

JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2007

## **Review Report of Independent Auditor**

To the Shareholders of Jasmine International Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Jasmine International Public Company Limited and its subsidiaries as at 30 September 2007, the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2007, and the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period ended 30 September 2007, and the separate financial statements of Jasmine International 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 review. I did not review the interim financial statements of TT&T Public Company Limited, an associated company, whose financial statements were included in the consolidated financial statements. The consolidated balance sheet of the Company and its subsidiaries as at 30 September 2007 included investment in the associated company accounted for under the equity method totaling Baht 3,117 million and the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2007 included share of loss from the associated company totaling Baht 163 million and Baht 443 million, respectively. The interim financial statements of the associated company were reviewed by another auditor, whose report dated 12 November 2007, has been furnished to me. My report herein, insofar as it relates to the amounts included for the associated company in the consolidated financial statements is based solely on the report of that auditor.

I conducted my review 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.

Based on my review and the review report of another auditor, 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.

Without qualifying the review conclusions in respect of the above financial statements, I draw attention to the following matters:

1. As described in Note 3 to the financial statements, whereby on 7 August 2003, the Central Bankruptcy Court approved the business rehabilitation plan of the Company and subsequently, on 14 September 2006, the Court issued an order to terminate the business rehabilitation of the Company. However, certain creditors lodged objections to certain issues with the Supreme Court, and the issues are being considered by the Supreme Court. The Company believes that these issues will not have any impact on the financial statements of the Company.
2. As described in Note 9.2 to the financial statements, as at 30 September 2007 the net book value of the investments of the Company and its subsidiaries in TT&T Public Company Limited., an associated company, totalled Baht 3,117 million, and that of the Company only totalled Baht 3,135 million, while the total market values of these investments amounted to Baht 1,132 million and Baht 948 million, respectively. No provision for the difference in value has been set aside against the investments since the management believes that the present value of the benefits to be derived from the investments in the future exceeds the above carrying values. Nevertheless, there are uncertainties in respect of the matter and dispute described in Note 9.3 to the financial statements, which may have a material impact on the realisable value of such investments.
3. The auditor of the associated company draw attention to the interim financial statements, under her report dated 12 November 2007, of the associated company and its subsidiaries in respect of the following matters, as described in Note 9.3 to the financial statements.
  - a) The uncertainties as to the going concern of the associated company in respect of the success of future operations and its ability to generate sufficient cash flows from operations to meet the conditions of the loan agreements.

- b) The associated company earned income from other value added services, for which some of the sharing rates are under negotiation and/or arrangement with TOT Public Company Limited.
- c) The associated company has ongoing disputes with TOT Public Company Limited, of which the outcome cannot presently be determined.

The consolidated financial statements of Jasmine International Public Company Limited and its subsidiaries, and the separate financial statements of Jasmine International Public Company Limited for the year ended 31 December 2006 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 28 February 2007, based on her audit and the report of another auditor, but drew attention as described in Note 3 and Note 9.2 to the financial statements. In addition, the auditor of the associated company drew attention as described in Note 9.3 to the financial statements. The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on. The Company has restated the separate balance sheet as at 31 December 2006 to reflect the change in accounting policy for recording investments in subsidiary and associated companies from the equity method to the cost method as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

The consolidated statements of income for the three-month and nine-month periods ended 30 September 2006, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2006 of Jasmine International Public Company Limited and its subsidiaries and the separate financial statements of Jasmine International Public Company Limited for the same periods, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under her report dated 13 November 2006, based on her review and the report of another auditor, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles, but drew attention as described in Note 3 and Note 9.2 to the financial statements. In addition the auditor of the associated company drew attention as described in Note 9.3 to the financial statements. The Company has restated the separate financial statements for the period of

2006 to reflect the change in accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 13 November 2007

**JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2007 AND 2006**

## **1. GENERAL INFORMATION**

### **1.1 Corporate information**

Jasmine International Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the telecommunication businesses and its registered address is 200, 29th – 30th Floor, Moo 4, Chaengwatana Road, Pakkred, Nonthaburi.

### **1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 41 “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 include the financial statements of Jasmine International Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2006, with no structural changes related to subsidiaries occurring during the current period except the following:

During the first quarter of the current year, T.J.P. Engineering Co., Ltd., a subsidiary company, purchased 60 million ordinary shares in Jasmine Telecom Systems Plc. from an unrelated party for a total of Baht 180 million. As a result, the group companies' combined shareholdings in the aforementioned company changed from 57% to 66%.

During the second quarter of the current year, Triple T Broadband Co., Ltd., a subsidiary company, invested in 10,000 ordinary shares of Triple T Internet Co., Ltd., at a price of Baht 10 per share. The subsidiary's investment represents 100 percent of the registered capital (100 percent paid up) of such company.

During the third quarter of the current year, Jasmine International Overseas Co. Ltd., a subsidiary company, purchased 80 million shares in ACeS (Thailand) Co., Ltd. another subsidiary company, from Jasmine Submarine Telecommunications Co., Ltd. and Acumen Co., Ltd., two subsidiary companies. As a result, Jasmine International Overseas Co., Ltd's shareholding in ACeS (Thailand) Co., Ltd. changed from 18% to 59%. The purpose of the acquisition and disposal of the shares was to restructure shareholding within the group of companies.

#### **1.4 Adoption of new accounting standards**

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550 and 38/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandate the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

##### **a) Thai Accounting Standards (revised version) which are effective for the current year**

TAS 44 Consolidated Financial Statements and Separate Financial Statements

TAS 45 Investments in Associates

TAS 46 Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording

investments in subsidiary and associated companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, as discussed in Note 2.

**b) Thai Accounting Standards (revised version) which are not effective for the current year**

TAS 25 Cash Flow Statements

TAS 33 Borrowing Costs

TAS 35 Presentation of Financial Statements

TAS 39 Accounting Policies, Changes in Accounting Estimates and Errors

TAS 41 Interim Financial Reporting

TAS 49 Construction Contracts

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

**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 2006, except for the change in the accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, as described in Note 2 to the financial statements and the current period has additional accounting policies as follow:

**Treasury shares**

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented in premium on treasury shares and retained earnings, consecutively.

## **2. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES IN THE SEPARATE FINANCIAL STATEMENTS**

During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month and nine-month periods ended 30 September 2007 by Baht 18 million (Baht 0.0024 per share) and increasing by Baht 1,833 million (Baht 0.2290 per share), respectively (2006: increasing by Baht 129 million (Baht 0.0155 per share) and decreasing by Baht 277 million (Baht 0.0333 per share), respectively). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiary and associated companies in the Company’s separate financial statements, with no effect to the consolidated financial statements.

## **3. REHABILITATION PLANS**

### 3.1 The Business Rehabilitation Plan of the Company

The Central Bankruptcy Court approved the business rehabilitation plan of the Company on 7 August 2003 and appointed Chaengwatana Planner Co., Ltd. as the plan administrator. Subsequently on 14 September 2006, the Court issued an order terminating the business rehabilitation of the Company.

However, certain creditors of the Company lodged objections to some issues with the Supreme Court, and the issues are being considered by Supreme Court. The Company believes that these issues will not have any impact on the financial statements of the Company.

### 3.2 The Business Rehabilitation Plan of Jasmine International Overseas Co., Ltd., a subsidiary company

The Central Bankruptcy Court approved the subsidiary's business rehabilitation plan on 30 September 2003 and appointed Pakkret Planner Co., Ltd. as plan administrator. Subsequently on 26 July 2007, the Court issued an order terminating the business rehabilitation of the subsidiary company.

The Company and the subsidiary recorded the accounting transactions for the debt restructuring under the rehabilitation plan in 2003 and have presented the outstanding debt after restructuring under the caption of "Long-term debts under rehabilitation plan", as described in Note 6 and Note 18 to the financial statements.

#### 4. CURRENT INVESTMENTS - DEPOSITS WITH FINANCIAL INSTITUTIONS

Included in the balances of current investments as at 30 September 2007 are saving and fixed deposits of the Company and its subsidiaries amounting to approximately Baht 17 million (31 December 2006 : Baht 47 million) and of the Company only amounting to approximately Baht 6 million (31 December 2006 : Baht 21 million) which have been pledged with the financial institutions to secure credit facilities.

#### 5. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable as at 30 September 2007 and 31 December 2006 are aged, based on due date, as follows:

<u>Age of receivables</u>	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September 2007</u>	<u>31 December 2006</u> (Audited)	<u>30 September 2007</u>	<u>31 December 2006</u> (Audited)
<b><u>Related parties</u></b>				
Not yet due	297	312	-	-
Past due				
Up to 3 months	276	389	-	-
Longer than 3 - 6 months	243	9	-	-
Longer than 6 - 12 months	115	7	-	-
Longer than 12 months	11	-	-	-
Total	942	717	-	-
Less: Allowance for doubtful accounts	-	-	-	-
Net	942	717	-	-
<b><u>Unrelated parties</u></b>				
Not yet due	311	370	-	-

<u>Age of receivables</u>	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September</u> <u>2007</u>	<u>31 December</u> <u>2006</u> (Audited)	<u>30 September</u> <u>2007</u>	<u>31 December</u> <u>2006</u> (Audited)
Past due				
Up to 3 months	428	764	-	158
Longer than 3 - 6 months	103	116	79	-
Longer than 6 - 12 months	54	37	-	-
Longer than 12 months	121	92	57	60
Total	<u>1,017</u>	<u>1,379</u>	<u>136</u>	<u>218</u>
Less: Allowance for doubtful accounts	<u>(81)</u>	<u>(87)</u>	<u>(57)</u>	<u>(60)</u>
Net	<u>936</u>	<u>1,292</u>	<u>79</u>	<u>158</u>
Trade accounts receivable - net	<u><u>1,878</u></u>	<u><u>2,009</u></u>	<u><u>79</u></u>	<u><u>158</u></u>

Included in trade accounts receivable from unrelated parties over the age thresholds of 3 months as at 30 September 2007 and 31 December 2006, are amounts receivable from companies majority-owned by the government as follows:

<u>Age of receivables</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September 2007</u>	<u>31 December 2006</u> (Audited )	<u>30 September 2007</u>	<u>31 December 2006</u> (Audited )
Longer than 3 - 6 months	94	110	79	-
Longer than 6 - 12 months	48	19	-	-
Longer than 12 months	19	6	-	-
Total	<u>161</u>	<u>135</u>	<u>79</u>	<u>-</u>

The Company and its subsidiaries have assigned their rights over collection of major trade accounts receivable to banks, to secure credit facilities obtained from those banks.

## 6. RELATED PARTY TRANSACTIONS

During the periods, the Company and its subsidiaries 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 for the three-month and nine-month periods ended 30 September 2007 and 2006.

<u>Consolidated financial statements</u>		<u>Transfer Pricing Policy</u>	
For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>

	<u>Consolidated financial statements</u>				(Unit: Million Baht)
					<u>Transfer Pricing</u>
					<u>Policy</u>
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<u>Transactions with associated companies</u>					
Sales and services income	326	644	1,027	1,197	Contract price or normal business price charged to other customers or bidding price
Rental and other services income	3	-	7	-	Contract price or normal business price charged to other customers
Other income	4	-	10	-	Contract price or normal business price charged to other customers
Cost of sales and services	115	1	355	71	Contract price
Management fee expenses	27	1	81	4	Contract price
Purchase of equipment	-	-	56	-	As agreed upon
<u>Transactions with related companies</u>					
Sales and services income	-	-	1	1	Contract price or normal business price charged to other customers
Rental and other services income	6	5	16	12	Contract price or normal business price charged to other customers
	<u>Separate financial statements</u>				(Unit: Million Baht)
					<u>Transfer Pricing</u>
					<u>Policy</u>

	For the three-		For the nine-		
	month periods		month periods		
	ended 30		ended 30		
	September		September		
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<u>Transactions with</u>					
<u>subsidiary companies</u>					
(eliminated from the					
consolidated financial					
statements)					
Management fee income	15	22	75	67	Contract price
Rental and other services	7	8	23	24	Contract price or
income					normal business
					price charged to
					other customers
Other income	-	2	-	3	Contract price
Interest expenses	2	-	6	-	MLR-2
Management fee expense	-	-	1	1	Contract price
Other expenses	6	11	18	19	Contract price

The balances of the accounts as at 30 September 2007 and 31 December 2006 between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate finan	
	financial statements		statements	
	<u>30</u>	<u>31</u>	<u>30</u>	<u>31</u>
<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>	
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
	(Audited)		(Audited)	
<b><u>Trade accounts receivable - related parties</u></b>				
<b>Associated companies</b>				
TT&T Plc.	416	399	-	-
TT&T Subscriber Services Co., Ltd.	516	314	-	-
	<u>932</u>	<u>713</u>	<u>-</u>	<u>-</u>
<b>Related companies</b>				
Mono Generation Co., Ltd.	10	3	-	-
Others	-	1	-	-
	<u>10</u>	<u>4</u>	<u>-</u>	<u>-</u>
<b>Total trade accounts receivable – related parties</b>	<u><u>942</u></u>	<u><u>717</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b><u>Amounts due from related parties</u></b>				
<b>Subsidiary companies</b>				
Jasmine Submarine Telecommunications Co., Ltd.	-	-	227	237
ACeS Regional Services Co., Ltd.	-	-	2	-
Thai Long Distance Telecommunications Co., Ltd.	-	-	43	43
Jasmine International Overseas Co., Ltd.	-	-	-	10
Acumen Co., Ltd.	-	-	17	8
Jasmine Internet Co., Ltd.	-	-	10	10
Siam Teltech Computer Co., Ltd.	-	-	2	1
	<u>-</u>	<u>-</u>	<u>301</u>	<u>309</u>
<b>Associated companies</b>				
TT&T Plc.	6	-	-	-
Premium Real Estate Co., Ltd.	-	1	-	1
	<u>6</u>	<u>1</u>	<u>-</u>	<u>1</u>

	(Unit: Million Baht)			
	Consolidated financial statements		Separate finan statements	
	<u>30</u> September <u>2007</u>	<u>31</u> December <u>2006</u> (Audited)	<u>30</u> September <u>2007</u>	<u>31</u> December <u>2006</u> (Audited)
<b>Total amounts due from related parties</b>	<u>6</u>	<u>1</u>	<u>301</u>	<u>310</u>
<b><u>Unbilled receivable - related party</u></b>				
<b>Associated company</b>				
TT&T Plc.	<u>201</u>	<u>177</u>	<u>-</u>	<u>-</u>
<b>Total unbilled receivable - related party</b>	<u>201</u>	<u>177</u>	<u>-</u>	<u>-</u>
<b><u>Dividend receivable from subsidiary company</u></b>				
Acumen Co., Ltd.	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>-</u>
<b>Total dividend receivable from subsidiary company</b>	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>-</u>
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiary company</b>				
Jasmine Telecom Systems Plc.	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
<b>Associated companies</b>				
TT&T Plc.	<u>491</u>	<u>217</u>	<u>-</u>	<u>-</u>
TT&T Subscriber Services Co., Ltd.	<u>1</u>	<u>37</u>	<u>-</u>	<u>-</u>
	<u>492</u>	<u>254</u>	<u>-</u>	<u>-</u>
<b>Total trade accounts payable - related parties</b>	<u>492</u>	<u>254</u>	<u>16</u>	<u>16</u>
<b><u>Amounts due to related parties</u></b>				
<b>Subsidiary companies</b>				
Mobile Communication Services Co., Ltd.	<u>-</u>	<u>-</u>	<u>5</u>	<u>6</u>
Acumen Co., Ltd.	<u>-</u>	<u>-</u>	<u>7</u>	<u>3</u>
Jasmine Submarine Telecommunications Co., Ltd.	<u>-</u>	<u>-</u>	<u>3</u>	<u>1</u>
Others	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
	<u>-</u>	<u>-</u>	<u>16</u>	<u>11</u>
<b>Associated companies</b>				
TT&T Plc.	<u>87</u>	<u>72</u>	<u>-</u>	<u>-</u>

	(Unit: Million Baht)			
	Consolidated		Separate finan	
	financial statements		statements	
	<u>30</u>	<u>31</u>	<u>30</u>	<u>31</u>
<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>	
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
	(Audited)		(Audited)	
Premium Real Estate Co., Ltd.	4	4	-	-
	91	76	-	-
<b>Total amounts due to related parties</b>	<u>91</u>	<u>76</u>	<u>16</u>	<u>11</u>
<b><u>Advances received from related party</u></b>				
<b>Associated company</b>				
TT&T Plc.	1	12	-	-
<b>Total advances received from related party</b>	<u>1</u>	<u>12</u>	<u>-</u>	<u>-</u>
<b><u>Long - term debts under rehabilitation plan from related parties</u></b>				
<b>Subsidiary companies</b>				
Acumen Co., Ltd.	-	-	555	555
Jasmine Submarine Telecommunications Co., Ltd.	-	-	269	269
Total	-	-	824	824
Less: Current portion	-	-	(112)	(94)
<b>Total long - term debts under rehabilitation plan from related parties - net of current portion</b>	<u>-</u>	<u>-</u>	<u>712</u>	<u>730</u>

During the nine-month period end 30 September 2007, movements of long-term debts under rehabilitation plan from related parties are as follows:

(Unit: Million Baht)

	Separate financial statements			Balance as at 30 September 2007
	Balance as at 31 December 2006	During the period		
		Increas e	Decrea se	
<b><u>Long-term debts under rehabilitation plan from related parties</u></b>				
<b><u>Subsidiary companies</u></b>				
Acumen Co., Ltd.	555	-	-	555
Jasmine Submarine Telecommunications Co., Ltd.	269	-	-	269
	<u>824</u>	<u>-</u>	<u>-</u>	<u>824</u>

#### Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2007, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 27 million and Baht 76 million, respectively, and the Company only totaling Baht 4 million and Baht 13 million, respectively.

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 25.2 to the financial statements.

## **7. ALLOWANCE FOR DIMINUTION IN VALUE OF INVENTORIES**

Movements in the allowance for diminution in value of inventories account during the nine-month period ended 30 September 2007 are summarised below.

(Unit: Million Baht)

Consolidated  
financial  
statements

---

**Balance as at 31 December 2006**

115

Less: Reversal allowance for diminution in  
value of inventories

(4)

**Balance as at 30 September 2007**

111

## 8. RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTIONS

These represent saving and fixed deposits which the Company and its subsidiaries pledged to secure credit facilities.

## 9. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES

Investments in subsidiary and associated companies represent investments in ordinary shares in the following subsidiary and associated companies.

(Unit: Million Baht)

Consolidated financial statements								
Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method		
30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	
	(Audited)	(%)	(%)		(Audited)		(Audited)	
			(Audited)					
<b><u>Investments in dissolved subsidiary companies</u></b>								
Jasmine Energy Co., Ltd.	110	110	90	90	103	103	45	45
Jasmine Cable & Materials Co., Ltd.	6	6	100	100	6	6	6	6
<b>Total investments in the dissolved subsidiary companies</b>					<b>109</b>	<b>109</b>	<b>51</b>	<b>51</b>
<b><u>Investments in associated companies</u></b>								
TT&T Plc.	32,425	32,425	30	30	7,186	7,186	3,117	3,560
Internet Knowledge Service Center Co., Ltd.	50	50	38	38	49	49	10	16
Premium Real Estate Co., Ltd.	820	820	49	49	402	402	-	-
Palang Thai Kaowna Co., Ltd.	1	1	23	23	-	-	-	-
Khunka Palang Thai Co., Ltd.	1	1	23	23	-	-	-	-
Telecom KSC Co., Ltd.	0.3	0.3	40	40	-	-	-	-
<b>Total investments in associated companies</b>					<b>7,637</b>	<b>7,637</b>	<b>3,127</b>	<b>3,576</b>

(Unit: Million Baht)

Separate financial statements					
Paid-up capital		Shareholding percentage		Cost	
30 September	31 December 2006	30 September	31 December 2006	30 September	31 December 2006

	<u>2007</u>		<u>2007</u>		<u>2007</u>	
		(Audited)	(%)	(%)		(Restated)
				(Audited)		(Audited)
<b><u>Investments in dissolved subsidiary companies</u></b>						
Jasmine Energy Co., Ltd.	110	110	90	90	103	103
Jasmine Cable & Materials Co., Ltd.	6	6	100	100	6	6
					<u>109</u>	<u>109</u>
Less: Allowance for diminution in value of investments					<u>(58)</u>	<u>(58)</u>
<b>Total investments in dissolved subsidiary companies – net</b>					<u>51</u>	<u>51</u>

(Unit: Million Baht)

	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
	(Audited)	(%)	(%)	(Audited)	(Restated) (Audited)	
<b><u>Investments in subsidiary companies</u></b>						
Jasmine Submarine Telecommunications Co., Ltd.	1,550	1,550	100	100	1,946	1,946
Acumen Co., Ltd.	760	760	100	100	760	760
T.J.P. Engineering Co., Ltd.	200	200	80	80	160	160
Mobile Communication Services Co., Ltd.	100	100	70	70	70	70
Jasmine Telecom Systems Plc.	702	701	57	57	100	100
Compunet Corporation Limited	260	260	100	100	100	100
Jasmine Smart Shop Co., Ltd.	110	110	100	100	110	110
Jasmine Cyberworks Co., Ltd.	52	52	100	100	52	52
Jasmine International Overseas Co., Ltd.	115	115	40	40	46	46
Jasmine Internet Co., Ltd.	15	15	65	65	1	1
Chaengwatana Planner Co., Ltd.	0.1	0.1	100	100	-	-
					<u>3,345</u>	<u>3,345</u>
Less: Allowance for diminution in value of investments					<u>(351)</u>	<u>(351)</u>
<b>Total investments in subsidiary companies – net</b>					<u><u>2,994</u></u>	<u><u>2,994</u></u>
<b><u>Investments in associated companies</u></b>						
TT&T Plc.	32,425	32,425	25	25	6,103	6,103
Internet Knowledge Service Center Co., Ltd.	50	50	38	38	49	49
Premium Real Estate Co., Ltd.	820	820	49	49	402	402
Palang Thai Kaowna Co., Ltd.	1	1	23	23	-	-
Khunka Palang Thai Co., Ltd.	1	1	23	23	-	-
Telecom KSC Co., Ltd.	0.3	0.3	40	40	-	-
					<u>6,554</u>	<u>6,554</u>
Less: Allowance for diminution in value of investments					<u>(3,403)</u>	<u>(3,403)</u>
<b>Total investments in associated companies - net</b>					<u><u>3,151</u></u>	<u><u>3,151</u></u>

9.1 The majority of the share certificates of the investments of the Company and Jasmine Telecom Systems Plc., a subsidiary company, have been pledged or delivered to a security agent as collateral to secure long-term debts under the rehabilitation plan, as described in Note 18 to the financial statements.

9.2 As at 30 September 2007, the net book value of the investments of the Company and its subsidiaries in TT&T Public Company Limited., an associated company, totalled Baht 3,117 million, and that of the Company only totalled Baht 3,135 million, while the total market values of these investments amounted to Baht 1,132 million and Baht 948 million, respectively. No provision for the difference in value has been set aside against the investments since the management believes that the present value of the benefits to be derived from the investments in the future exceeds the above carrying values.

9.3 The significant matters disclosed in the financial statements of TT&T Plc. (TT&T), an associated company, for the nine-month period ended 30 September 2007, are summarised as follows:

9.3.1 Income from Telephone Service Expansion and Joint Investment Agreement for the nine-month periods ended 30 September 2007 and 2006 has continued to decline while telecommunication network service income and sales and services income are growing and sufficiently compensate the decline of core revenues. Notwithstanding the surging of total revenues, the increase of cost of goods sold, and operating expenses have caused the associated company and its subsidiaries to incur operating losses of Baht 1,404 million, while the associated company incurred operating loss of Baht 1,447 million for the nine-month period ended 30 September 2007. As at 30 September 2007, the associated company had current liabilities exceeded its current assets by Baht 2,367 million. The associated company and its subsidiaries had current liabilities exceeded their current assets by Baht 2,410 million. Total outstanding amount of the associated company's long term loan was Baht 18,882 million of which Baht 911 million was the principal amount due on 30 June 2007, while continuing to pay interest at the normal rate in full amount. The associated company is currently negotiating

with its creditors regarding the principal repayment schedule and default interest of Baht 11.45 million and USD 0.14 million (approximately Baht 4.97 million). The management of the associated company anticipates that agreement with the creditors can be reached within 2007. The associated company is still implementing cash flow monitoring procedures in accordance with the loan agreements, under which the associated company is responsible for presenting operating budgets to the Instructing Group for approval. The management believes that the going concern basis on which the financial statements is prepared, is appropriate since the associated company will be successful in maintaining its main income, which is derived from fixed-line telephone services and value added services, especially in data communications and internet services, as a result of a specific focus on marketing and various strategies for the current competitive situations and an attempt to reduce operating costs as well as undergoing financial restructuring. Nevertheless, the situation is uncertain and may affect the success of the associated company's future operations and its ability to generate sufficient cash flows from operations to meet the conditions of the loan agreements. The ultimate outcome of this matter cannot presently be determined. The financial statements reflect management's current assessments of the impact to date of the situation on the financial position of the associated company. Actual results could differ from the management's current assessments and such differences could be material.

9.3.2 The associated company had the following outstanding commercial arbitration claim and certain disputes with TOT Plc. (TOT).

a) Change in status of the TOT

TT&T filed a lawsuit against TOT requesting the Central Administrative Court to order TOT to act in compliance with the Joint Undertaking Agreement Clause 37, stating that “In case of any change in the status of the TOT, all powers and authorities held by the TOT, including the power to stipulate the maintenance standards, shall not be transferred to any private agency to the extent that the private agency would have the power to supervise and control TT&T. In such event, all of the powers and authorities held by the TOT shall be vested in the Ministry of Transport”. The Central Administrative Court judged that TT&T won the case. At present, TOT has made an appeal against the decision and the case is being considered by the Supreme Administrative Court.

b) Reimbursement from TOT for introducing and/or allowing other parties to introduce “Value added services under the Joint Operate and Joint Investment Agreement” onto the TT&T’s fixed-line network.

TT&T submitted an arbitration claim with the Thai Arbitration Institute, the Alternative Dispute Resolution Office, and the Office of the Judiciary, in order to claim compensation from TOT for introducing and/or allowing other parties to introduce value-added services onto the TT&T’s fixed-line network, in accordance with the Joint Operate and Joint Investment Agreement between TOT and TT&T. TT&T’s claims as of 31 March 2005 total Baht 28,096 million, together interest at a rate of MLR+1% on the aforementioned amount until payment is made in full. TT&T’s claim also requests payment from TOT for the access charge, from 1 April 2005 until

the expiry date of the Joint Operate and Joint Investment Agreement. The Arbitrator has been appointed and the disputes set out, and the disputes are currently being considered.

c) The reduction of tariff for domestic long-distance telephone service

TT&T submitted a claim of Baht 746 million to the Thai Arbitrator Institute requesting TOT pay compensation for its reduction of domestic long-distance fees and reduction of revenue sharing from international calls from CAT. Subsequently, TOT filed a defense and a counterclaim with the Thai Arbitration Institute and requested that the Institute dismiss the claim and order TT&T to pay for revenue losses incurred from 1 July 2004 to 31 May 2005 amounting to Baht 460 million together interest and the revenue to be derived from 1 June 2005 onwards. The Arbitrator has been appointed and the disputes set out, and the disputes are currently being considered.

d) Logo on public payphone booth

TOT submitted the case to the Thai Arbitration Institute demanding that TT&T affixes the TOT logo on public telephones and telephone booths, as well as compensates for all damages resulted from affixing TT&T logo on the payphones and booths, commencing from October 1997 to September 2005, totaling Baht 382 million, plus related interest of 7.5% per annum until full payment is made. The Executive Department of TT&T does not expect these issues to have any significant impacts on its financial statements. TT&T therefore, has not made any provision for those claims in its financial statements. In addition TT&T already had filed a defense and a counterclaim to the Thai Arbitration Institute. Subsequently, TOT filed defense of TT&T's counterclaim. Currently, the Arbitrators are appointing.

e) Equipment transfer

TOT sent a letter to TT&T, requesting of compensation for loss of benefit and the cost of damages caused by non-transfer of equipment for additional extension of the network of 122 telephone exchanges and non-transfer of the SDH equipment totaling Baht 162 million and Baht 3,263 million respectively. Since the Management of TT&T believed that after the transfer of property ownership, TT&T has a sole right to use, to occupy and to maintain as well as the sole right to seek interests in the property. TT&T has the duty to give all received revenues to TOT and in turn TOT shall allot to TT&T such revenues it receives. In the past, both companies had fully performed the aforementioned duties. The Management of TT&T believes that, on the basis of details provided, the claim made by TOT regarding this matter is unjustified and can be defended accordingly and no provision has been made in respect of this claim in its financial statements.

f) Building of DLC System

TOT submitted an arbitration claim with the Thai Arbitration Institute, the Alternative Dispute Resolution Office, and the Office of the Judiciary, in order to claim TT&T for the building of DLC System and TT&T's non-authorized use of telephone numbering in the Samutsakhorn Industrial Estate without the approval of TOT. TOT has claimed for damages of Baht 39.8 million covering the period from April 2003 to December 2005.

The Management of TT&T considers that the Joint Operate Agreement has acted fully under its rights, so there is no damage to be claimed by TOT. Therefore, no provision has been made with respect to this claim in its financial statements in this fiscal year and TT&T filed a defense against such claim to the Thai Arbitration Institute. Currently, the Arbitrations are appointing.

- g) T-Pin, T-SMS, ADSL and T-Card services.

TOT submitted to the arbitrator the matter of TT&T's provision of services to T-Pin, T-SMS, ADSL services during the early stage of operations as well as additional revenue sharing of T-Card and T-Card. TT&T, as a protester, prepared and proposed an objection statement on this matter to the Thai Arbitration Institute.

- h) Revenues from long-distance telephone service at economic rate

During the first quarter of 2006, TT&T received correspondence from TOT regarding the Y-Tel 1234 service income. TT&T and TOT are in the process of providing clarification or finding a conclusion for the said matters.

- i) Allegation and complaint filing from TOT

TT&T received a notice from the National Telecommunications Commission (NTC) stating that TOT filed complaints against TT&T at the police stations. TOT accused TT&T of providing its network equipment that was transferred to TOT for procuring benefits without permission. The management of TT&T believe that TT&T operated its business correctly based upon its right stipulated under the Concession Agreement as well as the related Addendums and there was no guilty occurred. TT&T informed the factual information as well as submitted related documents and evidences to the NTC.

9.3.3 TT&T earned income from other value added services, e.g. T-Pin, T-SMS, ADSL and Freephone 1800 service, etc., the rates of income sharing for which are under negotiation and/or arrangement with TOT. However, TT&T has recorded the income sharing at the rate initially agreed with TOT.

9.4 On 28 February 2007, a meeting of Board of Directors of Acumen Co., Ltd. (ACUMEN), a subsidiary company, passed a resolution to pay an interim dividend of Baht 184.21 per share, or a total of Baht 1,400 million, to the shareholders from the retained earnings as at 31 January 2007. Such interim dividend is to be paid in amounts and at times to be announced by the Company from time to time.

On 12 January 2007, a meeting of Board of Directors of ACUMEN passed a resolution to pay an interim dividend of Baht 52.63 per share, or a total of Baht 400 million, to the shareholders in respect of the 2006 income.

On 13 September 2006, ACUMEN and TT&T have entered into the agreement of undertaking prescribing that ACUMEN shall provide financial support to Triple T Broadband Co., Ltd. (TTT) during the time when TTT is a subsidiary and ACUMEN will allow the shareholders of TT&T to purchase the newly issued shares and/or the existing shares of TTT held by ACUMEN in order to adjust the shareholding proportion in TT&T on the date of the initial public offering of TTT or the date 3 year's period after the date of execution the agreement. In this regard, if a public offering of TTT shares is made, the purchase price of such shares shall be par value (Baht 10) plus a premium at the rate of 20% per year or the public offering price of the ordinary shares of TTT, whichever is lower. If the public offering does not occur, the purchase price shall be a fair price as assessed by an independent financial advisor approved by the Securities and Exchange Commission.

9.5 During the first quarter of the current year, T.J.P. Engineering Co., Ltd., a subsidiary company, purchased 60 million shares in Jasmine Telecom Systems Plc. from an unrelated party for a total of Baht 180 million. As a result, the group companies' combined shareholdings in the aforementioned company changed from 57% to 66%.

9.6 On 25 April 2007, the Annual General Meeting of the shareholders of Jasmine Telecom Systems Plc., a subsidiary company, passed a resolution to pay a dividend of Baht 0.17 per share, from the 2006 income, a total of approximately Baht 119 million. The Company received this dividend of Baht 68 million.

On 4 May 2007, the subsidiary company issued 1,000,000 ordinary shares, at a price of Baht 1 per share, or a total of Baht 1,000,000 in accordance with its employee share ownership plan (ESOP). The subsidiary company registered the increase in its paid-up capital to Baht 702,000,000 with the Ministry of Commerce on 9 May 2007.

9.7 On 20 April 2007, the Annual General Meeting of the shareholders of Thai Long Distance Telecommunications Co., Ltd., a subsidiary company, passed a resolution to pay a dividend of Baht 1.675 per share, a total of Baht 52 million to the shareholders from the 2006 income.

9.8 On 29 August 2007, the Extraordinary General Meeting of Shareholders No. 4/2550 of Triple T Broadband Co., Ltd., a subsidiary company passed a resolution approving the transmuting of the subsidiary company from a company limited to a public company limited, and additional resolutions approving the following:

1. A change in the par value of its shares from Baht 10 per share to Baht 1 per share.
2. An increase in the subsidiary company's registered share capital from Baht 110 million to Baht 1,200 million through the issuance of 1,090 million new ordinary shares with a par value of Baht 1 per share to be allocated by private placement.

The subsidiary company registered the change in par value and the increase of share capital with Ministry of Commerce on 4 September 2007.

During the current year, TOT Public Company Limited ("TOT") lodged complaint against the subsidiary company at numerous district police stations, alleging that the subsidiary company had illicitly used TOT's interconnection points. However the subsidiary's management believe that the subsidiary company's use of TOT's interconnection points was not in any way illicit since it comprised use of equipment or services in accordance with a contract with a related company. The issue has not yet been finalized, but the subsidiary company's management believe that the subsidiary company will not suffer any significant loss as a result of the complaint.

On 30 April 2007, the Annual General Meeting of the shareholders of Triple T Broadband Co., Ltd., passed a resolution to pay a dividend of Baht 2 per share, a total of Baht 22 million, to its shareholders from the net income of 2006.

9.9 On 22 August 2007, a meeting of Board of Directors of Jasmine International Overseas Co., Ltd., a subsidiary company, passed a resolution to purchase 80 million shares in ACeS (Thailand) Co., Ltd., a subsidiary company, from Jasmine Submarine Telecommunications Co., Ltd., and Acumen Co., Ltd., which are also subsidiary companies. As a result, the shareholding of Jasmine International Overseas Co., Ltd. in ACeS (Thailand) Co., Ltd. changed from 18% to 59%.

## 10. INVESTMENTS IN OTHER COMPANIES

Consolidated financial statements						
30 September 2007			31 December 2006			
Paid-up capital	Shareholding percentage	Investments	Paid-up capital	Shareholding percentage	Investments	
	Percent	Million Baht	(Audited)	Percent	Million Baht (Audited)	
<b>Other investments</b>						
ACeS International Limited		305	9	868	305	9
		(Million USD)			(Million USD)	
Island Telecommunications Inc.	Country	72	6	-	72	6
		(Million Philippine Peso)			(Million Philippine Peso)	
Others				26		26
				894		894
Less: Allowance for diminution in value of investments				(894)		(894)
Total other investments - net				-		-

## 11. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2007 are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2006</b>	3,468	3
Acquisitions during the period - at cost	245	1
Transfers out	(45)	-
Depreciation for the period	(313)	(1)
Allowance for impairment made during the period	(6)	-
<b>Net book value as at 30 September 2007</b>	<b>3,349</b>	<b>3</b>

Equipment of a subsidiary company totaling approximately Baht 514 million used providing network services, has been pledged to secure equipment payables as described in Note 16 to the financial statements. Title to and ownership of the equipment will pass to the subsidiary when the subsidiary has made full payment of the contract price.

## 12. LEASEHOLD RIGHTS

Movement of leasehold rights account during the nine-month period ended 30 September 2007 is summarised below.

	(Unit: Million Baht) Separate financial statements
<b>Net book value as at 31 December 2006</b>	299
Amortisation for the period	(11)
<b>Net book value as at 30 September 2007</b>	<u>288</u>

## 13. DEFERRED PROJECT COSTS

Movement of deferred project costs account during the nine-month period ended 30 September 2007 is summarised below.

	(Unit: Million Baht) Consolidated financial statements
<b>Net book value as at 31 December 2006</b>	1,675
Amortisation for the period	(262)
<b>Net book value as at 30 September 2007</b>	<u>1,413</u>

Deferred project costs are cost under the submarine optical fibre cable network project of two subsidiaries. The subsidiaries transferred their rights over the collection of their share of revenues earned from the TOT Plc., under the above joint investment agreements for the submarine optical fibre cable network project, to secure long-term loan of a subsidiary company.

## 14. EXCESS OF COST OF INVESTMENTS OVER NET ASSETS VALUE OF SUBSIDIARY COMPANIES

(Unit: Million Baht)  
Consolidated  
financial

	<u>statements</u>
<b>Net book value as at 31 December 2006</b>	96
Investment during the period	17
Amortisation for the period	<u>(18)</u>
<b>Net book value as at 30 September 2007</b>	<u>95</u>

## **15. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Bank overdrafts and short-term loans from financial institutions of its subsidiaries carry interest at rates of MLR to MOR+1 and are secured by the assignment of rights over collection of trade accounts receivable.

## **16. ACCOUNTS AND NOTES PAYABLE FOR EQUIPMENT**

Jasmine Telecom Systems Plc., a subsidiary company, purchased equipment from two groups of companies : domestic and overseas. Under the purchase agreements, the subsidiary is obliged to make payment within 3 years. The outstanding balances of such transactions as at 30 September 2007, based on due dates, are as follows:

	(Unit: Million Baht)	
	Consolidated financial	
	<u>statements</u>	
	<u>30</u>	<u>31</u>
	<u>September</u>	<u>December</u>
	<u>2007</u>	<u>2006</u>
		(Audited)
Accounts and notes payable for equipment	774	1,014
Less: Deferred interest expenses	<u>(53)</u>	<u>(52)</u>
Total	721	962
Less: Current portion	<u>(308)</u>	<u>(299)</u>

Accounts and notes payable for equipment - net of current portion	<u>413</u>	<u>663</u>
---	------------	------------

The above outstanding balances of accounts and notes payable for equipment is secured by deposits with a financial institution, the pledge of equipment for providing telecommunication network services as described in Note 11 to the financial statements and the assignment of rights over collection from a related company, in accordance with the conditions stipulated in the agreements with accounts payable for equipment as described in Note 25.9 to the financial statements.

## 17. LONG-TERM LOANS

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>30 September</u>	<u>31 December</u>
	<u>2007</u>	<u>2006</u>
		(Audited)
Long-term loans	2,322	2,955
Less: Current portion	(799)	(812)
Long-term loans - net of current portion	<u>1,523</u>	<u>2,143</u>

As at 30 September 2007, the balance of long-term loan amount to Baht 2,285 million is the long-term loan of Jasmine Submarine Telecommunications Company Limited, a subsidiary company, from a local financial institution. The loan agreement stipulates certain covenants relating to matters such as the maintenance of financial ratios and restrictions on investment, among other things. However, the subsidiary company cannot maintain one of financial ratio that is the Debt Service Coverage Ratio (DSCR) with cannot less than 1.25. As at 30 June 2007, the ratio is 1.23. As a result of this event, lender may give notice to the subsidiary company requiring it to remedy its breach until the lender satisfied within 60 days from the date the

borrower knows that event. No such notice has been given to the subsidiary company to date. Currently, the Company received sufficient waiver from the lender.

Movement in the long-term loans account during the nine-month period ended 30 September 2007 is summarised below.

	(Unit: Million Baht)
	Consolidated financial statements
<b>Balance as at 31 December 2006</b>	<u>2,955</u>
Less: Repayment	<u>(633)</u>
<b>Balance as at 30 September 2007</b>	<u><u>2,322</u></u>

## 18. LONG-TERM DEBTS UNDER REHABILITATION PLAN

	(Unit: Million Baht)	
	Consolidated financial statements / Separate financial statements	
	<u>30 September</u>	<u>31 December</u>
	<u>2007</u>	<u>2006</u>
		(Audited)
Long-term debts under rehabilitation plan	1,471	1,922
Less: Current portion	<u>(406)</u>	<u>(567)</u>
Long-term debts under rehabilitation plan - net of current portion	<u><u>1,065</u></u>	<u><u>1,355</u></u>

Movement in the long-term debts under rehabilitation plan during the nine-month period ended 30 September 2007 is summarised below.

	(Unit: Million Baht)
	Consolidated financial statements / Separate financial statements
<b>Balance as at 31 December 2006</b>	<u>1,922</u>
Less: Repayment	<u>(451)</u>
<b>Balance as at 30 September 2007</b>	<u><u>1,471</u></u>

In March 2007, the Company made early repayment of long-term debts under the rehabilitation plan amounting to Baht 396 million, comprising the installments due to group 2 of creditors under the Company's rehabilitation plan for the period as from 9 June 2007 to 9 December 2010.

Under the rehabilitation plan of the Company, the majority of the investments of the Company and Jasmine Telecom Systems Plc., a subsidiary company, had to pledged or delivered to the custody of a security agent.

## **19. WARRANTS**

### **19.1 Warrants offered to existing shareholders**

As at 30 September 2007, the Company had 6,191,591,050 warrants remained unexercised.

### **19.2 Warrants offered to the directors or employees of the Company and its subsidiaries (ESOP)**

As at 30 September 2007, the Company had 67,379,950 warrants remained unexercised. During the current period, 29,396,238 warrants were expired.

**20. TREASURY SHARES/APPROPRIATED  
RETAINED EARNINGS FOR TREASURY SHARES**

On 28 February 2007, the Board of Directors of the Company approved a program to repurchase up to 832 million shares (par value of Baht 1 each), or 10 percent of the total number of shares in issue, with a budget of Baht 300 million, for liquidity surplus management purposes. The shares are to be repurchased on the Stock Exchange of Thailand between 15 March 2007 and 14 September 2007, and can be resold more than 6 months after completing the repurchase but within 3 years (15 March 2008 to 14 September 2010). As at 30 September 2007, the Company has purchased back 634 million ordinary shares (par value of Baht 1 each), or 7.6 percent of total number of shares in issue, a total of Baht 300 million (exclude cost of repurchase treasury shares).

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell. As at 30 September 2007, the Company has already appropriated the full required amount of retained earnings to a reserve for the treasury shares.

## **21. CORPORATE INCOME TAX**

The Company is not liable to corporate income tax on net income for the period since it has tax loss brought forward from prior years in excess of net income for the period.

Corporate income tax of its subsidiaries is calculated on the income after adding back certain disallowed expenses and after deducting tax loss brought forward from prior years.

## **22. EARNINGS PER SHARE**

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

Diluted earnings per share is calculated by dividing net income (loss) for the period by the weighted average number of ordinary shares held by outsiders 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.

Reconciliation between basic earnings per share and diluted earnings per share for the three-month periods ended 30 September 2007 and 2006 is presented below.

	Consolidated financial statements					
	Net income (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
	<u>2007</u> (Million Baht)	<u>2006</u> (Million Baht)	<u>2007</u> (Million shares)	<u>2006</u> (Million shares)	<u>2007</u> (Baht)	<u>2006</u> (Baht)
<b>Basic earnings per share</b>						
Net income (loss)	3	(99)	7,691	8,320	0.0004	(0.0119)
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	-	-		
Warrants offered to existing shareholders	-	-	381	364		
<b>Diluted earnings per share</b>						
Net income (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>3</u>	<u>(99)</u>	<u>8,072</u>	<u>8,684</u>	0.0004	Antidilutive

	Separate financial statements					
	Net income (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
	<u>2007</u> (Million Baht)	<u>2006</u> (Million Baht)	<u>2007</u> (Million shares)	<u>2006</u> (Million shares)	<u>2007</u> (Baht)	<u>2006</u> (Baht)
<b>Basic earnings per share</b>						
Net income (loss)	(15)	30	7,691	8,320	(0.0020)	0.0036
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	-	-		(Restated)
Warrants offered to existing shareholders	-	-	381	364		
<b>Diluted earnings per share</b>						

**share**

Net income (loss) of  
ordinary shareholders  
assuming the  
conversion of warrants to  
ordinary shares

<u>(15)</u>	<u>30</u>	<u>8,072</u>	<u>8,684</u>	Antidilutive	0.0034
-------------	-----------	--------------	--------------	--------------	--------

Reconciliation between basic earnings per share and diluted earnings per share for the nine-month periods ended 30 September 2007 and 2006 is presented below.

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2007</u> (Million Baht)	<u>2006</u> (Million Baht)	<u>2007</u> (Million shares)	<u>2006</u> (Million shares)	<u>2007</u> (Baht)	<u>2006</u> (Baht)
<b>Basic earnings per share</b>						
Net income	9	283	8,010	8,320	0.0011	0.0340
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	-	-		
Warrants offered to existing shareholders	-	-	317	413		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>9</u>	<u>283</u>	<u>8,327</u>	<u>8,733</u>	0.0011	0.0324

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2007</u> (Million Baht)	<u>2006</u> (Million Baht)	<u>2007</u> (Million shares)	<u>2006</u> (Million shares)	<u>2007</u> (Baht)	<u>2006</u> (Baht)
		Restated				(Restated)
<b>Basic earnings per share</b>						
Net income	1,843	6	8,010	8,320	0.2300	0.0007
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	-	-		
Warrants offered to existing shareholders	-	-	317	413		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>1,843</u>	<u>6</u>	<u>8,327</u>	<u>8,733</u>	0.2213	0.0007

### 23. DIVIDEND PAID

On 25 April 2007, the Annual General Meeting of the shareholders of the Company passed a resolution to pay a dividend of Baht 0.015 per share, or a total of Baht 125 million, to the shareholders from the 2006 income.

As at the closing date of the share register, 8,235,161,523 of the Company's ordinary shares were qualified to received dividend, after deduction of 67,847,800 shares held by the Company as treasury shares and 16,897,840 shares disqualified to receive this dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (8,319,907,163 shares). The total dividend paid was thus Baht 124 million.

## 24. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' business operations involve the network and service provider segment, the provision, the design and installation of telecommunications systems segment and the other segments. These operations are mainly carried on Thailand. Below is the consolidated financial information for the nine-month periods ended 30 September 2007 and 2006 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

	Network and service provider		Provision, design and installation of telecommunications systems		Other segments		Elimination of inter-segment transactions		Consolidated total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales and services income	2,41	2,50	1,21	1,82	255	248	(685)	(225)	3,19	4,34
	<u>1</u>	<u>1</u>	<u>7</u>	<u>0</u>					<u>8</u>	<u>4</u>
Segment operating profit (loss)	804	875	100	253	(29)	(38)	(78)	70	797	1,160
Unallocated income and expenses:										
Other income									223	423
Fee for early redemption of senior secure notes									-	(265)
Share of loss from investments in associated companies									(451)	(230)
Interest expenses									(291)	(333)
Corporate income tax									(225)	(309)
Minority interest									(44)	(163)
Net income									<u>9</u>	<u>283</u>

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

## 25. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2007, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities.

25.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 872 million in respect of

performance bonds and bid bonds issued by banks and financial institutions on behalf of the Company and its subsidiaries (the Company only: Baht 185 million).

25.2 The Company had obligations in respect of its guarantee of the bank overdraft facilities of its subsidiary and letters of guarantee that have been issued by banks on behalf of its subsidiaries, totaling Baht 8 million.

25.3 The subsidiary company had outstanding commitments under the letters of credit with local and overseas suppliers amounting to approximately USD 0.9 million and Baht 109 million.

25.4 The subsidiary company had outstanding commitments amounting to Baht 68 million relating to purchase of equipment.

25.5 ACeS Regional Services Co., Ltd., a subsidiary company, had outstanding commitment in respect of the Founder NSP Airtime Purchase agreement made with ACeS International Limited, the owner of ACeS Satellite Project, a subsidiary company is obliged to pay a fee to ACeS International Limited in accordance with the agreement (ending date 1 January 2012). The fee is based on the greater of a minimum annual payment (USD 500,000) and a rate based on the volume of use of the satellite service, as specified in the agreement.

25.6 Acumen Co., Ltd., a subsidiary company, had outstanding commitment in respect of the rental of satellite transponders, for which the rental is payable as follows:

	<u>Million USD</u>
Payable within :	
1 year	0.4
2 to 5 years	<u>1.4</u>
	<u>1.8</u>

25.7 Jasmine Internet Co., Ltd., a subsidiary company, had entered into a 10-year agreement with TOT Plc. in order to lease on internet protocol network for information transmission (ending

date 12 October 2011). The subsidiary company is obliged to comply with certain conditions as stated in the agreement.

25.8 Compunet Corporation Limited, a subsidiary company entered into an agreement with the National Telecommunications Commission (formerly known as “the Post and Telegraph Department”) to operate and provide domestic satellite data communication services for a period of 22 years. The subsidiary is obliged to comply with certain provisions, including a commitment to transfer the ownership of communications equipment used in the provision of provide satellite data communications services to the National Telecommunications Commission free of charge and to pay a fee to the National Telecommunications Commission in accordance with the agreement, based on the greater of a minimum annual payment and a percentage of revenues from the services. However, during the year 2002 the subsidiary requested the National Telecommunications Commission to amend such provision, and the National Telecommunications Commission made the following amendments:-

- Reduction of the fee that the subsidiary is to pay to the National Telecommunications Commission from the year 2001 until the end of the contract term to a rate of 9% of revenue before expenses per annum.
- Cancellation of the minimum fee to be paid to the National Telecommunications Commission from the year 2001 until the end of the contract term.

In 2004, the subsidiary issued a letter to the National Telecommunications Commission requesting the cancellation of the agreement because the subsidiary has ceased its operations. However, the subsidiary has not yet received a reply from the National Telecommunications Commission.

25.9A subsidiary company entered into a leased line service agreement with TT&T Plc., an associated company, whereby a monthly fee is to be paid at a rate specified in the agreement. In

addition, the subsidiary had entered into an agreement to provide telecommunication network services to a subsidiary company of the associated company in return for which it is to receive a monthly fee at a rate specified in the agreement. The subsidiary company is obliged to pay the leased line service fee to the associated company and provide service to the subsidiary company of the associated company until 26 October 2018 and comply with certain conditions as stated in the agreements. The subsidiary company has assigned its rights over collection from the subsidiary company of the associated company to secure accounts and notes payable for equipment, as described in Note 11 to the financial statements.

## 26. FOREIGN CURRENCY RISK

The subsidiary companies' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The subsidiary companies seek to reduce this risk by entering into forward exchange contracts. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 September 2007 are summarised below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate as at 30 September 2007 (Baht per 1 foreign currency unit)
US dollar	13	28	33.9436

Forward exchange contracts of a subsidiary outstanding as at 30 September 2007 are summarised below.

Foreign currencies	Forward exchange contracts (Million)	Contractual exchange rate (Baht per unit of foreign currency)	Maturity date
-----------------------	--	--	---------------

US dollar	0.5	33.6600 - 37.4235	24 October 2007 - 28 December 2007
Euro	0.1	46.9700 - 47.0200	30 November 2007

## **27. RECLASSIFICATION**

Certain amounts in the balance sheet as at 31 December 2006 have been reclassified to conform to the current period's reclassification, with no effect on previously reported net income or shareholders' equity.

## **28. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements were authorised for issued by the Company's Board of Directors on 13 November 2007.