

Jasmine Telecom Systems Public Company Limited  
and its subsidiary  
Report and consolidated financial statements  
31 December 2010 and 2009

## **Report of Independent Auditor**

To the Shareholders of Jasmine Telecom Systems Public Company Limited

I have audited the accompanying consolidated balance sheets of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiary as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

Except for the matters discussed in paragraph A), 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.

- A) As described in Note 8 to the financial statements, as at 31 December 2009, the Company and its subsidiary had outstanding balances receivable from a related company (In 2010, they were classified as unrelated party transactions) amounting to approximately Baht 700 million. The balances are recorded under the captions of "Trade accounts receivable - related parties", "Amounts due from related parties", "Unbilled receivable from related parties", and "Other accounts receivable" in the consolidated balance sheet. The balances are long outstanding. This company filed a petition for business rehabilitation with the Central Bankruptcy Court and in 2009, the Central Bankruptcy Court ordered the appointment of the rehabilitation plan preparer.

The rehabilitation plan is still required to be approved by the creditors and the Court. The business rehabilitation plan may significantly impact on the allowance for doubtful accounts for the outstanding balances in 2009, I therefore was unable to audit to satisfy myself as to the adequacy of the allowance for doubtful accounts, and this constitutes a limitation imposed by circumstance.

In 2010, the plan preparer submitted the rehabilitation plan to the Central Bankruptcy Court but the Company and its subsidiary submitted objections to the plan to the Central Bankruptcy Court. However, on 28 December 2010, the Central Bankruptcy Court issued an order approving the rehabilitation plan of this company. Currently, the Company and its subsidiary are appealing to the Supreme Court against the approval of the rehabilitation plan.

Under the rehabilitation plan, outstanding claims filed by the Company and its subsidiary are considered for restructuring as at 29 October 2009 totaling Baht 544 million (consisting of principal of Baht 514 million and accrued interest of Baht 30 million). This balance included the balance of rights over collection that the subsidiary has assigned to a local bank to secure a short-term loan from the bank amounting to Baht 314 million (Principal of Baht 299 million and interest receivable of Baht 15 million). The bank filed a claim for that balance directly with this company under the rehabilitation plan, as described in Note 15 to the financial statements, and such balance is classified in the same creditor group as that of the subsidiary in the plan.

According to the rehabilitation plan, 25% of the principal will be settled in cash and the other 75% of the principal and all interest receivable will be settled by conversion to ordinary shares of this company. The Company and its subsidiary recorded potential losses on debt restructuring in the income statements for the year ended 31 December 2010 totaling Baht 224 million (approximately Baht 100 million in the separate income statements), calculated from outstanding claims filed by the Company and its subsidiary as at 29 October 2009 mentioned above. However, outstanding claims of Baht 544 million filed by the Company and its subsidiary as stated above have not yet approved by the Central Bankruptcy Court, the Company and its subsidiary therefore have not received any debts settlement under the rehabilitation plan and the claims approved by the Court may differ from the outstanding claims used in the calculation of the potential losses from debt restructuring. As at 31 December 2010, the Company and its subsidiary presented the outstanding balance net of potential losses on debt restructuring under the caption of "Accounts receivable under troubled debt restructuring". In addition, outstanding receivables from this Company of the Company and its subsidiary filed under the rehabilitation plan of Baht 176 million were the debt occurred after the date which the Court ordered this company to enter into the rehabilitation process (7 November 2008), therefore they were not considered to be settled under the rehabilitation plan of this company. However, this balance is the debt arisen in the ordinary course of business, the management of the Company and its subsidiary believe that the Company and its subsidiary will be settled in full, therefore do not record the allowance for doubtful account for this balance in their accounts.

- B) As described in Note 25 to the financial statements, the Company has disclosed its financial information by business segment in accordance with Accounting Standard No. 14 “Segment Reporting”, except for its operating results which the Company is unable to disclose by business segment for reasons as described in that note.

In my opinion, except for any adjustments that might be required to the financial statements for the year 2009 as a result of the matters discussed in paragraph A) and non-disclosure of financial information by business segment in the financial statements for the year 2010 and 2009 as described in paragraph B), the financial statements referred to above present fairly, in all material respects, the financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary and of Jasmine Telecom Systems Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without further qualifying my opinion on the above financial statements, for the year 2010 I draw attention to the matter discussed in the Note 8 to the financial statements, regarding the outstanding balance of a debtor that is being rehabilitated.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited  
Bangkok: 22 February 2011

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Balance sheets**

**As at 31 December 2010 and 2009**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	768,456,791	232,827,187	758,725,240	219,397,059
Current investments - restricted bank deposits		1,635,413	3,046,249	357,639	357,639
Trade accounts receivable					
Related parties	7, 8	1,286,936,364	1,388,694,647	1,283,646,114	954,021,411
Unrelated parties	8	970,084,372	1,400,503,299	748,894,492	1,397,440,532
Total trade accounts receivable		2,257,020,736	2,789,197,946	2,032,540,606	2,351,461,943
Short-term loans to and amounts due from related parties	7	123,157	19,256,490	8,123,157	19,256,490
Inventories - net	9	265,608,635	802,511,066	249,661,234	802,491,061
Assets held for sale - net	10	156,485,851	227,732,913	156,485,851	227,732,913
Other current assets					
Prepaid project cost		140,437,654	120,781,987	136,177,911	119,898,206
Unbilled receivable from related parties	7	3,226,800	37,863,254	-	35,582,834
Unbilled receivable from unrelated parties		610,856,187	291,566,918	600,680,712	274,291,632
Other account receivable	11	47,282,012	396,656,731	47,220,849	323,831,797
Others		103,875,127	94,885,597	91,158,923	83,484,971
Total other current assets		905,677,780	941,754,487	875,238,395	837,089,440
<b>Total current assets</b>		<b>4,355,008,363</b>	<b>5,016,326,338</b>	<b>4,081,132,122</b>	<b>4,457,786,545</b>
<b>Non-current assets</b>					
Restricted bank deposits		82,712,120	72,271,167	78,771,188	69,195,126
Long-term trade account receivable from related party	7	1,134,590,655	1,164,452,456	1,134,590,655	1,164,452,456
Accounts receivable under troubled debt restructuring	8	305,269,490	-	126,834,153	-
Investment in subsidiary	12	-	-	83,899,210	83,899,210
Long-term investments in available-for-sale securities	13	-	6,457,670	-	3,414,986
Property, plant and equipment - net	14	29,466,252	37,694,161	25,458,017	32,840,245
Deposits		4,174,066	4,713,202	3,231,066	3,142,773
<b>Total non-current assets</b>		<b>1,556,212,583</b>	<b>1,285,588,656</b>	<b>1,452,784,289</b>	<b>1,356,944,796</b>
<b>Total assets</b>		<b>5,911,220,946</b>	<b>6,301,914,994</b>	<b>5,533,916,411</b>	<b>5,814,731,341</b>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term bank loans	15	409,023,143	661,676,157	119,346,938	371,999,952
Trust receipts	16	172,438,965	511,085,523	172,438,965	511,085,523
Trade accounts payable					
Related parties	7	17,704,247	17,703,712	17,704,247	17,703,712
Unrelated parties	17	1,553,728,189	1,124,782,812	1,520,128,532	1,107,469,026
Total trade accounts payable		1,571,432,436	1,142,486,524	1,537,832,779	1,125,172,738
Current portion of long-term loans	18	71,005,575	71,005,575	71,005,575	71,005,575
Amounts due to related parties	7	16,095,962	12,241,311	171,903	401,897
Other current liabilities					
Accrued project cost		682,999,671	301,450,830	534,878,283	136,397,523
Advance received from related parties	7	1,224,676	578,882	1,224,676	578,882
Advance received from unrelated parties		339,541,509	273,547,791	338,650,409	273,547,791
Corporate income tax payable		-	12,115,319	-	12,115,319
Others		52,423,259	43,800,904	37,253,344	31,554,303
Total other current liabilities		1,076,189,115	631,493,726	912,006,712	454,193,818
<b>Total current liabilities</b>		<b>3,316,185,196</b>	<b>3,029,988,816</b>	<b>2,812,802,872</b>	<b>2,533,859,503</b>
<b>Non-current liabilities</b>					
Long-term trade accounts payable - unrelated parties	17	927,092,302	1,387,525,205	927,092,302	1,387,525,205
Long-term loans - net of current portion	18	60,861,922	131,867,497	60,861,922	131,867,497
<b>Total non-current liabilities</b>		<b>987,954,224</b>	<b>1,519,392,702</b>	<b>987,954,224</b>	<b>1,519,392,702</b>
<b>Total liabilities</b>		<b>4,304,139,420</b>	<b>4,549,381,518</b>	<b>3,800,757,096</b>	<b>4,053,252,205</b>

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Balance sheets (continued)**

**As at 31 December 2010 and 2009**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Shareholders' equity</b>					
Share capital					
Registered					
726,250,000 ordinary shares of Baht 1 each		726,250,000	726,250,000	726,250,000	726,250,000
Issued and fully paid-up					
702,950,000 ordinary shares of Baht 1 each		702,950,000	702,950,000	702,950,000	702,950,000
Share subscription received in advance	20	80,000	-	80,000	-
Share premium		418,811,778	418,811,778	418,811,778	418,811,778
Unrealised gain					
Difference between the purchase price of investment in subsidiary under common control and its net book value	2.2	8,157,637	8,157,637	-	-
Retained earnings					
Appropriated - statutory reserve	21	61,680,551	60,991,695	61,680,551	60,991,695
Unappropriated		416,299,964	560,025,855	549,636,986	578,725,663
Equity attributable to the Company's shareholders		1,607,979,930	1,750,936,965	1,733,159,315	1,761,479,136
Minority interest- equity attributable to minority shareholders of subsidiary					
		(898,404)	1,596,511	-	-
<b>Total shareholders' equity</b>		<b>1,607,081,526</b>	<b>1,752,533,476</b>	<b>1,733,159,315</b>	<b>1,761,479,136</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,911,220,946</b>	<b>6,301,914,994</b>	<b>5,533,916,411</b>	<b>5,814,731,341</b>
		-	-	-	-

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

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Directors  
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**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Income statements**

**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Revenues</b>					
Sales and service income		3,456,084,061	4,365,435,719	3,320,406,388	4,155,369,410
Exchange gains		-	-	-	828,477
Other income		128,732,109	59,544,914	128,384,362	59,181,737
<b>Total revenues</b>		<b>3,584,816,170</b>	<b>4,424,980,633</b>	<b>3,448,790,750</b>	<b>4,215,379,624</b>
<b>Expenses</b>					
Cost of sales and services		3,082,697,886	3,959,625,218	2,998,776,668	3,798,115,901
Selling and servicing expenses		28,874,185	29,688,602	23,804,892	24,393,721
Administrative expenses		122,350,020	100,769,087	107,316,925	97,604,322
Management benefit expenses	7	28,659,333	28,901,663	20,200,353	17,520,290
Potential losses on debt restructuring	8	223,580,231	-	99,751,821	-
Loss on exchange		1,148,674	272,461	1,376,049	-
Loss on impairment of asset	10	17,792,391	71,113,487	17,792,391	71,113,487
Loss on impairment of investments in available-for-sale securities	13	-	6,358,597	-	3,288,505
<b>Total expenses</b>		<b>3,505,102,720</b>	<b>4,196,729,115</b>	<b>3,269,019,099</b>	<b>4,012,036,226</b>
<b>Income before finance cost and corporate income tax</b>		<b>79,713,450</b>	<b>228,251,518</b>	<b>179,771,651</b>	<b>203,343,398</b>
Finance cost		(172,439,671)	(84,631,474)	(155,365,743)	(66,657,220)
<b>Income (loss) before corporate income tax</b>		<b>(92,726,221)</b>	<b>143,620,044</b>	<b>24,405,908</b>	<b>136,686,178</b>
Corporate income tax	23	(10,628,789)	(50,554,543)	(10,628,789)	(50,554,543)
<b>Net income (loss) for the year</b>		<b>(103,355,010)</b>	<b>93,065,501</b>	<b>13,777,119</b>	<b>86,131,635</b>
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		(100,860,095)	92,914,825	13,777,119	86,131,635
Minority interests of the subsidiary		(2,494,915)	150,676	-	-
		<b>(103,355,010)</b>	<b>93,065,501</b>		
<b>Earnings (loss) per share</b>					
24					
<b>Basic earnings (loss) per share</b>					
Net income (loss) attributable to equity holders of the parent		-0.14	0.13	0.02	0.12
Weighted average number of ordinary shares (shares)		702,950,000	702,950,000	702,950,000	702,950,000
<b>Diluted earnings (loss) per share</b>					
Net income (loss) attributable to equity holders of the parent		-0.14	0.13	0.02	0.12
Weighted average number of ordinary shares (shares)		702,950,000	702,950,000	702,950,000	702,950,000

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the parent's shareholders										
	Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Difference between the purchase price of investment in subsidiary under common control and its net book value	Unrealised loss on changes in value of investments in available-for-sale securities	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiary	Total
Note						Appropriated	Unappropriated			
<b>Balance as at 31 December 2008</b>	702,950,000	-	418,811,778	8,157,637	(8,308,755)	56,685,113	471,417,612	1,649,713,385	1,363,023	1,651,076,408
<b>Income recognised directly in equity:</b>										
Investment in available-for-sale securities										
Transferred to allowance for impairment of investments	13	-	-	-	6,296,188	-	-	6,296,188	62,409	6,358,597
Gain recognised in shareholders' equity		-	-	-	2,012,567	-	-	2,012,567	20,403	2,032,970
<b>Net income recognised directly in equity</b>		-	-	-	8,308,755	-	-	8,308,755	82,812	8,391,567
Net income for the year		-	-	-	-	-	92,914,825	92,914,825	150,676	93,065,501
<b>Total income for the year</b>		-	-	-	8,308,755	-	92,914,825	101,223,580	233,488	101,457,068
Unappropriated retained earnings transferred to statutory reserve	21		-	-	-	4,306,582	(4,306,582)	-	-	-
<b>Balance as at 31 December 2009</b>	702,950,000	-	418,811,778	8,157,637	-	60,991,695	560,025,855	1,750,936,965	1,596,511	1,752,533,476

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements											
Equity attributable to the parent's shareholders											
	Note	Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Difference between the purchase price of investment in subsidiary under common control and its net book value	Unrealised loss on changes in value of investments in available-for-sale securities	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiary	Total
							Appropriated	Unappropriated			
<b>Balance as at 31 December 2009</b>		702,950,000	-	418,811,778	8,157,637	60,991,695	560,025,855	1,750,936,965	1,596,511	1,752,533,476	
Net loss for the year		-	-	-	-	-	(100,860,095)	(100,860,095)	(2,494,915)	(103,355,010)	
<b>Total expenses for the year</b>		-	-	-	-	-	(100,860,095)	(100,860,095)	(2,494,915)	(103,355,010)	
Share subscription received in advance	20	-	80,000	-	-	-	-	80,000	-	80,000	
Dividend paid to the Company's shareholders	27	-	-	-	-	-	(42,176,940)	(42,176,940)	-	(42,176,940)	
Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	-	688,856	(688,856)	-	-	-	
<b>Balance as at 31 December 2010</b>		<u>702,950,000</u>	<u>80,000</u>	<u>418,811,778</u>	<u>8,157,637</u>	<u>61,680,551</u>	<u>416,299,964</u>	<u>1,607,979,930</u>	<u>(898,404)</u>	<u>1,607,081,526</u>	

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Separate financial statements						
		Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Unrealised loss on changes in value of investments in available-for-sale securities	Retained earnings		Total
Note	Appropriated					Unappropriated		
	<b>Balance as at 31 December 2008</b>	702,950,000	-	418,811,778	(4,363,593)	56,685,113	496,900,610	1,670,983,908
	<b>Income recognised directly in equity:</b>							
	Investment in available-for-sale securities							
	Transferred to allowance for impairment of investments	13	-	-	-	3,288,505	-	3,288,505
	Gain recognised in shareholders' equity		-	-	-	1,075,088	-	1,075,088
	<b>Net income recognised directly in equity</b>		-	-	-	4,363,593	-	4,363,593
	Net income for the year		-	-	-	-	86,131,635	86,131,635
	<b>Total income for the year</b>		-	-	-	4,363,593	86,131,635	90,495,228
	Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	-	4,306,582	(4,306,582)
	<b>Balance as at 31 December 2009</b>	702,950,000	-	418,811,778	-	60,991,695	578,725,663	1,761,479,136

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Separate financial statements								
	Note	Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Unrealised loss on changes in value of investments in available-for-sale securities	Retained earnings		Total
						Appropriated	Unappropriated	
<b>Balance as at 31 December 2009</b>		702,950,000	-	418,811,778	-	60,991,695	578,725,663	1,761,479,136
Net income for the year		-	-	-	-	-	13,777,119	13,777,119
<b>Total income for the year</b>		-	-	-	-	-	13,777,119	13,777,119
Share subscription received in advance	20	-	80,000	-	-	-	-	80,000
Dividend paid to the Company's shareholders	27	-	-	-	-	-	(42,176,940)	(42,176,940)
Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	-	688,856	(688,856)	-
<b>Balance as at 31 December 2010</b>		<u>702,950,000</u>	<u>80,000</u>	<u>418,811,778</u>	<u>-</u>	<u>61,680,551</u>	<u>549,636,986</u>	<u>1,733,159,315</u>

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Cash flow statements**

**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Net income (loss) before tax	(92,726,221)	143,620,044	24,405,908	136,686,178
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	12,408,757	92,925,557	10,970,154	90,958,786
Potential losses on debt restructuring	223,580,231	-	99,751,821	-
Loss on impairment of asset	17,792,391	71,113,487	17,792,391	71,113,487
Loss on impairment of investment in available-for-sale securities	-	6,296,188	-	3,288,505
Loss on sales of investment in available-for-sale securities	2,139,803	-	1,278,607	-
Loss on sales of equipment	36,782	7,610	64,817	12,783
Unrealised gain on exchange rate	(13,137,886)	(6,619,380)	(9,909,163)	(6,315,470)
Interest income	(124,807,409)	(53,868,783)	(124,742,662)	(53,700,958)
Interest expenses	162,968,270	78,249,049	145,894,342	60,274,795
Minority interest in loss on impairment of investments in available-for-sale securities	-	62,409	-	-
Income from operating activities before changes in operating assets and liabilities	188,254,718	331,786,181	165,506,215	302,318,106
Operating assets (increase) decrease				
Trade accounts receivable	88,354,863	(2,276,394,478)	104,609,454	(2,072,107,120)
Amounts due from related parties	7,088	1,167,239	(7,992,912)	1,167,239
Inventories	536,902,431	(701,200,014)	552,829,827	(701,232,415)
Other current assets	18,562,565	(184,996,749)	16,589,842	(342,277,435)
Other assets	539,136	490,082	(88,293)	378,352
Operating liabilities increase (decrease)				
Trade accounts payable	34,283,388	1,765,917,989	17,997,517	1,770,618,864
Amounts due to related parties	3,854,651	3,958,607	(229,994)	(800,822)
Other current liabilities	460,100,638	236,926,615	469,989,420	228,783,783
<b>Cash flows from (used in) operating activities</b>	<b>1,330,859,478</b>	<b>(822,344,528)</b>	<b>1,319,211,076</b>	<b>(813,151,448)</b>
Cash paid for interest expenses	(63,551,453)	(48,621,722)	(46,478,539)	(31,521,372)
Cash paid for corporate income tax	(72,786,783)	(40,740,280)	(72,282,583)	(38,439,224)
<b>Net cash flows from (used in) operating activities</b>	<b>1,194,521,242</b>	<b>(911,706,530)</b>	<b>1,200,449,954</b>	<b>(883,112,044)</b>

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Cash flow statements (continued)**

**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments - restricted				
bank deposits	1,410,836	(1,926,020)	-	-
Increase in restricted bank deposits	(10,440,953)	(6,166,131)	(9,576,062)	(13,138,908)
Cash received from sales of investment in				
available-for-sale securities	4,317,867	-	2,136,379	-
Interest income	985,658	5,965,719	918,069	5,762,589
Acquisition of equipment	(4,306,916)	(4,652,956)	(3,652,743)	(2,880,879)
Proceeds from sales of equipment	89,286	316,959	-	-
Proceed from sales of assets held for sale	53,454,671	-	53,454,671	-
<b>Net cash flows from (used in) investing activities</b>	<b>45,510,449</b>	<b>(6,462,429)</b>	<b>43,280,314</b>	<b>(10,257,198)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and				
and short-term bank loans	(252,653,014)	367,690,899	(252,653,014)	371,999,952
Increase in trust receipts	(338,646,558)	374,529,306	(338,646,558)	374,529,306
Cash receipt from long-term loans	-	202,873,072	-	202,873,072
Repayment of long-term loans	(71,005,575)	-	(71,005,575)	-
Dividend paid	(42,176,940)	-	(42,176,940)	-
Cash received from warrant exercise	80,000	-	80,000	-
<b>Net cash flows from (used in) financing activities</b>	<b>(704,402,087)</b>	<b>945,093,277</b>	<b>(704,402,087)</b>	<b>949,402,330</b>
Net increase in cash and cash equivalents	535,629,604	26,924,318	539,328,181	56,033,088
Cash and cash equivalents at beginning of year	232,827,187	205,902,869	219,397,059	163,363,971
<b>Cash and cash equivalents at end of year</b>	<b>768,456,791</b>	<b>232,827,187</b>	<b>758,725,240</b>	<b>219,397,059</b>
	-	-	-	-

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Notes to consolidated financial statements**  
**For the years ended 31 December 2010 and 2009**

**1. Corporate information**

Jasmine Telecom Systems Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Jasmine International Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the design and installation of telecommunication systems, rental of public telephones, and other businesses and its registered address is 200 Moo 4, 9th Floor, Jasmine International Tower, Chaengwatana Road, Pakkred, Nonthaburi.

On 22 November 2007, The National Broadcasting and Telecommunications Commission (“NBTC”) (formerly known as “The National Telecommunications Commission” (“NTC”)) granted a type one license (Public Telephone Service) to the Company, for the period of 1 year from date of issue. In 2009, the Company extended this license for another 5 years (expiring in 2014). The Company is to pay an annual license fee and other fees as the board of NBTC established. The Company is obliged to comply with certain conditions as stated in the license.

In January 2011, the Company submitted a request to NBTC for cancel its telecom license type one (public telephone service). As for the Company’s public telephone servicing under this license, the Company plans to use them to serve its related companies who receive the license from NTBC such as Acumen Company Limited.

On 9 February 2011, Siam Teltech Computer Company Limited (the subsidiary company) registered with the Ministry of Commerce for the change of its name to “Cloud Computing Solutions Company Limited”.

**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 Jasmine Telecom Systems Public Company Limited (“the Company”) and a subsidiary company, Cloud Computing Solutions Company Limited (“the subsidiary”) (formerly known as “Siam Teltech Computer Company Limited”), which was incorporated in Thailand. The subsidiary company is principally engaged in the system and software development and sales of computer products. The Company’s investment in the ordinary shares of the subsidiary represented about 97.87 percent of the subsidiary’s registered share capital.

As at 31 December 2010, the total assets and total revenues of the subsidiary constituted 7.9 percent and 3.8 percent of the consolidated financial statements, respectively (2009: 9.1 percent and 4.8 percent respectively).

- b) Subsidiary is 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 using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

The Company purchased investment in the subsidiary company at a price of Baht 8.2 million lower than the attributable net asset value of the subsidiary company. The Company recorded this difference under the caption of “Difference between the purchase price of investment in subsidiary under common control and its net book value” in shareholders’ equity in the balance sheet.

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

### 3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements  
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

- b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The management of the Company and its subsidiary believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

#### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

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.

#### *Revenue from design and installation of telecommunication systems*

Revenue from design and installation of telecommunication systems including supply of related equipment is recognised by reference to the stage of completion.

#### *Revenue from installment sales*

The Company recognised revenue from installment sales at the date of sale, exclusive of interest. The sales price is the present value of the consideration, determined by discounting the installments receivable at the imputed rate of interest. The interest element is recognised as income on a time proportion basis, using the imputed interest method.

#### *Rendering of maintenance services*

Maintenance service revenue is recognised when service is rendered.

#### *Public telephone rental income*

Public telephone rental income is recognised based on the rental period and, at the rate stipulated in the rental contract.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### **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 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 experience and analysis of debt aging.

### **4.4 Inventories**

Inventories are valued at the lower of cost and net recognised value. Cost is determined on the specific identification method.

#### **4.5 Assets held for sale**

Assets held for sale are valued at the lower of carrying amount and fair value less costs to sell. The management judges that there will be a completed sales of such assets within one year from the date of classification to the assets held for sale.

#### **4.6 Investments**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold. In addition, the Company and its subsidiary treat available-for-sale investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists.
- b) Investment in subsidiary company is accounted for in the separated financial statements using the cost method net of allowance for loss on impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

#### **4.7 Property, plant and equipment / Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Public telephones	-	5	years
Buildings and leasehold improvements	-	5	years
Furniture, fixtures and office equipment	-	3 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

#### **4.8 Related party transactions**

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

They also include associates and individuals which directly or indirectly own a voting interest in the Company and its subsidiary that give them significant influence over the Company and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiary.

#### **4.9 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 rate are included in determining income.

#### **4.10 Impairment of assets**

At each reporting date, the Company and subsidiary perform impairment reviews in respect of 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.

#### **4.11 Employee benefits**

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

#### **4.12 Provisions**

Provisions are recognised when the Company and its subsidiary 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.

#### **4.13 Income tax**

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

#### **4.14 Derivatives**

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

Receivables 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. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

#### **4.15 Debt restructuring**

##### **Potential losses on debt restructuring**

When receivables of Company and its subsidiary are settled through the transfer of assets, the excess of the extinguished debt over the fair value of the assets is recognised as a potential loss on debt restructuring in the income statement.

#### **5. Use of accounting estimates**

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

##### **Allowance for doubtful accounts**

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

### **Allowance for impairment on assets held for sale**

The Company considers allowance for impairment of assets held for sale when net realisable value is below book value. The management uses judgment to estimate impairment loss, taking into consideration the fair values, the types and the characteristics of the assets.

### **Impairment of equity investments**

The Company and the subsidiary treat available-for-sale investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement.

### **Property plant and equipment/Depreciation**

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

In addition, the management is required to review property, plant and equipment 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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review and discounting them 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.

## **6. Cash and cash equivalents**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	2	-	2	-
Bank deposits	711	233	702	219
Bills of exchange	55	-	55	-
Total	<u>768</u>	<u>233</u>	<u>759</u>	<u>219</u>

As at 31 December 2010, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.13 and 1.50 percent per annum (2009: between 0.10 and 2.62 percent per annum), with rates per the separate financial statements of between 0.50 and 1.50 percent per annum (2009: between 0.50 and 1.50 percent per annum).

## 7. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with parent company</u>					
Sales and service income	-	0.4	-	0.4	Contract price or at prices normally charged to other customers or cost plus margin
Office rental and service expenses	9.0	9.3	6.0	6.0	Contract price or at prices normally charged to other customers
Other expenses	0.9	1.3	0.2	0.5	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and service income	966.5	1,844.0	913.7	1,690.0	Contract price or at prices normally charged to other customers or cost plus margin
Interest income	121.5	52.1	121.5	52.1	MLR
Other income	0.1	0.3	0.1	0.3	Contract price or at prices normally charged to other customers
Cost of sales and services	-	24.8	-	24.7	Contract price or at prices normally charged to other customers
Office rental and service expenses	1.2	1.3	1.2	1.3	Contract price or at prices normally charged to other customers
Other expenses	5.9	6.9	4.3	4.7	Contract price or at prices normally charged to other customers

During the year 2009, the Company issued credit notes amounting to Baht 7.6 million to reduce an outstanding receivable balance from its parent company as a result of a reduction in contract value.

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>Trade accounts receivable - related parties</u></b>				
<b><u>Related companies</u></b>				
Triple T Broadband Plc.	1,273,504	679,114	1,273,365	643,484
TT&T Plc.*	-	609,094	-	211,896
Jastel Network Co., Ltd.	4,852	80,259	4,852	80,259
T.J.P. Engineering Co., Ltd.	-	9,502	-	9,502
Triple T Internet Co., Ltd.	3,353	6,510	2,048	6,510
Jasmine Submarine Telecommunications Co., Ltd.	2,904	2,370	2,904	2,370
Acumen Co., Ltd.	477	-	477	-
Triple T Global Net Co., Ltd.	1,846	1,846	-	-
<b>Total trade accounts receivable - related parties</b>	<b>1,286,936</b>	<b>1,388,695</b>	<b>1,283,646</b>	<b>954,021</b>
<b><u>Short-term loans to and amounts due from related parties</u></b>				
<b>Short-term loans to subsidiary</b>				
Cloud Computing Solutions Co., Ltd.	-	-	8,000	-
<b>Amounts due from related parties</b>				
<b><u>Related companies</u></b>				
TT&T Plc.*	-	19,124	-	19,124
TT&T Subscriber Services Co., Ltd.	106	105	106	105
Triple T Broadband Plc.	15	27	15	27
Compunet Corporation Limited	2	-	2	-
Total amounts due from related parties	123	19,256	123	19,256
<b>Total short-term loans to and amounts due from related parties</b>	<b>123</b>	<b>19,256</b>	<b>8,123</b>	<b>19,256</b>
<b><u>Unbilled receivable from related parties</u></b>				
<b><u>Related companies</u></b>				
T.J.P. Engineering Co., Ltd.	-	35,583	-	35,583
TT&T Plc.*	-	2,280	-	-
Triple T Broadband Plc.	3,227	-	-	-
<b>Total unbilled receivable from related parties</b>	<b>3,227</b>	<b>37,863</b>	<b>-</b>	<b>35,583</b>

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2010	2009	2010	2009
<b><u>Long-term trade accounts receivable from related party</u></b>				
<b><u>Related company</u></b>				
Triple T Broadband Plc.	1,134,591	1,164,452	1,134,591	1,164,452
<b>Total long-term trade accounts receivable from related party</b>	<b>1,134,591</b>	<b>1,164,452</b>	<b>1,134,591</b>	<b>1,164,452</b>
<b><u>Trade accounts payable - related parties</u></b>				
<b><u>Related companies</u></b>				
TT&T Subscriber Services Co., Ltd.	17,703	17,703	17,703	17,703
ACeS Regional Service Co., Ltd.	1	1	1	1
<b>Total trade accounts payable - related parties</b>	<b>17,704</b>	<b>17,704</b>	<b>17,704</b>	<b>17,704</b>
<b><u>Amounts due to related parties</u></b>				
<b><u>Parent company</u></b>				
Jasmine International Plc.	13,815	10,840	70	127
<b><u>Related companies</u></b>				
Premium Assets Co., Ltd.	2,201	1,313	22	247
Jasmine Internet Co., Ltd.	-	60	-	-
Triple T Internet Co., Ltd.	-	27	-	27
Triple T Broadband Plc.	26	1	26	1
Acumen Co., Ltd.	54	-	54	-
Total amounts due to related companies	2,281	1,401	102	275
<b>Total amounts due to related parties</b>	<b>16,096</b>	<b>12,241</b>	<b>172</b>	<b>402</b>
<b><u>Advance received from related parties</u></b>				
<b><u>Related companies</u></b>				
Jastel Network Co., Ltd.	1,225	481	1,225	481
Jasmine Submarine Telecommunications Co., Ltd.	-	90	-	90
Triple T Broadband Plc.	-	8	-	8
<b>Total advance received from related parties</b>	<b>1,225</b>	<b>579</b>	<b>1,225</b>	<b>579</b>

\* The parent company of the Company has lost its influence over TT&T Plc. (TT&T) because TT&T entered into a business rehabilitation process. As at 31 December 2010, the parent company's shareholding in TT&T is only 6.54 % as described in Note 8 to the financial statements.

During 2010, movements of short-term loans to subsidiary was as follows:

(Unit: Million Baht)

	Separate financial statements			31 December 2010
	Balance as at	During the year		
	31 December 2009	Increase	Decrease	
<b><u>Short-term loans to subsidiary</u></b>				
Cloud Computing Solutions Co., Ltd.	-	8	-	8

### **Directors and management's benefits**

In 2010 the Company and its subsidiary had salaries, bonuses, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 28.7 million (Separate financial statements: Baht 20.2 million) (2009: Baht 28.9 million, Separate financial statements: Baht 17.5 million).

### **Guarantee obligations with subsidiary**

The Company has outstanding guarantee obligations with its subsidiary, as described in Note 28.2 to the financial statements.

### **Trade accounts receivable - related parties**

The Company sold goods to Triple T Broadband Plc. (related company). Sales proceeds will be received over a period of 3 years. The balances of such transactions as at the balance sheet date, classified based on due dates, are as follows:

	(Unit: Baht)	
	<u>2010</u>	<u>2009</u>
Trade accounts receivable from related party due within 1 year (presented under the caption of "Trade accounts receivable - related parties" in the balance sheet)	638,656,747	235,730,588
Trade accounts receivable from related party due over 1 year (presented under the caption of "Long-term trade accounts receivable from related party" in the balance sheet)	<u>1,134,590,655</u>	<u>1,164,452,456</u>
Total	<u><u>1,773,247,402</u></u>	<u><u>1,400,183,044</u></u>
Fair value	<u><u>1,773,247,402</u></u>	<u><u>1,400,183,044</u></u>

## 8. Trade accounts receivable

The outstanding balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

(Unit: Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Related parties</u>				
Not yet due	635,631,926	219,509,200	634,326,526	193,756,971
Past due				
Up to 3 months	205,494,611	51,921,777	205,355,511	41,429,603
3 - 6 months	2,389,764	208,066,997	2,389,764	68,614,546
6 - 12 months	112,320,318	306,681,742	112,320,318	269,043,239
Over 12 months	331,099,745	602,514,931	329,253,995	381,177,052
Total	<u>1,286,936,364</u>	<u>1,388,694,647</u>	<u>1,283,646,114</u>	<u>954,021,411</u>
<u>Unrelated parties</u>				
Not yet due	710,642,331	1,321,986,596	667,371,482	1,320,110,836
Past due				
Up to 3 months	44,839,492	17,626,778	37,950,807	17,443,401
3 - 6 months	9,773,257	1,000,000	5,655,815	-
6 - 12 months	237,626	28,684,328	237,626	28,684,328
Over 12 months	204,591,666	31,205,597	37,678,762	31,201,967
Total	<u>970,084,372</u>	<u>1,400,503,299</u>	<u>748,894,492</u>	<u>1,397,440,532</u>
Total trade accounts receivable	<u>2,257,020,736</u>	<u>2,789,197,946</u>	<u>2,032,540,606</u>	<u>2,351,461,943</u>

Included in trade accounts receivable from unrelated parties as at 31 December 2010 and 2009, were amounts receivable from the companies majority-owned by the government as follows:

(Unit: Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Not yet due	547,023,859	1,288,640,096	503,753,010	1,286,816,696
Past due				
Up to 3 months	31,265,881	12,004,998	24,377,196	11,821,622
3 - 6 months	4,117,443	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	20,528,023	27,203,960	20,528,023	27,203,959
Total	<u>602,935,206</u>	<u>1,327,849,054</u>	<u>548,658,229</u>	<u>1,325,842,277</u>

The Company has assigned its rights to receive payments from certain accounts receivable to banks, to secure credit facilities obtained from those banks. The subsidiary company has assigned its rights to receive payments from the majority of its accounts receivable to banks, to secure short-term loans with those banks.

As at 31 December 2009, the Company and its subsidiary had outstanding balances receivable from TT&T Plc. (TT&T), a related company (In 2010, they were classified as unrelated party transactions), amounting to approximately Baht 700 million. The balances are recorded under the captions of "Trade accounts receivable - related parties", "Amounts due from related parties", "Unbilled receivable from related parties", and "Other accounts receivable" in the consolidated balance sheet. The balances are long outstanding. In considering the collectability of the outstanding balances, the management of the Company and its subsidiary received cash flow projections prepared by TT&T in 2008. They showed that TT&T would have sufficient future cash flows to make full payment. On 22 April 2008, TT&T filed a petition for business rehabilitation with the Central Bankruptcy Court and the Court accepted the petition and on 7 November 2008, the Central Bankruptcy Court ordered TT&T to enter into the business rehabilitation process.

On 22 July 2009, the Central Bankruptcy Court ordered the appointment of the rehabilitation plan preparer. Up to 23 February 2010, the plan preparer is in the process of preparing the rehabilitation plan. However, the rehabilitation plan is still required to be approved by the creditors and the Court. The business rehabilitation plan may significantly impact on the allowance for doubtful accounts for the outstanding balances, and the management of the Company and its subsidiary are therefore unable to determine appropriate amounts of allowance to record in the financial statements for the year ended 31 December 2009.

On 26 February 2010, the plan preparer submitted the rehabilitation plan to the Central Bankruptcy Court through the Official Receiver and on 8 April 2010, the Official Receiver held the first creditors' meeting to consider the plan. However, the Company and its subsidiary submitted objections against the creditor classification. Subsequently, on 2 June 2010, the Court ordered creditor classification in accordance with the counterclaims and the rehabilitation plan preparer proceeded to amend the rehabilitation plan in accordance with the Court's order. On 11 August 2010, the Official Receiver held a creditors' meeting to consider the revised plan and the creditors passed an extraordinary resolution to accept the revised plan. Subsequently, on 5 October 2010, the Company and its subsidiary submitted objections to the revised plan to the Central Bankruptcy Court. However, on 28 December 2010, the Central Bankruptcy Court has an order to approve the rehabilitation plan of this company. Currently, the Company and its subsidiary are appealing against the approval of the rehabilitation plan to the Supreme Court.

Under the rehabilitation plan, outstanding claims filed by the Company and its subsidiary are considered for restructuring as at 29 October 2009 totaling Baht 544 million (Principal of Baht 514 million and accrued interest of Baht 30 million). This balance included the balance of rights over collection that subsidiary has assigned to a local bank to secure a short-term loan from the bank amounting to Baht 314 million (Principal of Baht 299 million and accrued interest of Baht 15 million). The bank filed a claim for that balance directly with TT&T under the rehabilitation plan, as described in Note 15 to the financial statements, and such balance is classified in the same creditor group as that of subsidiary in the plan.

According to the plan, the Company and its subsidiary will receive settlement of both principal and interest receivable as detailed below.

1. Within 15 days after the Court approves the plan, 5% of the principal will be settled in cash.
2. Within 4 years after the Court approves the plan, 20% of the principal will be settled in cash, on a quarterly basis over 4 years. In 2011 and 2012, 4% of the principal will be settled each year, in 2013, 10% of the principal will be settled, and in the first quarter of 2014, 2% of the principal will be settled.
3. The other 75% of the principal and all interest receivable will be settled by conversion to ordinary shares of TT&T with a debt to equity conversion rate of 1:1 (Debt of Baht 1 converted to 1 ordinary share at Baht 1 per share (the value after the share capital reduction according to the rehabilitation plan). The shares received as settlement for debt are subject to restrictions, in that they cannot be sold for at least 6 months after receipt. Subsequently, they may be sold to individuals or corporations every 6 months, on up to five occasions, but the Company can dispose of no more than 20% of the shares each time. When 3 years has passed from the date of share settlement, all remaining shares can be sold, without restrictions. However, all of the shares can be disposed of immediately if the plan preparer finds an investor for 100% of the shares.

The Company and its subsidiary recorded potential losses on debt restructuring in the income statements for the year ended 31 December 2010 totaling Baht 224 million (approximately Baht 100 million in the separate income statements), calculated from outstanding claims filed by the Company and its subsidiary and considered for restructuring by the plan preparer as at 29 October 2009 by using this rehabilitation plan and the fair value of TT&T ordinary share as at 30 December 2010 as a basis for recording the transaction. However, outstanding claims of Baht 544 million filed by the Company and its subsidiary as stated above have not yet approved by the Central Bankruptcy Court, the Company and its subsidiary therefore have not received any debts settlement according to this rehabilitation plan. The approved claims by the Court may differ from the outstanding claims used in the calculation of the potential losses from debt restructuring. In addition, as at 31 December 2009, outstanding receivables from TT&T of certain Company and its subsidiary filed under the rehabilitation plan of Baht 176 million were the debt occurred after the date which the Court ordered TT&T to enter into the rehabilitation process (7 November 2008), therefore they were not considered to be settled under the rehabilitation plan of TT&T. However, this balance is the debt arisen in the ordinary course of business, the management of the Company and its subsidiary believe that the Company and its subsidiary will be settled in full, therefore do not record the allowance for doubtful account for this balance in their accounts.

In addition, in November 2010, P Planner Co., Ltd., the rehabilitation plan preparer of TT&T, had a law firm submit a letter to the subsidiary to cancel the purchase and sales and service agreement for the Customer Care & Billing System (CC&B system) and amended agreement, under which TT&T hired the subsidiary to supply and deliver the system to TT&T. The grounds given for the cancellation were that the subsidiary had breached the contract in terms of the delivery of the system. However, the subsidiary issued a letter to the law firm disputing the cancellation of the agreements. The management of the subsidiary and its legal advisor believe that the subsidiary completed delivery of the system to TT&T in compliance with the agreements and therefore that the subsidiary did not breach the agreement, the cancellation of the agreement is unjustified and does not terminate the provisions of the agreement, and the subsidiary thus has the right to claim full payment for the work under the agreement from TT&T, amounting to Baht 470 million. The subsidiary had assigned its rights over collection of this amount from TT&T to a local bank and the bank filed a claim directly with TT&T under the rehabilitation plan, as discussed in Note 15.

## 9. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance for diminution in value of inventories		Inventory-net	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Finished goods	262,148,840	793,576,827	(2,210,190)	(2,210,190)	259,938,650	791,366,637
Spare parts	5,669,985	11,144,429	-	-	5,669,985	11,144,429
<b>Total</b>	<b><u>267,818,825</u></b>	<b><u>804,721,256</u></b>	<b><u>(2,210,190)</u></b>	<b><u>(2,210,190)</u></b>	<b><u>265,608,635</u></b>	<b><u>802,511,066</u></b>

(Unit: Baht)

	Separate financial statements			
	Cost		Inventory-net	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Finished goods	243,991,249	791,346,632	243,991,249	791,346,632
Spare parts	5,669,985	11,144,429	5,669,985	11,144,429
<b>Total</b>	<b><u>249,661,234</u></b>	<b><u>802,491,061</u></b>	<b><u>249,661,234</u></b>	<b><u>802,491,061</u></b>

## 10. Assets held for sale - net

Movements of the Assets held for sale account during the year ended 31 December 2010 are summarised below.

	(Unit: Baht)
Installed public telephones	158,069,088
Uninstalled public telephones	<u>140,777,312</u>
Total	298,846,400
Less: Allowance for impairment of assets - Installed public telephones	<u>(71,113,487)</u>
<b>Net book value as at 31 December 2009</b>	<b>227,732,913</b>
Disposals during the period - net book value as at disposal date	(53,454,671)
Less: Allowance for impairment of assets - Uninstalled public telephones	<u>(17,792,391)</u>
<b>Net book value as at 31 December 2010</b>	<b><u><u>156,485,851</u></u></b>

### Installed public telephones

As at 31 December 2009, the Company had 11,944 installed public telephones under the rental contracts with TOT Plc. ("TOT") with a net book value amounting to Baht 87 million. Based on the supplementary agreement to the public telephone rental contracts dated 16 November 2009 between the Company and TOT, the Company agreed to sell the installed public telephones to TOT. In 2010, the Company delivered 7,255 installed public telephones, with a net book value amounting to Baht 53 million to TOT. As at 31 December 2010, the Company had 4,689 installed public telephones, with a net book value amounting to Baht 34 million, which was in the process of making delivery to TOT. The Company expects the delivery to be completed during the first quarter of the year 2011.

### Uninstalled public telephones

In September 2010, the Company entered into turn-key agreements with Triple T Broadband Plc. and Jastel Network Co., Ltd., its related companies. Under the agreements, these two related companies are to provide their universal telecommunications services (under the Universal Service Obligation; USO) and the Company will receive payment of mutually agreed amounts. The Company will use its public telephones and equipment with book values totaling approximately Baht 9 million for these projects. Currently, the Company is in the process of implementing the agreements.

At the present, the Company is in the process of offering for sale its remaining uninstalled public telephones to unrelated companies. As at 31 December 2010, the management of the Company determined the fair value of these uninstalled public telephones and recorded loss on impairment amounting to Baht 18 million in the income statement of the current year.

## 11. Other account receivable

The outstanding balance of other account receivable as of 31 December 2009 in the consolidated financial statements included the amount of Baht 73 million that the subsidiary company paid in advance to an unrelated company for TT&T for a project work. The subsidiary company has a right to call for the repayment for such amount from TT&T. The subsidiary already filed this amount in its claims for settlement of debts under the business rehabilitation plan of TT&T. However, the subsidiary assigned its rights to receive payment from TT&T to local bank to secure a short-term loan with the bank, as described in Note 15 to the financial statements. This outstanding balance was included in the calculation of potential losses on debt restructuring in the current year as discussed in Note 8 to the financial statements.

## 12. Investment in subsidiary

These represent investment in ordinary shares of Siam Teltech Computer Company Limited, a 97.87%-owned subsidiary company.

The Company has pledged the share certificates of the investment in 288,199 ordinary shares of the subsidiary company, which represents 52.40 percent of total ordinary shares of that company, as a security for long-term debt under rehabilitation plan of the parent company.

## 13. Investments in available-for-sale securities

This represents an investment in ordinary shares of TT&T Plc. as per the following details:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Investments in available-for-sale securities, at cost	-	12,890,662	-	3,414,986
Revaluation deficit on changes in value of the investments in available-for-sale securities	-	(6,432,992)	-	-
Investments in available-for-sale securities - net	-	<u>6,457,670</u>	-	<u>3,414,986</u>

During 2009, the Company and its subsidiary recorded allowance for impairment of investments in TT&T amounting to Baht 6.3 million and allowance of the Company only amounting to Baht 3.3 million, as the decrease in the fair value of these investments is significant and prolonged, which the management considers to constitute an indication that the investments have been impaired. The Company and its subsidiary used the fair value of TT&T shares as at 31 December 2009 as the basis for recording these transactions.

During 2010, the Company and its subsidiary sold 12 million ordinary shares in TT&T for a total of Baht 4.3 million through the Stock Exchange of Thailand, with a loss on the sale of the investment of Baht 2.1 million (separate financial statements: 6.3 million ordinary shares for a total of Baht 2.1 million, with a loss on the sale of the investment of Baht 1.3 million). Subsequent to this sale of investment in TT&T, the Company and its subsidiary have no investment in TT&T at the present.

## 14. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements							Total
	Land	Buildings	Public telephones	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	
<b>Cost</b>								
31 December 2009	2,000,000	1,239,235	18,055,451	15,696,401	67,148,427	9,980,561	-	114,120,075
Additions	-	-	-	-	4,296,448	-	10,467	4,306,915
Disposals	-	-	-	-	(992,726)	-	(10,467)	(1,003,193)
31 December 2010	2,000,000	1,239,235	18,055,451	15,696,401	70,452,149	9,980,561	-	117,423,797
<b>Accumulated depreciation</b>								
31 December 2009	-	1,040,675	3,655,194	9,456,817	54,119,034	8,154,194	-	76,425,914
Depreciation for the year	-	91,247	3,610,759	2,286,782	5,274,583	1,145,386	-	12,408,757
Depreciation on disposals	-	-	-	-	(877,126)	-	-	(877,126)
31 December 2010	-	1,131,922	7,265,953	11,743,599	58,516,491	9,299,580	-	87,957,545
<b>Net book value</b>								
31 December 2009	2,000,000	198,560	14,400,257	6,239,584	13,029,393	1,826,367	-	37,694,161
31 December 2010	2,000,000	107,313	10,789,498	3,952,802	11,935,658	680,981	-	29,466,252
<b>Depreciation for the year</b>								
2009 (Baht 84 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								92,925,557
2010 (Baht 5 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								12,408,757

(Unit: Baht)

	Separate financial statements					Total
	Public telephones	Leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	
<b>Cost</b>						
31 December 2009	18,055,451	12,257,738	43,897,051	9,319,720	-	83,529,960
Additions	-	-	3,642,275	-	10,467	3,652,742
Disposals	-	-	(384,209)	-	(10,467)	(394,676)
31 December 2010	18,055,451	12,257,738	47,155,117	9,319,720	-	86,788,026
<b>Accumulated depreciation</b>						
31 December 2009	3,655,194	6,112,426	33,377,716	7,544,379	-	50,689,715
Depreciation for the year	3,610,759	2,286,782	3,978,249	1,094,364	-	10,970,154
Depreciation on disposals	-	-	(329,860)	-	-	(329,860)
31 December 2010	7,265,953	8,399,208	37,026,105	8,638,743	-	61,330,009
<b>Net book value</b>						
31 December 2009	14,400,257	6,145,312	10,519,335	1,775,341	-	32,840,245
31 December 2010	10,789,498	3,858,530	10,129,012	680,977	-	25,458,017
<b>Depreciation for the year</b>						
2009 (Baht 83 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						90,958,786
2010 (Baht 4 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						10,970,154

As at 31 December 2010, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 52.4 million (2009: Baht 45.3 million) (The Company only: Baht 29.9 million, 2009: Baht 26.3 million)

#### 15. Bank overdrafts and short-term bank loans

The Company and its subsidiary's short-term bank loans carry interest at the rate of MLR per annum. The Company's short-term bank loans are secured by the assignment of rights to receive payments from certain accounts receivable, and the subsidiary's short-term bank loans are secured by the assignment of rights to receive payments from the majority of its accounts receivable as described in Note 8 to the financial statements.

As at 31 December 2010, the balance of a short-term loan of the subsidiary, amounting to Baht 290 million, is a loan from a local bank which is secured by the assignment of rights over collection from TT&T. The bank filed a claim amounting to Baht 470 million directly with TT&T under the rehabilitation plan, and such balance is classified in the same creditor group as that of the subsidiary in the revised rehabilitation plan.

#### 16. Trust receipts

The balances are secured by the pledge of bank deposits and the assignment of rights to receive payments from accounts receivable as described in Note 8 to the financial statements.

#### 17. Trade accounts payable - unrelated parties

The Company purchased goods from an unrelated company. Under the sales and purchase agreement, the Company is obliged to make payment within 3 years. The outstanding balances of such transactions as at the balance sheet date, based on due dates, are as follows:

	<u>2010</u>	<u>2009</u>
		(Unit: Baht)
Trade accounts payable - unrelated parties due within 1 year (presented under the caption of "Trade accounts payable-unrelated parties" in the balance sheet)	476,448,961	19,689,776
Trade accounts payable - unrelated parties due over 1 year (presented under the caption of "Long-term trade accounts payable - unrelated parties" in the balance sheet)	<u>927,092,302</u>	<u>1,387,525,205</u>
Total	<u>1,403,541,263</u>	<u>1,407,214,981</u>
Fair value	<u>1,403,541,263</u>	<u>1,407,214,981</u>

The above outstanding balance of trade accounts payable is secured by Triple T Broadband Plc. (a related company).

## 18. Long-term loan

	(Unit: Baht)	
	31 December 2010	31 December 2009
Long-term loan	131,867,497	202,873,072
Less: Current portion	(71,005,575)	(71,005,575)
Long-term loan - net of current portion	<u>60,861,922</u>	<u>131,867,497</u>

The loan carries interest at the rate of MLR per annum and repayable quarterly from March 2010 to March 2012. The loan is secured by the assignment of rights to receive payments from certain accounts receivable of the Company as described in Note 8 to the financial statements.

## 19. ESOP shares

The ordinary share had been granted to the Company's directors and employees detailed as follows:

	<u>ESOP shares</u>
Extraordinary General Meeting of Shareholders resolution date	9 March 2005
Total number of shares issued (shares)	5,000,000
Exercised period as from the issued date (years)	5
Initial offering date	3 November 2006
Expired date	2 November 2011
Exercised price (Baht per share)	Baht 1
Remaining shares	
As at 31 December 2009 (shares)	2,050,000
As at 31 December 2010 (shares)	2,050,000

## 20. ESOP warrants

The ordinary share warrants had been granted to the Company's directors and employees free of charge detailed as follows:

	<u>ESOP warrants</u>
Extraordinary General Meeting of Shareholders resolution date	9 March 2005
Total number of warrants issued (units)	21,250,000
Exercised period as from the issued date (years)	5
Expired date	27 October 2011
Exercised ratio (warrant: ordinary share)	1 : 1
Exercised price (Baht per unit)	Baht 1 to Baht 2
Remaining warrants as at 31 December 2009 (units)	18,500,000
Remaining warrants as at 31 December 2010 (units)	18,460,000

In 2010, 40,000 warrants were exercised to purchase 40,000 new ordinary shares at the exercise price of Baht 2, which the Company registered as share capital with the Ministry of Commerce on 5 January 2011. As a result, the Company presented the cash received from the exercised of these warrants, amounting to Baht 0.08 million, under the caption of “Share subscription received in advance” in shareholders’ equity. As at 31 December 2010, the Company had 18,460,000 warrants remaining unexercised.

## 21. 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.

## 22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salary and wages and other employee benefits	120.4	139.9	83.9	89.6
Depreciation	12.4	92.9	11.0	91.0
Potential losses on debt restructuring	223.6	-	99.8	-
Loss on impairment of assets	17.8	71.1	17.8	71.1
Loss on impairment of investments	-	6.4	-	3.3
Rental expenses from operating lease agreements	10.2	10.6	7.1	7.3
Inventories used	1,959.5	2,103.6	1,883.7	2,044.6
Subcontracting expenses	959.7	1,602.9	959.7	1,602.9

## 23. Corporate income tax

The subsidiary is not liable to corporate income tax for the year 2010 and 2009 due to tax loss brought forward.

## 24. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing net income (loss) 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.

The following table sets for the computation of basic and diluted earnings per share:

Consolidated financial statements						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings (loss) per share</b>						
Net income (loss) attributable to equity holders of the parent	(100,860)	92,915	702,950	702,950	(0.14)	0.13
<b>Diluted earnings (loss) per share</b>						
Net income (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>(100,860)</u>	<u>92,915</u>	<u>702,950</u>	<u>702,950</u>	(0.14)	0.13

  

Separate financial statements						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</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	13,777	86,132	702,950	702,950	0.02	0.12
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>13,777</u>	<u>86,132</u>	<u>702,950</u>	<u>702,950</u>	0.02	0.12

ESOP warrants granted to the Company's directors and employees were not included in calculation of diluted earnings per share for the year ended 31 December 2010 and 2009 since the exercise prices to purchase ordinary shares are higher than the average market price for the year.

## 25. Segment information

The Company and its subsidiary's business operations involve three principal segments: (1) Design and installation of telecommunication systems (2) Rental of public telephones and (3) Other segments. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2010 and 2009 of the Company and its subsidiary by segment.

(Unit: Million Baht)

	Design and installation of telecommunication systems segment		Rental of public telephones segment		Other segments		Consolidation	
	2010	2009	2010	2009	2010	2009	2010	2009
	Revenue from external customers	3,391	4,034	7	186	58	145	3,456
Trade accounts receivable	2,217	2,699	-	-	40	90	2,257	2,789
Inventories, net	250	788	6	12	10	3	266	803
Property, plant and equipment, net	-	-	11	14	-	-	11	14
Long-term trade account receivable from related parties	1,135	1,164	-	-	-	-	1,135	1,164
Unallocated assets							2,242	1,532
Total assets							5,911	6,302

The Company disclosed its financial information by business segment in accordance with Accounting Standard No. 14 "Segment Reporting", except for the operating results which the Company is unable to disclose by business segment since the management believes that such disclosure would unfavorably affect the management and operation of the businesses of the Company and its subsidiary.

## 26. Provident fund

The Company, its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiary and their employees contributed to the fund monthly at the rate of 3 - 8 percent of basic salary. The fund, which is managed by Bangkok Bank Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company and its subsidiary contributed Baht 5.8 million, and the Company only contributed Baht 4.3 million, to the fund (2009: Baht 5.9 million and Baht 4.0 million, respectively).

## 27. Dividends

On 28 April 2010, the Annual General Meeting No.1/2010 of the Company's shareholders passed a resolution approving the payment of dividend of Baht 0.06 per share from the 2009 earnings, a total of approximately Baht 42.2 million. The Company paid this amount of dividend in May 2010.

## 28. Commitments and contingent liabilities

### 28.1 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of office building space and related services. The terms of the agreements are generally between 1 and 3 years and non-cancellable.

As at 31 December 2010, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within		
1 year	8.8	6.0
1 to 3 years	13.7	9.4

### 28.2 Guarantees

- (a) The Company had obligations in respect of its guarantee of the bank overdraft facilities of subsidiary totaling Baht 26 million.
- (b) As at 31 December 2010, there were outstanding bank guarantees of Baht 1,228.9 million (2009: Baht 1,052.8 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 1,171.7 million (2009: Baht 1,005.5 million) attributed to the Company, in respect of certain bid bonds and warranty bonds as required in the normal course of business.

### **28.3 Letters of credit**

As at 31 December 2010, the Company had outstanding commitments under letters of credit with local and overseas suppliers amounting to approximately USD 18.4 million and Baht 238.9 million.

## **29. Financial instruments**

### **Financial risk management**

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, other account receivable, accounts receivable under troubled debt restructuring, investments, short-term loans, trade accounts payable, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable, and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivable as stated in the balance sheet.

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

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

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

The Company and its subsidiary have exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiary seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2010 are summarised below.

Consolidated financial statements			
Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	47.7	50.2	30.1023

Separate financial statements			
Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	47.7	50.1	30.1023

Foreign exchange contracts outstanding as at 31 December 2010 are summarized below.

Foreign currency	Bought amount	Contractual exchange rate
		Bought
	(Million)	(Baht per 1 foreign currency unit)
US dollar	2.8	33.2930 - 33.8975

As at 31 December 2010, the balance amount of debt in foreign currency being the conditions of currency exchange rate with respect to the trade terms between the parties.

### 30. Capital management

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

### 31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2011.