

Jasmine Telecom Systems Public Company Limited
and its subsidiary
Report and consolidated interim financial statements
For the three-month periods ended 31 March 2008
and 2007

Review report of independent auditor

To the shareholders of Jasmine Telecom Systems Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 31 March 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2008 and 2007, and the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

As described in Note 15 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 the reasons described in that note.

Based on my reviews, except for non-disclosure of information described in the preceding paragraph, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

In addition, I draw attention to the following matter:

As described in Note 3 to the financial statements, as at 31 March 2008, the Company and its subsidiary company had outstanding receivable balances from a related company amounting to approximately Baht 550 million. The balances are included under the captions of "Trade accounts and notes receivable - related parties", "Amounts due from related parties", and "Unbilled receivable from related parties" in the consolidated balance sheet (approximately Baht 222 million in the separate balance sheet). Most of the balances are long outstanding. On 22 April 2008, the related company filed a petition for business rehabilitation with the Central Bankruptcy Court for the purpose of restructuring its debt, since its cash flows did not correspond to the debt repayment schedule under the loan agreement. On 24 April 2008, the Central Bankruptcy Court accepted the petition for rehabilitation. The aforementioned event impacts significantly on the value of the receivable balances from that related company since such value is dependent on the outcome of the rehabilitation that is being processed through the Central Bankruptcy Court.

I have previously audited the consolidated financial statements of Jasmine Telecom Systems Public Company Limited and its subsidiary, and the separate financial statements of Jasmine Telecom Systems Public Company Limited for the year ended 31 December 2007, in accordance with generally accepted auditing standards and expressed a qualified opinion on those statements with respect to the Company's being unable to disclose information relating to the results of its operations by business segment, while also drawing attention to the change in accounting policy for recording investment in subsidiary company in the separate financial statements from equity method to the cost method, under my report dated 26 February 2008. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 14 May 2008.

Jasmine Telecom Systems Public Company Limited and its subsidiary

Balance sheets

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>31 March 2008</u> (Unaudited but reviewed)	<u>31 December 2007</u> (Audited)	<u>31 March 2008</u> (Unaudited but reviewed)	<u>31 December 2007</u> (Audited)
Assets					
Current assets					
Cash and cash equivalents		673,570	728,586	600,726	654,095
Current investments - restricted bank deposits	2	1,466	1,112	-	279
Trade accounts and notes receivable					
Related parties	3, 4	815,261	873,231	633,209	701,764
Unrelated parties	4	580,113	470,902	569,943	445,969
Trade accounts and notes receivable - net		1,395,374	1,344,133	1,203,152	1,147,733
Amounts due from related parties	3	9,979	8,170	9,979	8,170
Inventories - net		79,590	72,831	76,701	68,400
Other current assets					
Prepaid project cost		110,998	54,699	82,567	34,693
Input tax pending payment		4,046	1,859	3,501	1,607
Unbilled receivable from related parties	3	211,718	205,567	63,398	60,098
Unbilled receivable from unrelated parties		38,809	16,691	11,658	10,826
Deposits for goods and services		23,839	30,322	23,839	30,322
Other accounts receivable		75,005	85,018	2,191	14,202
Others		20,690	15,606	8,833	4,355
Total other current assets		485,105	409,762	195,987	156,103
Total current assets		2,645,084	2,564,594	2,086,545	2,034,780
Non-current assets					
Restricted bank deposits	5	70,954	72,159	60,509	60,473
Long-term trade account and note receivable					
from related party	3	232,636	332,789	232,636	332,789
Investment in subsidiary	6	-	-	83,899	83,899
Other long-term investment - available-for-sale securities	7	9,687	10,763	5,123	5,692
Property, plant and equipment - net	8	505,468	530,281	498,872	523,026
Deposits		5,436	5,366	3,466	3,463
Total non-current assets		824,181	951,358	884,505	1,009,342
Total assets		3,469,265	3,515,952	2,971,050	3,044,122

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Balance sheets (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term bank loans	9	303,884	301,722	9,899	19,675
Trust receipts	10	60,852	3,755	60,852	3,755
Trade accounts and notes payable					
Related parties	3	6,574	7,450	6,574	7,450
Unrelated parties	11	773,559	782,675	744,037	764,547
Total trade accounts and notes payable		780,133	790,125	750,611	771,997
Amounts due to related parties	3	4,944	4,141	1,391	1,246
Other current liabilities					
Accrued project cost		184,518	199,459	10,930	24,188
Advance received from related parties	3	1,243	718	1,243	718
Advance received from unrelated parties		47,661	46,489	47,661	46,489
Corporate income tax payable		1,506	90	473	90
Output tax payable		14,434	11,298	9,591	6,525
Others		10,544	7,414	8,630	5,393
Total other current liabilities		259,906	265,468	78,528	83,403
Total current liabilities		1,409,719	1,365,211	901,281	880,076
Non-current liabilities					
Long-term trade accounts and notes payable - unrelated parties	11	234,849	335,833	234,849	335,833
Total non-current liabilities		234,849	335,833	234,849	335,833
Total liabilities		1,644,568	1,701,044	1,136,130	1,215,909

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Balance sheets (continued)

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>31 March 2008</u> (Unaudited but reviewed)	<u>31 December 2007</u> (Audited)	<u>31 March 2008</u> (Unaudited but reviewed)	<u>31 December 2007</u> (Audited)
Shareholders' equity					
Share capital					
Registered					
726,250,000 ordinary shares of Baht 1 each		<u>726,250</u>	<u>726,250</u>	<u>726,250</u>	<u>726,250</u>
Issued and fully paid-up					
702,000,000 ordinary shares of Baht 1 each		702,000	702,000	702,000	702,000
Share premium		418,812	418,812	418,812	418,812
Difference between the purchase price of investment in subsidiary under common control and its net book value					
		8,158	8,158	-	-
Unrealised loss on changes in value of investments in available-for-sale securities					
		(39,280)	(38,215)	(25,549)	(24,980)
Retained earnings					
Appropriated - statutory reserve		55,542	55,542	55,542	55,542
Unappropriated		<u>677,896</u>	<u>667,108</u>	<u>684,115</u>	<u>676,839</u>
Equity attributable to the company's shareholders		1,823,128	1,813,405	1,834,920	1,828,213
Minority interest - equity attributable to minority shareholders of subsidiary					
		<u>1,569</u>	<u>1,503</u>	-	-
Total shareholders' equity		<u>1,824,697</u>	<u>1,814,908</u>	<u>1,834,920</u>	<u>1,828,213</u>
Total liabilities and shareholders' equity		<u>3,469,265</u>	<u>3,515,952</u>	<u>2,971,050</u>	<u>3,044,122</u>
		-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary**Income statements****For the three-month periods ended 31 March 2008 and 2007**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues					
Sales and service income		268,341	833,965	220,485	784,971
Exchange gains		12,594	4,873	1,887	11,018
Other income		6,701	9,914	6,301	9,455
Total revenues		<u>287,636</u>	<u>848,752</u>	<u>228,673</u>	<u>805,444</u>
Expenses					
Cost of sales and services		218,338	707,128	180,422	670,572
Selling, servicing and administrative expenses		48,694	48,734	37,666	36,602
Total expenses		<u>267,032</u>	<u>755,862</u>	<u>218,088</u>	<u>707,174</u>
Income before interest expenses					
and corporate income tax		20,604	92,890	10,585	98,270
Interest expenses		(5,815)	(9,849)	(906)	(4,605)
Corporate income tax		(3,924)	(23,384)	(2,403)	(23,384)
Net income for the period		<u>10,865</u>	<u>59,657</u>	<u>7,276</u>	<u>70,281</u>
Net income attributable to:					
Equity holders of the parent		10,788	59,883	7,276	70,281
Minority interests of the subsidiary		77	(226)		
		<u>10,865</u>	<u>59,657</u>		

(Unit: Baht)

Earnings per share

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Basic earnings per share

Net income attributable to equity holders of the parent	<u>0.02</u>	<u>0.09</u>	<u>0.01</u>	<u>0.10</u>
Weighted average number of ordinary shares (shares)	<u>702,000,000</u>	<u>701,000,000</u>	<u>702,000,000</u>	<u>701,000,000</u>

Diluted earnings per share

Net income attributable to equity holders of the parent	<u>0.02</u>	<u>0.08</u>	<u>0.01</u>	<u>0.10</u>
Weighted average number of ordinary shares (shares)	<u>702,000,000</u>	<u>711,304,712</u>	<u>702,000,000</u>	<u>711,304,712</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

Consolidated financial statements								
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 changes in value of investments in available-for-sale securities	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiary	Total	
				Appropriated	Unappropriated			
Balance as at 31 December 2006	701,000	418,812	8,158	(37,031)	49,458	688,550	1,904	1,830,851
Unrealised items in income statements								
Increase in fair value of investments	-	-	-	237	-	-	2	239
Net income for the period	-	-	-	-	-	59,883	(226)	59,657
Balance as at 31 March 2007	<u>701,000</u>	<u>418,812</u>	<u>8,158</u>	<u>(36,794)</u>	<u>49,458</u>	<u>748,433</u>	<u>1,680</u>	<u>1,890,747</u>
Balance as at 31 December 2007	702,000	418,812	8,158	(38,215)	55,542	667,108	1,503	1,814,908
Unrealised items in income statements								
Decrease in fair value of investments	-	-	-	(1,065)	-	-	(11)	(1,076)
Net income for the period	-	-	-	-	-	10,788	77	10,865
Balance as at 31 March 2008	<u>702,000</u>	<u>418,812</u>	<u>8,158</u>	<u>(39,280)</u>	<u>55,542</u>	<u>677,896</u>	<u>1,569</u>	<u>1,824,697</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

Separate financial statements							
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 changes in value of investments in available-for-sale securities	Retained earnings		Total	
				Appropriated	Unappropriated		
Balance as at 31 December 2006	701,000	418,812	-	(24,348)	49,458	680,424	1,825,346
Unrealised items in income statements							
Increase in fair value of investments	-	-	-	127	-	-	127
Net income for the period	-	-	-	-	-	70,281	70,281
Balance as at 31 March 2007	<u>701,000</u>	<u>418,812</u>	<u>-</u>	<u>(24,221)</u>	<u>49,458</u>	<u>750,705</u>	<u>1,895,754</u>
Balance as at 31 December 2007	702,000	418,812	-	(24,980)	55,542	676,839	1,828,213
Unrealised items in income statements							
Decrease in fair value of investments	-	-	-	(569)	-	-	(569)
Net income for the period	-	-	-	-	-	7,276	7,276
Balance as at 31 March 2008	<u>702,000</u>	<u>418,812</u>	<u>-</u>	<u>(25,549)</u>	<u>55,542</u>	<u>684,115</u>	<u>1,834,920</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Cash flow statements

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before tax	14,789	83,041	9,679	93,665
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Depreciation	25,588	23,936	24,813	23,174
Loss on sales of equipment	202	8	202	8
Unrealised (gain) loss on exchange	(2,592)	2,420	648	(4,196)
Interest expenses	5,815	9,849	906	4,605
Income from operating activities before changes in operating assets and liabilities	43,802	119,254	36,248	117,256
Operating assets (increase) decrease				
Trade accounts and notes receivable	7,658	(441,390)	85,988	(441,697)
Amounts due from related parties	(1,809)	(3,171)	(1,809)	(3,175)
Inventories	(6,759)	462,836	(8,301)	465,477
Other current assets	(75,343)	(49,092)	(39,884)	(9,692)
Other assets	(70)	(444)	(3)	(600)
Operating liabilities increase (decrease)				
Trade accounts and notes payable	(67,130)	(75,149)	(164,272)	(80,842)
Amounts due to related parties	803	(194)	145	(164)
Other current liabilities	(6,988)	26,797	(5,268)	8,575
Cash flows from (used in) operating activities	(105,836)	39,447	(97,156)	55,138
Cash paid for interest expenses	(5,805)	(9,785)	(896)	(4,541)
Cash paid for corporate income tax	(2,508)	(4,626)	(2,020)	(4,356)
Net cash flows from (used in) operating activities	(114,149)	25,036	(100,072)	46,241

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Cash flow statements (continued)

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from investing activities				
Decrease (increase) in current investments - restricted				
bank deposits	(354)	4,779	279	3,486
Decrease (increase) in restricted bank deposits	1,205	(1,059)	(36)	(1,474)
Acquisitions of equipment	(977)	(3,680)	(861)	(3,277)
Proceeds from sales of equipment	-	21	-	21
Net cash flows from (used in) investing activities	(126)	61	(618)	(1,244)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts				
and short-term loans	2,162	88,920	(9,776)	(14,081)
Increase in trust receipts	57,097	4,045	57,097	4,045
Repayment of long-term loans	-	(39,600)	-	(39,600)
Net cash flows from (used in) financing activities	59,259	53,365	47,321	(49,636)
Net increase (decrease) in cash and cash equivalents	(55,016)	78,462	(53,369)	(4,639)
Cash and cash equivalents at beginning of period	728,586	762,524	654,095	731,507
Cash and cash equivalents at end of period	673,570	840,986	600,726	726,868
	-	-	-	-

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Notes to consolidated interim financial statements

For the three-month periods ended 31 March 2008 and 2007

1. General information

1.1 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.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard Pronouncement No. 41 (revised 2007) “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.3 Basis of consolidation

These consolidated financial statements included the financial statement of Jasmine Telecom Systems Public Company Limited and Siam Teltech Computer Company Limited, a 97.87%-owned subsidiary company, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2007, with no structural changes related to subsidiary company occurring during the period.

1.4 Accounting standards which are effective for the current year

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

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

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2007.

2. Current investments - restricted bank deposits

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

3. Related party transactions

During the periods, 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 business between the Company and those companies. Such transactions, for the three-month periods ended 31 March 2008 and 2007, are summarised below.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with parent company</u>					
Office rental and service expenses	2.8	2.7	1.5	1.5	Contract price or at prices normally charged to other customers
Other expenses	0.2	0.1	0.2	0.1	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and service income	41.5	638.2	31.1	601.3	Contract price or at prices normally charged to other customers or cost plus margin
Interest income	1.8	2.0	1.8	2.0	MLR per annum
Cost of sales and services	10.2	3.1	10.1	3.1	Contract price or at prices normally charged to other customers
Office rental and service expenses	0.5	1.3	0.5	1.3	Contract price or at prices normally charged to other customers
Other expenses	2.0	1.7	1.2	1.1	Contract price or at prices normally charged to other customers

(Unaudited but reviewed)

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<u>Trade accounts and notes receivable - related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	16,050	16,050	16,050	16,050
<u>Related companies</u>				
TT&T Plc.	392,122	425,357	211,487	256,125
TT&T Subscriber Services Co., Ltd.	1,444	1,604	1,444	1,604
Triple T Broadband Plc.	350,293	383,845	350,293	383,837
Jasmine Submarine Telecommunications Co., Ltd.	14,281	13,075	14,281	13,075
T.J.P. Engineering Co., Ltd.	25,838	24,101	25,838	24,101
Premium Assets Co., Ltd.	-	187	-	187
Jastel Network Co., Ltd.	13,816	6,785	13,816	6,785
Acumen Co., Ltd.	1,417	2,227	-	-
Total trade accounts and notes receivable - related companies	799,211	857,181	617,159	685,714
Total trade accounts and notes receivable - related parties	815,261	873,231	633,209	701,764
<u>Amounts due from related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	2	1	2	1
<u>Related company</u>				
TT&T Plc.	9,977	8,169	9,977	8,169
Total amounts due from related parties	9,979	8,170	9,979	8,170
<u>Unbilled receivable from related parties</u>				
<u>Related companies</u>				
T.J.P. Engineering Co., Ltd.	63,398	59,746	63,398	59,746
TT&T Plc.	148,320	145,821	-	352
Total unbilled receivable from related parties	211,718	205,567	63,398	60,098
<u>Long-term trade accounts and notes receivable</u>				
<u>from related party</u>				
<u>Related company</u>				
Triple T Broadband Plc.	232,636	332,789	232,636	332,789
Total long-term trade account and notes receivable				
from related party	232,636	332,789	232,636	332,789

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<u>Trade accounts and notes payable - related parties</u>				
<u>Related companies</u>				
Jasmine Submarine Telecommunications Co., Ltd.	6,440	7,316	6,440	7,316
TT&T Plc.	134	134	134	134
Total trade accounts and notes payable - related parties	6,574	7,450	6,574	7,450
<u>Amounts due to related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	3,332	2,451	165	205
<u>Related companies</u>				
Jasmine Submarine Telecommunications Co., Ltd.	575	575	575	575
Premium Assets Co., Ltd.	822	877	491	305
Jasmine Internet Co., Ltd.	55	74	-	-
Triple T Broadband Plc.	77	80	77	80
TT&T Plc.	1	-	1	-
TT&T Subscriber Services Co., Ltd.	28	27	28	27
Aces Regional Services Co., Ltd.	-	3	-	-
Acumen Co., Ltd.	54	54	54	54
Total amounts due to related companies	1,612	1,690	1,226	1,041
Total amounts due to related parties	4,944	4,141	1,391	1,246
<u>Advance received from related parties</u>				
<u>Related companies</u>				
TT&T Plc.	-	106	-	106
Triple T Broadband Plc.	522	522	522	522
Jasmine Submarine Telecommunications Co., Ltd.	90	90	90	90
Jastel Network Co., Ltd.	631	-	631	-
Total advance received from related parties	1,243	718	1,243	718

(Unaudited but reviewed)

As at 31 March 2008, the Company and its subsidiary company had outstanding receivable balances from TT&T Public Company Limited (TT&T), which is a related company, amounting to approximately Baht 550 million. The balances are included under the captions of “Trade accounts and notes receivable - related parties”, “Amounts due from related parties”, and “Unbilled receivable from related parties” in the consolidated balance sheet (approximately Baht 222 million in the separate balance sheet). Most of the balances are long outstanding. On 22 April 2008, TT&T filed a petition for business rehabilitation with the Central Bankruptcy Court for the purpose of restructuring its debt, since its cash flows did not correspond to the debt repayment schedule under the loan agreement. On 24 April 2008, the Central Bankruptcy Court accepted the petition for rehabilitation. Based on the current financial status of TT&T, which is in the process of filing the petition for rehabilitation, the management of the Company and the subsidiary have assessed the ability of TT&T to service debt and believed that they will be able to make full collection of the outstanding balances without any hair-cut of debt, since the outstanding balances were occurred from commercial transactions in the ordinary course of business.

Trade accounts and notes receivable - related party

During 2007 and 2008, the Company sold goods to Triple T Broadband Plc. (a related company). Sales proceeds will be received over a period of 3 years. The balances of such transactions as at 31 March 2008 and 31 December 2007, classified based on due date, are as follows:

	(Unit: Thousand Baht)	
	31 March 2008	31 December 2007
	<hr/>	<hr/>
		(Audited)
Trade accounts and notes receivable from related party due within 1 year (presented under the caption of “Trade accounts and notes receivable - related party” in the balance sheet)	329,001	375,627
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)	232,636	332,789
Total	<hr/> <hr/>	<hr/> <hr/>

4. Trade accounts and notes receivable

The outstanding balances of trade accounts and notes receivable as at 31 March 2008 and 31 December 2007 are aged based on due date, as follows:

Age of receivable	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	31 March 2008	31 December 2007 (Audited)	31 March 2008	31 December 2007 (Audited)
<u>Related parties</u>				
Not yet due	458,593	600,139	375,812	429,108
Past due				
Up to 3 months	130,711	48,837	31,440	48,401
3 - 6 months	45,981	70,883	45,981	70,883
6 - 12 months	94,162	103,363	94,162	103,363
Longer than 12 months	85,814	50,009	85,814	50,009
Total	815,261	873,231	633,209	701,764
<u>Unrelated parties</u>				
Not yet due	371,388	303,530	363,215	286,135
Past due				
Up to 3 months	83,670	76,733	81,677	69,199
3 - 6 months	34,416	41,226	34,416	41,226
6 - 12 months	41,333	2,983	41,333	2,983
Longer than 12 months	49,306	46,430	49,302	46,426
Total	580,113	470,902	569,943	445,969
Total trade accounts and notes receivable	1,395,374	1,344,133	1,203,152	1,147,733

(Unaudited but reviewed)

Included in trade accounts and notes receivable from unrelated parties as at 31 March 2008 and 31 December 2007, were amounts receivable from the companies majority-owned by the government as follows:

(Unit: Thousand Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Not yet due	311,685	197,814	303,615	180,470
Past due		(Audited)		(Audited)
Up to 3 months	25,571	63,649	23,579	56,115
3 - 6 months	24,328	36,859	24,328	36,859
6 - 12 months	36,859	2,876	36,859	2,876
Over 12 months	49,017	46,142	49,017	46,142
Total	<u>447,460</u>	<u>347,340</u>	<u>437,398</u>	<u>322,462</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 and forward exchange contracts with those banks.

5. Restricted bank deposits

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

6. Investment in subsidiary

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

(Unit : Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
			(%)	(%)		
		(Audited)		(Audited)		(Audited)
Siam Teltech Computer Co., Ltd.	55,000	55,000	97.87	97.87	83,899	83,899

(Unaudited but reviewed)

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.

7. Long-term investment - available-for-sale securities

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
Investment in available-for-sale securities, at cost	55,843	55,843	30,672	30,672
Add: Unrealised loss on change in value of the investment in available-for-sale securities	(46,156)	(45,080)	(25,549)	(24,980)
Other long-term investment - net	9,687	10,763	5,123	5,692

8. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 31 March 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2008	530,281	523,026
Acquisitions during period – at cost	977	861
Disposals during the period – net book value at disposal date	(202)	(202)
Depreciation for period	(25,588)	(24,813)
Net book value as at 31 March 2008	505,468	498,872

Public telephone project

As at 31 March 2008, property, plant and equipment included public telephones with a total net book value of Baht 307 million (31 December 2007: Baht 329 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 March 2008, the Company had been able to install only 11,944 telephones (8,641 under the first contract, 1,860 under the second, and 1,443 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.

9. Bank overdrafts and short-term bank loans

Bank overdrafts and short-term bank loans as at 31 March 2008 and 31 December 2007 consist of:

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Interest rate		31 March	31 December	31 March	31 December
(percent per annum)		2008	2007	2008	2007
		(Audited)		(Audited)	
Short-term bank loans	MLR	303,884	301,722	9,899	19,675
Total		303,884	301,722	9,899	19,675

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 4.

10. Trust receipts

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

11. Trade accounts and notes payable - unrelated parties

During 2007 and 2008, 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 March 2008 and 31 December 2007, based on due dates, are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	31 March 2008	31 December 2007
		(Audited)
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)	325,022	345,389
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)	234,849	335,833
Total	559,871	681,222

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

12. ESOP shares

By resolution of the Extraordinary General Meeting No.1/2005 of the Company’s shareholders, on 9 March 2005, an employee share ownership plan (ESOP) was approved. Under this plan, a total of 5,000,000 ordinary shares will be allocated to the Company’s directors and employees at a price of Baht 1 per share, over a period of 5 years commencing from the date of initial offering. On 3 November 2006, a total of 1,000,000 shares were initially allocated under the scheme and these were fully subscribed by the directors and employees.

On 26 February 2007, the Meeting No.1/2007 of the Board of Directors of the Company approved a second allocation of 1,000,000 shares to the directors and employees under this continuing 5-year scheme. On 4 May 2007, the Company's directors and employees exercised their rights to purchase all of the ordinary shares.

On 26 February 2008, the Meeting No.1/2008 of the Board of Directors of the Company approved a third allocation of 1,000,000 shares to the directors and employees under the continuing 5-year scheme. On 6 May 2008, the Company's directors and employees exercised their rights to purchase 950,000 ordinary shares, at a price of Baht 1 per share, or a total of Baht 950,000. The Company registered the increase in its paid-up capital to Baht 702,950,000 million with the Ministry of Commerce on 7 May 2008.

Following the third allocation of shares under the continuing 5-year scheme, 2,050,000 shares are available for future allocation.

13. ESOP warrants

As at 31 March 2008, there were 18,500,000 unexercised ordinary share warrants which had been granted to the Company's directors and employees (initially, a total of 21,250,000 warrants were granted, but because 2,750,000 warrants were not allocated to intermediaries within 26 February 2007, the actual number of warrants allocated was 18,500,000). These warrants 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 for such warrants is between 28 December 2007 and 27 October 2011.

14. Earnings per share

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

Diluted earnings per share is calculated by dividing net income for the period by the weighted average number of ordinary shares in issue during the period 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 period or on the date the potential ordinary shares were issued.

(Unaudited but reviewed)

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

Consolidated financial statements					
For the three-month periods ended 31 March					
Net income		Weighted average number of ordinary shares		Earnings per share	
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Net income attributable to equity holders of the parent					
10,788	59,883	702,000	701,000	0.02	0.09
Effect of dilutive potential ordinary shares					
ESOP warrants granted to the Company's directors and employees					
-	-	-	10,305		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>10,788</u>	<u>59,883</u>	<u>702,000</u>	<u>711,305</u>	0.02	0.08

Separate financial statements					
For the three-month periods ended 31 March					
Net income		Weighted average number of ordinary shares		Earnings per share	
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Net income attributable to equity holders of the parent					
7,276	70,281	702,000	701,000	0.01	0.10
Effect of dilutive potential ordinary shares					
ESOP warrants granted to the Company's directors and employees					
-	-	-	10,305		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>7,276</u>	<u>70,281</u>	<u>702,000</u>	<u>711,305</u>	0.01	0.10

15. 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 three-month periods ended 31 March 2008 and 2007 of the Company and its subsidiary by segment.

(Unit: Million Baht)

	For the three-month periods ended 31 March							
	Design and installation of telecommunication systems segment		Rental of public telephones segment		Other segments		Consolidation	
	2008	2007	2008	2007	2008	2007	2008	2007
	Revenue from external customers	212	771	24	42	32	21	268

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.

16. Commitments and contingent liabilities**16.1 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 March 2008 are as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within:		
1 year	12.6	6.3
2 - 3 years	14.9	8.0

16.2 Guarantees

As at 31 March 2008, there were outstanding bank guarantees of Baht 744.1 million (31 December 2006: Baht 1,052.4 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 501.1 million (31 December 2006: Baht 812.8 million) attributed to the Company, in respect of certain performance bonds as required in the normal course of business.

16.3 Letters of credit

As at 31 March 2008, the Company had outstanding commitments under letters of credit with local and overseas suppliers amounting to approximately USD 2.8 million, SGD 1.6 million and Baht 234 million.

17. Financial instruments

17.1 Foreign currency risk

The Company and its subsidiary's 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 they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2008 are summarised below.

Consolidated financial statements			
Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2008
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	24.1	22.4	31.5079
Euro	-	0.4	49.7267
Singapore dollar	-	1.6	22.8237
Separate financial statements			
Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2008
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	24.1	21.5	31.5079
Euro	-	0.4	49.7267
Singapore dollar	-	1.6	22.8237

Foreign exchange contracts outstanding at 31 March 2008 are summarised below.

Foreign currency	Bought amount	Contractual exchange rate
		Bought
	(Million)	(Baht per 1 foreign currency unit)
US dollar	0.8	31.6000 - 37.3835
Euro	0.4	47.0050 - 48.6000

17.2 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 trade account and notes receivable-related party, and trade accounts and notes payable-unrelated parties which have book values and fair values as follows:

	(Unit: Million Baht)	
	31 March 2008	
	Carrying amount	Fair value
Financial assets		
Trade account and notes receivable - related party (Note 3)	562	533
Financial liabilities		
Trade accounts and notes payable - unrelated parties (Note 11)	560	531

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.

18. Subsequent events

Dividends

On 28 April 2008, the Annual General Meeting No. 1/2008 of the Company's shareholders passed a resolution approving the payment of dividend of Baht 0.087 per share from the 2007 earnings, a total of approximately Baht 61.1 million.

19. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2008.