: Million Baht)		
		Consolidated financial statement	Separate financial statements	
		2007	2007	2006
Audit committee	Meeting allowances and directors' remunerations	2.9	2.9	1.8
Management committee and management	Salaries, bonus, meeting allowances and directors' remunerations	69.5	68.9	67.9
Non- audit committee and non-management committee	Meeting allowances and directors' remunerations	3.3	3.3	1.7

During the current year, the Company has allocated 570,000 warrants to its management committee without charge. The details of the warrants are presented in Note 15.2 to the financial statement.

## 6. TRADE ACCOUNTS AND NOTES RECEIVABLE

The outstanding balances of trade accounts and notes receivable as at 31 December 2007 and 2006 are aged, based on due date, as follows:

	(Unit: Baht)		
	Consolidated financial statement	Separate financial statements	
	<u>2007</u>	<u>2007</u>	<u>2006</u>
<b><u>Age of receivables</u></b>			
Not yet due	230,859,846	230,859,846	158,486,759
Past due			
Up to 3 months	205,326,062	205,326,062	376,704,469
3-6 months	51,202,915	51,202,915	43,060,791
Over 6-12 months	9,624,863	9,624,863	36,333,776
Over 12 months	1,455,684	1,455,684	6,513,203
Back to back basis	21,752,377	21,752,377	77,539,298
Total	520,221,747	520,221,747	698,638,296
Less: Allowance for doubtful accounts	(2,989,211)	(2,989,211)	(500,000)
Trade accounts receivable and notes receivable - net	517,232,536	517,232,536	698,138,296

Included in the above as at 31 December 2007, are post-date cheques amounting to Baht 11.9 million (2006: Baht 10.3 million).

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

As at 31 December 2007, the Company has transferred of collection rights for accounts receivable amounting to Baht 105.0 million (2006: Baht 287.5 million) to secure credit facilities from banks.

## 7. RESTRICTED BANK DEPOSITS

These represent fixed deposits pledged with the banks to secure credit facilities.

## 8. INVESTMENTS IN SUBSIDIARY

(Unit: Baht)

Company's name	Paid-up capital		Separate financial statements			
			Shareholding percentage		Cost	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	(Million Baht)	(Million Baht)	(%)	(%)		
Maple Plus Co., Ltd.	10.0	-	55	-	5,499,700	-

During the year, the Company invested in 109,994 ordinary shares of Maple Plus Co., Ltd., representing 55 percent of total shares of the Company, at a price of Baht 5.5 million.

## 9. BUILDING IMPROVEMENT AND EQUIPMENT

(Unit: Baht)

	Consolidated financial statement					
	Building improvement	Furniture, fixture and office equipment		Computers	Vehicles	Total
<b>Cost:</b>						
31 December 2006	4,778,316	10,102,378	52,076,143	11,854,957	78,811,794	
Additions	1,233,868	712,917	3,640,545	-	5,587,330	
Disposals	-	(199,800)	(2,982,577)	-	(3,182,377)	
31 December 2007	6,012,184	10,615,495	52,734,111	11,854,957	81,216,747	
<b>Accumulated depreciation:</b>						
31 December 2006	3,073,160	7,412,559	42,064,151	8,952,850	61,502,720	
Depreciation for the year	833,462	1,029,141	6,561,999	579,157	9,003,759	
Depreciation on disposals	-	(142,422)	(2,588,668)	-	(2,731,090)	
31 December 2007	3,906,622	8,299,278	46,037,482	9,532,007	67,775,389	
<b>Net book value:</b>						
31 December 2007	2,105,562	2,316,217	6,696,629	2,322,950	13,441,358	
<b>Depreciation for the year</b>						
2007 (all included in selling, servicing and administrative expenses)					9,003,759	

(Unit: Baht)

	Separate financial statements					
	Building improvement	Furniture, fixture and office equipment		Computers	Vehicles	Total
<b>Cost:</b>						
31 December 2006	4,778,316	10,102,378	52,076,143	11,854,957	78,811,794	
Additions	649,528	650,086	3,200,268	-	4,499,882	
Disposals	-	(199,800)	(2,982,577)	-	(3,182,377)	
31 December 2007	5,427,844	10,552,664	52,293,834	11,854,957	80,129,299	
<b>Accumulated depreciation:</b>						
31 December 2006	3,073,160	7,412,559	42,064,151	8,952,850	61,502,720	
Depreciation for the year	789,325	1,023,903	6,548,746	579,157	8,941,131	
Depreciation on disposals	-	(142,422)	(2,588,668)	-	(2,731,090)	
31 December 2007	3,862,485	8,294,040	46,024,229	9,532,007	67,712,761	
<b>Net book value:</b>						
31 December 2006	1,705,156	2,689,819	10,011,992	2,902,107	17,309,074	
31 December 2007	1,565,359	2,258,624	6,269,605	2,322,950	12,416,538	
<b>Depreciation for the year</b>						
2006 (all included in selling, servicing and administrative expenses)					12,075,903	
2007 (all included in selling, servicing and administrative expenses)					8,941,131	

As at 31 December 2007, certain building improvement and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 47.2 million (The Company only: Baht 47.2 million, 2006: Baht 38.6 million).

## 10. EQUIPMENT FOR LEASE

	(Unit: Baht)		
	Consolidated/Separate financial statements		
	Equipment for lease	Equipment for lease under installation	Total
<b>Cost:</b>			
31 December 2006	474,119,223	53,133,903	527,253,126
Acquisitions	-	6,543,426	6,543,426
Transfer after completion	59,677,329	(59,677,329)	-
31 December 2007	533,796,552	-	533,796,552
<b>Accumulated depreciation:</b>			
31 December 2006	182,796,581	-	182,796,581
Depreciation for the year	133,042,551	-	133,042,551
31 December 2007	315,839,132	-	315,839,132
<b>Allowance for impairment loss:</b>			
31 December 2006	-	-	-
Increase during the year	40,000,000	-	40,000,000
31 December 2007	40,000,000	-	40,000,000
<b>Net book value:</b>			
31 December 2006	291,322,642	53,133,903	344,456,545
31 December 2007	177,957,420	-	177,957,420
<b>Depreciation for the year</b>			
Year 2006 (all included in cost of equipment for lease)	105,722,107	-	105,722,107
Year 2007 (all included in cost of equipment for lease)	133,042,551	-	133,042,551

During the current year, the Company's management decided to recognise impairment loss of Baht 40 million for the voice mail system equipment for lease since they believe that the net realisable value of the equipment is less than its net book value.

## 11. INTANGIBLE ASSETS

(Unit: Baht)

	Consolidated financial statement	Separate financial statements	
	2007	2007	2006
Software	-	-	-
Additions	1,567,774	1,567,774	-
Amortisations	(32,794)	(32,794)	-
Net	1,534,980	1,534,980	-
Amortisation expenses included in the income statements for the year	32,794	32,794	-

## 12. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated financial statement	Separate financial statements	
		2007	2007	2006
Bank overdrafts	8.00%	-	-	3,632,730
Short-term loans from financial institutions	4.50 - 6.75%	40,000,000	40,000,000	220,000,000
Total		40,000,000	40,000,000	223,632,730

Bank overdrafts are secured by the pledge of fixed deposits.

## 13. LONG-TERM LOANS

The balances represent loans from a local bank, as detailed below:

(Unit: Million Baht)

Facility	Interest rate	Repayment of principal	Secured by	Loan balances		
				Consolidated financial statement	Separate financial statements	
				2007	2006	2006
180	3.75% per annum until 30 September 2005 and then MLR-1.75% per annum 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 equipment. The cash receiving value of such contract for approximately 3 years is totaling Baht 425.9 million	-	-	51.7
				-	-	51.7
				-	-	(51.7)
				-	-	-
		Less: Current portion of long-term loans		-	-	(51.7)
		Long-term loans, net of current portion		-	-	-



## **14. SHARE CAPITAL**

### **14.1 Registered**

At the Annual General Meeting of the Company's shareholders held on 20 April 2007, it was resolved to 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). The additional registered share capital of 29 million shares of Baht 5 each is to be allotted as follows:

- a) 20 million shares for the stock dividend described in Note 21.2 to the financial statements.
- b) 9 million shares for the exercise of warrants described in Note 15 to the financial statements.

The Company registered the share capital increase with the Ministry of Commerce on 16 May 2007

### **14.2 Issued and fully paid**

During the year ended 31 December 2007, issued and fully paid share capital have increased from Baht 200 million (40 million ordinary shares of Baht 5 each) to Baht 300 million (60 million ordinary shares of Baht 5 each) for stock dividend paid, described in Note 21.2 to the financial statements.

## **15. WARRANTS**

At the Annual General Meeting of the Company's shareholders held on 20 April 2007, it was resolved to issue and offer warrants as follows:

- 15.1 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. The exercise period runs from 28 December 2007 to 30 September 2012.
- 15.2 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. The exercise period runs from 31 August 2009 to 30 September 2012.

On 17 August 2007, the Securities and Exchange Commission approved the Company's issue and sale of the warrants described in Note 15.1 and 15.2 to the financial statements.

On 30 August 2007, Meeting No. 6/2007 of the Board of Directors of the Company resolved to issue the warrants described in Note 15.1 and 15.2 to the financial statements on 1 October 2007.

On 11 October 2007, the Stock Exchange of Thailand accepted 5,999,972 of the warrants described in Note 15.1 to the financial statement as listed securities.

During the year 2007, there were no warrants exercised to purchase new ordinary shares.

As at 31 December 2007, there were 8,999,972 warrants issued to existing shareholders and to the Company's directors and employees remained unexercised.

## 16. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 17. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		
	<u>financial statement</u>	<u>Separate financial statements</u>	
	<u>2007</u>	<u>2007</u>	<u>2006</u>
Number of employees at end of year (persons)	232	227	190
Employee costs for the year (Thousand Baht)	194,298	193,262	223,679

## 18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year, 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 described in Note 21.2 to the 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.



Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year (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 described in Note 21.2 to the financial statements and 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) plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below:

		Consolidated financial statement			
		For the year ended 31 December			
		Weighted average number		Earnings	
Net income		of ordinary shares		per share	
<u>2007</u>		<u>2007</u>		<u>2007</u>	
(Thousand Baht)		(Thousand shares)		(Baht)	
<b>Basic earnings per share</b>					
Net income		93,914	60,000	1.57	
<b>Effect of dilutive potential ordinary shares</b>					
ESOP		-	749		
Warrants offered to existing shareholders		-	-		
<b>Diluted earnings per share</b>					
Net income of ordinary shareholders					
assuming the conversion of warrants to ordinary shares		<u>93,914</u>	<u>60,749</u>	1.55	
<b>Separate financial statements</b>					
For the years ended 31 December					
		Weighted average number		Earnings	
Net income		of ordinary shares		per share	
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Net income		94,809	197,175	60,000	60,000
				1.58	3.29
<b>Effect of dilutive potential ordinary shares</b>					
ESOP		-	-	749	-
Warrants offered to existing shareholders		-	-	-	-
<b>Diluted earnings per share</b>					
Net income of ordinary shareholders					
assuming the conversion of warrants to ordinary shares		<u>94,809</u>	<u>197,175</u>	<u>60,749</u>	<u>60,000</u>
				1.56	3.29

## 19. SEGMENT INFORMATION

The Company and its subsidiary' business operations involve two principal segments: (1) sales and installation and (2) rental of computers and electronic equipment. These operations are mainly carried on in Thailand. Below is the financial information for the years ended 31 December 2007 and 2006 of the Company and its subsidiary by segment.

	(Unit: Million Baht)					
	Sales and installation segment		Renting segment		Total	
	2007	2006	2007	2006	2007	2006
Revenues	1,396	2,033	242	236	1,638	2,269
Segment income	333	472	52	97	385	569
Unallocated income and expenses:						
Other income					8	9
Selling, servicing and administrative expenses					(230)	(292)
Interest expenses					(8)	(19)
Corporate income tax					(62)	(70)
Minority interest					1	-
Net income					94	197

	(Unit: Million Baht)					
	Sales and installation segment		Renting segment		Total	
	2007	2006	2007	2006	2007	2006
Trade account and note receivable - net	456	517	61	181	517	698
Work in progress	423	330	-	-	423	330
Equipment for lease	-	-	178	344	178	344
Unallocated assets					155	209
Total assets					1,273	1,581

## 20. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2007, the Company contributed Baht 4.2 million (2006: Baht 3.6 million) to the fund.

## 21. DIVIDENDS

At the Annual General Meeting of the Company's shareholders held on 20 April 2007, it was resolved to pay cash and stock dividends in respect of the year 2006 income as follows:

21.1 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) was distributed in May 2007.

21.2 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 was paid in May 2007. The 64 shares remaining from settlement of the stock dividend were sold to a director of the Company at Baht 15.22 per share, for a total of Baht 974.

At the meeting of the Board of Directors of the Company held on 10 August 2006, it was resolved to pay an interim dividends of Baht 0.75 per share in respect of the six-month period ended 30 June 2006, or a total of Baht 30 million.

At the Annual General Meeting of the Company's shareholders held on 20 April 2006, it was resolved to pay dividends of Baht 1 per share in respect of the year 2005 income, or a total of Baht 40 million.

## 22. COMMITMENTS AND CONTINGENT LIABILITIES

### 22.1 Operating lease commitments

The Company has entered into lease agreements in respect of leases of buildings and vehicles.

Future minimum rentals payable under these leases as at 31 December 2007 are as follows:

	(Unit: Million Baht)	
Payable within:	<u>Lease of buildings</u>	<u>Lease of vehicles</u>
1 year	6.0	1.6
2 to 3 years	6.1	1.6

## **22.2 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 1,091 million (2006: Baht 654 million).
2. The Company has engaged in various contracts, totaling contract value of future service rendering of Baht 120 million (2006: Baht 436 million), to lease the electronic equipment to a company of which the government is a major shareholder, 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.
3. The Company has executed a memorandum with a company to arrange, and install voice mail system equipment 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 equipment, 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 equipment to such company on the contract's expiration date.

## **22.3 Guarantees**

As at 31 December 2007, there were outstanding bank guarantees of approximately Baht 494.3 million (2006: Baht 691.2 million) which have been issued by banks on behalf of the Company and its contracted counter parties, guaranteed by the Company, in respect of certain performance bonds as required in the ordinary course of its businesses. These included letters of guarantee amounting to Baht 493.1 million to guarantee contractual performance and Baht 1.2 million to guarantee payments due to creditors.

## **23. FINANCIAL INSTRUMENTS**

### **23.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts and note receivable, bank deposits, bank overdraft, trust receipt, trade accounts payable, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### ***Credit risk***

The Company is exposed to credit risk primarily with respect to trade accounts and notes receivable. However, due to a prudent credit policy and most customers are government agencies, companies in which the government is a major shareholder, the company does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of accounts and note receivable as stated in the balance sheets.

### ***Interest rate risk***

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, trust receipt, short-term and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2007 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statement				
	Fixed interest rate due within one year	Floating interest rate	Non-interest bearing	Total	Interest rate
	(Million Baht)				(% p.a.)
<u>Financial Assets</u>					
Cash and cash equivalent	-	30	-	30	0.5 - 0.75
Trade accounts and note receivable	-	-	517	517	-
Restricted bank deposits	-	92	-	92	3.25 - 5.0
	<u>-</u>	<u>122</u>	<u>517</u>	<u>639</u>	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	40	-	-	40	4.5
Trust receipts	15	-	-	15	4.5
Trade accounts payable	-	-	257	257	-
	<u>55</u>	<u>-</u>	<u>257</u>	<u>312</u>	

Separate financial statements					
	Fixed interest rate due within one year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	(Million Baht)				
<u>Financial Assets</u>					
Cash and cash equivalent	-	23	-	23	0.5 - 0.75
Trade accounts and note receivable	-	-	517	517	-
Restricted bank deposits	-	92	-	92	3.25 - 5.0
	-	115	517	632	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	40	-	-	40	4.5
Trust receipts	15	-	-	15	4.5
Trade accounts payable	-	-	257	257	-
	55	-	257	312	

### ***Foreign currency risk***

The Company exposures to foreign currency risk arises mainly from trade payables that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2007, the Company had outstanding balance of accounts payable denominated in foreign currency of USD 4.8 million and had certain forward exchange contracts which had been made to cover the purchase of inventories totaling USD 3.1 million, at exchange rates ranging between Baht 33.60 to Baht 34.02 per USD.

## **23.2 Fair values of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

#### **24. SUBSEQUENT EVENTS**

On 15 February 2008, Meeting No. 1/2551 of the Company's Board of Directors passed a resolution approving the distribution of a dividend for 2007 of Baht 1.25 per share, or a total of approximately Baht 75 million, to the Company's shareholders, to be appropriated from the 2007 earnings and unappropriated retained earnings. A proposal to distributed such dividend will be presented for adoption by the forthcoming Annual General Meeting of the shareholders.

#### **25. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2008.