

Jasmine Telecom Systems Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2009 and 2008

Report of Independent Auditor

To the Shareholders of Jasmine Telecom Systems Public Company Limited

I have audited the accompanying consolidated balance sheets of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiary as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

Except for the matters discussed in paragraph A), I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

- A) As described in Note 6 to the financial statements, as at 31 December 2009 and 2008, the Company and its subsidiary had outstanding balances receivable from a related company amounting to approximately Baht 703 million and Baht 625 million, respectively. The balances are recorded under the captions of "Trade accounts and notes receivable - related parties", "Amounts due from related parties", "Unbilled receivable from related parties" and "Other account receivable" in the consolidated balance sheet (approximately Baht 231 million in the separate balance sheet (2008: Baht 228 million)). Most of the balances are long outstanding. In considering the collectability of the outstanding balances, the management of the Company and its subsidiary received cash flow projections which prepared by the related company in 2008. They show that the related company will have sufficient future cash flows to make full payment. On 22 April 2008, the related company filed a petition for business rehabilitation with the Central Bankruptcy Court and the Court accepted the petition.

Subsequently, on 2 June 2009, the creditors passed the resolution to select the rehabilitation planner for the related company and on 22 July 2009, the Central Bankruptcy Court ordered an appointment of the rehabilitation planner. Up to the reporting date, the plan preparer is in the process of preparing the rehabilitation plan. However, the rehabilitation plan is still required to be approved by the creditors and the Court. The business rehabilitation plan may significantly impact on the allowance for doubtful accounts for the outstanding balances, and the management of the Company and its subsidiary are therefore unable to determine the appropriate amount at this stage. In addition, this related company faces uncertainties and various ongoing disputes with its concession provider and the auditor of this related company was unable to reach any conclusion as a result of his review of its financial statements for the nine-month period ended 30 September 2009. I was unable to audit to satisfy myself as to the adequacy of the allowance for doubtful accounts, and this constitutes a limitation imposed by circumstance.

- B) As described in Note 24 to the financial statements, the Company has disclosed its financial information by business segment in accordance with Accounting Standard No. 14 “Segment Reporting”, except for its operating results which the Company is unable to disclose by business segment for reasons as described in that note.

In my opinion, except for any adjustments that might be required to the financial statements as a result of the matters discussed in paragraph A) and non-disclosure of financial information by business segment in the financial statements as described in paragraph B), the financial statements referred to above present fairly, in all material respects, the financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary and of Jasmine Telecom Systems Public Company Limited as at 31 December 2009 and 2008, the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 23 February 2010

Jasmine Telecom Systems Public Company Limited and its subsidiary

Balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents		232,827,187	205,902,869	219,397,059	163,363,971
Current investments - restricted bank deposits		3,046,249	1,120,229	357,639	357,639
Trade accounts and notes receivable					
Related parties	6, 7	1,388,694,647	1,242,254,710	954,021,411	1,014,500,952
Unrelated parties	7	1,400,503,299	415,508,239	1,397,440,532	409,813,352
Total trade accounts and notes receivable		2,789,197,946	1,657,762,949	2,351,461,943	1,424,314,304
Amounts due from related parties	6	19,256,490	17,182,967	19,256,490	17,182,967
Inventories - net	8	802,511,066	94,146,407	802,491,061	94,094,001
Assets held for sale - net	9	227,732,913	-	227,732,913	-
Other current assets					
Prepaid project cost		120,781,987	316,956,720	119,898,206	265,434,672
Unbilled receivable from related parties	6	37,863,254	176,625,544	35,582,834	64,862,781
Unbilled receivable from unrelated parties		291,566,918	23,963,098	274,291,632	11,079,105
Other account receivable	10	396,656,731	72,813,833	323,831,797	1,066,355
Others		94,885,597	156,687,470	83,484,971	144,049,868
Total other current assets		941,754,487	747,046,665	837,089,440	486,492,781
Total current assets		5,016,326,338	2,723,162,086	4,457,786,545	2,185,805,663
Non-current assets					
Restricted bank deposits		72,271,167	66,105,036	69,195,126	56,056,218
Long-term trade account and note receivable from related party	6	1,164,452,456	22,115,001	1,164,452,456	22,115,001
Investment in subsidiary	11	-	-	83,899,210	83,899,210
Long-term investments in available-for-sale securities	12	6,457,670	4,424,700	3,414,986	2,339,898
Property, plant and equipment - net	13	37,694,161	432,302,376	32,840,245	426,941,980
Deposits		4,713,202	5,203,284	3,142,773	3,521,125
Total non-current assets		1,285,588,656	530,150,397	1,356,944,796	594,873,432
Total assets		6,301,914,994	3,253,312,483	5,814,731,341	2,780,679,095

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 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Short-term bank loans	14	661,676,157	293,985,258	371,999,952	-
Trust receipts	15	511,085,523	136,556,217	511,085,523	136,556,217
Trade accounts and notes payable					
Related parties	6	17,703,712	134,178	17,703,712	134,178
Unrelated parties	16	1,124,782,812	780,530,879	1,107,469,026	758,496,567
Total trade accounts and notes payable		1,142,486,524	780,665,057	1,125,172,738	758,630,745
Current portion of long-term loans	17	71,005,575	-	71,005,575	-
Amounts due to related parties	6	12,241,311	8,282,704	401,897	1,202,719
Other current liabilities					
Accrued project cost		301,450,830	242,473,566	136,397,523	80,134,140
Advance received from related parties	6	578,882	3,734,515	578,882	1,198,764
Advance received from unrelated parties		273,547,791	114,516,900	273,547,791	114,516,900
Corporate income tax payable		12,115,319	-	12,115,319	-
Others		43,800,904	22,021,858	31,554,303	17,455,702
Total other current liabilities		631,493,726	382,746,839	454,193,818	213,305,506
Total current liabilities		3,029,988,816	1,602,236,075	2,533,859,503	1,109,695,187
Non-current liabilities					
Long-term trade accounts and notes payable - unrelated parties	16	1,387,525,205	-	1,387,525,205	-
Long-term loans - net of current portion	17	131,867,497	-	131,867,497	-
Total non-current liabilities		1,519,392,702	-	1,519,392,702	-
Total liabilities		4,549,381,518	1,602,236,075	4,053,252,205	1,109,695,187

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 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Shareholders' equity					
Share capital					
Registered					
726,250,000 ordinary shares of Baht 1 each		<u>726,250,000</u>	<u>726,250,000</u>	<u>726,250,000</u>	<u>726,250,000</u>
Issued and fully paid-up					
702,950,000 ordinary shares of Baht 1 each	18	702,950,000	702,950,000	702,950,000	702,950,000
Share premium		418,811,778	418,811,778	418,811,778	418,811,778
Unrealised gain (loss)					
Difference between the purchase price of investment in subsidiary under common control and its net book value					
	2.2	8,157,637	8,157,637	-	-
Unrealised loss on changes in value of investments in available-for-sale securities					
	12	-	(8,308,755)	-	(4,363,593)
Retained earnings					
Appropriated - statutory reserve	21	60,991,695	56,685,113	60,991,695	56,685,113
Unappropriated		<u>560,025,855</u>	<u>471,417,612</u>	<u>578,725,663</u>	<u>496,900,610</u>
Equity attributable to the Company's shareholders		1,750,936,965	1,649,713,385	1,761,479,136	1,670,983,908
Minority interest- equity attributable to minority shareholders of subsidiary					
		<u>1,596,511</u>	<u>1,363,023</u>	-	-
Total shareholders' equity		<u>1,752,533,476</u>	<u>1,651,076,408</u>	<u>1,761,479,136</u>	<u>1,670,983,908</u>
Total liabilities and shareholders' equity		<u>6,301,914,994</u>	<u>3,253,312,483</u>	<u>5,814,731,341</u>	<u>2,780,679,095</u>
		-	-	-	-

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

Directors

Jasmine Telecom Systems Public Company Limited and its subsidiary

Income statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Sales and service income		4,365,435,719	1,563,119,521	4,155,369,410	1,405,884,063
Exchange gains		-	17,254,399	828,477	8,462,852
Other income		59,544,914	29,140,007	59,181,737	24,956,917
Total revenues		4,424,980,633	1,609,513,927	4,215,379,624	1,439,303,832
Expenses					
Cost of sales and services		3,959,625,218	1,345,157,165	3,798,115,901	1,227,500,620
Selling and servicing expenses		29,688,602	38,968,377	24,393,721	33,823,616
Administrative expenses		100,661,953	96,662,479	97,516,352	79,356,984
Management's remuneration		28,901,663	32,941,147	17,520,290	20,375,944
Other expenses		379,595	339,015	87,970	338,876
Loss on impairment of asset	9, 13	71,113,487	-	71,113,487	-
Loss on impairment of investments in available-for-sale securities	12	6,358,597	36,593,991	3,288,505	23,968,142
Total expenses		4,196,729,115	1,550,662,174	4,012,036,226	1,385,364,182
Income before finance cost and corporate income tax		228,251,518	58,851,753	203,343,398	53,939,650
Finance cost		(84,631,474)	(35,083,855)	(66,657,220)	(13,934,254)
Income before corporate income tax		143,620,044	23,767,898	136,686,178	40,005,396
Corporate income tax		(50,554,543)	(17,140,189)	(50,554,543)	(17,140,189)
Net income for the year		93,065,501	6,627,709	86,131,635	22,865,207
Net income attributable to:					
Equity holders of the parent		92,914,825	7,113,667	86,131,635	22,865,207
Minority interests of the subsidiary		150,676	(485,958)		
		93,065,501	6,627,709		
Earnings per share					
23					
Basic earnings per share					
Net income attributable to equity holders of the parent		0.13	0.01	0.12	0.03
Weighted average number of ordinary shares (shares)		702,950,000	702,622,951	702,950,000	702,622,951
Diluted earnings per share					
Net income attributable to equity holders of the parent		0.13	0.01	0.12	0.03
Weighted average number of ordinary shares (shares)		702,950,000	702,622,951	702,950,000	702,622,951

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 2008 and 2007

(Unit: Baht)

Consolidated financial statements									
Equity attributable to the parent's shareholders									
			Difference between	Unrealised loss			Total	Minority	
	Issued and	Share premium	the purchase price	on changes in value of			equity attributable to	interest - equity	
	fully paid-up		of investment	investments in			the parent's	attributable to	
	share capital		in subsidiary under	available-for-sale	Retained earnings		shareholders	minority shareholders	Total
Note			common control and	securities	Appropriated	Unappropriated		of subsidiary	
	its net book value		its net book value						
Balance as at 31 December 2007	702,000,000	418,811,778	8,157,637	(38,215,011)	55,541,853	667,108,048	1,813,404,305	1,503,653	1,814,907,958
Expenses recognised directly in equity:									
Investment in available-for-sale securities									
Transferred to allowance for impairment									
of investments	12	-	-	-	36,184,961	-	36,184,961	409,030	36,593,991
Loss recognised in shareholders' equity		-	-	-	(6,278,705)	-	(6,278,705)	(63,702)	(6,342,407)
Net expenses recognised									
directly in equity		-	-	-	29,906,256	-	29,906,256	345,328	30,251,584
Net income for the year		-	-	-	-	7,113,667	7,113,667	(485,958)	6,627,709
Total income and expenses for the year		-	-	-	29,906,256	-	7,113,667	(140,630)	36,879,293
Dividend paid	26	-	-	-	-	(201,660,843)	(201,660,843)	-	(201,660,843)
Unappropriated retained earnings									
transferred to statutory reserve	21	-	-	-	-	1,143,260	(1,143,260)	-	-
Share capital issued	18	950,000	-	-	-	-	950,000	-	950,000
Balance as at 31 December 2008	<u>702,950,000</u>	<u>418,811,778</u>	<u>8,157,637</u>	<u>(8,308,755)</u>	<u>56,685,113</u>	<u>471,417,612</u>	<u>1,649,713,385</u>	<u>1,363,023</u>	<u>1,651,076,408</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the parent's shareholders										
			Difference between the purchase price of investment in subsidiary under common control and its net book value	Unrealised loss on changes in value of investments in available-for-sale securities	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiary	Total	
	Note	Issued and fully paid-up share capital	Share premium		Appropriated	Unappropriated				
Balance as at 31 December 2008		702,950,000	418,811,778	8,157,637	(8,308,755)	56,685,113	471,417,612	1,649,713,385	1,363,023	1,651,076,408
Income recognised directly in equity:										
Investment in available-for-sale securities										
Transferred to allowance for impairment of investments	12	-	-	-	6,296,188	-	-	6,296,188	62,409	6,358,597
Gain recognised in shareholders' equity		-	-	-	2,012,567	-	-	2,012,567	20,403	2,032,970
Net income recognised directly in equity		-	-	-	8,308,755	-	-	8,308,755	82,812	8,391,567
Net income for the year		-	-	-	-	92,914,825	92,914,825	92,914,825	150,676	93,065,501
Total income and expenses for the year		-	-	-	8,308,755	-	92,914,825	101,223,580	233,488	101,457,068
Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	-	4,306,582	(4,306,582)	-	-	-
Balance as at 31 December 2009		<u>702,950,000</u>	<u>418,811,778</u>	<u>8,157,637</u>	<u>-</u>	<u>60,991,695</u>	<u>560,025,855</u>	<u>1,750,936,965</u>	<u>1,596,511</u>	<u>1,752,533,476</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

		Separate financial statements						
		Issued and fully paid-up		Difference between	Unrealised gain (loss)	Retained earnings		
		share capital	Share premium	the purchase price of	on changes in value of	Appropriated	Unappropriated	Total
Note				investment in subsidiary	investments in			
				under common control and	available-for-sale			
				its net book value	securities			
	Balance as at 31 December 2007	702,000,000	418,811,778	-	(24,980,010)	55,541,853	676,839,506	1,828,213,127
	Expenses recognised directly in equity:							
	Investment in available-for-sale securities							
	Transferred to allowance for impairment of investments	12	-	-	23,968,142	-	-	23,968,142
	Loss recognised in shareholders' equity		-	-	(3,351,725)	-	-	(3,351,725)
	Net expenses recognised directly in equity		-	-	20,616,417	-	-	20,616,417
	Net income for the year		-	-	-	-	22,865,207	22,865,207
	Total income and expenses for the year		-	-	20,616,417	-	22,865,207	43,481,624
	Dividend paid	26	-	-	-	-	(201,660,843)	(201,660,843)
	Unappropriated retained earnings transferred to							
	statutory reserve	21	-	-	-	1,143,260	(1,143,260)	-
	Share capital issued	18	950,000	-	-	-	-	950,000
	Balance as at 31 December 2008		<u>702,950,000</u>	<u>418,811,778</u>	<u>-</u>	<u>(4,363,593)</u>	<u>496,900,610</u>	<u>1,670,983,908</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

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

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Cash flow statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities				
Net income before tax	143,620,044	23,767,898	136,686,178	40,005,396
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	92,925,557	103,003,103	90,958,786	100,164,289
Loss on impairment of asset	71,113,487	-	71,113,487	-
Loss on impairment of investment in available-for-sale securities	6,296,188	36,184,961	3,288,505	23,968,142
Loss (gain) on sales of equipment	7,610	(89,933)	12,783	(89,933)
Unrealised gain on exchange rate	(6,619,380)	(2,314,239)	(6,315,470)	(3,152,148)
Interest income	(53,868,783)	(14,847,866)	(53,700,958)	(13,728,144)
Interest expenses	78,249,049	30,080,379	60,274,795	9,159,978
Minority interest in loss on impairment of investments in available-for-sale securities	62,409	404,687	-	-
Income from operating activities before changes in operating assets and liabilities	331,786,181	176,188,990	302,318,106	156,327,580
Operating assets (increase) decrease				
Trade accounts and notes receivable	(2,276,394,478)	18,900,328	(2,072,107,120)	55,717,405
Amounts due from related parties	1,167,239	(1,299,077)	1,167,239	(1,299,077)
Inventories	(701,200,014)	(15,008,151)	(701,232,415)	(19,386,641)
Other current assets	(184,996,749)	(334,610,205)	(342,277,435)	(327,730,286)
Other assets	490,082	162,790	378,352	(58,607)
Operating liabilities increase (decrease)				
Trade accounts and notes payable	1,765,917,989	(363,715,709)	1,770,618,864	(367,618,947)
Amounts due to related parties	3,958,607	4,141,395	(800,822)	(42,902)
Other current liabilities	236,926,615	116,152,258	228,783,783	129,842,767
Cash flows used in operating activities	(822,344,528)	(399,087,381)	(813,151,448)	(374,248,708)
Cash paid for interest expenses	(48,621,722)	(29,930,501)	(31,521,372)	(9,010,100)
Cash paid for corporate income tax	(40,740,280)	(21,194,049)	(38,439,224)	(21,120,157)
Net cash flows used in operating activities	(911,706,530)	(450,211,931)	(883,112,044)	(404,378,965)

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 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from investing activities				
Increase in current investments - restricted bank deposits	(1,926,020)	(7,799)	-	(79,059)
Decrease (increase) in restricted bank deposits	(6,166,131)	6,053,804	(13,138,908)	4,416,596
Interest income	5,965,719	8,370,549	5,762,589	7,192,391
Acquisition of equipment	(4,652,956)	(11,650,831)	(2,880,879)	(10,707,255)
Proceeds from sales of equipment	316,959	409,533	-	409,533
Net cash flows from (used in) investing activities	(6,462,429)	3,175,256	(10,257,198)	1,232,206
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term bank loans	367,690,899	(7,737,145)	371,999,952	(19,675,356)
Increase in trust receipts	374,529,306	132,801,614	374,529,306	132,801,614
Cash receipt from long-term loans	202,873,072	-	202,873,072	-
Proceeds from increase in share capital	-	950,000	-	950,000
Dividend paid	-	(201,660,843)	-	(201,660,843)
Net cash flows from (used in) financing activities	945,093,277	(75,646,374)	949,402,330	(87,584,585)
Net increase (decrease) in cash and cash equivalents	26,924,318	(522,683,049)	56,033,088	(490,731,344)
Cash and cash equivalents at beginning of year	205,902,869	728,585,918	163,363,971	654,095,315
Cash and cash equivalents at end of year	232,827,187	205,902,869	219,397,059	163,363,971
	-	-	-	-

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 2009 and 2008

1. General information

Corporate information

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

On 22 November 2008, the National Telecommunications Commission (“NTC”) granted a type one license (Public Telephone Service) to the Company, for the period of 5 years from date of issue. In 2009, the Company extended this license for another 5 years (expiring in 2014). The Company is to pay an annual license fee, frequency allocation license fee (if any), numbering fee (if any) or other fee as the board of NTC established. The Company is obliged to comply with certain conditions as stated in the license.

2. Basis of preparation

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

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Jasmine Telecom Systems Public Company Limited (“the Company”) and a subsidiary company, Siam Teltech Computer Company Limited, which was incorporated in Thailand. The subsidiary company is principally engaged in the system and software development and sales of computer products, detailed below.

Company's name	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Percent	Percent	Percent	Percent	Percent	Percent
Siam Teltech Computer Co., Ltd.	97.87	97.87	9.1	17.1	4.8	10.1

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

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

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

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

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

a) Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

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

TAS 36 (revised 2007)

Impairment of Assets

TFRS 5 (revised 2007)

Non-current Assets Held for Sale
and Discontinued Operations

Accounting Treatment Guidance for Leasehold right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Leasehold right and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007), and TFRS5 (revised 2007) will not have any significant impact on the financial statements for the current period.

b) Accounting standards which are not effective for the current year

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

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

The management of the Company is still evaluating the effect of these three accounting standards and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Revenue from design and installation of telecommunication systems

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

Revenue from installment sales

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

Rendering of maintenance services

Maintenance service revenue is recognised when service is rendered.

Public telephone rental income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts 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 debt aging.

4.4 Inventories

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

4.5 Assets held for sale

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

4.6 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the 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. In addition, the Company and its subsidiary treat available-for-sale investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists.
- b) Investment in subsidiary company is accounted for in the separated financial statements using the cost method net of allowance for loss on diminution in value.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

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

In the event the Company and its subsidiary reclassify investments in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

4.7 Property, plant and equipment / Depreciation

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

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

Buildings	-	20	years
Public telephones	-	10	years but not more than the remaining term of their rental contracts
Buildings and leasehold improvements	-	5	years
Furniture, fixtures 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.

4.8 Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.9 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

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

An impairment loss is recognised in the income statement.

4.11 Employee benefits

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

4.12 Provisions

Provisions are recognised when the Company and its subsidiary has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.13 Income tax

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

4.14 Derivatives

Forward exchange contracts

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

5. Use of accounting estimates

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

Allowance for doubtful accounts

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

Impairment of equity investments

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

Property plant and equipment/Depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review and discounting them to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

6. 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 financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<u>Transactions with parent company</u>					
Sales and service income	0.4	-	0.4	-	Contract price or at prices normally charged to other customers or cost plus margin
Office rental and service expenses	9.3	10.6	6.0	6.0	Contract price or at prices normally charged to other customers
Other expenses	1.3	0.7	0.5	0.6	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and service income	1,844.0	592.6	1,690.0	536.2	Contract price or at prices normally charged to other customers or cost plus margin
Interest income	52.1	7.8	52.1	7.8	MLR per annum
Other income	0.3	-	0.3	-	Contract price or at prices normally charged to other customers
Cost of sales and services	24.8	23.1	24.7	22.9	Contract price or at prices normally charged to other customers
Office rental and service expenses	1.3	1.4	1.3	1.4	Contract price or at prices normally charged to other customers
Other expenses	6.9	7.9	4.7	4.7	Contract price or at prices normally charged to other customers

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

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Trade accounts and notes receivable - related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	-	8,156	-	8,156
<u>Related companies</u>				
Triple T Broadband Plc.	679,114	680,223	643,484	680,223
TT&T Plc.	609,094	439,447	211,896	211,959
Jastel Network Co., Ltd.	80,259	18,001	80,259	18,001
T.J.P. Engineering Co., Ltd.	9,502	25,949	9,502	25,949
Triple T Internet Co., Ltd.	6,510	6,367	6,510	6,367
Jasmine Submarine Telecommunications Co., Ltd.	2,370	2,376	2,370	2,376
Triple T Global Net Co., Ltd.	1,846	61,470	-	61,470
TT&T Subscriber Services Co., Ltd.	-	266	-	-
Total trade accounts and notes receivable - related companies	<u>1,388,695</u>	<u>1,234,099</u>	<u>954,021</u>	<u>1,006,345</u>
Total trade accounts and notes receivable - related parties	<u>1,388,695</u>	<u>1,242,255</u>	<u>954,021</u>	<u>1,014,501</u>
<u>Amounts due from related parties</u>				
<u>Related companies</u>				
TT&T Plc.	19,124	15,883	19,124	15,883
TT&T Subscriber Services Co., Ltd.	105	-	105	-
Triple T Broadband Plc.	27	40	27	40
Jasmine Submarine Telecommunications Co., Ltd.	-	1,260	-	1,260
Total amounts due from related parties	<u>19,256</u>	<u>17,183</u>	<u>19,256</u>	<u>17,183</u>
<u>Unbilled receivable from related parties</u>				
<u>Related companies</u>				
T.J.P. Engineering Co., Ltd.	35,583	64,863	35,583	64,863
TT&T Plc.	2,280	96,813	-	-
TT&T Subscriber Services Co., Ltd.	-	14,950	-	-
Total unbilled receivable from related parties	<u>37,863</u>	<u>176,626</u>	<u>35,583</u>	<u>64,863</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Long-term trade accounts and notes receivable from related party</u>				
<u>Related companies</u>				
Triple T Broadband Plc.	1,164,452	-	1,164,452	-
Triple T Global Net Co., Ltd.	-	22,115	-	22,115
Total long-term trade accounts and notes receivable from related party	1,164,452	22,115	1,164,452	22,115
<u>Trade accounts and notes payable - related parties</u>				
<u>Related companies</u>				
TT&T Subscriber Services Co., Ltd.	17,703	-	17,703	-
ACeS Regional Service Co., Ltd.	1	-	1	-
TT&T Plc.	-	134	-	134
Total trade accounts and notes payable - related parties	17,704	134	17,704	134
<u>Amounts due to related parties</u>				
<u>Parent company</u>				
Jasmine International Plc.	10,840	7,069	127	268
<u>Related companies</u>				
Premium Assets Co., Ltd.	1,313	469	247	250
Jasmine Internet Co., Ltd.	60	60	-	-
Triple T Internet Co., Ltd.	27	27	27	27
Triple T Broadband Plc.	1	33	1	33
Jasmine Submarine Telecommunications Co., Ltd.	-	575	-	575
Acumen Co., Ltd.	-	50	-	50
Total amounts due to related companies	1,401	1,214	275	935
Total amounts due to related parties	12,241	8,283	402	1,203
<u>Advance received from related parties</u>				
<u>Related companies</u>				
Jastel Network Co., Ltd.	481	1,007	481	1,007
Jasmine Submarine Telecommunications Co., Ltd.	90	90	90	90
Triple T Broadband Plc.	8	8	8	8
TT&T Plc.	-	2,536	-	-
Triple T Global Net Co., Ltd.	-	94	-	94
Total advance received from related parties	579	3,735	579	1,199

As at 31 December 2009 and 2008, the Company and its subsidiary company had outstanding balances receivable from TT&T Plc. (TT&T), a related company amounting to approximately Baht 703 million and Baht 625 million, respectively. The balances are recorded under the captions of "Trade accounts and notes receivable - related parties", "Amounts due from related parties", "Unbilled receivable from related parties", and "Other account receivable" in the consolidated balance sheet (approximately Baht 231 million in the separate balance sheet (2008: Baht 228 million)). Most of the balances are long outstanding. In considering the collectability of the outstanding balances, the management of the Company and its subsidiary received cash flow projections which prepared by TT&T in 2008. They show that TT&T will have sufficient future cash flows to make full payment. On 22 April 2008, TT&T filed a petition for business rehabilitation with the Central Bankruptcy Court and the Court accepted the petition. Subsequently, on 14 January 2009, a creditors' meeting resolved to appoint TT&T as the rehabilitation planner. On 8 April 2009, the Court rejected TT&T as the rehabilitation planner, and ordered the Official Receiver to hold a creditors' meeting again within 40 days to select a new rehabilitation planner. Subsequently, on 2 June 2009, the creditors passed the resolution to select P Planner Company Limited as the rehabilitation planner and on 22 July 2009, the Central Bankruptcy Court ordered an appointment of P Planner Company Limited as the rehabilitation planner. On 29 September 2009, the Official Receiver published an advertisement of the appointment order in the Government Gazette. The plan preparer is then to prepare and submit a rehabilitation plan to the Official Receiver, who will call a creditors' meeting to consider the plan within three months after the appointment of the plan preparer is announced in the Government Gazette. The Court may extend the time limit up to two more times, with each extension not to exceed one month. Up to the present, the plan preparer is in the process of preparing the rehabilitation plan. However, the rehabilitation plan is still required to be approved by the creditors and the Court. The business rehabilitation plan may significantly impact on the allowance for doubtful accounts for the outstanding receivable balances, and the management of the Company and its subsidiary are therefore unable to determine an appropriate amount at this stage.

Trade accounts and notes receivable - related parties

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

	(Unit: Baht)	
	<u>2009</u>	<u>2008</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)	235,730,588	375,502,236
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)	<u>1,164,452,456</u>	<u>22,115,001</u>
Total	<u>1,400,183,044</u>	<u>397,617,237</u>
Fair value	<u>1,400,183,044</u>	<u>397,617,237</u>

7. Trade accounts and notes receivable

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

	(Unit: Baht)			
<u>Age of receivables</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Related parties</u>				
Not yet due	219,509,200	572,520,317	193,756,971	566,657,915
Past due				
Up to 3 months	51,921,777	131,779,485	41,429,603	131,738,050
3 - 6 months	208,066,997	67,747,531	68,614,546	67,747,531
6 - 12 months	306,681,742	248,290,748	269,043,239	55,979,582
Over 12 months	<u>602,514,931</u>	<u>221,916,629</u>	<u>381,177,052</u>	<u>192,377,874</u>
Total	<u>1,388,694,647</u>	<u>1,242,254,710</u>	<u>954,021,411</u>	<u>1,014,500,952</u>
<u>Unrelated parties</u>				
Not yet due	1,321,986,596	291,152,302	1,320,110,836	287,148,824
Past due				
Up to 3 months	17,626,778	33,520,519	17,443,401	32,971,989
3 - 6 months	1,000,000	20,269,550	-	19,130,301
6 - 12 months	28,684,328	12,983,138	28,684,328	12,983,138
Over 12 months	<u>31,205,597</u>	<u>57,582,730</u>	<u>31,201,967</u>	<u>57,579,100</u>
Total	<u>1,400,503,299</u>	<u>415,508,239</u>	<u>1,397,440,532</u>	<u>409,813,352</u>
Total trade accounts and notes receivable	<u>2,789,197,946</u>	<u>1,657,762,949</u>	<u>2,351,461,943</u>	<u>1,424,314,304</u>

Included in trade accounts and notes receivable from unrelated parties as at 31 December 2009 and 2008, were amounts receivable from the companies majority-owned by the government as follows:

Age of receivables	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Not yet due	1,288,640,096	281,752,768	1,286,816,696	278,201,365
Past due				
Up to 3 months	12,004,998	33,447,188	11,821,622	32,898,658
3 - 6 months	-	1,139,249	-	-
6 - 12 months	-	-	-	-
Over 12 months	27,203,960	57,279,178	27,203,959	57,279,178
Total	<u>1,327,849,054</u>	<u>373,618,383</u>	<u>1,325,842,277</u>	<u>368,379,201</u>

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

8. Inventories

	(Unit: Baht)					
	Consolidated financial statements					
	Cost		Allowance for inventory obsolescence		Inventory-net	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Finished goods	793,576,827	90,847,850	(2,210,190)	(2,210,190)	791,366,637	88,637,660
Spare parts	11,144,429	5,508,747	-	-	11,144,429	5,508,747
Total	<u>804,721,256</u>	<u>96,356,597</u>	<u>(2,210,190)</u>	<u>(2,210,190)</u>	<u>802,511,066</u>	<u>94,146,407</u>

	(Unit: Baht)			
	Separate financial statements			
	Cost		Inventory-net	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Finished goods	791,346,632	88,585,254	791,346,632	88,585,254
Spare parts	11,144,429	5,508,747	11,144,429	5,508,747
Total	<u>802,491,061</u>	<u>94,094,001</u>	<u>802,491,061</u>	<u>94,094,001</u>

9. Assets held for sale - net

As described in Note 13 to the financial statements, as at 31 December 2009, assets held for sale were as follows:

	(Unit: Baht)
Public telephones	158,069,088
Assets under installation	140,777,312
Total	<u>298,846,400</u>
Less: Allowance for impairment	<u>(71,113,487)</u>
Assets held for sale - net	<u><u>227,732,913</u></u>

10. Other account receivable

Other account receivable balances in the consolidated financial statements include the amount of Baht 73 million that the subsidiary company paid in advance to an unrelated company for TT&T, a related company, for a project work. The subsidiary company has a right to call for the repayment for such amount from TT&T. The subsidiary already filed this amount in its claims for settlement of debts under the business rehabilitation plan of TT&T.

11. Investment in subsidiary

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

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

12. Investments in available-for-sale securities

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

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Investments in available-for-sale securities, at cost	55,843,250	55,843,250	30,671,633	30,671,633
Revaluation deficit on changes in value of the investments in available-for-sale securities	(49,385,580)	(51,418,550)	(27,256,647)	(28,331,735)
Reversal of revaluation deficit on changes in value of investments in available-for-sale securities	42,952,588	36,593,991	27,256,647	23,968,142
Allowance for impairment of investments	(42,952,588)	(36,593,991)	(27,256,647)	(23,968,142)
Investments in available-for-sale securities - net	<u>6,457,670</u>	<u>4,424,700</u>	<u>3,414,986</u>	<u>2,339,898</u>

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

13. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements							Total
	Land	Buildings	Public telephones	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	
Cost								
31 December 2008	2,000,000	1,239,235	675,437,645	15,227,514	64,984,182	10,370,561	155,065,965	924,325,102
Additions	-	-	621,570	461,087	2,180,976	-	1,389,323	4,652,956
Disposals	-	-	-	-	(16,731)	(390,000)	-	(406,731)
Transfer in (out)	-	-	(658,003,764)	7,800	-	-	(156,455,288)	(814,451,252)
31 December 2009	2,000,000	1,239,235	18,055,451	15,696,401	67,148,427	9,980,561	-	114,120,075
Accumulated depreciation								
31 December 2008	-	983,696	428,890,435	7,120,416	48,246,553	6,781,626	-	492,022,726
Depreciation for the year	-	56,979	83,204,966	2,336,401	5,876,429	1,450,782	-	92,925,557
Depreciation on disposals	-	-	-	-	(3,948)	(78,214)	-	(82,162)
Transfer out	-	-	(508,440,207)	-	-	-	-	(508,440,027)
31 December 2009	-	1,040,675	3,655,194	9,456,817	54,119,034	8,154,194	-	76,425,914
Net book value								
31 December 2008	2,000,000	255,539	246,547,210	8,107,098	16,737,629	3,588,935	155,065,965	432,302,376
31 December 2009	2,000,000	198,560	14,400,257	6,239,584	13,029,393	1,826,367	-	37,694,161
Depreciation for the year								
2008 (Baht 93 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								103,003,103
2009 (Baht 84 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								92,925,557

(Unit: Baht)

	Separate financial statements					Total
	Public telephones	Leasehold improvement	Furniture, fixtures office and equipment	Motor vehicles	Assets under installation	
Cost						
31 December 2008	675,437,645	11,838,548	43,455,186	9,319,720	155,065,965	895,117,064
Additions	621,570	411,390	458,596	-	1,389,323	2,880,879
Disposals	-	-	(16,731)	-	-	(16,731)
Transfer in (out)	(658,003,764)	7,800	-	-	(156,455,288)	(814,451,252)
31 December 2009	18,055,451	12,257,738	43,897,051	9,319,720	-	83,529,960
Accumulated depreciation						
31 December 2008	428,890,435	3,821,470	29,238,248	6,224,931	-	468,175,084
Depreciation for the year	83,204,966	2,290,956	4,143,416	1,319,448	-	90,958,786
Depreciation on disposals	-	-	(3,948)	-	-	(3,948)
Transfer out	(508,440,207)	-	-	-	-	(508,440,207)
31 December 2009	3,655,194	6,112,426	33,377,716	7,544,379	-	50,689,715
Net book value						
31 December 2008	246,547,210	8,017,078	14,216,938	3,094,789	155,065,965	426,941,980
31 December 2009	14,400,257	6,145,312	10,519,335	1,775,341	-	32,840,245
Depreciation for the year						
2008 (Baht 92 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						100,164,289
2009 (Baht 83 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						90,958,786

As at 31 December 2009, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 45.3 million (2008: Baht 37.0 million) (The Company only: Baht 26.3 million, 2008: Baht 22.8 million)

Public telephones

As at 31 December 2009, property, plant and equipment included 11,944 installed public telephones under the rental contracts with TOT Plc. ("TOT") and 4,216 uninstalled public telephones, with a total net book value of approximately Baht 313 million (31 December 2008: 11,944 telephones and 4,891 telephones, respectively, with a total net book value of approximately Baht 398 million).

On 3 February 2009, the Company issued a letter to TOT Plc. ("TOT") in order to seek approval from TOT to cancel the contracts with TOT to rent 30,000 public telephones for a 10-year period because the counterparties are unable to perform their duties as agreed in the contracts. Under this letter, the Company requested TOT to consider the cancellation of the rental contracts to be effective within 27 February 2009.

In April 2009, the meeting of the Board of Directors of TOT passed a resolution approving in principle to purchase installed public telephones from the Company.

On 16 November 2009, the Company and TOT entered into a supplementary agreement to the payphone rental contracts with TOT, in order to cancel the abovementioned contracts with TOT to rent 30,000 public telephones. The cancellation was effective as from the date of signing the supplementary agreement, under which TOT agreed to buy public telephones and all equipment used in the operations under the public telephones rental contracts between the Company and TOT that is in good condition and useful for TOT, at prices stipulated in the supplementary agreement. However, the Company is to continue to provide the public telephones rental services until TOT completes its acceptance procedures. The service income received during the process of delivering the public telephones to TOT is considered income of TOT and no rental or sharing will be paid to the Company. Currently, the Company is in the process of making delivery to TOT, and it expects delivery and acceptance procedures to be completed in June 2010.

Based on the supplementary agreement to the public telephone rental contracts with TOT, the Company recorded loss on impairment of the 11,944 public telephones installed for TOT amounting to Baht 71 million in the income statement of the current year. The Company used the buying-selling prices per the supplementary agreement as the basis for recognition. The Company reclassified these installed public telephones as assets held for sale in the balance sheet. In addition, as at 31 December 2009, the Company had uninstalled public telephones with net book values amounting to Baht 141 million which the Company is in the process of offering for sale to an unrelated company. The management of the Company believes that the sales price will be close to the net book value and also believes that these uninstalled public telephones will be sold within the second quarter of the year 2010. As a result, these uninstalled public telephones were also transferred to be recorded under the caption of assets held for sale in the balance sheet.

In January 2009, the Company entered into Memorandums of Understanding with Triple T Global Net Company Limited, a related company, to rent up to 4,000 public telephones with telephone booths for a period of 2 years from the date of the rental contract, which can be extended periodically, by up to 10 years on aggregate; and to rent up to 12,000 public telephones for a period of 1 year from the date of the rental contract, which can be extended periodically, by up to 5 years on aggregate. According to the Memorandums, the Company will receive monthly rental at a fixed monthly rate per telephone throughout the rental period. However, in May 2009 the Company and Triple T Global Net Company Limited cancelled such Memorandums of Understanding because the Company changed its policy from renting to selling public telephones, with the latter providing better cash flows.

14. Short-term bank loans

The Company and its subsidiary's short-term bank loans carry interest at the rate of MLR per annum. The Company's short-term bank loans are secured by the assignment of rights to receive payments from certain accounts receivable, and the subsidiary's short-term bank loans are secured by the assignment of rights to receive payments from the majority of its accounts receivable as described in Note 7.

15. Trust receipts

The balances are secured by the pledge of bank deposits and the assignment of rights to receive payments from accounts receivable as described in Note 7 to the financial statements.

16. Trade accounts and notes payable - unrelated parties

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 the balance sheet date, based on due dates, are as follows:

	(Unit: Baht)	
	<u>2009</u>	<u>2008</u>
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)	19,689,776	347,676,354
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)	<u>1,387,525,205</u>	-
Total	<u>1,407,214,981</u>	<u>347,676,354</u>
Fair value	<u>1,407,214,981</u>	<u>347,676,354</u>

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

17. Long-term loan

	(Unit: Baht)	
	31 December 2009	31 December 2008
Long-term loan	202,873,072	-
Less: Current portion	<u>(71,005,575)</u>	-
Long-term loan - net of current portion	<u>131,867,497</u>	-

The loan carries interest at the rate of MLR per annum and repayable quarterly from March 2010 to March 2012. The loan is secured by the assignment of rights to receive payments from certain accounts receivable of the Company as described in Note 7 to the financial statements.

18. Share capital

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 the aforementioned 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.

19. ESOP shares

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

	<u>ESOP shares</u>
Extraordinary General Meeting of Shareholders	
resolution date	9 March 2005
Total number of shares issued (units)	5,000,000
Exercised period as from the issued date (years)	5
Initial offering date	3 November 2006
Expired date	2 November 2011
Exercised price (Baht per unit)	Baht 1
Remaining warrants	
As at 31 December 2008 (units)	2,050,000
As at 31 December 2009 (units)	2,050,000

20. ESOP warrants

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

	<u>ESOP warrants</u>
Extraordinary General Meeting of Shareholders	
resolution date	9 March 2005
Total number of warrants issued (units)	21,250,000
Exercised period as from the issued date (years)	5
Expired date	27 October 2011
Exercised ratio (warrant: ordinary share)	1 : 1
Exercised price (Baht per unit)	Baht 1 to Baht 2
Remaining warrants as at 31 December 2008 (units)	18,500,000
Remaining warrants as at 31 December 2009 (units)	18,500,000

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Salary and wages and other employee benefits	139.9	148.0	89.6	88.3
Depreciation	92.9	103.0	91.0	100.2
Loss on impairment of assets	71.1	-	71.1	-
Loss on impairment of investments	6.4	36.6	3.3	24.0
Rental expenses	10.6	12.0	7.3	7.3
Inventories used	2,103.6	917.1	2,044.6	845.1
Subcontract expenses	1,602.9	224.6	1,602.9	224.6

23. 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.

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

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Net income attributable to equity holders of the parent	92,915	7,114	702,950	702,623	0.13	0.01
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>92,915</u>	<u>7,114</u>	<u>702,950</u>	<u>702,623</u>	0.13	0.01

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Net income attributable to equity holders of the parent	86,132	22,865	702,950	702,623	0.12	0.03
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>86,132</u>	<u>22,865</u>	<u>702,950</u>	<u>702,623</u>	0.12	0.03

ESOP warrants granted to the Company's directors and employees were not included in calculation of diluted earnings per share for the year ended 31 December 2009 and 2008 since the exercise prices to purchase ordinary shares are higher than the average market price for the year.

24. 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 2009 and 2008 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	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Revenue from external customers	<u>4,034</u>	<u>1,317</u>	<u>186</u>	<u>126</u>	<u>145</u>	<u>120</u>	<u>4,365</u>
Trade accounts and notes receivable	2,699	1,620	-	29	90	9	2,789	1,658
Inventories, net	788	85	12	6	3	3	803	94
Property, plant and equipment, net	-	1	14	402	-	-	14	403
Long-term trade account and notes receivable from related parties	1,164	22	-	-	-	-	1,164	22
Unallocated assets							<u>1,532</u>	<u>1,076</u>
Total assets							<u>6,302</u>	<u>3,253</u>

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

25. 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 2009, the Company and its subsidiary contributed Baht 5.9 million, and the Company only contributed Baht 4.0 million, to the fund (2008: Baht 6.2 million and Baht 4.1 million, respectively).

26. 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. The Company paid this amount of dividend in May 2008.

On 24 September 2008, the Board of Directors' Meeting No. 7/2008 of the Company passed a resolution approving the payment of an interim dividend of Baht 0.20 per share from the retained earnings as of 30 June 2008, a total of approximately Baht 140.6 million. The Company paid this amount of dividend in October 2008.

27. Commitments and contingent liabilities

27.1 Purchase and sales and service agreement

As at 31 December 2009, the Company has entered into an agreement to purchase goods from an overseas company for a total of USD 3.8 million. Under the conditions of the purchase agreement, the Company is to pay for the goods within approximately 3 years. This agreement to purchase of goods is secured by Triple T Broadband Plc. (a related company).

27.2 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of office building space and related services. The terms of the agreements are generally between 1 and 2 years and non-cancellable.

As at 31 December 2009, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within		
1 year	5.4	3.5

27.3 Guarantees

As at 31 December 2009, there were outstanding bank guarantees of Baht 1,052.8 million (2008: Baht 775.2 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 1,005.5 million (2008: Baht 540.3 million) attributed to the Company, in respect of certain bid bonds and warranty bonds as required in the normal course of business.

27.4 Letters of credit

As at 31 December 2009, the Company had outstanding commitments under letters of credit with local and overseas suppliers amounting to approximately USD 1.8 million and Baht 437.8 million.

28. Financial instruments

Financial risk management

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts and 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 and its subsidiary are 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 and its subsidiary have exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term and long-term borrowings. However, since most of the financial assets and liabilities of the Company and its subsidiary bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2009 are summarised below.

Foreign currency	Consolidated financial statements		
	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2009
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	40.6	51.4	33.3197

Foreign currency	Separate financial statements		
	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2009
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	40.6	50.5	33.3197

Foreign exchange contracts outstanding at 31 December 2009 are summarized below.

Foreign currency	Bought amount	Contractual exchange rate
		Bought
	(Million)	(Baht per 1 foreign currency unit)
US dollar	1.2	33.4600 - 34.1800

As at 31 December 2009, the balance amount of debt in foreign currency being the conditions of currency exchange rate with respect to the trade terms between the parties.

29. Capital management

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

30. Approval of financial statements

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