

JASMINE TELECOM SYSTEMS PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2006 AND 2005

Report of Independent Auditor

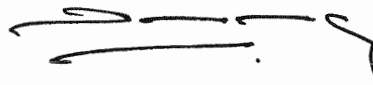
To the Board of Directors and Shareholders of
Jasmine Telecom Systems Public Company Limited

I have audited the accompanying consolidated balance sheets of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 31 December 2006 and 2005, 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.

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.

As described in Note 23 to the financial statements, the Company has disclosed its financial information by business segment in accordance with Accounting Standard No. 24 "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 non-disclosure of information described in the preceding paragraph, 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 2006 and 2005, the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

JASMINE TELECOM SYSTEMS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		762,524,325	691,850,945	731,507,467	254,906,709
Current investments - restricted bank deposits	6	8,315,686	6,348,163	6,921,520	5,965,987
Trade accounts and notes receivable					
Related parties	7, 8	771,598,417	371,570,719	641,289,323	174,875,688
Unrelated parties	8	563,302,163	348,222,114	495,853,276	343,138,177
Total trade accounts and notes receivable		1,334,900,580	719,792,833	1,137,142,599	518,013,865
Amount due from related parties	7	1,400	4,275,514	150,759	6,787
Inventories - net	9	516,827,212	109,144,212	516,446,247	108,092,191
Other current assets					
Prepaid project cost		36,639,206	28,988,845	36,594,830	3,927,499
Input tax pending payment		2,354,969	5,585,871	2,167,850	3,023,058
Unbilled receivable from related parties	7	206,471,395	34,791,482	30,905,864	4,217,533
Unbilled receivable from unrelated parties		32,233,852	71,080,123	21,108,659	18,214,465
Deposits for goods and services		36,199,552	46,541,603	36,199,552	46,541,602
Other accounts receivable		63,085,598	49,319,794	13,590,515	31,033,514
Others		36,426,934	22,448,858	23,579,400	9,917,421
Total other current assets		413,411,506	258,756,576	164,146,670	116,875,092
TOTAL CURRENT ASSETS		3,035,980,709	1,790,168,243	2,556,315,262	1,003,860,631
NON-CURRENT ASSETS					
Restricted bank deposits	10	71,162,487	58,114,112	57,203,299	44,327,629
Long-term trade accounts and notes receivable from related party	7	405,332,380	-	405,332,380	-
Investments accounted for under equity method	4, 11	-	-	87,499,620	97,851,314
Other long-term investments - available-for-sale securities	12	11,958,649	69,057,758	6,324,048	51,815,880
Property, plant and equipment - net	13	545,734,640	570,920,903	536,463,739	563,352,224
Deposits		4,657,088	4,004,150	2,995,376	2,591,198
TOTAL NON-CURRENT ASSETS		1,038,845,244	702,096,923	1,095,818,462	759,938,245
TOTAL ASSETS		4,074,825,953	2,492,265,166	3,652,133,724	1,763,798,876

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 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term bank loans	14	244,194,325	290,081,825	33,755,877	960,928
Trust receipts	15	126,156,439	88,024,410	126,156,439	88,024,410
Trade accounts and notes payable					
Related parties	7	-	3,645,631	-	3,645,631
Unrelated parties	16	713,853,204	372,176,511	700,843,460	282,283,654
Total trade accounts and notes payable		713,853,204	375,822,142	700,843,460	285,929,285
Amount due to related parties	7	2,496,154	5,270,712	1,171,671	1,061,169
Current portion of long-term loans	17	50,400,000	10,416,000	50,400,000	10,416,000
Other current liabilities					
Accrued project cost		207,794,296	101,590,507	18,059,176	24,096,495
Advance received from related parties	7	12,345,593	109,372,845	12,345,593	54,329,770
Advance received from unrelated parties		43,288,701	29,715,243	43,288,701	27,854,710
Corporate income tax payable		58,682,341	63,790,470	58,682,341	52,328,487
Dividend payable	25	-	185,794,400	-	-
Output tax payable		4,586,563	13,443,597	4,363,771	11,007,710
Others		17,094,976	16,966,068	11,037,638	7,942,558
Total other current liabilities		343,792,470	520,673,130	147,777,220	177,559,730
TOTAL CURRENT LIABILITIES		1,480,892,592	1,290,288,219	1,060,104,667	563,951,522
NON-CURRENT LIABILITIES					
Long-term trade accounts and notes payable - unrelated parties	16	714,714,427	-	714,714,427	-
Long-term loans, net of current portion	17	48,368,000	68,768,000	48,368,000	68,768,000
TOTAL NON-CURRENT LIABILITIES		763,082,427	68,768,000	763,082,427	68,768,000
TOTAL LIABILITIES		2,243,975,019	1,359,056,219	1,823,187,094	632,719,522

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

JASMINE TELECOM SYSTEMS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

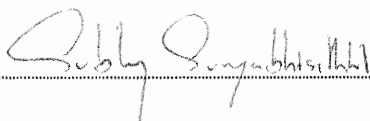
BALANCE SHEETS (Continued)

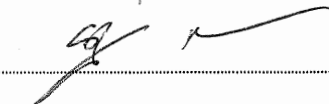
AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
SHAREHOLDERS' EQUITY					
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					
701,000,000 ordinary shares of Baht 1 each					
(2005: 525,000,000 ordinary shares of Baht 1 each)	19	701,000,000	525,000,000	701,000,000	525,000,000
Share premium	19	418,811,778	62,500,000	418,811,778	62,500,000
Difference between the purchase price of investment in subsidiary under common control and its net book value	3.3	8,157,637	8,157,637	8,157,637	8,157,637
Unrealised gain (loss) on change in value of investment in available-for-sale securities		(37,031,128)	19,820,747	(37,031,128)	19,820,747
Retained earnings					
Appropriated - statutory reserve	20	49,458,387	33,788,018	49,458,387	33,788,018
Unappropriated		688,549,956	481,812,952	688,549,956	481,812,952
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		1,828,946,630	1,131,079,354	1,828,946,630	1,131,079,354
MINORITY INTEREST - equity attributable to minority shareholders of subsidiary		1,904,304	2,129,593	-	-
TOTAL SHAREHOLDERS' EQUITY		1,830,850,934	1,133,208,947	1,828,946,630	1,131,079,354
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,074,825,953	2,492,265,166	3,652,133,724	1,763,798,876

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

x 

x 

DIRECTORS



JASMINE TELECOM SYSTEMS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
REVENUES					
Sales and service income		2,850,595,210	1,500,950,526	2,485,774,835	1,263,827,191
Exchange gains		10,419,153	-	23,819,061	1,499,366
Gain on sale of investments in available-for-sale securities		16,515,761	-	16,515,761	-
Other income		42,248,697	5,056,029	23,416,483	3,587,284
Share of income from investments accounted for under equity method		-	-	1,008,349	6,965,025
TOTAL REVENUES		2,919,778,821	1,506,006,555	2,550,534,489	1,275,878,866
EXPENSES					
Cost of sales and services		2,269,890,313	979,218,540	1,953,659,518	778,245,026
Selling, servicing and administrative expenses		180,902,096	141,782,778	142,118,011	124,932,330
Exchange loss		-	1,503,449	-	-
TOTAL EXPENSES		2,450,792,409	1,122,504,767	2,095,777,529	903,177,356
INCOME BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX					
INCOME TAX		468,986,412	383,501,788	454,756,960	372,701,510
INTEREST EXPENSES		(32,317,312)	(6,280,777)	(18,109,805)	(1,708,986)
CORPORATE INCOME TAX		(123,239,782)	(114,949,385)	(123,239,782)	(108,872,482)
INCOME AFTER CORPORATE INCOME TAX		313,429,318	262,271,626	313,407,373	262,120,042
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST		(21,945)	(151,584)	-	-
NET INCOME FOR THE YEAR		313,407,373	262,120,042	313,407,373	262,120,042
EARNINGS PER SHARE					
Basis earnings per share					
Net income		0.54	0.50	0.54	0.50
Weighted average number of ordinary shares (shares)		578,380,822	525,000,000	578,380,822	525,000,000
Diluted earnings per share					
Net income		0.54	0.50	0.54	0.50
Weighted average number of ordinary shares (shares)		580,157,350	525,000,000	580,157,350	525,000,000

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 2006 AND 2005
(Unit : Baht)

	Consolidated									
	Note	Issued and fully paid-up share capital	Share premium	Difference between		Unrealised gain (loss) on change in value of investment in available-for-sale securities	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiary	Total
				the purchase price of investment in subsidiary under common control and its net book value	Unrealised gain (loss) on change in value of investment in available-for-sale securities		Appropriated	Unappropriated		
Balance as at 31 December 2004		525,000,000	62,500,000	-	43,572,135	20,682,016	232,798,912	-	884,553,063	
Unrealised items in income statements										
Difference between the purchase price of investment in subsidiary under common control and its net book value		-	-	8,157,637	-	-	-	-	8,157,637	
Decrease in fair value of investments		-	-	-	(23,751,388)	-	-	-	(23,751,388)	
Transfer of retained earnings to statutory reserve	20	-	-	-	-	13,106,002	(13,106,002)	-	-	
Net income for the year		-	-	-	-	-	262,120,042	-	262,120,042	
Increase in minority interest - equity attributable to minority shareholders of subsidiary		-	-	-	-	-	-	2,129,593	2,129,593	
Balance as at 31 December 2005		525,000,000	62,500,000	8,157,637	19,820,747	33,788,018	481,812,952	2,129,593	1,133,208,947	
Unrealised items in income statements										
Decrease in fair value of investments		-	-	-	(56,851,875)	-	-	-	(56,851,875)	
Increase of ordinary shares	19	176,000,000	356,311,778	-	-	-	-	-	532,311,778	
Transfer of retained earnings to statutory reserve	20	-	-	-	-	15,670,369	(15,670,369)	-	-	
Net income for the year		-	-	-	-	-	313,407,373	-	313,407,373	
Increase in minority interest - equity attributable to minority shareholders of subsidiary		-	-	-	-	-	-	(225,289)	(225,289)	
Interim dividend paid	25	-	-	-	-	-	(91,000,000)	-	(91,000,000)	
Balance as at 31 December 2006		701,000,000	418,811,778	8,157,637	(37,031,128)	49,458,387	688,549,956	1,904,304	1,830,850,934	

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 2006 AND 2005

(Unit : Baht)

	Note	The Company Only						Total
		Issued and fully paid-up share capital	Share premium	Difference between the purchase price of investment in subsidiary under common control and its net book value	Unrealised gain (loss) on change in value of investment in available-for-sale securities	Retained earnings		
						Appropriated	Unappropriated	
Balance as at 31 December 2004		525,000,000	62,500,000	-	43,572,135	20,682,016	232,798,912	884,553,063
Unrealised items in income statements								
Difference between the purchase price of investment in subsidiary under common control and its net book value		-	-	8,157,637	-	-	-	8,157,637
Decrease in fair value of investments		-	-	-	(23,751,388)	-	-	(23,751,388)
Transfer of retained earnings								
to statutory reserve	20	-	-	-	-	13,106,002	(13,106,002)	-
Net income for the year		-	-	-	-	262,120,042	262,120,042	262,120,042
Balance as at 31 December 2005		525,000,000	62,500,000	8,157,637	19,820,747	33,788,018	481,812,952	1,131,079,354
Unrealised items in income statements								
Decrease in fair value of investments		-	-	-	(56,851,875)	-	-	(56,851,875)
Increase of ordinary shares	19	176,000,000	356,311,778	-	-	-	-	532,311,778
Transfer of retained earnings								
to statutory reserve	20	-	-	-	-	15,670,369	(15,670,369)	-
Net income for the year		-	-	-	-	-	313,407,373	313,407,373
Interim dividend paid	25	-	-	-	-	-	(91,000,000)	(91,000,000)
Balance as at 31 December 2006		701,000,000	418,811,778	8,157,637	(37,031,128)	49,458,387	688,549,956	1,828,946,630

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 2006 AND 2005

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from operating activities				
Net income	313,407,373	262,120,042	313,407,373	262,120,042
Adjustments to reconcile net income to net cash provided by (paid from) operating activities :-				
Depreciation	92,115,953	81,280,791	89,676,269	80,838,497
Negative goodwill amortisation	-	(152,942)	-	(152,942)
Withholding tax written off	-	1,495,626	-	-
Loss (gain) on sales of equipment	2,616,160	(406,917)	2,765,690	(406,917)
Share of income from investments accounted for under equity method	-	-	(1,008,349)	(6,965,025)
Unrealised (gain) loss on exchange	(15,344,644)	1,382,072	(30,526,423)	1,820,576
Net income attributable to minority interest	21,946	151,584	-	-
Income from operating activities before changes in operating assets and liabilities	392,816,788	345,870,256	374,314,560	337,254,231
Operating assets (increase) decrease				
Trade accounts and notes receivable	(1,050,196,512)	(53,845,827)	(1,029,686,332)	(16,688,985)
Amount due from related parties	4,274,114	451,463	(143,972)	451,463
Inventories	(407,683,000)	(2,102,665)	(408,354,056)	(2,576,332)
Other current assets	(161,351,381)	(73,514,125)	(47,271,578)	(26,576,297)
Other assets	(652,938)	(43,900)	(404,178)	(58,750)
Operating liabilities increase (decrease)				
Trade accounts and notes payable	1,088,626,980	(187,513,685)	1,165,380,243	(230,544,157)
Amount due to related parties	(2,774,558)	(1,545,543)	110,502	(1,006,763)
Other current liabilities	24,829,728	(45,278,247)	(29,782,510)	(49,239,382)
Net cash flows from (used in) operating activities	(112,110,779)	(17,522,273)	24,162,679	11,015,028

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 2006 AND 2005

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from investing activities				
Decrease (increase) in current investments - restricted bank deposits	(1,967,523)	5,633,672	(955,533)	(5,965,987)
Increase in investments accounted for under equity method (Note 11)	-	-	-	(83,899,210)
Net cash received from investment in subsidiary (Note 11)	-	372,168,898	-	-
Decrease (increase) in restricted bank deposits	(13,048,375)	4,374,362	(12,875,670)	4,394,602
Acquisition of equipment	(69,854,448)	(84,361,806)	(65,712,540)	(83,721,321)
Proceeds from sales of equipment	308,598	491,416	159,066	491,416
Net cash flow from (used in) investing activities	(84,561,748)	298,306,542	(79,384,677)	(168,700,500)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term bank loans	(45,887,500)	(16,525,099)	32,794,949	(14,999,594)
Increase (decrease) in trust receipts	38,132,029	(34,266,530)	38,132,029	(34,266,530)
Cash receipt from long-term loans	30,000,000	-	30,000,000	-
Repayment of long-term loans	(10,416,000)	(816,000)	(10,416,000)	(816,000)
Proceeds from increase in share capital	532,311,778	-	532,311,778	-
Dividend paid	(276,794,400)	-	(91,000,000)	-
Net cash flows from (used in) financing activities	267,345,907	(51,607,629)	531,822,756	(50,082,124)
Net increase (decrease) in cash and cash equivalents	70,673,380	229,176,640	476,600,758	(207,767,596)
Cash and cash equivalents at beginning of year	691,850,945	462,674,305	254,906,709	462,674,305
Cash and cash equivalents at end of year	762,524,325	691,850,945	731,507,467	254,906,709
Supplemental cash flows information :-				
Cash paid during the year for				
Interest	32,664,219	19,967,973	18,465,908	7,557,620
Corporate income tax	132,627,985	107,771,751	116,885,928	100,474,065

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 2006 AND 2005

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, Pakkret, Nontaburi.

The Company listed its ordinary shares on the Stock Exchange of Thailand on 18 September 2006.

2. BASIS OF PREPARATION

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

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

3. BASIS OF CONSOLIDATION

3.1 The consolidated financial statements include the financial statements of the Company and a subsidiary company, Siam Teltech Computer Company Limited, detailed below.

Company's name	Nature of business	Percentage of shareholding		Country of incorporation	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	
		2006	2005		2006	2005	2006	2005
		Percent	Percent		Percent	Percent	Percent	Percent
Siam Teltech Computer Co., Ltd.	System and software development and sales of computer products	97.87	97.87	Thailand	12.5	33.1	13.2	15.3

3.2 Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.

3.3 Investments in the subsidiary company as recorded in the Company's books of account are eliminated against the equity of the subsidiary company.

As described in Note 11 to the financial statements, during 2005 the Company purchased investment in a subsidiary company, Siam Teltech Computer Company Limited, at a price 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.

4. CHANGE IN ACCOUNTING POLICY/ADOPTION OF NEW ACCOUNTING STANDARDS

In October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (Amendment No. 1), under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method. Entities which are not ready to adopt the cost method in 2006 can continue to use the equity method through the end of 2006 and adopt the cost method as from 1 January 2007.

In this regard, the Company has elected to adopt the change in 2007. Adoption of the change in 2007 will necessitate the restatement of the Company's 2006 separate financial statements to be presented for comparative purposes along with the financial statements for 2007. The restatement will have the effect of decreasing net income in the separate income statement for 2006 by approximately Baht 1.0 million and decreasing net worth in the balance sheet at 31 December 2006 by approximately Baht 3.6 million.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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.

Rendering of maintenance services

Maintenance services revenue is recognised when services are 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.

5.2 Cash and cash equivalents

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

5.3 Trade accounts and notes receivable

Trade accounts and notes 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 accounts and notes receivables. The allowance is generally based on collection experiences and analysis of debtor and notes aging.

5.4 Inventories

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

5.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- b) Investments in subsidiary company in the separated financial statements are accounted for under the equity method.

5.6 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	-	10	years but not more than the remaining term of their rental contracts
Buildings and leasehold improvements	-	5	years
Furniture, fixture and office equipment	-	3, 5, 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

5.7 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.

5.8 Foreign currencies

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

Gains and losses on exchange are included in determining income.

5.9 Impairment of assets

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

5.10 Employee benefits

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

5.11 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.

5.12 Income tax

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

5.13 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

5.14 Use of accounting estimates

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

6. CURRENT INVESTMENTS - RESTRICTED BANK DEPOSITS

These represent savings deposits of the Company and its subsidiary pledged with the banks to secure credit facilities.

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		The Company Only		Transfer Pricing Policy
	2006	2005	2006	2005	
<u>Transactions with parent company</u>					
Service income	10.0	60.0	10.0	60.0	Contract price
Office rental and service expenses	10.9	6.7	6.0	6.0	Contract price or at prices normally charged to other customers
Other expenses	1.8	1.1	1.0	0.8	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary company</u>					
Sales and service income (eliminated from the consolidated financial statements)	-	-	-	1.0	Cost plus margin
<u>Transactions with related companies</u>					
Sales and service income	1,908.1	625.0	1,611.1	394.2	Contract price or at prices normally charged to other customers or cost plus margin
Cost of sales and services	12.8	15.8	12.5	15.6	Contract price or at prices normally charged to other customers
Office rental and service expenses	1.9	1.8	1.9	1.8	Contract price or at prices normally charged to other customers
Other expenses	7.5	4.0	4.4	3.3	Contract price or at prices normally charged to other customers

The balances of the accounts as at 31 December 2006 and 2005 between the Company and those related companies are as follows:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
<u>Trade accounts and notes receivable - related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	16,050	58,850	16,050	58,850
<u>Related companies</u>				
TT&T Plc.	367,963	311,208	237,654	114,513
Triple T Broadband Co., Ltd.	297,389	-	297,389	-
Jasmine Submarine Telecommunications Co., Ltd.	80,561	-	80,561	-
T.J.P. Engineering Co., Ltd.	9,635	-	9,635	-
Smart Highway Co., Ltd.	-	1,513	-	1,513
Total trade accounts and notes receivable - related companies	755,548	312,721	625,239	116,026
Total trade accounts and notes receivable - related parties	771,598	371,571	641,289	174,876
<u>Amount due from related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	1	4,276	1	7
<u>Subsidiary company</u>				
Siam Teltech Computer Co., Ltd.	-	-	150	-
Total amount due from related parties	1	4,276	151	7
<u>Unbilled receivable from related parties</u>				
<u>Related companies</u>				
T.J.P. Engineering Co., Ltd.	29,699	3,252	29,699	3,252
TT&T Plc.	176,772	31,539	1,207	965
Total unbilled receivable from related parties	206,471	34,791	30,906	4,217
<u>Long-term trade accounts and notes receivable from related party</u>				
<u>Related company</u>				
Triple T Broadband Co., Ltd.	405,332	-	405,332	-
Total long-term trade accounts and notes receivable from related party	405,332	-	405,332	-

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
<u>Trade accounts and notes payable - related parties</u>				
<u>Related companies</u>				
Jasmine Submarine Telecommunications Co., Ltd.	-	103	-	103
Smart Highway Co., Ltd.	-	3,543	-	3,543
Total trade accounts and notes payable - related parties	-	3,646	-	3,646
<u>Amount due to related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	1,039	4,154	157	154
<u>Related companies</u>				
Jasmine Submarine Telecommunications Co., Ltd.	619	619	619	619
Premium Assets Co., Ltd.	513	102	318	102
Jasmine Internet Co., Ltd.	198	57	24	24
Premium Real Estate Co., Ltd.	73	339	-	162
Acumen Co., Ltd.	54	-	54	-
Total amount due to related companies	1,457	1,117	1,015	907
Total amount due to related parties	2,496	5,271	1,172	1,061
<u>Advance received from related parties</u>				
<u>Related companies</u>				
TT&T Plc.	11,599	109,373	11,599	54,330
Jasmine Submarine Telecommunication Co., Ltd.	747	-	747	-
Total advance received from related parties	12,346	109,373	12,346	54,330

Trade accounts and notes receivable - related party

During 2006, the Company sold goods to Triple T Broadband Co., Ltd. (a related company). Sales proceeds will be received over a period of 3 years. The balances of such transaction as at 31 December 2006, classified based on due dates, are as follows:

	(Unit: Baht)
	<u>31 December 2006</u>
Trade accounts and notes receivable from related party due within 1 year (presented under the caption of "Trade accounts and notes receivable - related parties" in the balance sheet)	297,388,513
Trade accounts and notes receivable from related party due over 1 year (presented under the caption of "Long-term trade accounts and notes receivable from related party" in the balance sheet)	405,332,380
Total	702,720,893

8. TRADE ACCOUNTS AND NOTES RECEIVABLE

The outstanding balances of trade accounts and notes receivable as at 31 December 2006 and 2005 are aged, based on due date, as follows:

Age of receivables	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
<u>Related parties:</u>				
Not yet due	683,597,996	252,946,494	553,288,902	105,604,047
Past due				
Up to 3 months	70,790,963	118,624,225	70,790,963	69,271,641
3 - 6 months	9,462,829	-	9,462,289	-
6 - 12 months	5,071,629	-	5,071,629	-
Over 12 months	2,675,000	-	2,675,000	-
Total	771,598,417	371,570,719	641,289,323	174,875,688
<u>Unrelated parties</u>				
Not yet due	343,717,654	119,231,749	343,717,654	118,092,478
Past due				
Up to 3 months	161,687,440	226,087,423	94,291,938	222,927,958
3 - 6 months	19,539,657	975,621	19,539,657	194,050
6 - 12 months	27,653,782	284,620	27,604,027	284,620
Over 12 months	10,703,630	1,642,701	10,700,000	1,639,071
Total	563,302,163	348,222,114	495,853,276	343,138,177
Total trade accounts and notes receivable	1,334,900,580	719,792,833	1,137,142,599	518,013,865

Included in trade accounts and notes receivable from unrelated parties as at 31 December 2006 and 2005, were amounts receivable from the companies majority-owned by the government as follows:

(Unit : Baht)

Age of receivables	Consolidated		The Company Only	
	2006	2005	2006	2005
Not yet due	333,945,772	93,699,242	333,945,772	92,559,972
Past due				
Up to 3 months	149,892,669	215,387,423	82,497,167	212,227,957
3 - 6 months	19,539,657	781,571	19,539,657	-
6 - 12 months	16,331,482	-	16,281,727	-
Over 12 months	-	1,642,701	-	1,639,071
Total	519,709,580	311,510,937	452,264,323	306,427,000

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

9. INVENTORIES

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Finished goods	519,037,402	111,354,402	516,446,247	108,092,191
Less : Allowance for stock obsolescence	(2,210,190)	(2,210,190)	-	-
Inventories, net	516,827,212	109,144,212	516,446,247	108,092,191

As at 31 December 2006, finished goods of approximately Baht 381 million have been pledged to secure the Company's repayment to the trade creditors who sold these goods to the company.

10. RESTRICTED BANK DEPOSITS

These represent savings and fixed deposits of the Company and its subsidiary which have been pledged with the banks to secure credit facilities.

11. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

These represent investment in ordinary shares in Siam Teltech Computer Company Limited (a subsidiary company), detailed below.

(Unit : Baht)

Company's name	The Company Only							
	Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method	
	2006	2005	2006 (%)	2005 (%)	2006	2005	2006	2005
Siam Teltech Computer Co., Ltd.	55,000,000	55,000,000	97.87	97.87	83,899,210	83,899,210	87,499,620	97,851,314

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.

During 2005, the Company purchased from its parent company and other shareholders 538,264 ordinary shares in Siam Teltech Computer Company Limited, representing 97.87 percent of total shares of that company, at a price of Baht 83.9 million. The book value of the assets and liabilities of the subsidiary on the purchase date were as follows:-

(Unit : Thousand Baht)

Cash and cash equivalents	456,068
Other current assets	278,610
Property, plant and equipment - net	7,344
Other non - current assets	33,788
Other current liabilities	(681,593)
Total net assets	94,217
Less : Minority interests	(2,007)
Net assets received	92,210
Less : Difference between the purchase price of investment in subsidiary company under common control and its book value	(8,158)
Negative goodwill on acquisition of investment in subsidiary company from the minority shareholders	(153)
Cash payments for purchase of investment in subsidiary	83,899
Less : Cash and cash equivalents of subsidiary	(456,068)
Net cash received from investment in subsidiary	372,169

12. OTHER LONG-TERM INVESTMENTS - AVAILABLE-FOR-SALE SECURITIES

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

	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Investment in available-for-sale securities, at cost	55,843,250	55,843,250	30,671,633	30,671,633
Add : Unrealised gain (loss) on change in value of the investments in available-for-sale securities	(43,884,601)	13,214,508	(24,347,585)	21,144,247
Other long-term investments - net	<u>11,958,649</u>	<u>69,057,758</u>	<u>6,324,048</u>	<u>51,815,880</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated							(Unit : Thousand Baht)
	Land	Buildings	Public telephones	Buildings and leasehold improvement	Furniture, fixture and office equipment	Motor vehicles	Assets under installation	Total
	Cost:							
31 December 2005	2,000	1,140	622,995	10,647	53,705	8,674	96,431	795,592
Additions	-	99	-	119	5,211	4,959	59,466	69,854
Disposals	-	-	(4,560)	-	-	(828)	-	(5,388)
Transfer in (out)	-	-	41,651	-	-	-	(41,651)	-
31 December 2006	<u>2,000</u>	<u>1,239</u>	<u>660,086</u>	<u>10,766</u>	<u>58,916</u>	<u>12,805</u>	<u>114,246</u>	<u>860,058</u>
Accumulated depreciation:								
31 December 2005	-	692	165,019	10,290	43,493	5,177	-	224,671
Depreciation for the year	-	96	85,968	239	4,423	1,389	-	92,115
Depreciation on disposals	-	-	(1,635)	-	-	(828)	-	(2,463)
31 December 2006	<u>-</u>	<u>788</u>	<u>249,352</u>	<u>10,529</u>	<u>47,916</u>	<u>5,738</u>	<u>-</u>	<u>314,323</u>
Net book value:								
31 December 2005	<u>2,000</u>	<u>448</u>	<u>457,976</u>	<u>357</u>	<u>10,212</u>	<u>3,497</u>	<u>96,431</u>	<u>570,921</u>
31 December 2006	<u>2,000</u>	<u>451</u>	<u>410,734</u>	<u>237</u>	<u>11,000</u>	<u>7,067</u>	<u>114,246</u>	<u>545,735</u>
Depreciation for the year								
2005 (Baht 77 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								<u>81,281</u>
2006 (Baht 87 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								<u>92,115</u>

(Unit : Thousand Baht)

	The Company Only					Total
	Public telephones	Leasehold improvement	Furniture, fixture office and equipment	Motor vehicles	Assets under installation	
Cost:						
31 December 2005	622,995	7,258	30,297	7,413	96,431	764,394
Additions	-	119	1,169	4,959	59,466	65,713
Disposals	(4,560)	-	-	(227)	-	(4,787)
Transfer in (out)	41,651	-	-	-	(41,651)	-
31 December 2006	660,086	7,377	31,466	12,145	114,246	825,320
Accumulated depreciation:						
31 December 2005	165,019	6,994	24,666	4,363	-	201,042
Depreciation for the year	85,968	239	2,179	1,290	-	89,676
Depreciation on disposals	(1,635)	-	-	(227)	-	(1,862)
31 December 2006	249,352	7,233	26,845	5,426	-	288,856
Net book value:						
31 December 2005	457,976	264	5,631	3,050	96,431	563,352
31 December 2006	410,734	144	4,621	6,719	114,246	536,464
Depreciation for the year						
2005 (Baht 77 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						80,838
2006 (Baht 87 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						89,676

Public telephone project

As at 31 December 2006, property, plant and equipment included public telephones with a total net book value of Baht 411 million (2005 : Baht 458 million) represent costs of equipment and expenses incurred in the installation of the public telephones, which have been rented to TOT Plc. for a period of 10 years under three contracts. Under these contracts, the Company is obliged to supply and install a total of 30,000 public telephones (10,000 public telephones under each contract) within 3 years of the contract date. The first contract is dated 31 January 2001 and will expire on 30 January 2011, and the second and the third contracts are dated 15 January 2004 and will expire on 14 January 2014. As at 31 December 2006, the Company had been able to install only 11,742 telephones (8,501 under the first contract, 1,834 under the second, and 1,407 under the third). However, since TOT Plc. was unable to allocate all of the numbers for the telephones to be installed under the three contracts to the Company, TOT Plc. has agreed in its letters dated 29 April 2004, 19 May 2006 and 22 May 2006, to extend the installation period until all telephone numbers have been allocated. In the meantime, the Company and TOT Plc. have been collaborating to resolve this issue.

According to the contracts, the Company will receive monthly rental at a fixed monthly rate per telephone for the first service year and thereafter at the rate of 50 percent of the average revenue earned by each telephone during the previous year.

14. BANK OVERDRAFT AND SHORT-TERM BANK LOANS

Bank overdrafts and short-term bank loans as at 31 December 2006 and 2005 consist of:-

	Interest rate (percent per annum)	(Unit : Baht)			
		Consolidated		The Company Only	
		2006	2005	2006	2005
Bank overdrafts	MOR, MOR+0.5	14,080,521	960,928	14,080,521	960,928
Short-term bank loans	MLR	230,113,804	289,120,897	19,675,356	-
Total		244,194,325	290,081,825	33,755,877	960,928

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.

15. TRUST RECEIPTS

The trust receipts are secured by the pledge of bank deposits and the assignment of rights to receive payments from accounts receivable.

16. TRADE ACCOUNTS AND NOTES PAYABLE - UNRELATED PARTIES

During 2006, the Company purchased goods from 2 groups of companies: domestic and overseas. Under the sales and purchase agreement with those companies, the Company is obliged to make payment within 3 years. The outstanding balances of such transactions as at 31 December 2006, based on due dates, are as follows:

	(Unit: Baht)
	31 December 2006
Trade accounts and notes payable - unrelated parties due within 1 year (presented under the caption of "Trade accounts and notes payable-unrelated parties" in the balance sheet)	298,941,609
Trade accounts and notes payable - unrelated parties due over 1 year (presented under the caption of "Long-term trade accounts and notes payable - unrelated parties" in the balance sheet)	714,714,427
Total	1,013,656,036

The above outstanding balance of trade accounts and notes payable is secured by Triple T Broadband Co., Ltd. (a related company), and pledge of inventories as described in Note 9.

17. LONG-TERM LOANS

These long-term loans are loans from domestic commercial banks which carry interest at Minimum Loan Rate and repayment installments as from 2005 to 2009.

	(Unit: Baht)	
	Consolidated / The Company Only	
	2006	2005
Long-term loans	98,768,000	79,184,000
Less: Current portion	(50,400,000)	(10,416,000)
Net	48,368,000	68,768,000

The loans are secured by the assignment of rights to receive payments from accounts receivable.

The loan agreements contain covenants that, among other things, restrictions on additional borrowings by the Company without consent from the bank.

18. EMPLOYEE SHARE OWNERSHIP PLAN

By resolution of the Extraordinary General Meeting of the shareholders on 9 March 2005, the meeting approved the employee share ownership plan (ESOP) as follows:

ESOP share

A total of 5,000,000 ordinary shares will be allocated to the Company's directors and employees over a period of 5 years commencing from the date of initial offering, which is 3 November 2006, at Baht 1 per share. In November 2006, a total of 1,000,000 shares were allocated under this continuing 5-year scheme to and fully subscribed by the directors and employees, leaving 4,000,000 shares available for future grant.

ESOP warrant

A total of 21,250,000 warrants will be granted to the Company's directors and employees at Baht 0 per a warrant, which can be converted into an ordinary share at an exercise price ranging between Baht 1 and Baht 2, depending on the level of consolidated net income of the Company. The exercise period is between 28 December 2007 and 27 October 2011. During the year ended 31 December 2006, all 21,250,000 warrants were granted to the directors and employees.

19. SHARE CAPITAL

On 1 September 2006, the Meeting of the Board of Directors No. 6/2006 approved the sale of 175,000,000 additional ordinary shares to be offered to the public at a price of Baht 3.20 per share, and on 12 September 2006, the Company received the payment of the capital increase. All expenses related to this share offering are presented as a deduction from share premium. The Company registered the increase in its paid-up capital to Baht 700,000,000 with the Ministry of Commerce on 13 September 2006.

On 3 November 2006, the Company's directors and employees exercised their rights to purchase 1,000,000 ordinary shares, as discussed in Note 18, at a price of Baht 1 per share, or a total of Baht 1,000,000. The Company registered the increase in its paid-up capital to Baht 701,000,000 million with the Ministry of Commerce on 7 November 2006.

20. 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.

21. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Number of employees at end of year (persons)	366	301	194	196
Employee costs for the year (Million Baht)	163.9	110.8	98.8	94.1

22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the 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.

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

	Consolidated/The Company Only					
	For the years ended 31 December					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2006 (Thousand Baht)	2005 (Thousand Baht)	2006 (Thousand shares)	2005 (Thousand shares)	2006 (Baht)	2005 (Baht)
Basic earnings per share						
Net income	313,407	262,120	578,381	525,000	0.54	0.50
Effect of dilutive potential ordinary shares						
ESOP warrants granted to the Company's directors and employees	-	-	1,776	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	313,407	262,120	580,157	525,000	0.54	0.50

23. 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 2006 and 2005 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	
	2006	2005	2006	2005	2006	2005	2006	2005
	Revenue from external customers	2,557	1,136	202	314	92	51	2,851

(Unit : Million Baht)

	Design and installation of telecommunication systems segment		Rental of public telephones segment		Other segments		Consolidation	
	2006	2005	2006	2005	2006	2005	2006	2005
Trade accounts and notes receivable	1,307	689	22	22	6	9	1,335	720
Inventories, net	511	103	1	1	5	5	517	109
Property, plant and equipment, net	-	1	522	552	-	-	522	553
Long-term trade accounts and notes receivable from related party	405	-	-	-	-	-	405	-
Unallocated assets							1,296	1,110
Total assets							<u>4,075</u>	<u>2,492</u>

The Company disclosed its financial information by business segment in accordance with Accounting Standard No. 24 "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.

24. 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 2006, the Company and its subsidiary contributed Baht 6.7 million, and the Company only contributed Baht 4.5 million, to the fund (2005: Baht 6.2 million and Baht 4.4 million, respectively).

25. DIVIDENDS

On 15 September 2006, the Meeting of the Board of Directors No.7/2006 passed a resolution approving the payment of an interim dividend of Baht 0.13 per share for 700,000,000 ordinary shares, or a total of Baht 91 million. The dividend was paid in October 2006.

On 22 August 2005, the Meeting of the Board of Directors of the subsidiary passed a resolution approving an interim dividend of Baht 344 per share, or a total of Baht 189 million. The subsidiary company paid the balance of dividend outstanding as at 31 December 2005, amounting to Baht 185.8 million, in the second quarter of the current year.

26. COMMITMENTS AND CONTINGENT LIABILITIES

26.1 Capital commitments

As at 31 December 2006, the Company had capital commitments of approximately Baht 67.5 million, relating to the purchase of public telephones.

26.2 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of office building space.

Future minimum rentals payable under these leases as at 31 December 2006 are as follows:

	(Unit : Million Baht)	
	Consolidated	The Company Only
Payable within :		
1 year	11.2	5.4
2 years	0.7	0.7

26.3 Guarantees

As at 31 December 2006, there were outstanding bank guarantees of Baht 627.6 million (2005: Baht 691.4 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 380.5 million (2005: Baht 413.7 million) attributed to the Company, in respect of certain performance bonds as required in the normal course of business.

26.4 Letters of credit

As at 31 December 2006, the Company had outstanding commitments under letters of credit with local and overseas suppliers amounting to approximately USD 2.1 million and Baht 122 million.

27. FINANCIAL INSTRUMENTS

27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts and notes receivable, investments, short-term loans, trade accounts and notes 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 is exposed to credit risk primarily with respect to trade accounts and notes 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 and notes and receivable and other receivable as stated in the balance sheet.

Interest rate risk

The Company's 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 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.

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2006 are summarised below.

	Consolidated		
	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2006
Foreign currency	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	25.2	33.3	36.0932

The Company only			
Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2006
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	16.6	30.1	36.0932

Foreign exchange contracts outstanding at 31 December 2006 are summarized below.

Foreign currency	Bought amount	Contractual exchange rate
	(Million)	Bought (Baht per 1 foreign currency unit)
US dollar	1.7	35.7808 - 41.2750

27.2 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates which are close to market rates, their fair values are not expected to be materially different from the amounts presented in the balance sheets, except for accounts and notes receivable-related party, and accounts and notes payable-unrelated parties which have book values and fair values as follows:

(Unit: Million Baht)		
31 December 2006		
	Carrying amount	Fair value
Financial assets		
Trade accounts and notes receivable - related party (Note 7)	703	639
Financial liabilities		
Trade accounts and notes payable - unrelated parties (Note 16)	1,014	915

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.

28. SUBSEQUENT EVENTS

On 26 February 2007, the meeting of the Company's Board of Directors proposed the payment of dividend of Baht 0.30 per share from the 2006 earnings. However, during 2006 the Company had already paid an interim dividend of Baht 0.13 per share to its shareholders. Hence, the balance of the dividend to be paid to the shareholders amounted to Baht 0.17 per share, a total of approximately Baht 119.2 million. This dividend proposal has yet to be approved at the next Annual General Meeting of the shareholders.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2007.