

Advanced Information Technology Public Company  
Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2009 and 2008

## **Report of Independent Auditor**

To the Shareholders of Advanced Information Technology Public Company Limited

I have audited the accompanying consolidated balance sheets of Advanced Information Technology Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, and 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 2009 and 2008, and 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 2010

**Advanced Information Technology Public Company Limited and its subsidiaries**

**Balance sheets**

**As at 31 December 2009 and 2008**

(Unit: Baht)

	<u>Note</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		244,642,225	168,687,006	243,183,699	164,160,925
Trade accounts and notes receivable - net	7	1,080,803,481	820,744,182	1,080,803,481	820,744,182
Unbilled receivable		32,637,019	67,866,376	32,637,019	67,866,376
Inventories - net	8	469,908,123	491,962,248	468,695,340	481,855,847
Other current assets		6,987,161	6,369,530	5,082,721	4,587,299
<b>Total current assets</b>		<u>1,834,978,009</u>	<u>1,555,629,342</u>	<u>1,830,402,260</u>	<u>1,539,214,629</u>
<b>Non-current assets</b>					
Restricted bank deposits	9	73,271,234	78,248,269	73,271,234	78,248,269
Investments in subsidiaries	10	-	-	5,499,700	13,499,100
Building improvement and equipment - net	11	17,434,995	19,366,352	16,782,233	18,326,158
Equipment for lease - net	12	6,793,558	36,359,730	6,793,558	36,359,730
Intangible assets - net	13	3,371,493	1,645,927	3,333,490	1,607,343
Other non-current assets		8,355,720	4,497,720	8,175,820	4,235,020
<b>Total non-current assets</b>		<u>109,227,000</u>	<u>140,117,998</u>	<u>113,856,035</u>	<u>152,275,620</u>
<b>Total assets</b>		<u>1,944,205,009</u>	<u>1,695,747,340</u>	<u>1,944,258,295</u>	<u>1,691,490,249</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 2009 and 2008**

(Unit: Baht)

	<u>Note</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	14	-	365,000,000	-	365,000,000
Trust receipts		-	33,883,905	-	33,883,905
Trade accounts payable					
Related parties	6	-	4,494,000	-	280,875
Unrelated parties		472,149,210	218,699,841	471,995,475	217,513,124
Total trade accounts payable		472,149,210	223,193,841	471,995,475	217,793,999
Unbilled payable		133,347,699	91,568,530	131,936,259	91,415,197
Other current liabilities					
Corporate income tax payable		40,802,596	15,999,107	40,802,596	15,999,107
Advance receipts from customers		132,493,417	14,566,885	132,493,417	13,286,052
Accrued expenses		92,960,160	39,528,578	92,824,608	39,283,142
Others		46,679,784	38,336,205	43,736,172	37,304,757
<b>Total current liabilities</b>		<b>918,432,866</b>	<b>822,077,051</b>	<b>913,788,527</b>	<b>813,966,159</b>
<b>Total liabilities</b>		<b>918,432,866</b>	<b>822,077,051</b>	<b>913,788,527</b>	<b>813,966,159</b>

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 2009 and 2008**

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Shareholders' equity</b>					
Share capital					
Registered					
69,000,000 ordinary shares of Baht 5 each		<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					
60,690,265 ordinary shares of Baht 5 each					
(31 December 2008: 60,000,000					
ordinary shares of Baht 5 each)	15	303,451,325	300,000,000	303,451,325	300,000,000
Share premium	15	224,172,200	220,715,902	224,172,200	220,715,902
Retained earnings					
Appropriated-statutory reserve	17	34,500,000	34,500,000	34,500,000	34,500,000
Unappropriated		<u>462,209,979</u>	<u>315,003,144</u>	<u>468,346,243</u>	<u>322,308,188</u>
Equity attributable to the company's shareholders		1,024,333,504	870,219,046	1,030,469,768	877,524,090
Minority interest - equity attributable to					
minority shareholders of subsidiaries		<u>1,438,639</u>	<u>3,451,243</u>	-	-
<b>Total shareholders' equity</b>		<u>1,025,772,143</u>	<u>873,670,289</u>	<u>1,030,469,768</u>	<u>877,524,090</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,944,205,009</u>	<u>1,695,747,340</u>	<u>1,944,258,295</u>	<u>1,691,490,249</u>
		-	-	-	-

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 subsidiaries**

**Income statements**

**For the years ended 31 December 2009 and 2008**

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
<b>Revenues</b>					
Sales and service income		3,843,476,548	3,190,889,020	3,843,116,748	3,190,321,520
Rental and service income from equipment for lease		27,780,349	110,886,997	27,780,349	110,886,997
Other income		<u>5,426,490</u>	<u>23,496,666</u>	<u>5,610,882</u>	<u>23,649,782</u>
<b>Total revenues</b>		<u><b>3,876,683,387</b></u>	<u><b>3,325,272,683</b></u>	<u><b>3,876,507,979</b></u>	<u><b>3,324,858,299</b></u>
<b>Expenses</b>					
Cost of sales and service		2,949,612,957	2,465,195,824	2,953,129,545	2,467,993,143
Cost of equipment for lease		22,798,487	127,966,489	22,798,487	127,966,489
Selling expenses		185,160,572	145,609,420	183,695,640	140,708,330
Administrative expenses		183,699,899	161,310,614	178,029,611	156,672,151
Management benefit expenses	6	76,173,535	58,236,768	70,773,535	55,836,768
Impairment loss on assets	8, 12	27,831,010	49,393,198	27,831,010	49,393,198
Loss from dissolution of subsidiary	10	<u>-</u>	<u>-</u>	<u>7,999,400</u>	<u>-</u>
<b>Total expenses</b>		<u><b>3,445,276,460</b></u>	<u><b>3,007,712,313</b></u>	<u><b>3,444,257,228</b></u>	<u><b>2,998,570,079</b></u>
<b>Income before finance cost</b>					
<b>and corporate income tax</b>		431,406,927	317,560,370	432,250,751	326,288,220
Finance cost		<u>(12,845,690)</u>	<u>(11,222,978)</u>	<u>(12,845,690)</u>	<u>(11,222,978)</u>
<b>Income before corporate income tax</b>		418,561,237	306,337,392	419,405,061	315,065,242
Corporate income tax		<u>(108,367,006)</u>	<u>(97,192,673)</u>	<u>(108,367,006)</u>	<u>(97,192,673)</u>
<b>Net income for the year</b>		<u><b>310,194,231</b></u>	<u><b>209,144,719</b></u>	<u><b>311,038,055</b></u>	<u><b>217,872,569</b></u>
<b>Net income (loss) attributable to</b>					
Equity holders of the parent		312,206,835	211,462,244	<u>311,038,055</u>	<u>217,872,569</u>
Minority interests of the subsidiaries		<u>(2,012,604)</u>	<u>(2,317,525)</u>		
		<u><b>310,194,231</b></u>	<u><b>209,144,719</b></u>		
<b>Earnings per share</b>					
	19				
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent		<u>5.18</u>	<u>3.52</u>	<u>5.16</u>	<u>3.63</u>
<b>Diluted earnings per share</b>					
Net income attributable to equity holders of the parent		<u>5.06</u>	<u>3.47</u>	<u>5.04</u>	<u>3.58</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 2009 and 2008**

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>				
Net income before tax	418,561,237	306,337,392	419,405,061	315,065,242
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	32,238,058	102,021,471	31,842,301	101,700,080
Doubtful accounts	12,582,536	15,079,001	12,582,536	15,079,001
Impairment loss on inventories	20,831,010	-	20,831,010	-
Loss from dissolution of subsidiary	-	-	7,999,400	-
Impairment loss on equipment for lease	7,000,000	49,393,198	7,000,000	49,393,198
Write-off equipment	15,631	-	9,642	-
Write-off equipment for lease	-	409,113	-	409,113
Loss on sales of equipment	1,119	299,140	-	299,140
Gain on sales of equipment for lease	(685,000)	-	(685,000)	-
Unrealised loss (gain) on exchange	5,715,336	(912,811)	5,715,336	(912,811)
Interest expenses	12,845,690	11,222,978	12,845,690	11,222,978
Income from operating activities before changes in operating assets and liabilities	509,105,617	483,849,482	517,545,976	492,255,941
Operating assets (increase) decrease				
Trade accounts and note receivable	(272,641,835)	(365,496,251)	(272,641,835)	(365,496,251)
Unbilled receivable	35,229,357	(20,960,772)	35,229,357	(20,960,772)
Inventories	1,223,115	(72,961,633)	(7,670,503)	(62,855,232)
Other current assets	(156,986)	6,979,387	(495,422)	7,990,638
Other non-current assets	(3,858,000)	(505,744)	(3,940,800)	(355,454)
Operating liabilities increase (decrease)				
Trade accounts payable	249,214,348	(33,103,735)	254,460,455	(38,503,577)
Unbilled payable	41,779,169	6,409,428	40,521,062	6,256,095
Other current liabilities	173,450,693	55,545,613	172,929,246	53,238,949
Cash flows from operating activities	733,345,478	59,755,775	735,937,536	71,570,337
Interest paid	(12,871,312)	(11,216,472)	(12,871,312)	(11,216,472)
Corporate income tax paid	(84,024,162)	(107,330,782)	(83,563,517)	(106,652,355)
<b>Net cash flows from (used in) operating activities</b>	<b>636,450,004</b>	<b>(58,791,479)</b>	<b>639,502,707</b>	<b>(46,298,490)</b>

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 2009 and 2008**

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from investing activities</b>				
Decrease in restricted bank deposits	4,977,035	14,235,049	4,977,035	14,235,049
Cash payment for purchase of building improvement and equipment	(7,474,223)	(11,220,831)	(7,435,267)	(10,885,082)
Cash payment for purchase of equipment for lease	-	(2,655,071)	-	(2,655,071)
Cash payment for purchase computer software	(2,036,175)	(277,400)	(2,032,726)	(237,800)
Cash payment for investment in subsidiary	-	-	-	(7,999,400)
Proceeds from minority shareholders of subsidiary	-	2,000,600	-	-
Proceeds from sales of equipment	27,553	1,887,116	-	1,887,116
Proceeds from sales of equipment for lease	685,000	-	685,000	-
<b>Net cash flows from (used in) investing activities</b>	<u>(3,820,810)</u>	<u>3,969,463</u>	<u>(3,805,958)</u>	<u>(5,655,188)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	(365,000,000)	325,000,000	(365,000,000)	325,000,000
Increase (decrease) in trust receipts	(33,883,905)	18,961,751	(33,883,905)	18,961,751
Proceeds from additional ordinary shares issued for warrant exercise	6,907,623	-	6,907,623	-
Repayment of financial lease payable	-	(600,255)	-	(600,255)
Dividend paid	(164,697,693)	(149,925,649)	(164,697,693)	(149,925,649)
<b>Net cash flows from (used in) financing activities</b>	<u>(556,673,975)</u>	<u>193,435,847</u>	<u>(556,673,975)</u>	<u>193,435,847</u>
<b>Net increase in cash and cash equivalents</b>	75,955,219	138,613,831	79,022,774	141,482,169
Cash and cash equivalents at beginning of year	<u>168,687,006</u>	<u>30,073,175</u>	<u>164,160,925</u>	<u>22,678,756</u>
<b>Cash and cash equivalents at end of year</b>	<u>244,642,225</u>	<u>168,687,006</u>	<u>243,183,699</u>	<u>164,160,925</u>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non - cash items				
Transfer of inventories to be equipment	-	506,244	-	506,244
Transfer of inventories to be equipment for lease	-	3,788,743	-	3,788,743
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 2009 and 2008

(Unit: Baht)

	Consolidated financial statements						
	Note	Issued and fully paid-up share capital	Share Premium	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	Total
				Appropriated	Unappropriated		
<b>Balance as at 31 December 2007</b>		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	(2,317,525)	209,144,719
Dividend paid	22	-	-	-	(150,000,000)	-	(150,000,000)
Unappropriated retained earnings transferred to statutory reserve	17	-	-	9,700,000	(9,700,000)	-	-
Increase in minority interest - equity attributable to minority shareholders of subsidiary		-	-	-	-	2,000,600	2,000,600
<b>Balance as at 31 December 2008</b>		<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>
<b>Balance as at 31 December 2008</b>		300,000,000	220,715,902	34,500,000	315,003,144	3,451,243	873,670,289
Net income for the year		-	-	-	312,206,835	(2,012,604)	310,194,231
Dividend paid	22	-	-	-	(165,000,000)	-	(165,000,000)
Additional ordinary shares issued for warrant exercise	15	3,451,325	3,456,298	-	-	-	6,907,623
<b>Balance as at 31 December 2009</b>		<u>303,451,325</u>	<u>224,172,200</u>	<u>34,500,000</u>	<u>462,209,979</u>	<u>1,438,639</u>	<u>1,025,772,143</u>

(Unit: Baht)

	Separate financial statements					
	Note	Issued and fully paid-up share capital	Share Premium	Retained earnings		Total
				Appropriated	Unappropriated	
<b>Balance as at 31 December 2007</b>		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)	-
<b>Balance as at 31 December 2008</b>		<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>
<b>Balance as at 31 December 2008</b>		300,000,000	220,715,902	34,500,000	322,308,188	877,524,090
Net income for the year		-	-	-	311,038,055	311,038,055
Dividend paid	22	-	-	-	(165,000,000)	(165,000,000)
Additional ordinary shares issued for warrant exercise	15	3,451,325	3,456,298	-	-	6,907,623
<b>Balance as at 31 December 2009</b>		<u>303,451,325</u>	<u>224,172,200</u>	<u>34,500,000</u>	<u>468,346,243</u>	<u>1,030,469,768</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 2009 and 2008**

**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 Professions 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 30 January 2009, 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 the Thai language financial statements.

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 statements include 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>2009</u> Percent	<u>2008</u> Percent	<u>2009</u> Percent	<u>2008</u> Percent	<u>2009</u> Percent	<u>2008</u> Percent
Maple Plus Co., Ltd.	Sale and installation of computer, software and telecom equipment	Thailand	55	55	0.3	0.8	0.6	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 are 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**

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and No. 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

#### **3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year**

Framework for the Preparation and Presentation of Financial Statements  
(revised 2007)

TAS 36 (revised 2007)                      Impairment of Assets

TFRS 5 (revised 2007)                      Non-current Assets Held for Sale and Discontinued  
Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007), Accounting Treatment Guidance for Leasehold Right and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007) and TAS 36 (revised 2007) 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

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

## 4. Significant accounting policies

### 4.1 Revenues 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 managers. 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 on an accrual basis based on the effective interest rate.

#### 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 banks, and all highly liquid investments with an original maturity of 3 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, work in progress and goods in transit are 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. Allowance for impairment loss will be made when the recoverable amounts is lower than the cost of investments.

#### **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 economic useful 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 follows:

	<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 in 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 in 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 rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate 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**

Salaries, 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/or 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 follows:



### **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 make judgement based on their best knowledge of the current events and arrangements and their experience of the business to estimate the percentage of completion and total cost of each contracts, based on information from the engineers/project managers. 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, the management is required to use judgment regarding whether significant risks 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		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Other income	-	-	0.2	0.2	Agreed upon price
Cost of sales and service	-	-	22.7	21.3	Agreed upon price
<b><u>Transactions with related company</u></b>					
(related by being minority shareholder of the subsidiary)					
Cost of sales and service	4.6	15.6	-	-	Agreed upon price

The balances of the accounts as at 31 December 2009 and 2008 between the Company and those related parties are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiary</b>				
Maple Plus Co., Ltd.	-	-	-	0.3
<b>Related company</b>				
Scale Plotting Center Co., Ltd.	-	4.5	-	-
(related by being minority shareholder of the subsidiary)				
<b>Total accounts payable - related parties</b>	<b>-</b>	<b>4.5</b>	<b>-</b>	<b>0.3</b>

## Directors and management's remuneration

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Related parties	Related transactions	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Audit committee	Meeting allowances and directors' remunerations	2.5	1.9	2.5	1.9
Management and executive directors	Salaries, bonus, commission, meeting allowances and directors' remunerations	71.1	54.6	65.7	52.2
Directors who are not members of the audit committee or management committee	Meeting allowances and directors' remunerations	2.6	1.7	2.6	1.7

## 7. Trade accounts and notes receivable

The balances of trade accounts and notes receivable as at 31 December 2009 and 2008, aged on the basis of due dates are summarised below.

		(Unit: Baht)	
		Consolidated /	
		Separate financial statements	
		<u>2009</u>	<u>2008</u>
<b><u>Age of receivables</u></b>			
Not yet due		321,361,065	213,696,920
Past due			
Up to 3 months		570,508,543	366,021,014
3-6 months		111,168,234	163,238,904
Over 6-12 months		26,986,681	23,555,627
Over 12 months		71,768,329	23,369,552
Back to back basis		9,661,377	48,930,377
Total		1,111,454,229	838,812,394
Less: Allowance for doubtful accounts		(30,650,748)	(18,068,212)
Trade accounts and notes receivable - net		<u>1,080,803,481</u>	<u>820,744,182</u>

Included in the above as at 31 December 2009, are post-date cheques amounting to Baht 5.9 million (2008: Baht 9.2 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 2009, the Company has transferred of collection rights for accounts receivable amounting to Baht 56.0 million (2008: Baht 69.2 million) to secure credit facilities from banks.

## 8. Inventories

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Equipment and work in progress	461,802,323	474,386,298	460,589,540	464,279,897
Goods in transit	28,936,810	17,575,950	28,936,810	17,575,950
Total	490,739,133	491,962,248	489,526,350	481,855,847
Less: Allowance for impairment loss on inventories	(20,831,010)	-	(20,831,010)	-
Inventories - net	<u>469,908,123</u>	<u>491,962,248</u>	<u>468,695,340</u>	<u>481,855,847</u>

During the current year, the Company fully provided an allowance for impairment loss on inventories of a project of Baht 20.8 million since the customer postponed the project and the Company expected no usefulness from such inventories.

## 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</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>5,499,700</u>	<u>13,499,100</u>

During the current year, the subsidiary companies did not pay a dividend.

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. Subsequently, on 1 December 2009, that company's Extraordinary Shareholders' Meeting No.1/2552 passed a resolution approving the dissolution of the company. The company registered its dissolution on 16 December 2009 and its liquidation on 29 December 2009. The Company recorded loss from dissolution of subsidiary amounting to Baht 8.0 million in the income statement of the current year.

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 statements				
	Building	Furniture, fixture	Computers	Vehicles	Total
	improvement	and office equipment			
<b>Cost</b>					
31 December 2008	6,641,450	11,738,579	65,913,426	6,364,958	90,658,413
Additions	837,595	1,439,751	4,578,227	618,650	7,474,223
Disposals/write-off	-	(31,336)	(38,040)	(6,364,958)	(6,434,334)
31 December 2009	7,479,045	13,146,994	70,453,613	618,650	91,698,302
<b>Accumulated depreciation</b>					
31 December 2008	4,721,020	8,653,660	51,552,427	6,364,954	71,292,061
Depreciation for the year	723,053	1,154,484	7,472,898	10,842	9,361,277
Depreciation on disposals/write-off	-	(4,816)	(20,261)	(6,364,954)	(6,390,031)
31 December 2009	5,444,073	9,803,328	59,005,064	10,842	74,263,307
<b>Net book value</b>					
31 December 2008	1,920,430	3,084,919	14,360,999	4	19,366,352
31 December 2009	2,034,972	3,343,666	11,448,549	607,808	17,434,995
<b>Depreciation for the year</b>					
2008 (all included in administrative expenses)					8,115,825
2009 (all included in administrative expenses)					9,361,277

(Unit: Baht)

	Separate financial statements				
	Building	Furniture, fixture	Computers	Vehicles	Total
	improvement	and office equipment			
<b>Cost</b>					
31 December 2008	6,057,110	11,662,343	65,150,805	6,364,958	89,235,216
Additions	837,595	1,408,414	4,570,608	618,650	7,435,267
Write-off	-	-	(23,950)	(6,364,958)	(6,388,908)
31 December 2009	6,894,705	13,070,757	69,697,463	618,650	90,281,575
<b>Accumulated depreciation</b>					
31 December 2008	4,560,015	8,634,784	51,349,305	6,364,954	70,909,058
Depreciation for the year	606,186	1,134,426	7,218,096	10,842	8,969,550
Depreciation on write-off	-	-	(14,312)	(6,364,954)	(6,379,266)
31 December 2009	5,166,201	9,769,210	58,553,089	10,842	73,499,342
<b>Net book value</b>					
31 December 2008	1,497,095	3,027,559	13,801,500	4	18,326,158
31 December 2009	1,728,504	3,301,547	11,144,374	607,808	16,782,233
<b>Depreciation for the year</b>					
2008 (all included in administrative expenses)					7,795,450
2009 (all included in administrative expenses)					8,969,550

As at 31 December 2009, 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 59.1 Million (2008: Baht 59.6 million) (The Company only: Baht 59.1 million, 2008: Baht 59.6 million).

## 12. Equipment for lease

	(Unit: Baht)
	Consolidated / Separate financial statements
<b>Cost</b>	
31 December 2008	519,744,906
Disposals	(110,255,582)
31 December 2009	<u>409,489,324</u>
<b>Accumulated depreciation</b>	
31 December 2008	393,991,978
Depreciation for the year	22,566,172
Depreciation on disposals	(98,497,305)
31 December 2009	<u>318,060,845</u>
<b>Allowance for impairment loss</b>	
31 December 2008	89,393,198
Increase during the year	7,000,000
Allowance for impairment loss on disposals	(11,758,277)
31 December 2009	<u>84,634,921</u>
<b>Net book value</b>	
31 December 2008	<u>36,359,730</u>
31 December 2009	<u><u>6,793,558</u></u>
<b>Depreciation for the year</b>	
2008 (all included in cost of equipment for lease)	<u>93,739,193</u>
2009 (all included in cost of equipment for lease)	<u><u>22,566,172</u></u>

During the current year, the Company's management decided to recognise impairment loss of Baht 7.0 million (2008: Baht 49.4 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:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cost	3,881,349	1,845,174	3,838,300	1,805,574
Accumulated amortisation	(509,856)	(199,247)	(504,810)	(198,231)
Net book value	<u>3,371,493</u>	<u>1,645,927</u>	<u>3,333,490</u>	<u>1,607,343</u>
Amortisation expenses included in the income statements for the year	<u>310,609</u>	<u>166,453</u>	<u>306,579</u>	<u>165,437</u>

### 14. Short-term loans from financial institutions

	(Unit: Baht)		
	Interest rate	Consolidated / Separate	
		financial statements	2009
	(percent per annum)		
Short-term loans from financial institutions	4.1 - 4.6	-	365,000,000

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

### 15. Share capital

Presented below is a summary of movements in share capital during the year ended 31 December 2009.

	Issued and fully	Share premium	Date of registration of additional shares arising from exercise of warrants with the Ministry of Commerce
	paid-up share capital		
	(Baht)	(Baht)	
Outstanding as at 31 December 2008	300,000,000	220,715,902	
Increase from warrant exercise in August 2009	3,447,500	3,447,500	4 September 2009
Increase from warrant exercise in September 2009	3,825	8,798	8 October 2009
Outstanding as at 31 December 2009	<u>303,451,325</u>	<u>224,172,200</u>	

## 16. Warrants

The Annual General Meeting of the Company's shareholders held on 20 April 2007, passed a resolution to issue and offer warrants free of charge as follows:

	Warrants issued to existing shareholders	Warrants issued to the Company's directors and/ or employees (ESOP)
Issued date	1 October 2007	1 October 2007
Number of warrants granted (unit)	6,000,000	3,000,000
Life of warrants (year)	5	5
Exercisable	28 December 2007 - 30 September 2012	31 December 2007 - 30 September 2012
Exercise price per 1 ordinary shares (Baht)	16.50	10.00
Exercise ratio (warrants to ordinary shares)	1:1	1:1

Presented below is a summary of movement of warrants:

	Warrants issued to existing shareholders	Warrants issued to the Company's directors and/ or employees (ESOP)
Number of warrants issued	5,999,972	3,000,000
Exercised during the year 2007	-	-
Exercised during the year 2008	-	-
Balance as at 31 December 2008	5,999,972	3,000,000
Exercised during the year 2009	(765)	(689,500)
Expired during the year 2009	-	(180,000)
Balance as at 31 December 2009	5,999,207	2,130,500

## 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 follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Purchase inventories	2,082,550,320	1,852,771,110	2,076,087,184	1,824,333,340
Changes in inventories	54,363,145	(72,961,633)	44,211,419	(62,855,232)
Salary, bonus, commission and other employee benefits	429,536,815	345,999,191	417,448,641	335,280,170
Repair and maintenance expense	61,719,538	75,447,778	61,719,433	75,447,008
Depreciation and amortisation	32,238,058	102,021,471	31,842,301	101,700,080
Impairment loss on inventories	20,831,010	-	20,831,010	-
Impairment loss on equipment for lease	7,000,000	49,393,198	7,000,000	49,393,198

## 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.

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 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 statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	312,207	211,462	60,244	60,000	5.18	3.52
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	1,150	928		
Warrants issued to existing shareholders	-	-	325	-		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	312,207	211,462	61,719	60,928	5.06	3.47

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	311,038	217,873	60,244	60,000	5.16	3.63
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	1,150	928		
Warrants issued to existing shareholders	-	-	325	-		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>311,038</u>	<u>217,873</u>	<u>61,719</u>	<u>60,928</u>	5.04	3.58

## 20. Segment information

The Company and its subsidiaries' business operations involve 2 principal segments: (1) sales and service 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 2009 and 2008 of the Company and its subsidiaries by segment.

	(Unit: Million Baht)							
	Sales and service segment		Renting segment		Elimination of inter-segment transactions		Consolidated financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues from external customers	3,843	3,191	28	111	-	-	3,871	3,302
Inter-segment revenues	23	21	-	-	(23)	(21)	-	-
Total revenues	<u>3,866</u>	<u>3,212</u>	<u>28</u>	<u>111</u>	<u>(23)</u>	<u>(21)</u>	<u>3,871</u>	<u>3,302</u>
Segment income (loss)	873	726	(2)	(67)			871	659
Unallocated income and expenses								
Other income							5	23
Selling expenses							(185)	(146)
Administrative expenses							(184)	(161)
Management benefit expenses							(76)	(58)
Finance cost							(13)	(11)
Corporate income tax							(108)	(97)
Minority interest							2	2
Net income							<u>312</u>	<u>211</u>

(Unit: Million Baht)

	Sales and				Consolidated financial	
	service segment		Renting segment		statements	
	2009	2008	2009	2008	2009	2008
Trade accounts and note receivable - net	1,079	792	2	29	1,081	821
Unbilled receivable	29	43	4	25	33	68
Inventories - net	470	492	-	-	470	492
Equipment for lease - net	-	-	7	36	7	36
Unallocated assets					353	279
Total assets					1,944	1,696

Transfer prices between business segments are as set out in Note 6 to the financial statements.

## 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 2009, the Company contributed Baht 16.5 million (2008: Baht 15.3 million) to the fund.

## 22. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends in respect of the year 2007 income	The 2008 Annual General Meeting of the Company's shareholders held on 25 April 2008	75	1.25
Interim dividends in respect of the net income of the six-month period ended 30 June 2008	The meeting of the Company's Board of Directors held on 14 August 2008	75	1.25
		150	2.50
Final dividends in respect of the year 2008 income	The 2009 Annual General Meeting of the Company's shareholders held on 24 April 2009	90	1.50
Interim dividends in respect of the net income of the six-month period ended 30 June 2009	The Meeting of the Company's Board of Directors held on 11 August 2009	75	1.25
		165	2.75

## 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 2009, future minimum lease payments required under these leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Lease of buildings	Lease of motor vehicles	Lease of buildings	Lease of motor vehicles
Payable within				
Less than 1 year	7.3	4.1	7.3	3.9
1 to 3 years	9.2	6.1	9.2	5.9

### 23.2 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 1,696 million (2008: Baht 923 million) (The Company only: Baht 1,690 million, 2008: Baht 904 million).
2. The Company has engaged in various contracts, totaling contract value of future service rendering of Baht 20 million (2008: Baht 55 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.

### **23.3 Guarantees**

As at 31 December 2009, there were outstanding bank guarantees of approximately Baht 842.0 million (2008: Baht 477.3 million) which have been issued by banks on behalf of the Company, consortium between the Company and its subsidiary 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 840.1 million to guarantee contractual performance and Baht 1.9 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. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts and note receivable, bank deposits, short-term loans, trust receipt, trade accounts payable and advance receipts from customers. 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, short-term loans and trust receipt. 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 2009 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 statements					
	Fixed interest				
	rate due within	Floating	Non-interest	Total	Interest rate
	1 year	interest rate	bearing		(% p.a.)
	(Million Baht)				
<u>Financial Assets</u>					
Cash and cash equivalents	-	245	-	245	0.125 - 0.65
Trade accounts and notes receivable	-	-	1,081	1,081	-
Restricted bank deposits	73	-	-	73	0.5 - 1.75
	<u>73</u>	<u>245</u>	<u>1,081</u>	<u>1,399</u>	
<u>Financial liabilities</u>					
Trade accounts payable	-	-	474	474	-
Advance receipts from customers	-	-	132	132	-
	<u>-</u>	<u>-</u>	<u>606</u>	<u>606</u>	

Separate financial statements					
	Fixed interest				
	rate due within	Floating	Non-interest	Total	Interest rate
	1 year	interest rate	bearing		(% p.a.)
	(Million Baht)				
<u>Financial Assets</u>					
Cash and cash equivalents	-	243	-	243	0.125 - 0.65
Trade accounts and notes receivable	-	-	1,081	1,081	-
Restricted bank deposits	73	-	-	73	0.5 - 1.75
	<u>73</u>	<u>243</u>	<u>1,081</u>	<u>1,397</u>	
<u>Financial liabilities</u>					
Trade accounts payable	-	-	474	474	-
Advance receipts from customers	-	-	132	132	-
	<u>-</u>	<u>-</u>	<u>606</u>	<u>606</u>	

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

The Company exposures to foreign currency risk arises mainly from purchasing inventories 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 2009, the Company had outstanding balance of trade accounts payable denominated in foreign currency of USD 10.6 million and had certain forward exchange contracts which had been made to cover the purchase of inventories totaling USD 9.7 million, at exchange rates ranging between Baht 33.22 to Baht 34.80 per USD.

### **24.2 Fair values of financial instruments**

Since the majority of the Company's financial assets and liabilities are short-term in nature and loans 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 2009, the Group's debt-to-equity ratio was 0.9:1 (2008: 0.9:1) and the Company's was 0.9:1 (2008: 0.9:1).

### **26. Subsequent events**

On 23 February 2010, the meeting No. 1/2553 of the Company's Board of Directors passed a resolution approving the distribution of a dividend for 2009 of Baht 2.25 per share to the Company's shareholders, to be appropriated from earnings from 2009 operations. A proposal to distribute such dividend will be presented for approval in the forthcoming Annual General Meeting of the shareholders.

### **27. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2010.