

Advanced Information Technology Public Company
Limited and its subsidiaries
Report and consolidated financial statements
31 December 2008 and 2007

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 subsidiaries as at 31 December 2008 and 2007, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Advanced Information Technology Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries 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 subsidiaries and of Advanced Information Technology Public Company Limited as at 31 December 2008 and 2007, the results of their 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: 23 February 2009

Advanced Information Technology Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statement		financial statements	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets					
Current assets					
Cash and cash equivalents		168,687,006	30,073,175	164,160,925	22,678,756
Trade accounts and notes receivable - net	7	820,744,182	470,326,932	820,744,182	470,326,932
Unbilled receivable		67,866,376	46,905,604	67,866,376	46,905,604
Inventories	8	491,962,248	423,295,602	481,855,847	423,295,602
Other current assets		<u>6,369,530</u>	<u>12,538,709</u>	<u>4,587,299</u>	<u>12,446,156</u>
Total current assets		<u>1,555,629,342</u>	<u>983,140,022</u>	<u>1,539,214,629</u>	<u>975,653,050</u>
Non-current assets					
Restricted bank deposits	9	78,248,269	92,483,318	78,248,269	92,483,318
Investments in subsidiaries	10	-	-	13,499,100	5,499,700
Building improvement and equipment - net	11	19,366,352	13,441,358	18,326,158	12,416,538
Equipment for lease - net	12	36,359,730	177,957,420	36,359,730	177,957,420
Intangible assets - net	13	1,645,927	1,534,980	1,607,343	1,534,980
Other non-current assets		<u>4,497,720</u>	<u>3,991,976</u>	<u>4,235,020</u>	<u>3,879,566</u>
Total non-current assets		<u>140,117,998</u>	<u>289,409,052</u>	<u>152,275,620</u>	<u>293,771,522</u>
Total assets		<u>1,695,747,340</u>	<u>1,272,549,074</u>	<u>1,691,490,249</u>	<u>1,269,424,572</u>

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

Advanced Information Technology Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statement		financial statements	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	365,000,000	40,000,000	365,000,000	40,000,000
Trust receipts		33,883,905	14,922,154	33,883,905	14,922,154
Trade accounts payable					
Related parties	6	4,494,000	-	280,875	-
Unrelated parties		218,699,841	257,078,606	217,513,124	257,078,606
Total trade accounts payable		223,193,841	257,078,606	217,793,999	257,078,606
Unbilled payable		91,568,530	85,159,102	91,415,197	85,159,102
Current portion of financial lease payable		-	600,255	-	600,255
Other current liabilities					
Corporate income tax payable		15,999,107	25,458,789	15,999,107	25,458,789
Advance receipts from customer		14,566,885	5,856,657	13,286,052	5,856,657
Accrued expenses		39,528,578	9,816,672	39,283,142	9,816,672
Others		38,336,205	21,131,869	37,304,757	20,880,816
Total current liabilities		<u>822,077,051</u>	<u>460,024,104</u>	<u>813,966,159</u>	<u>459,773,051</u>
Total liabilities		<u>822,077,051</u>	<u>460,024,104</u>	<u>813,966,159</u>	<u>459,773,051</u>

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

Advanced Information Technology Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statement		financial statements	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Shareholders' equity					
Share capital					
Registered					
69,000,000 ordinary shares of Baht 5 each	15	<u>345,000,000</u>	<u>345,000,000</u>	<u>345,000,000</u>	<u>345,000,000</u>
Issued and fully paid-up					
60,000,000 ordinary shares of Baht 5 each	15	300,000,000	300,000,000	300,000,000	300,000,000
Share premium		220,715,902	220,715,902	220,715,902	220,715,902
Retained earnings					
Appropriated-statutory reserve	17	34,500,000	24,800,000	34,500,000	24,800,000
Unappropriated		<u>315,003,144</u>	<u>263,240,900</u>	<u>322,308,188</u>	<u>264,135,619</u>
Equity attributable to the company's shareholders		870,219,046	808,756,802	877,524,090	809,651,521
Minority interest - equity attributable to					
minority shareholders of subsidiaries		<u>3,451,243</u>	<u>3,768,168</u>	-	-
Total shareholders' equity		<u>873,670,289</u>	<u>812,524,970</u>	<u>877,524,090</u>	<u>809,651,521</u>
Total liabilities and shareholders' equity		<u>1,695,747,340</u>	<u>1,272,549,074</u>	<u>1,691,490,249</u>	<u>1,269,424,572</u>
		-	-	-	-

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

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 Directors

Advanced Information Technology Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statement		financial statements	
		2008	2007	2008	2007
Revenues					
Sales and service income		3,190,889,020	1,396,498,709	3,190,321,520	1,396,498,709
Rental and service income from equipment for lease		110,886,997	241,643,047	110,886,997	241,643,047
Other income		23,496,666	8,454,364	23,649,782	8,453,967
Total revenues		<u>3,325,272,683</u>	<u>1,646,596,120</u>	<u>3,324,858,299</u>	<u>1,646,595,723</u>
Expenses					
Cost of sales and service		2,465,195,824	1,063,398,832	2,467,993,143	1,063,398,832
Cost of equipment for lease		127,966,489	149,789,877	127,966,489	149,789,877
Selling and servicing expenses		165,136,426	88,930,772	157,835,336	88,930,772
Administrative expenses		200,020,376	141,618,443	195,381,913	139,991,195
Other expenses - impairment loss on equipment for lease	12	49,393,198	40,000,000	49,393,198	40,000,000
Total expenses		<u>3,007,712,313</u>	<u>1,483,737,924</u>	<u>2,998,570,079</u>	<u>1,482,110,676</u>
Income before finance cost and corporate income tax		317,560,370	162,858,196	326,288,220	164,485,047
Finance cost		(11,222,978)	(7,800,824)	(11,222,978)	(7,800,824)
Income before corporate income tax		306,337,392	155,057,372	315,065,242	156,684,223
Corporate income tax		(97,192,673)	(61,875,214)	(97,192,673)	(61,875,214)
Net income for the year		<u>209,144,719</u>	<u>93,182,158</u>	<u>217,872,569</u>	<u>94,809,009</u>
Net income (loss) attribute to:					
Equity holders of the parent		211,462,244	93,914,290	<u>217,872,569</u>	<u>94,809,009</u>
Minority interests of the subsidiaries		(2,317,525)	(732,132)		
		<u>209,144,719</u>	<u>93,182,158</u>		
Earnings per share					
19					
Basic earnings per share					
Net income attributable to equity holders of the parent		<u>3.52</u>	<u>1.57</u>	<u>3.63</u>	<u>1.58</u>
Diluted earnings per share					
Net income attributable to equity holders of the parent		<u>3.47</u>	<u>1.55</u>	<u>3.58</u>	<u>1.56</u>

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

Advanced Information Technology Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Consolidated		Separate	
	financial statement		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before tax	306,337,392	155,057,372	315,065,242	156,684,223
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	102,021,471	142,079,104	101,700,080	142,016,476
Doubtful debts	15,079,001	2,489,211	15,079,001	2,489,211
Loss (gain) on sales of equipment	299,140	(44,876)	299,140	(44,876)
Write-off equipment for lease	409,113	-	409,113	-
Impairment loss on equipment for lease	49,393,198	40,000,000	49,393,198	40,000,000
Unrealised loss (gain) on exchange	(912,811)	275,364	(912,811)	275,364
Interest expenses	<u>11,222,978</u>	<u>7,800,824</u>	<u>11,222,978</u>	<u>7,800,824</u>
Income from operating activities before changes in operating assets and liabilities	483,849,482	347,656,999	492,255,941	349,221,222
Operating assets (increase) decrease				
Trade accounts and note receivable	(365,496,251)	198,322,117	(365,496,251)	198,322,117
Unbilled receivable	(20,960,772)	(19,905,568)	(20,960,772)	(19,905,568)
Inventories	(72,961,633)	(92,983,023)	(62,855,232)	(92,983,023)
Other current assets	6,979,387	(3,860,420)	7,990,638	(3,767,867)
Other non-current assets	(505,744)	88,780	(355,454)	201,190
Operating liabilities increase (decrease)				
Trade accounts payable	(33,103,735)	13,271,229	(38,503,577)	13,271,229
Unbilled payable	6,409,428	(56,215,782)	6,256,095	(56,215,782)
Other current liabilities	<u>55,619,964</u>	<u>(56,999,642)</u>	<u>53,313,300</u>	<u>(57,250,695)</u>
Cash flows from operating activities	59,830,126	329,374,690	71,644,688	330,892,823
Cash paid for interest expenses	(11,216,472)	(7,963,769)	(11,216,472)	(7,963,769)
Cash paid for corporate income tax	<u>(107,330,782)</u>	<u>(51,678,600)</u>	<u>(106,652,355)</u>	<u>(51,678,600)</u>
Net cash flows from (used in) operating activities	<u>(58,717,128)</u>	<u>269,732,321</u>	<u>(46,224,139)</u>	<u>271,250,454</u>

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

Advanced Information Technology Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Consolidated		Separate	
	financial statement		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	14,235,049	27,759,488	14,235,049	27,759,488
Cash payment for purchase of building improvement and equipment	(11,220,831)	(5,587,330)	(10,885,082)	(4,499,882)
Cash payment for purchase of equipment for lease	(2,655,071)	(6,543,426)	(2,655,071)	(6,543,426)
Cash payment for purchase computer software	(277,400)	(1,567,774)	(237,800)	(1,567,774)
Cash payment for investment in subsidiaries	-	-	(7,999,400)	(5,499,700)
Proceeds from minority shareholders of subsidiaries	2,000,600	4,500,300	-	-
Proceeds from sales of equipment	1,887,116	496,163	1,887,116	496,163
Net cash flows from (used in) investing activities	<u>3,969,463</u>	<u>19,057,421</u>	<u>(5,655,188)</u>	<u>10,144,869</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	325,000,000	(183,632,730)	325,000,000	(183,632,730)
Increase (decrease) in trust receipts	18,961,751	(29,787,229)	18,961,751	(29,787,229)
Repayment of long-term loans	-	(51,718,000)	-	(51,718,000)
Repayment of financial lease payable	(600,255)	(1,193,537)	(600,255)	(1,193,537)
Cash dividend paid	(150,000,000)	(50,000,000)	(150,000,000)	(50,000,000)
Proceeds from sale of remaining dividend shares	-	974	-	974
Net cash flows from (used in) financing activities	<u>193,361,496</u>	<u>(316,330,522)</u>	<u>193,361,496</u>	<u>(316,330,522)</u>
Net increase (decrease) in cash and cash equivalents	138,613,831	(27,540,780)	141,482,169	(34,935,199)
Cash and cash equivalents at beginning of year	30,073,175	57,613,955	22,678,756	57,613,955
Cash and cash equivalents at end of year	<u>168,687,006</u>	<u>30,073,175</u>	<u>164,160,925</u>	<u>22,678,756</u>
	-	-	-	-
Supplemental cash flows information				
Non - cash items				
Transfer of work in progress to be equipment for lease	3,788,743	-	3,788,743	-
Transfer of inventories to be equipment	506,244	-	506,244	-
Transfer of equipment for lease to be equipment	4,500,000	-	4,500,000	-

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

Advanced Information Technology Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2008 and 2007

(Unit: Baht)

	Consolidated financial statement						
	Note	Issued and fully paid-up share capital	Share Premium	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	Total
				Appropriated	Unappropriated		
Balance as at 31 December 2006		200,000,000	220,715,902	20,000,000	324,125,636	-	764,841,538
Net income for the year		-	-	-	93,914,290	-	93,914,290
Cash dividend paid	22	-	-	-	(50,000,000)	-	(50,000,000)
Stock dividend paid	22	99,999,026	-	-	(99,999,026)	-	-
Proceeds from sale of remaining dividend shares	22	974	-	-	-	-	974
Unappropriated retained earnings transferred to statutory reserve	17	-	-	4,800,000	(4,800,000)	-	-
Minority interest - equity attributable to minority shareholders of subsidiary		-	-	-	-	3,768,168	3,768,168
Balance as at 31 December 2007		<u>300,000,000</u>	<u>220,715,902</u>	<u>24,800,000</u>	<u>263,240,900</u>	<u>3,768,168</u>	<u>812,524,970</u>
Balance as at 31 December 2007		300,000,000	220,715,902	24,800,000	263,240,900	3,768,168	812,524,970
Net income for the year		-	-	-	211,462,244	-	211,462,244
Dividend paid	22	-	-	-	(150,000,000)	-	(150,000,000)
Unappropriated retained earnings transferred to statutory reserve	17	-	-	9,700,000	(9,700,000)	-	-
Minority interest - equity attributable to minority shareholders of subsidiaries		-	-	-	-	(316,925)	(316,925)
Balance as at 31 December 2008		<u>300,000,000</u>	<u>220,715,902</u>	<u>34,500,000</u>	<u>315,003,144</u>	<u>3,451,243</u>	<u>873,670,289</u>

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

Advanced Information Technology Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Separate financial statements					
	Note	Issued and fully		Retained earnings		Total
		paid-up share capital	Share Premium	Appropriated	Unappropriated	
Balance as at 31 December 2006		200,000,000	220,715,902	20,000,000	324,125,636	764,841,538
Net income for the year		-	-	-	94,809,009	94,809,009
Cash dividend paid	22	-	-	-	(50,000,000)	(50,000,000)
Stock dividend paid	22	99,999,026	-	-	(99,999,026)	-
Proceeds from sale of remaining dividend shares	22	974	-	-	-	974
Unappropriated retained earnings transferred to statutory reserve	17	-	-	4,800,000	(4,800,000)	-
Balance as at 31 December 2007		<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>
Balance as at 31 December 2007		300,000,000	220,715,902	24,800,000	264,135,619	809,651,521
Net income for the year		-	-	-	217,872,569	217,872,569
Dividend paid	22	-	-	-	(150,000,000)	(150,000,000)
Unappropriated retained earnings transferred to statutory reserve	17	-	-	9,700,000	(9,700,000)	-
Balance as at 31 December 2008		<u>300,000,000</u>	<u>220,715,902</u>	<u>34,500,000</u>	<u>322,308,188</u>	<u>877,524,090</u>

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

Advanced Information Technology Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2008 and 2007

1. Corporate 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 and their presentation 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 in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

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 (“the Company”) and the following subsidiary companies (“the subsidiaries”):

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>2008</u> Percent	<u>2007</u> Percent	<u>2008</u> Percent	<u>2007</u> Percent	<u>2008</u> Percent	<u>2007</u> Percent
Maple Plus Co., Ltd.	Sale and installation of computer, software and telecom equipment	Thailand	55	55	0.8	0.7	0.7	-
BANC Serve (Thailand) Co., Ltd.	Sale and installation of computer and telecom equipment	Thailand	80	-	0.3	-	-	-

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that is not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notifications No. 9/2550, 38/2550 and 62/2550 mandating the use of the new accounting standards as follows:

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 become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 33, TAS 43 and TAS 49 are not relevant to the business of the Company, while TAS 25, TAS 29, TAS 31, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has issued Notifications No. 86/2551 mandating the use of the following new accounting standards:

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these 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.

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

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 been 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 or “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 debt aging.

4.4 Inventories

Equipment and 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.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.6 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.

4.7 Intangible asset and amortisation

Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful economic life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite lives is as follow:

	<u>Useful lives</u>
Computers software	10 years

4.8 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.

4.9 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 equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

4.10 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the building improvement, equipment, equipment for lease and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.12 Employee benefits

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

The Company issued warrants to purchase the ordinary shares to directors and employees of the Company. The transaction will be recorded in the financial statements when the warrants are exercised.

4.13 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.

4.14 Income tax

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

4.15 Derivatives

Forward exchange contracts

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at time requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follow:

Estimation of revenues and costs of contract sales, design, service and installation of lump sum turnkey of information and communication technology network systems

In recognising revenues and costs of contract sales, design, service and installation of lump sum turnkey of information and communication technology network systems, management are required to use judgement and their experience of the business to estimate the percentage of completion and total cost of each contracts, based on information from the engineer/project manager. These estimates are revisited on a periodical basis or when the actual costs incurred significantly vary from the estimation.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Building improvement, equipment and equipment for lease and depreciation

In determining depreciation of building improvement, equipment and equipment for lease, the management is required to make estimates of the useful lives and salvage values of the Company's building improvement, equipment and equipment for lease and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review building improvement, equipment and equipment for lease for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Other income	-	-	0.2	-	Agreed upon price
Cost of sales and service	-	-	21.3	-	Agreed upon price
<u>Transactions with related company</u>					
(related by being minority shareholder of the subsidiary)					
Cost of sales and service	15.6	-	-	-	Agreed upon price

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Trade accounts payable - related parties</u>				
Subsidiary				
Maple Plus Co., Ltd.	-	-	0.3	-
Related company				
Scale Plotting Center Co., Ltd. (related by being minority shareholder of the subsidiary)	<u>4.5</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accounts payable - related parties	<u><u>4.5</u></u>	<u><u>-</u></u>	<u><u>0.3</u></u>	<u><u>-</u></u>

Directors and management's remuneration

		(Unit: Million Baht)	
		Consolidated financial statements	
<u>Related parties</u>	<u>Related transactions</u>	<u>2008</u>	<u>2007</u>
Audit committee	Meeting allowances and directors' remunerations	1.9	2.9
Management and executive directors	Salaries, bonus, commission, meeting allowances and directors' remunerations	94.4	69.5
Directors who are not members of the audit committee or management committee	Meeting allowances and directors' remunerations	1.7	3.3

		(Unit: Million Baht)	
		Separate financial statements	
<u>Related parties</u>	<u>Related transactions</u>	<u>2008</u>	<u>2007</u>
Audit committee	Meeting allowances and directors' remunerations	1.9	2.9
Management and executive directors	Salaries, bonus, commission, meeting allowances and directors' remunerations	92.0	68.9
Directors who are not members of the audit committee or management committee	Meeting allowances and directors' remunerations	1.7	3.3

7. Trade accounts and notes receivable

The balances of trade accounts and notes receivable as at 31 December 2008 and 2007, aged on the basis of due dates are summarised below.

	(Unit: Baht)	
	Consolidated /	
	Separate financial statements	
	<u>2008</u>	<u>2007</u>
<u>Age of receivables</u>		
Not yet due	213,696,920	183,954,242
Past due		
Up to 3 months	366,021,014	205,326,062
3-6 months	163,238,904	51,202,915
Over 6-12 months	23,555,627	9,624,863
Over 12 months	23,369,552	1,455,684
Back to back basis	<u>48,930,377</u>	<u>21,752,377</u>
Total	838,812,394	473,316,143
Less: Allowance for doubtful accounts	<u>(18,068,212)</u>	<u>(2,989,211)</u>
Trade accounts receivable and notes receivable - net	<u>820,744,182</u>	<u>470,326,932</u>

Included in the above as at 31 December 2008, are post-date cheques amounting to Baht 9.2 million (2007: Baht 11.9 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 2008, the Company has transferred of collection rights for accounts receivable amounting to Baht 69.2 million (2007: Baht 105.0 million) to secure credit facilities from banks.

8. Inventories

(Unit: Baht)

	Consolidated		Separate	
	financial statement		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Equipment and work in progress	474,386,298	340,711,915	464,279,897	340,711,915
Goods in transit	17,575,950	82,583,687	17,575,950	82,583,687
Total	<u>491,962,248</u>	<u>423,295,602</u>	<u>481,855,847</u>	<u>423,295,602</u>

9. Restricted bank deposits

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

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Million Baht)	(Million Baht)	(%)	(%)	(Baht)	(Baht)
Maple Plus Co., Ltd.	10	10	55	55	5,499,700	5,499,700
BANC Serve (Thailand) Co., Ltd.	10	-	80	-	7,999,400	-
					<u>13,499,100</u>	<u>5,499,700</u>

During the year 2008, the Company invested in 79,994 ordinary shares of BANC Serve (Thailand) Co., Ltd., representing 80 percent of total shares of BANC Serve (Thailand) Co., Ltd., at a price of Baht 8.0 million.

During the year 2007, the Company invested in 109,994 ordinary shares of Maple Plus Co., Ltd., representing 55 percent of total shares of Maple Plus Co., Ltd., at a price of Baht 5.5 million.

11. Building improvement and equipment

(Unit: Baht)

	Consolidated financial statement					
	Building improvement	Furniture, fixture and office equipment		Computers	Vehicles	Total
		equipment				
Cost						
31 December 2007	6,012,184	10,615,495	52,734,111	11,854,958	81,216,748	
Additions	629,266	1,825,084	8,766,481	-	11,220,831	
Disposals	-	(702,000)	(593,410)	(5,490,000)	(6,785,410)	
Transfer from equipment for lease	-	-	4,500,000	-	4,500,000	
Transfer from inventories	-	-	506,244	-	506,244	
31 December 2008	<u>6,641,450</u>	<u>11,738,579</u>	<u>65,913,426</u>	<u>6,364,958</u>	<u>90,658,413</u>	
Accumulated depreciation						
31 December 2007	3,906,623	8,299,278	46,037,482	9,532,007	67,775,390	
Depreciation for the year	814,397	1,056,322	6,108,340	136,766	8,115,825	
Depreciation on disposals	-	(701,940)	(593,395)	(3,303,819)	(4,599,154)	
31 December 2008	<u>4,721,020</u>	<u>8,653,660</u>	<u>51,552,427</u>	<u>6,364,954</u>	<u>71,292,061</u>	
Net book value						
31 December 2007	<u>2,105,561</u>	<u>2,316,217</u>	<u>6,696,629</u>	<u>2,322,951</u>	<u>13,441,358</u>	
31 December 2008	<u>1,920,430</u>	<u>3,084,919</u>	<u>14,360,999</u>	<u>4</u>	<u>19,366,352</u>	
Depreciation for the year						
2007 (all included in administrative expenses)					<u>9,003,759</u>	
2008 (all included in administrative expenses)					<u>8,115,825</u>	

(Unit: Baht)

Separate financial statements

	Furniture, fixture				Total
	Building improvement	and office equipment	Computers	Vehicles	
Cost					
31 December 2007	5,427,844	10,552,664	52,293,834	11,854,958	80,129,300
Additions	629,266	1,811,679	8,444,137	-	10,885,082
Disposals	-	(702,000)	(593,410)	(5,490,000)	(6,785,410)
Transfer from equipment for lease	-	-	4,500,000	-	4,500,000
Transfer from inventories	-	-	506,244	-	506,244
31 December 2008	<u>6,057,110</u>	<u>11,662,343</u>	<u>65,150,805</u>	<u>6,364,958</u>	<u>89,235,216</u>
Accumulated depreciation					
31 December 2007	3,862,485	8,294,041	46,024,229	9,532,007	67,712,762
Depreciation for the year	697,530	1,042,683	5,918,471	136,766	7,795,450
Depreciation on disposals	-	(701,940)	(593,395)	(3,303,819)	(4,599,154)
31 December 2008	<u>4,560,015</u>	<u>8,634,784</u>	<u>51,349,305</u>	<u>6,364,954</u>	<u>70,909,058</u>
Net book value					
31 December 2007	<u>1,565,359</u>	<u>2,258,623</u>	<u>6,269,605</u>	<u>2,322,951</u>	<u>12,416,538</u>
31 December 2008	<u>1,497,095</u>	<u>3,027,559</u>	<u>13,801,500</u>	<u>4</u>	<u>18,326,158</u>
Depreciation for the year					
2007 (all included in administrative expenses)					<u>8,941,131</u>
2008 (all included in administrative expenses)					<u>7,795,450</u>

As at 31 December 2008, the Company had equipment under finance lease agreements with net book values amounting to Baht 0.1 million.

As at 31 December 2008, 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 59.6 Million (2007: Baht 47.2 million) (The Company only: Baht 59.6 million, 2007: Baht 47.2 million).

12. Equipment for lease

	(Unit: Baht)
	Consolidated / <u>Separate financial statements</u>
Cost	
31 December 2007	533,796,552
Acquisitions	2,655,071
Write-off	(911,614)
Transfer from work in progress	3,788,743
Transfer to equipment	(19,583,846)
31 December 2008	<u>519,744,906</u>
Accumulated depreciation	
31 December 2007	315,839,132
Depreciation for the year	93,739,193
Write-off	(502,501)
Transfer to equipment	(15,083,846)
31 December 2008	<u>393,991,978</u>
Allowance for impairment loss	
31 December 2007	40,000,000
Increase during the year	49,393,198
31 December 2008	<u>89,393,198</u>
Net book value	
31 December 2007	<u>177,957,420</u>
31 December 2008	<u><u>36,359,730</u></u>
Depreciation for the year	
2007 (all included in cost of equipment for lease)	<u>133,042,551</u>
2008 (all included in cost of equipment for lease)	<u>93,739,193</u>

During the current year, the Company's management decided to recognise impairment loss of Baht 49.4 million (2007: Baht 40.0 million) for equipment for lease, since they believe that due to technology changes and the net recoverable value of the equipment is less than its net book value.

13. Intangible assets

Details of intangible assets which are computer software are as follows:

	Consolidated		(Unit: Baht) Separate	
	financial statement		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cost	1,845,174	1,567,774	1,805,574	1,567,774
Accumulated amortisation	(199,247)	(32,794)	(198,231)	(32,794)
Net book value	<u>1,645,927</u>	<u>1,534,980</u>	<u>1,607,343</u>	<u>1,534,980</u>
Amortisation expenses included in the income statements for the year	<u>166,453</u>	<u>32,794</u>	<u>165,437</u>	<u>32,794</u>

14. Short-term loans from financial institutions

		(Unit: Baht) Consolidated / Separate	
	Interest rate	financial statements	
	(percent per annum)	<u>2008</u>	<u>2007</u>
Short-term loans from financial institutions	4.1 - 4.6	365,000,000	40,000,000

Short-term loans from financial institutions are promissory notes, repayable within 3 months and unsecured.

15. Share capital

15.1 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:

- 20 million shares for the stock dividend described in Note 22 to the financial statements.
- 9 million shares for the exercise of warrants described in Note 16 to the financial statements.

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

15.2 Issued and fully paid-up share capital

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 22 to the financial statements.

16. 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:

16.1 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.

16.2 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 16.1 and 16.2 to the financial statements.

On 30 August 2007, Meeting No. 6/2550 of the Board of Directors of the Company resolved to issue the warrants described in Note 16.1 and 16.2 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 16.1 to the financial statement as listed securities.

Presented below is a summary of movement of warrants:

	(Unit)
	Warrants issued to the Company's directors and/ or employees (ESOP)
	Warrants issued to existing shareholders
Number of warrants issued	3,000,000
Exercised during the year 2007	-
Exercised during the year 2008	-
Balance as at 31 December 2008	3,000,000

17. 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. At present, the Company had fully appropriated statutory reserve.

18. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salary, bonus, commission and other employee benefits	345,999,191	206,884,979	335,280,170	205,757,573
Depreciation and amortisation	102,021,471	142,049,105	101,700,080	142,016,476
Impairment loss on equipment for lease	49,393,198	40,000,000	49,393,198	40,000,0000
Purchase inventories	1,852,771,110	731,545,581	1,824,333,340	731,545,581
Changes in inventories	(72,961,633)	(92,983,023)	(62,855,232)	(92,983,023)

19. 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 22 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 22 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.

Calculation of basic earnings per share and diluted earnings per share is presented below:

	Consolidated financial statement					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Net income attributable to equity holders of the parent	211,462	93,914	60,000	60,000	3.52	1.57
Effect of dilutive potential ordinary shares						
ESOP	-	-	928	749		
Warrants offered to existing shareholders	-	-	-	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>211,462</u>	<u>93,914</u>	<u>60,928</u>	<u>60,749</u>	3.47	1.55

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Net income	217,873	94,809	60,000	60,000	3.63	1.58
Effect of dilutive potential ordinary shares						
ESOP	-	-	928	749		
Warrants offered to existing shareholders	-	-	-	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>217,873</u>	<u>94,809</u>	<u>60,928</u>	<u>60,749</u>	3.58	1.56

20. Segment information

The Company and its subsidiaries' business operations involve 2 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 2008 and 2007 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

	Sales and				Elimination of		Total	
	installation segment		Renting segment		inter-segment revenues			
	2008	2007	2008	2007	2008	2007	2008	2007
Revenues from external customers	3,191	1,396	111	242	-	-	3,302	1,638
Inter-segment revenues	21	-	-	-	(21)	-	-	-
Total revenues	<u>3,212</u>	<u>1,396</u>	<u>111</u>	<u>242</u>	<u>(21)</u>	<u>-</u>	<u>3,302</u>	<u>1,638</u>
Segment income (loss)	726	333	(67)	52	-	-	659	385
Unallocated income and expenses:								
Other income							23	8
Selling and servicing expenses							(165)	(89)
Administrative expenses							(200)	(141)
Finance cost							(11)	(8)
Corporate income tax							(97)	(62)
Minority interest							2	1
Net income							<u>211</u>	<u>94</u>

(Unit: Million Baht)

	Sales and				Total	
	installation segment		Renting segment			
	2008	2007	2008	2007	2008	2007
Trade account and note receivable - net	792	447	29	23	821	470
Unbilled receivable	43	9	25	38	68	47
Inventories	492	423	-	-	492	423
Equipment for lease	-	-	36	178	36	178
Unallocated assets					279	155
Total assets					<u>1,696</u>	<u>1,273</u>

21. 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 - 15 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited and ING Funds (Thailand) Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company contributed Baht 15.3 million (2007: Baht 4.2 million) to the fund.

22. Dividends

At the Meeting of the Board of Directors held on 14 August 2008, it was resolved that an interim dividend of Baht 1.25 per share, or a total of Baht 75 million, be paid to the shareholders in respect of the net income of the six-month period ended 30 June 2008. The dividend was paid to shareholders in September 2008.

At the 2008 Annual General Meeting of the Company's shareholders held on 25 April 2008, it was resolved to pay dividends of Baht 1.25 per share in respect of the year 2007 income, or a total of Baht 75 million. The dividend was paid to shareholders in May 2008.

At the 2007 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:

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.
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.

23. Commitments and contingent liabilities

23.1 Operating lease commitments

The Company and its subsidiary have entered into several lease agreements in respect of leases of buildings and motor vehicles. The terms of the agreements are generally between 1 and 4 years.

As at 31 December 2008, future minimum lease payments required under these leases contracts were as follows:

	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	Lease of buildings	Lease of motor vehicles	Lease of buildings	Lease of motor vehicles
Payable within:				
Less than 1 year	2.5	3.6	2.1	3.4
1 to 3 years	0.2	6.1	0.2	5.6

23.2 Obligations relating to long-term service

The Company has entered into a 10-year service agreement under which that company provides labor, material and tools, including equipment.

As at 31 December 2008, future minimum lease payments required under these leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 years	3.6
1 to 5 years	14.4
More than 5 years	14.7

23.3 Obligations relating to undelivered and unrendered contracts

1. The Company and its subsidiary have undelivered and unrendered contracts of selling goods and rendering services to their customers of approximately Baht 923 million (2007: Baht 1,091 million) (The Company only: Baht 904 million, 2007: Baht 1,091 million).
2. The Company has engaged in various contracts, totaling contract value of future service rendering of Baht 55 million (2007: Baht 120 million), to lease the electronic equipment to companies of which the government is a major shareholder, 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.

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.

23.4 Guarantees

As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 477.3 million (2007: Baht 494.3 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 475.5 million to guarantee contractual performance and Baht 1.8 million to guarantee payments due to creditors.

24. Financial instruments

24.1 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, trust receipt, trade accounts payable and short-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, trust receipt and short-term loans. 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 2008 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			Total	Interest rate
	rate due within 1 year	Floating interest rate	Non-interest bearing		
(Million Baht)					(% p.a.)
<u>Financial Assets</u>					
Cash and cash equivalents	-	169	-	169	0.65 – 0.75
Trade accounts and note receivable	-	-	821	821	-
Restricted bank deposits	78	-	-	78	1.75 – 5.0
	<u>78</u>	<u>169</u>	<u>821</u>	<u>1,068</u>	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	365	-	-	365	4.1 – 4.6
Trust receipts	34	-	-	34	4.6
Trade accounts payable	-	-	223	223	-
	<u>399</u>	<u>-</u>	<u>223</u>	<u>622</u>	
Separate financial statements					
	Fixed interest			Total	Interest rate
	rate due within 1 year	Floating interest rate	Non-interest bearing		
(Million Baht)					(% p.a.)
<u>Financial Assets</u>					
Cash and cash equivalents	-	164	-	164	0.65 – 0.75
Trade accounts and note receivable	-	-	821	821	-
Restricted bank deposits	78	-	-	78	1.75 – 5.0
	<u>78</u>	<u>164</u>	<u>821</u>	<u>1,063</u>	
<u>Financial liabilities</u>					
Short-term loans from financial institutions	365	-	-	365	4.1 – 4.6
Trust receipts	34	-	-	34	4.6
Trade accounts payable	-	-	218	218	-
	<u>399</u>	<u>-</u>	<u>218</u>	<u>617</u>	

Foreign currency risk

The Company exposures to foreign currency risk arises mainly from trading transactions 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 2008, the Company had outstanding balance of accounts payable denominated in foreign currency of USD 2.5 million and had certain forward exchange contracts which had been made to cover the purchase of inventories totaling USD 2.6 million, at exchange rates ranging between Baht 33.99 to Baht 35.77 per USD.

24.2 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.

25. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 0.9:1 (2007: 0.6:1) and the Company's was 0.9:1 (2007: 0.6:1).

26. Subsequent events

On 23 February 2009, Meeting No. 1/2552 of the Company's Board of Directors passed a resolution approving the distribution of a dividend for 2008 of Baht 1.50 per share, or a total of approximately Baht 90 million, to the Company's shareholders, to be appropriated from the 2008 earnings. A proposal to distributed such dividend will be presented for adoption by the forthcoming Annual General Meeting of the shareholders.

27. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follow:

(Unit: Baht)

	Consolidated / Separate financial statements	
	<u>As reclassified</u>	<u>As previously reported</u>
Trade accounts and note receivable	470,326,932	517,232,536
Unbilled receivable	46,905,604	-

28. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2009.